PRIMO WATER CORP /CN/

FORM 10-K
(Annual Report)

Filed 03/31/00 for the Period Ending 01/01/00

Address	4221 W. BOY SCOUT BLVD. SUITE 400 TAMPA, FL, 33607
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	12/02

COTT CORP /CN/

FORM 10-K
(Annual Report)

Filed 3/31/2000 For Period Ending 1/1/2000

Address	207 QUEENS QUAY W SUITE 340
	TORONTO ONTARIO CANA, 00000
Telephone	416-203-3898
CIK	0000884713
Industry	Beverages (Non-Alcoholic)
Sector	Consumer/Non-Cyclical
Fiscal Year	12/31

FORM 10-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 1, 2000
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 000-19914

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

CANADA	None
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
207 Queen's Quay West Toronto, Ontario	M5J 1A7
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (416) 203-3898

Securities registered pursuant to section 12(b) of the Act: None

Securities registered pursuant to section 12(g) of the Act:

Common shares without nominal or par value	The Toronto Stock Exchange Nasdaq
(Title of each class)	(Name of each exchange on which registered)

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 last 90 days.

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III in this form 10-K or any amendment to this form 10-K. [X]

The aggregate market value of the common equity held by non-affiliates of the registrant as of March 20, 2000, (based on the closing sale price of the registrant's common stock as reported on the NASDAQ on such date) was $328,148,258.

The number of shares outstanding of the registrant's common stock as of March 20, 2000 was 59,837,392.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Annual Report to Shareowners for the year ended January 1, 2000, (the "Company's 1999 Annual Report to Shareowners") are incorporated by reference in Part I, II and IV.

Portions of the Company's Proxy Circular for the Annual Meeting of Shareowners to be held on May 3, 2000 are incorporated by reference in Part III.

PART I

ITEM 1. BUSINESS

GENERAL DEVELOPMENT OF THE BUSINESS(1)

Cott Corporation was incorporated under the laws of Canada on July 25, 1955 under the name Cott Beverages (Canada) Ltd., and amalgamated with Stewart Bottling Company (Limited) on February 1, 1966. On May 22, 1969, the name was changed to Cott Beverages Ltd., and on June 7, 1991 the name was changed to Cott Corporation. On January 3, 1999, the Company amalgamated with Atlantic Beverages Ltd., Cott Beverages Inc., Cott Beverages West Ltd., Bessey Juices Inc. and 3566170 Canada Limited (each such entity being, directly or indirectly, wholly-owned by the Company), and continued as Cott Corporation. The Company's common shares ("Common Shares") were split on three occasions during the 1990's:
three for one (on December 18, 1991); two for one (on July 29, 1992); and two for one (on July 30, 1993).

The Company's governing statute is the Canada Business Corporations Act. Its registered office is located at 333 Avro Avenue, Pointe-Claire, Quebec, Canada H9R 5W3 and its executive office is located at 207 Queen's Quay West, Suite 340, Toronto, Ontario, Canada M5J 1A7.

The Company is a leading supplier of premium quality retailer brand carbonated soft drinks ("CSD"). The Company's product line also includes clear, sparkling flavored beverages, juices and juice-based products, bottled water, and iced teas. The Company's products are principally sold under customer controlled private labels, but also under the Company's own control brands and licensed brand names. The Company operates its Canadian beverages business through its Cott Beverages Canada division and its United Kingdom and United States beverages businesses through its indirect, wholly owned significant subsidiaries: Cott Beverages Ltd. and BCB USA Corp., respectively.

NARRATIVE DESCRIPTION OF THE BUSINESS

During the last few years, following the terminal illness of the Company's former Chief Executive Officer, Gerald Pencer, the Company has gone through a period of transition. Challenges resulting from this transitional period have been identified and addressed by a new management team. Since mid-1998, the Company has hired a new Chief Executive Officer, Chief Financial Officer and Chief Information Officer, as well as Presidents for two of the Company's divisions, each of whom has brought significant strengths and turnaround experience to the Company. This team has set aggressive goals designed to generate shareowner value. Three fundamental strategies have been adopted to facilitate the achievement of these goals: (i) focus on the CSD business in the Company's core geographic markets of Canada, the United Kingdom and the United States; (ii) optimize the Company's cost structure; and (iii) strengthen the management team.

[FN]
(1) Unless otherwise indicated, all references to cases are eight ounce equivalent cases and all references to currency are in United States (U.S.) dollars. References to "1997" apply to the fiscal year ended January 31, 1998. In October 1998, the Company decided to report its financial results on a calendar year basis, which resulted in an 11-month fiscal period that ended on January 2, 1999, which is referred to as "1998". References to "1999" apply to the fiscal year that ended January 1, 2000. References to "2000" apply to the fiscal year that will end on December 30, 2000. Unless the context otherwise indicates, references herein to the "Company" mean Cott Corporation together with all of its subsidiaries.

The Company manufactures virtually all of its Canadian and United Kingdom beverages in facilities that are either owned or leased by the Company. Approximately 75% of the Company's United States beverages are produced in facilities that are either owned or leased by the Company or by a third party manufacturer with whom the Company has a long-term contract packing agreement. The Company relies on third parties to produce and distribute products in areas or markets where the Company does not have its own production facilities or when the Company requires additional production capacity.

Since 1994, a series of acquisitions have expanded and strengthened the Company's production and distribution capabilities in its core geographic markets.

- the acquisition (in January 1994) of a 51% interest in Benjamin Shaw (Pontefract) Limited ("Ben Shaw"), a company formed to acquire the canning operation of Rutland Trust plc's existing soft drink subsidiary, Benjamin Shaw & Sons Limited. In June 1995, the Company purchased the remaining 49% interest in Ben Shaw, which remains an integral part of the Company's United Kingdom operations;

- the acquisition (in May 1994) of the assets of Vess Beverages, Inc. and Vess Specialty Packaging Company (including the Company's manufacturing facilities in St. Louis, Missouri and Sikeston, Missouri);

- the acquisition (in November 1996) of the private label CSD and spring water businesses of Brio Beverages Inc., including a beverage manufacturing plant and equipment in Surrey, British Columbia, Canada;

- the acquisition (in January 1997) of the rights to the private label CSD business of Premium Beverage Packers, Inc. ("Premium") including a long-term contract packing agreement with Premium, which secured for the Company approximately 75% of Premium's CSD production capacity at its plant in Wyommissing, Pennsylvania. In November 1999, the Company modified its arrangement with Premium and settled its obligation under the January 1997 acquisition agreement;

- the acquisition (in March 1997) of the shares of Texas Beverage Packers, Inc., a CSD manufacturer with a plant located in San Antonio, Texas;

- the construction of two new beverage production facilities, one in Wilson, North Carolina and one in Tampa, Florida, which have been fully operational since June 1997 and August 1997, respectively;

- the construction of a polyethylene terephthalate ("PET") preform manufacturing plant in Leland, North Carolina, which has been fully operational since January 1998. PET preforms, which are produced at this facility, are blown into PET bottles in four of the Company's manufacturing plants in North America. In February 2000, the Company announced its intent to sell its PET preform manufacturing plant and its bottle blowing assets in three of the four plants to Schmalbach-Lubeca Plastic Containers USA, Inc. ("Schmalbach"). The sale will likely be completed in the spring of 2000. This decision is a further step in the Company's ongoing strategic alignment of its resources and reflects a desire to free-up cash assets for deployment in its core business. In conjunction with this sale, the Company will enter into a long-term supply agreement with Schmalbach for the supply of PET bottles in the United States; and

- the acquisition (in the fall of 1997) of 100% of the outstanding share capital of Hero Drinks Group (UK) Limited ("Hero"), through which the Company acquired Hero's state of the art manufacturing facilities, including the production of PET bottles, along with Hero's established customer base.

These acquisitions have transformed the Company from one that was dependent on third party manufacturing for much of its production to one that today produces approximately 81% of its beverages in facilities that are owned or leased by the Company or by a third party with whom the Company has a long-term packing agreement.

The Company's strategy to focus on its core business resulted in the decision to divest the following non-strategic operations:

- the Company's Australian beverage operations, which were sold in April 1999;

- the Company's frozen food business, which was sold in May 1999;

- the Company's packaging design business, which was sold in May 1999 (subject to an agreement by which the new owners committed to provide ongoing creative services to the Company at competitive rates over a ten year period);

- the Company's Featherstone CSD manufacturing plant and related business in the United Kingdom, which were sold in May 1999; and,

- a minority interest in Menu Foods Limited (a pet food manufacturer), which was sold in August 1999.

In prior years, the Company disposed of its bottling operations in Norway and South Africa, its beer and snack food businesses, and sold its joint-venture interest in the "Virgin" soft drink business.

Recognizing the need for sustained long-term growth combined with increased efficiency, the Company began a restructuring of its worldwide operations in the fall of 1998 to centralize organizations in its three core markets. In January 1999, in order to simplify the corporate structure, the Company completed a reorganization involving various of its Canadian and United States operating subsidiaries. One of the results of that reorganization is that the Company now operates its Canadian beverages business through its Cott Beverages Canada division. Also in January 1999, the Company's principal United States beverage operating company, Cott Beverages USA, Inc., merged with its subsidiaries (continuing as Cott Beverages USA, Inc.), and in January, 2000 that entity changed its name to BCB USA Corp. The Company now operates its United States beverage business as "Cott Beverages USA, a division of BCB USA Corp."

In addition to changes in the Company's management and strategic focus, in July of 1998 the Company's shareowner composition underwent a transition. The Company and various members of the Pencer family completed a transaction involving Thomas H. Lee Company and various parties related thereto (collectively, "THL") whereby THL purchased an aggregate of:

- 10,000,000 Common Shares together with an option (the "Option") to purchase an additional 5,000,000 Common Shares; and

- 4,000,000 Convertible Participating Voting Second Preferred Shares, Series 1 ("Preferred Shares"), which are entitled to voting rights together with the Common Shares on an as converted basis.

As a result of the transaction, assuming conversion of the Preferred Shares and the exercise of the Option, THL owns approximately 30% of the Company's outstanding Common Shares. Additionally, in November 1999, THL was granted the right to purchase up to an additional 5% of the Company's outstanding voting shares on the open market, which upon completion would bring its percentage holding of the Company's outstanding voting shares to no more than 35%, calculated on a fully diluted basis. As consideration for the grant of this right, pursuant to the November agreement, THL has, on its own behalf and on behalf of entities that are related to or affiliated with THL ("THL Entities"), granted to the Chairman of the Board of the Company a proxy to vote that number of voting shares of the Company to ensure that at no time will the THL Entities have voting rights in respect of more than 35% of the outstanding voting shares of the Company, calculated on a fully diluted basis. THL, on its own behalf and on behalf of the THL Entities, has also agreed not to exercise any options to acquire additional Common Shares of the Company if, after giving effect to such exercise, the THL Entities would have the power to vote or hold more than 35% of the outstanding voting shares of the Company, calculated on a fully diluted basis.

FINANCIAL INFORMATION ABOUT SEGMENTS

For financial information about segments see note 25 to the Company's consolidated financial statements, found on pages 40 and 41 of the Company's 1999 Annual Report to Shareowners, which is incorporated herein by reference.

MARKET FOR SECURITIES

The Company's Common Shares are listed on The Toronto Stock Exchange and are quoted through the Nasdaq National Market.

PRINCIPAL PRODUCTS AND PRINCIPAL MARKETS

The Company's principal markets are in Canada, the United Kingdom and the United States, and the Company is the fourth largest soft drink manufacturer in the world. While the majority of the Company's products are produced as private label for retail customers, the Company also sells proprietary products that include the Company's own and licensed brands.

In 1999, sales of beverages represented 99.7% of the Company's total sales revenues, as compared to 99.2% in 1998 and 99.3% in 1997. Sales of beverages in Canada for 1999 totaled $169.2 million. The Company believes that sales growth may be achieved in Canada through increased penetration with existing customers. Sales of beverages in the United Kingdom for 1999 totaled $186.1 million. The Company believes that growth opportunities are available in the United Kingdom as it increases its presence in the non-cola and alternative beverage segment. The Company's sales of beverages in the United States totaled $596.8 million in 1999. The Company believes that the opportunity exists to increase sales of beverages in the United States through organic growth with existing customers and by obtaining new customers.

The Company distributes its beverages in a variety of ways. Sales in Canada and the United States are either: (i) picked up by customers at the Company's facilities; (ii) distributed to store locations using third party distributors; or (iii) delivered by the Company or a common carrier to either the customer's distribution centers or directly to retail locations. In the United Kingdom, product is delivered to the customer's distribution centers or directly to stores, utilizing third-party carriers, although a few customers collect directly from the point of manufacture.

NEW PRODUCTS

The Company introduced several new products during 1999 including: President's Choice(TM) lemon iced tea for Loblaws in Canada and CHUBBY(TM) CSDs produced under license in Canada; low-acid fruit drinks, organic fruit carbonated drinks, premium lemonades and high energy adult drinks in the United Kingdom; and reverse osmosis bottled water in the United States.

RAW MATERIALS

In January 1994, the Company entered into a long-term worldwide concentrate supply contract (the "RC Agreement") with Royal Crown Company Inc. ("RCC"). The RC Agreement, which is for a term of 21 years from January, 1994 (with perpetual 6 year extensions thereafter) provides that RCC will supply private label concentrates exclusively to the Company and that the Company will purchase all of its requirements for cola concentrates and at least 75% of its total requirements for cola and non-cola concentrates from RCC, for use by the Company in its private label and proprietary label CSD. If the RC Supply agreement is terminated because of a breach by RCC or because RCC elects not to extend the RC Agreement, the Company will own all formulae developed for it or its customers that are in use at the time.

In addition to concentrates, the principal raw materials required for the Company's manufacturing operations are PET bottles, cans, sweeteners, labels, cartons and trays, bottle caps and carbon dioxide. The Company has a variety of suppliers for many of its materials, and has had long standing relationships with many of its raw material suppliers. Although the Company typically enters into annual supply arrangements with its suppliers, and does not have long-term contracts with most of them, it does have long-term agreements with suppliers of certain key raw materials, such as cans, sweeteners, and PET bottles. With the exception of the unique formulations provided by RCC, the Company believes that alternate supplies are readily available at comparable prices in the event it is unable to source materials from any of its suppliers. The majority of the Company's raw materials are purchased subject to agreements that allow for adjustments in prices that reflect the suppliers' raw material cost changes. The remaining raw materials are subject to fixed prices for a term of one year, after which the Company typically negotiates new terms based upon prevailing market conditions. Should the Company's cost of raw materials increase, there is no assurance that the Company can increase prices to its customers to reflect such increases, nor can there by any assurance that such price increases will take effect at the same time as the Company's raw material costs increase.

Although none of the raw materials used by the Company is in short supply, the supply of specific raw materials may be adversely affected by governmental controls, labor disputes, weather conditions or national emergency conditions.

TRADE SECRETS, TRADEMARKS AND LICENSES

The bulk of the Company's sales of beverages are to private label customers who own the trademarks associated with those products. The Company is the registered owner of certain trademarks, most notably "COTT"(TM) in Canada. The Company is licensed to use certain trademarks, including: "CHUBBY"(TM) in Canada and "RC"(TM) in certain regions of Canada; and "BENSHAWS"(TM), "HERO"(TM) and "CARTERS"(TM) in the United Kingdom. The Company sells beverages under the "Stars & StripEs"(TM) mark in the United States and an application to register this trademark is pending. The Company does not own and is not licensed to market soft drink products in the United States under the "Cott"(TM) trademark or brand name, which is owned in the United States by an unrelated party.

SEASONALITY OF SALES

Sales of beverages are somewhat seasonal, with the highest sales volumes generally occurring in the second and third fiscal quarters (corresponding to the warmer months of the year). Accordingly, the Company's sales volume can be affected by weather conditions in its core markets. The Company believes that it has adequate production capacity to meet future sales demands for beverages during peak periods.

CUSTOMERS

The Company's customers include many of the largest national and regional grocery, mass-merchandise and drugstore chains, wholesale and convenience store chains, in its core markets of Canada, the United Kingdom and the United States.

During 1999, sales to Wal-Mart Stores, Inc. and Safeway, Inc., accounted for approximately 41%, in the aggregate, of the Company's total consolidated sales. The Company considers its commercial relationships with these customers, which have both been ongoing for more than 7 years, to be satisfactory. The loss of any significant customer, or customers which in the aggregate represent a significant portion of the Company's sales, could have a material adverse effect on the Company's operating results and cash flows.

COMPETITION

The markets for the Company's products are extremely competitive. The companies that produce and market the major national brand beverages located in the Company's core geographies possess significantly greater financial and marketing resources than the Company. Private label beverages sold by the Company's customers compete for access to shelf space with branded beverage products on the basis of quality and price. Even though such shelf space is primarily controlled by the Company's customers, there is no guarantee that they will allocate space to their own private label products. In addition, should any of the national brand companies enter the private label segment of the beverage market, the Company's operating results and cash flow could also be materially adversely affected. The Company also competes with other non-alcoholic beverage manufacturers.

The Company also faces competition from other private label beverage manufacturers in the United States and the United Kingdom, some of which possess substantial regional bottling facilities. According to industry sources, the consolidation of the North American CSD industry in recent years has resulted in the closure of a number of manufacturing facilities and the rationalization of production into the remaining large, and in some cases newly constructed, manufacturing facilities. Although this has reduced the number of competitors supplying private label CSD, it has intensified competition by creating larger, more financially secure competitors.

The Company differentiates itself from other private label beverage suppliers by offering its customers competitive pricing, superior service, efficient distribution methods, manufacturing innovation, premium quality products, category management and strategies for packaging and marketing. The Company's private label programs are designed to enhance the profitability of each customer's product category. Quality and consistency of taste are ensured by access to premium quality cola and other concentrates, primarily through the RC Agreement.

RESEARCH AND DEVELOPMENT

The Company maintains a research facility in Columbus, Georgia where new beverages are developed and customized for customers. The Company believes that the provision of these services and the expansion of its product lines are key to innovation, and is an important part of the Company's business strategy. During 1999, the Company spent approximately $1.9 million on product research and development.

GOVERNMENTAL CONTROLS AND ENVIRONMENTAL MATTERS

In producing and distributing the beverages in the Company's core markets, the Company must comply with various laws and regulations that address a variety of issues such as food quality, environmental protection, transportation, labelling, occupational health and safety and advertising in each of its core markets.

The Ontario Environmental Protection Act (the "Ontario Act") provides that a minimum percentage of a bottler's soft drink sales within specified areas in Ontario must be made in refillable containers. In order to comply with these requirements, the Company, like other industry participants, would have to significantly increase its sales in refillable containers. While attempts to improve sales in refillable containers are being undertaken, the requirements of the Ontario Act are not being met by the Company or other industry participants. These provincial restrictions are currently not being enforced by the Ontario government. If enforced, the requirements of the Ontario Act relating to sales in refillable containers could result in significantly reduced margins in the 750 ml refillable glass package as well as potential fines for non-compliance and the possible prohibition of sales of soft drinks in non-refillable containers in Ontario. Although the Company continues to work with industry groups to review possible alternatives to propose to the government in connection with requirements relating to sales in refillable containers, the success of such efforts cannot be predicted, and such requirements are ultimately beyond industry control.

The Company is subject to other environmental legislation in the jurisdictions in which it carries on business. The Company's beverage manufacturing operations do not use or generate a significant amount of toxic or hazardous substances. The Company has not been notified of any enforcement actions against it under environmental legislation, and is not aware of any environmental contamination at any of its properties, which could result in material clean-up costs. Management believes that its current practices and procedures for the control and disposition of such wastes comply in all material respects with applicable laws, and with the exception of the Ontario Act, that the Company is in compliance in all material respects with the existing legislation in its core markets.

EMPLOYEES

As of January 1, 2000, the Company had approximately 2,048 employees, of which an estimated 696 are located in Canada, 481 are located in the United Kingdom, continental Europe and elsewhere and 871 are located in the United States. The Company, through its divisions and subsidiaries, has entered into numerous collective bargaining agreements that management believes contain terms that are typical in the beverage industry. Management currently believes that as these agreements expire they will be renegotiated on terms satisfactory to the Company. The Company considers its relations with its employees to be satisfactory.

ITEM 2. PROPERTIES

The Company operates six beverage production facilities in Canada; four of which are owned (of which one has security against it) and two of which are leased by the Company. In the United Kingdom, the Company owns and operates two beverage production facilities (both of which have security against them). In the United States, the Company operates six beverage production facilities, four of which are owned and two of which are leased. Total square footage of the production facilities operated by the Company is approximately 934,317 in Canada; 416,000 in the United Kingdom; and 1,113,920 in the United States. Lease terms for those beverage production facilities that are leased expire between the years of 2002 and 2007. The Company believes that its facilities and production equipment, together with its third-party bottling arrangements, provides it with sufficient capacity to meet current intended purposes, and that they will be sufficient to supply foreseeable demand from customers, even in peak months. In addition, opportunities exist to accommodate increased demand through additional production in the current facilities by increasing personnel and the number of shifts.

ITEM 3. LEGAL PROCEEDINGS

The Company, and certain of its predecessors are named as defendants in an action by 957508 Ontario Ltd., Bevpac Beverages Ltd., Frank Pirillo, Sam Olivito, 916939 Ontario Ltd. and Management International Trading Company Limited. The action, which commenced on or about September 15, 1997 in the Ontario Court (General Division), claims damages of (Cdn.) $15,000,000 for breach of contract and negligent misrepresentation and an account receivable of
(Cdn.) $124,000. The claim arises out of the alleged wrongful termination of Bevpac Beverages Ltd. as a distributor for the Company. The Company in turn has counterclaimed for amounts it claims are owing, including approximately: (Cdn.) $600,000 due on a mortgage, (Cdn.) $350,000 due on promissory notes, trade accounts due of (Cdn.) $400,000, (Cdn.) $178,000 for payment made pursuant to an indemnity obligation on a lease and (Cdn.) $40,000 for unreturned pallets. The Company has also claimed (Cdn.) $50,000 against Frank Pirillo pursuant to the terms of a guarantee of the mortgage. No trial date has been set as yet but discoveries in the action have been held and the trial will likely commence by the end of 2000. The Company believes that it has a valid defense to the claims made by the plaintiffs and that in any event any damages likely to be awarded to the plaintiffs are not expected to be material, and will be offset by the amounts owing to the defendants.

DPI (now Interim BCB, LLC and wholly-owned by the Company), and the Company are named as defendants in an action by Channelmark Corporation ("Channelmark"), commenced on or about October 16, 1997 in the United States District Court, Minnesota. Channelmark alleges that DPI breached a contract regarding the processing and

marketing of chicken by-products and miscuts, fraudulently induced Channelmark to enter into the contract, tortious interference with prospective advantage, unfair competition, and related claims. In its complaint, Channelmark sought unspecified damages in excess of $75,000. In its Initial Disclosure, filed in accordance with Federal Rule of Civil Procedure 26, Channelmark claimed initial unspecified damages of $3,500,000, which was subsequently increased to $38,216,552. DPI has denied Channelmark's allegations, and has asserted a counterclaim against Channelmark and its principals alleging breach of contract, fraud, and breach of fiduciary duty, claiming damages in excess of $4,000,000. Discovery has been completed, except for possible depositions of expert witnesses. DPI and the Company served a summary judgment motion seeking dismissal of Channelmark's Complaint. Channelmark and its principals served a summary judgment motion seeking dismissal of DPI's Counterclaim. These motions were heard by the Court on June 18, 1999, and a decision was rendered on March 21, 2000. In its Summary Judgment Order, the Court dismissed all of Channelmark's fraud claims, except one, and its unfair competition claim. The Court also dismissed DPI's Counterclaim alleging fraud and breach of fiduciary duty. The Company believes that it has a valid defense to the remaining claims made by the plaintiffs and that, in any event, any damages likely to be awarded to the plaintiff are not expected to be material, and will be offset by the amounts claimed by the Defendants on the Counterclaim.

In March, 1999, the Company, DPI (now Interim BCB, LLC and wholly-owned by the Company) and an individual were named as defendants in an action by Rositas, Inc., a corporation d/b/a Rosita Foods Inc. in a case filed in the Circuit Court of Cook County, Illinois, in which plaintiff alleges various claims arising from DPI's alleged failure to purchase certain products from the plaintiff. Specifically, the plaintiff has alleged claims against the defendants for breach of contract, detrimental reliance, promissory estoppel, intentional interference with business and fraud. The plaintiff seeks damages in the amount of $4,540,000 plus research and development expenses, lost earnings, punitive damages and miscellaneous and incidental costs. The action is still in its early stages. Based upon information currently available, the Company believes that it has a reasonable defense to the claim and that in any event, any damages likely to be awarded to the plaintiff are not expected to be material.

In August 1999, the Company was named as a defendant in an action styled North American Container, Inc. v. Plastipak Packaging Inc., et al., filed in the United States District Court for the Northern District of Texas, Dallas Division. The plaintiff, North American Container, Inc., has sued over forty defendants, alleging, inter alia, that Cott USA Corporation has infringed a U.S. patent relating to plastic containers. North American Container, Inc. has filed a motion to substitute BCB USA Corp. for Cott USA Corporation as a defendant. The plaintiff alleges that the infringement is willful, and seeks injunctive relief, treble damages and recovery of attorneys' fees and costs. The case is in the early stages, and discovery has not yet begun. As a result, the Company is not in a position to state the anticipated outcome of this case at this time, as the Company is still investigating the allegations and the potential defenses.

In December 1999, the Company was named as a defendant in an action styled Trinity Plastic Products Inc. v Cott Corporation, filed in the Ontario Superior Court of Justice. The plaintiff, Trinity Plastic Products Inc. claims (Cdn.) $10,000,000 in damages for breach of contract and (Cdn.) $1,000,000 in punitive and exemplary damages. The claim alleges a contractual obligation on the part of the Company to pay the plaintiff a commission with respect to purchases of shrink film purchased by the Company. The action is in the preliminary stages and no examinations for discovery have been conducted. Based upon information currently available, the Company believes that it has a reasonable defense to the claim and that in any event, any damages likely to be awarded to the plaintiff are not expected to be material.

The Company is engaged in various litigation matters in the ordinary course of its business, none of which, individually or in the aggregate, the Company considers to have a material adverse effect on the financial condition of the Company and its subsidiaries taken as a whole.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED SHAREOWNER MATTERS

The Company's common shares are listed on The Toronto Stock Exchange under the ticker symbol BCB; and on Nasdaq under the ticker symbol COTT.

The tables below sets forth for the periods indicated the high and low reported sales prices per share.

THE TORONTO STOCK EXCHANGE (CDN. $)

	1999		1998	
	HIGH	LOW	HIGH	LOW
First quarter	6.20	3.00	13.75	8.00
Second quarter	7.35	3.60	13.20	8.10
Third quarter	6.45	4.70	12.00	7.85
Fourth quarter	9.00	5.85	9.50	4.60

NASDAQ ($)

	1999		1998	
	HIGH	LOW	HIGH	LOW
First quarter	4.13	1.97	9.75	5.58
Second quarter	4.94	2.38	8.88	5.56
Third quarter	4.94	3.16	8.13	5.19
Fourth quarter	6.25	3.97	6.17	3.00

The number of shareowners of record as of March 21, 2000 was 1,162. This number was determined from records maintained by the Company's transfer agent and does not include beneficial owners of the Company's securities whose securities are held in the names of various dealers or clearing agencies.

The Company has not paid any cash dividends with respect to Common Shares since June 1998 and the Company's Board of Directors has no present plans for declaring any such dividends. See note 15 to the consolidated financial statements for restrictions on dividend payments, on page 34 of the Company's 1999 Annual Report to Shareowners, incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

"Selected Financial Data" for the year 1995 through 1999, on page 43 of the Company's 1999 Annual Report to Shareowners, is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis of Financial Condition and Results from Operations" on pages 12 to 22 of the Company's 1999 Annual Report to Shareowners, is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

"Quantitative and Qualitative Disclosures About Market Risk" on pages 20 and 21 of the Company's 1999 Annual Report to Shareowners, is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements of the Company, included in the Company's 1999 Annual Report to Shareowners, are incorporated herein by reference at the pages indicated:

1. Report of Independent Accountants (page 23)
2. Consolidated Statements of Income - Year ended January 1, 2000, period ended January 2, 1999 and year ended January 31, 1998

(page 24)

3. Consolidated Balance Sheets - January 1, 2000 and January 2, 1999

(page 25)

4. Consolidated Statements of Shareowners' Equity - Year ended January 1, 2000, period ended January 2, 1999 and year ended January 31, 1998 (page 26)
5. Consolidated Statements of Cash Flows - Year ended January 1, 2000, period ended January 2, 1999 and year ended January 31, 1998 (page 27)
6. Notes to the Consolidated Financial Statements (page 28 - 41)
7. Quarterly Data (Unaudited) (page 42)

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. EXECUTIVE OFFICERS AND DIRECTORS

EXECUTIVE OFFICERS OF THE COMPANY

The following is a list of names and ages of all the executive officers of the Company as of March 20, 2000, indicating all positions and offices with the Company held by each such person. All officers have served in their present capacities for the past five years except as otherwise stated

NAME AND MUNICIPALITY OF RESIDENCE	OFFICE	RINCIPAL OCCUPATION	AGE	YEAR BECAME OFFICER
Frank E. Weise III Haverford, Pennsylvania	President, Chief Executive Officer and Director	Officer of the Company	55	1998
Mark Benadiba Toronto, Ontario	Executive Vice-President and President, Cott Beverages Canada	Officer of the Company	46	1990
David G. Bluestein Ridgefield, Connecticut	Executive Vice-President and President, Cott Beverages USA	Officer of the Company	54	1998
Paul R. Richardson Sarasota, Florida	Executive Vice-President, Global Procurement and Innovation	Officer of the Company	43	1994
Raymond P. Silcock Philadelphia, Pennsylvania	Executive Vice-President and Chief Financial Officer	Officer of the Company	49	1998
Neil A. Thompson Tewkesbury, Gloucester United Kingdom	Executive Vice-President and Managing Director, Cott United Kingdom and Europe	Officer of the Company	44	1999
Mark R. Halperin Toronto, Ontario	Senior Vice-President, General Counsel and Secretary	Officer of the Company	42	1995
James S. Reynolds Waterloo, Ontario	Senior Vice-President, Chief Information Officer	Officer of the Company	49	1998
Colin D. Walker London, Ontario	Senior Vice-President, Human Resources	Officer of the Company	42	1998
Tina Dell'Aquila Toronto, Ontario	Vice-President, Controller	Officer of the Company	37	1998
Catherine M. Brennan Toronto, Ontario	Vice-President, Treasurer	Officer of the Company	42	1999
Ivan Grimaldi Laval, Quebec	Vice-President, Purchasing	Officer of the Company	42	2000
Edmund P. O'Keeffe Toronto, Ontario	Vice-President, Strategic Planning	Officer of the Company	36	1999
Prem Virmani Columbus, Georgia	Vice-President, Technical Services	Officer of the Company	53	1991

During the last five years, the above persons have been engaged in their principal occupations or in other executive capacities with the companies indicated opposite their names or with related or affiliated companies except as follows: Frank E. Weise III who prior to April 1998 was Chairman of Confab Inc.
(manufacturer of retailer branded feminine hygiene and incontinence products)
and prior to January 1997 held various senior Vice-Presidents' positions with Campbell Soup Company (national brand food products manufacturer), including President of its Bakery and Confectionery Division and Chief Financial Officer; David G. Bluestein who prior to September 1998 was President of IFF Flavors (flavors and fragrances), prior to 1998 held several senior positions at Duracell International, including President, North America; Paul R. Richardson has held several senior management positions since joining Cott in 1994; Raymond P. Silcock who prior to September 1998 was Chief Financial Officer of Delimex Holding Inc. (a holding company) and prior to 1997 held various senior positions at Campbell Soup Company (national brand food products manufacturer), most recently Vice-President Finance at its Bakery and Confectionery Division; Neil
A. Thompson who prior to February 1999, was a Managing Director of Spillers Petfoods (pet food company); Mark R. Halperin who prior to September 1998, held the position of Vice President, General Counsel and Secretary; James S. Reynolds who prior to September 1998, was a partner at Reylett Technology Management (technology consulting) and who prior to December 1997 was Corporate VP, Chief Information Officer Oshawa Group (retailer) and who prior to September 1997 was Vice President, Corporate Information Services and Officer at Silcorp Limited (retailer); Colin D. Walker who prior to September 1998, was Senior Manager, Deloitte & Touche Consulting (consulting company) and prior to September 1997 was Vice-President, Human Resources of Imasco (consumer products and services) and prior to April 1996 was Vice-President, Human Resources of Canada Trust Company (trust company); Tina Dell'Aquila who prior to October 1997, was Director, Corporate Accounting of Dominion Textile Inc. (textile company); and Catherine M. Brennan who prior to February 1999, was a Treasurer and Senior Director, Taxation of Nabisco Ltd. (food and beverage company); Edmund O'Keeffe has held several senior management positions in Marketing since joining the Company in October 1994.

Executive Officer Mark R. Halperin is the brother of Stephen H. Halperin, a Director of the Company.

DIRECTORS OF THE COMPANY

For information with respect to the directors of the Company, see the "Election of Directors" section of the Proxy Circular for the 2000 Annual Meeting of Shareowners, which is incorporated herein by reference. Additionally, Mr. Knowles is a director of Wendy's International Limited.

For information with respect to Section 16(a) of the Securities Exchange Act of 1934, reports for directors and executive officers of the Company, see the "Section 16 (a) Beneficial Ownership Reporting Compliance" section of the Proxy Circular for the 2000 Annual Meeting of Shareowners, which is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

For information with respect to executive compensation, see the "Executive Compensation" section of the Proxy Circular for the 2000 Annual Meeting of Shareowners, which is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

For information with respect to security ownership of certain beneficial owners and management, see the "Voting Shares and Principal Owners Thereof" and the "Directors Table" sections of the Proxy Statement for the 2000 Annual Meeting of Shareowners, which are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

For information with respect to certain relationships and related transactions, see the "Certain Relationships and Related Transactions" section of the Proxy Circular for the 2000 Annual Meeting of Shareowners, which is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT AND REPORTS ON FORM 8-K

1. Financial Statements:
See Index to Financial Statements (Item 8).

2. Financial Statements Schedules:

Report of Independent Accountants

Schedule II --- Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits:

Number	Description
3.1	Articles of Incorporation of the Company
3.2	By-laws of the Company
4.1	Credit Agreement dated as of August 19, 1999, among the Company, First Union (as Administrative Agent), National Bank of Canada (as Canadian Agent) and other Financial Institutions (as Lenders) named therein
4.2	Subscription Agreement dated as of June 12, 1998 for Convertible Participating Voting Second Preferred Shares, Series 1 of the Company (as Issuer).
4.3	Letter Agreement dated as of November 3, 1999, among the Company and the Thomas H. Lee Company
4.4	Indenture dated as of June 25, 1995, among the Company (as Issuer) and The Bank of New York (as Trustee). Filed as Exhibit 7.1 to Form F-10, as filed with the SEC June 23, 1995, registration number 33-93064
4.5	Indenture dated as of June 17, 1997, among the Company (as Issuer) and Marine Midland Bank (as Trustee). Filed as Exhibit 7.1 to Form F-10 as filed with the SEC June 10, 1997, registration number 333-6944
4.6	Credit Agreement, dated November 20, 1997 among Cott Beverages Limited (formerly Cott UK Limited) (the Borrower) and Lloyds TSB Bank plc (the Bank) (as amended on July 14, 1998 and on July 5, 1999 and as amended and restated on March 27, 2000)
10.1	(*) Termination Agreement dated November 1, 1999, among Cott Beverages, USA, Inc. and Premium Beverages Packers, Inc.
10.2	Acquisition Agreement dated November 20, 1997, among Cott UK Limited, Cott Corporation and the Several Persons listed in Schedule 1 to the Agreement relating to the acquisition of Hero Drinks Group (U.K.) Limited
10.3	(*) Supply Agreement dated December 21, 1998, among Wal-Mart Stores, Inc. and Cott Beverages USA, Inc.

Number	Description
10.4	(*) Concentrate Purchase Agreement dated as of January 28, 1994, among BCB International Limited (since assigned to Cott Corporation), Cott Corporation and Royal Crown Cola Co. (now Royal Crown Company Inc.)
10.5	Employment Agreement of Frank E. Weise III dated June 11, 1998
10.6	Employment Agreement of David G. Bluestein dated August 28, 1998
10.7	Employment Agreement of Mark Benadiba dated October 7, 1997 and as amended
10.8	Employment Agreement of Paul R. Richardson dated August 23, 1999
10.9	Employment Agreement of Raymond P. Silcock dated August 17, 1998
10.10	1999 Executive Incentive Share Compensation Plan effective January 3, 1999
13	Company's Annual Report to Shareowners for year ended January 1, 2000
27	Financial Data Schedule

[FN]
(*) Document is subject to request for confidential treatment.

Report of Independent Accountants on
Financial Statement Schedules

To the Board of Directors
of Cott Corporation

Our audits of the consolidated financial statements referred to in our report dated February 17, 2000 appearing in the 1999 Annual Report to Shareholders of Cott Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 14(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Toronto, Ontario
February 17, 2000

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Year ended January 1, 2000

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTION	BALANCE AT END OF PERIOD
RESERVES DEDUCTED IN THE BALANCE SHEET FROM THE ASSETS TO WHICH THEY APPLY					
Allowances for losses on:					
Trade accounts receivables	$ (7.5)	$ (2.7)	$ --	$ 1.5	$ (8.7)
Inventories	(13.3)	1.1	--	6.3	(5.9)
Property, plant and equipment	(3.5)	0.3	--	3.2	--
Goodwill	--	(2.4)	--	1.2	(1.2)
Investment and other assets	(0.5)	(0.1)	(1.0)	0.5	(1.1)
Deferred income taxes	(20.2)	14.7	--	--	(5.5)
	$ (45.0)	$ 10.9	$ (1.0)	$ 12.7	$ (22.4)

Period ended January 2, 1999

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTION	BALANCE AT END OF PERIOD
RESERVES DEDUCTED IN THE BALANCE SHEET FROM THE ASSETS TO WHICH THEY APPLY					
Allowances for losses on:					
Trade accounts receivables	$ (8.6)	$ (3.9)	$ --	$ 5.0	$ (7.5)
Inventories	(3.4)	(16.3)	--	6.4	(13.3)
Property, plant and equipment	--	(18.9)	--	15.4	(3.5)
Goodwill	--	(15.5)	--	15.5	--
Investment and other assets	--	(2.2)	--	1.7	(0.5)
Deferred income taxes	(3.6)	(16.6)	--	--	(20.2)
	$ (15.6)	$ (73.4)	$ --	$ 44.0	$ (45.0)

Year ended January 31, 1998

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	DEDUCTION (NOTE 1)	BALANCE AT END OF PERIOD
RESERVES DEDUCTED IN THE BALANCE SHEET FROM THE ASSETS TO WHICH THEY APPLY					
Allowances for losses on:					
Trade accounts receivables	$ (4.5)	$ (6.6)	$ --	$ 2.5	$ (8.6)
Inventories	(1.6)	(2.7)	--	0.9	(3.4)
Property, plant and equipment	--	(0.3)	--	0.3	--
Deferred income taxes	(2.8)	(0.8)	--	--	(3.6)
	$ (8.9)	$ (10.4)	$ --	$ 3.7	$ (15.6)

SIGNATURE

Pursuant to the requirements of section 13 or 15(d) 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)

By:

/s/ Frank E. Weise III
FRANK E. WEISE III
Chief Executive Officer and a Director

Date: March 21, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Frank E. Weise III *Date: March 21, 2000*
FRANK E. WEISE III
President, Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Raymond P. Silcock *Date: March 21, 2000*
RAYMOND P. SILCOCK
Chief Financial Officer
(Principal Financial Officer)

/s/ Tina Dell'Aquila *Date: March 21, 2000*
TINA DELL'AQUILA
Vice President, Controller
(Principal Accounting Officer)

/s/ Serge Gouin *Date: March 21, 2000*
SERGE GOUIN
Chairman of the Board of Directors and Director

/s/ Colin J. Adair *Date: March 21, 2000*
COLIN J. ADAIR
Director

/s/ W. John Bennett *Date: March 21, 2000*

W. JOHN BENNETT
Director

/s/ C. Hunter Boll *Date: March 21, 2000*

C. HUNTER BOLL
Director

/s/ Thomas M. Hagerty *Date: March 21, 2000*

THOMAS M. HAGERTY
Director

/s/ Stephen H. Halperin *Date: March 21, 2000*

STEPHEN H. HALPERIN
Director

/s/ David V. Harkins *Date: March 21, 2000*

DAVID V. HARKINS
Director

/s/ True H. Knowles *Date: March 21, 2000*

TRUE H. KNOWLES
Director

/s/ Fraser D. Latta *Date: March 21, 2000*

FRASER D. LATTA
Director

/s/ Donald G. Watt *Date: March 21, 2000*

DONALD G. WATT
Director

Exhibit 3.1

Industry Canada	Industrie Canada	FORM 9	FORMULE 9
		ARTICLES OF AMALGAMATION	STATUTS DE FUSION
Canada Business Corporations Act	Loi canadienne sur les societes par actions	(SECTION 185)	(ARTICLE 185)

1 - Name of amalgamated corporation — Denomination de la societe issue de la fusion

COTT CORPORATION
CORPORATION COTT

2 - The place in Canada where the registered office is to be situated — Lieu au Canada ou droit etre situe le siege social

District of Montreal, Province of Quebec

3 - The classes and any maximum number of shares that the corporation is authorized to issue — Categories et tout nombre maximal d'actions que la societe est autorsee a emettre

An unlimited number of First Preferred Shares, issuable in series, an unlimited number of Second Preferred Shares, issuable in series and an unlimited number of common shares. The rights, privileges, restrictions and conditions attaching to the First Preferred Shares, Second Preferred Shares and common shares are attached hereto as Schedule "A".

4 - Restrictions, if any, on share transfers — Restrictions sur le transfert des actions, s'il y a lieu

None

5 - Number (or minimum and maximum number) of directors — Nombre (ou nombre minimal et maximal) d'administrateurs

Such number not greater than fifteen nor less than three as the board of directors may determine.

6 - Restrictions, if any, on business the corporation may carry on — Limites imposees a l'activite commerciale de la societe, s'il y a lieu

None

7 - Other provisions, if any — Autres dispositions, s'il y a lieu

The annexed Schedule "B" is incorporated in this form.

8 - The amalgamation has been approved pursuant to that section or subsection of the Act which is indicated as follows: — 8 - La fusion a ete approuvee en accord avel l'article ou le paragraphe de la Loi indique ci-apres

[ ] 183
[X] 184(1)
[ ] 184(2)

9 - Name of the amalgamating corporations / Denomination des societes fusionnantes	Corporation No. / No de la societe	Signature	Date	Title / Titre
COTT CORPORATION			Dec. 21/99	Secretary
CORPORATION COTT	3573222			
3699455 CANADA INC.	3699455		Dec. 21/99	Secretary

FOR DEPARTMENTAL USE ONLY - A L'USAGE DU MINISTERE SEULEMENT Filed - Deposee
Corporation No. - No de la societe

SCHEDULE "A"

1.0 FIRST PREFERRED SHARES

The first preferred shares shall, as a class, carry and be subject to the following rights, privileges, restrictions and conditions:

1.1 The first preferred shares may be issued at any time and from time to time in one or more series, each series to consist of such number of first preferred shares as may, before the issue thereof, be determined by resolution passed by the Board of Directors of the Corporation. The number of shares of any series may from time to time be increased by the Board of Directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

1.2 The Board of Directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the first preferred shares of each series, the designation, rights, privileges, restrictions and conditions to be attached to the first preferred shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

(i) provisions, if any, with respect to the rights of the holders of the first preferred shares of such series to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting;

(ii) whether any dividends shall be payable on the first preferred shares of such series and, if dividends are to be payable thereon, the rate, amount or method of calculation or preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

(iii) the rights of the Corporation, if any, to purchase or redeem the first preferred shares of such series, and the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

(iv) provisions, if any, with respect to the rights of the holders of the first preferred shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchase;

(v) the conversion rights, if any;

(vi) the terms and conditions of any share purchase plan or sinking fund with respect to the first preferred shares of such series; and

(vii) the restrictions, if any, respecting payment of dividends on the second preferred shares, the common shares or on any other shares of the Corporation ranking junior to the first preferred shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the first preferred shares of such series and the issue of a certificate of amendment in respect thereof.

1.3 The first preferred shares shall, with respect to the payment of dividends, be entitled to preference over the second preferred shares, the common shares and over any other shares of the Corporation ranking junior to the first preferred shares, and no dividends (other than stock dividends payable in shares of the Corporation ranking junior to the first preferred shares) shall at any time be declared or paid or set apart for payment on the second preferred shares, the common shares or on any other shares of the Corporation ranking junior to the first preferred shares, nor shall the Corporation call for redemption or purchase any of the first preferred shares (less than the total number of first preferred shares then outstanding) or any shares of the Corporation ranking junior to the first preferred shares unless at the date of such declaration or call for redemption or purchase, as the case may be, all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends shall be payable shall have been declared and paid or set apart for payment in respect of each series of cumulative first preferred shares then issued and outstanding and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative first preferred shares then issued and outstanding.

1.4 In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the first preferred shares shall be entitled to receive, before any amount shall be paid to, or any property or assets of the Corporation distributed among, the holders of the second preferred shares, the common shares or any other shares of the Corporation ranking junior to the first preferred shares, (i) the amount paid up on such first preferred shares together with, in the case of cumulative first preferred shares, all unpaid cumulative dividends (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid up to and including the date of distribution) and, in the case of non-cumulative first preferred shares, all declared and unpaid non-cumulative dividends, and (ii) if such liquidation, dissolution, winding up or distribution shall be voluntary, an additional amount equal to the premium, if any, which would have been payable on the redemption of said first preferred shares respectively if they had been called for redemption by the Corporation on the date of distribution and, if said first preferred shares could not be redeemed on such date, then an additional amount equal to the greatest premium, if any, which would have been payable on the redemption of said first preferred shares respectively. After payment to the holders of the first preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

1.5 The first preferred shares of each series shall rank on a parity with the first preferred shares of every other series with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among shareholders

for the purpose of winding up its affairs, provided, however, that in case such assets are insufficient to pay in full the amount due on all the first preferred shares, then such assets shall be applied firstly, to the payment equally and rateably of an amount equal to the amount paid up on the first preferred shares of each series and the premium thereon, if any, and, secondly, pro rata in the payment of accrued and unpaid cumulative dividends and declared and unpaid non-cumulative dividends.

1.6 The holders of the first preferred shares shall not, as such, be entitled as of right to subscribe for, or to purchase or receive the whole or any part of any issue of any shares, or of any bonds, debentures or other securities of the Corporation now or hereafter authorized, otherwise than in accordance with the exercise of the conversion rights, if any, which may from time to time attach to any series of first preferred shares.

1.7 The provisions contained in Section 1.1 to 1.6 inclusive, and in this
Section 1.7 may be repealed or amended in whole or in part by articles of amendment and the issue of a certificate of amendment in respect thereof, but only with the prior approval of the holders of the first preferred shares given as hereinafter specified in addition to any other approval required under the Canada Business Corporations Act.

The approval of the holders of the first preferred shares as to any and all matters hereinbefore referred to may be given in writing by a resolution signed by all the holders of the first preferred shares or by resolution passed by not less than two-thirds (2/3) of the votes cast at a meeting of the holders of the first preferred shares duly called for the purpose at which meeting, when originally held, the holders of not less than a majority of the outstanding first preferred shares are present in person or represented by proxy in accordance with the by-laws of the Corporation. If at any such meeting, the holders of a majority of the outstanding first preferred shares are not present in person or represented by proxy within thirty (30) minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being no less than fifteen (15) days later, and to such time and place as may be fixed by the chairman of the meeting and, at such adjourned meeting, the holders of first preferred shares present in person or represented by proxy, whether or not they hold more or less than a majority of all first preferred shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed thereat by not less than two-thirds (2/3) of the votes cast at such adjourned meeting shall constitute the approval of the holders of the first preferred shares hereinbefore mentioned. Notice of any such original meeting of the holders of the first preferred shares shall be given not less than twenty-one (21) days or more than fifty (50) days prior to the date fixed for such meeting and shall state the nature of the business to be transacted and the text of any resolution to be submitted to the meeting. Notice of any such adjourned meeting shall be given: (i) not less than seven (7) days prior to the date fixed for such adjourned meeting, if the original meeting was adjourned by one or more adjournments for an aggregate of less than thirty (30) days, but it shall not be necessary to state in such notice the business for which the adjourned meeting is called or the text of any resolution to be submitted to the adjourned meeting; and (ii) as required by the Canada Business Corporations Act, if the original meeting was adjourned by one or more adjournments for an aggregate of thirty (30) days or more. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting or any other meeting of the holders of first preferred shares and the conduct

thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders or in the laws governing the Corporation.

If the repeal or amendment of the provisions hereinbefore contained affects the rights of the holders of first preferred shares of any series in a manner different from that in which the rights of the holders of first preferred shares of any other series are affected, then such repeal or amendment shall, in addition to being approved by the holders of the first preferred shares as hereinabove set forth, be approved by the holders of the first preferred shares of such series so affected, and the provisions of this Section 1.7 shall apply, mutatis mutandis, with respect to the giving of such approval.

Any meeting of the holders of the outstanding first preferred shares may be held at any time and for any purpose, without notice, if all holders of first preferred shares entitled to vote at the meeting waive notice of the meeting in writing. For the purpose of waiver of notice, the words "in writing" shall, without limitation, include the sending of a telegram, telex, cable or any other form of written communication by a shareholder. Any holder of first preferred shares may waive notice of any meeting either before or after the meeting is held.

Irregularities in the notice or in the giving thereof as well as the accidental omission to give notice of any meeting to, or the non-receipt of any notice by, any holder of first preferred shares, shall not invalidate any action taken at any meeting.

At any meeting of the holders of first preferred shares without distinction as to series, each holder of first preferred shares shall be entitled to 1/25 of a vote for each $1 (with the Canadian dollar and the United States dollar being deemed to be at par for the purposes of this Section 1.7) paid up on each first preferred share held by him. At any meeting of the holders of first preferred shares of any particular series, each holder shall be entitled to one (1) vote in respect of each first preferred share of such series held by him.

2.0 SECOND PREFERRED SHARES

The second preferred shares shall, as a class, rank as to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, after the first preferred shares and shall carry and be subject to the following rights, privileges, restrictions and conditions:

2.1 The second preferred shares may be issued at any time and from time to time in one or more series, each series to consist of such number of second preferred shares as may, before the issue thereof, be determined by resolution passed by the Board of Directors of the Corporation. The number of shares of any series may from time to time be increased by the Board of Directors of the Corporation upon compliance with the same conditions as are applicable to the issue of shares of a new series.

2.2 The Board of Directors of the Corporation shall, subject as hereinafter provided and subject to the provisions of the Canada Business Corporations Act, fix, by resolution duly passed before the issue of the second preferred shares of each series, the designation, rights, privileges,

restrictions and conditions to be attached to the second preferred shares of such series, including, but without in any way limiting or restricting the generality of the foregoing:

(i) provisions, if any, with respect to the rights of the holders of the second preferred shares of such series to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting;

(ii) whether any dividends shall be payable on the second preferred shares of such series and, if dividends are to be payable thereon, the rate, amount or method of calculation of preferential dividends, whether fixed or fluctuating, whether cumulative or non-cumulative, whether such dividends are payable in money or by the issue of fully paid shares of the Corporation, the currency or currencies of payment, the date or dates and places of payment of preferential dividends and the date or dates from which such preferential dividends shall accrue;

(iii) the rights of the Corporation, if any, to purchase or redeem the second preferred shares of such series, and the purchase or redemption price or the method of calculating the same, and the terms and conditions of any such purchase or redemption;

(iv) provisions, if any, with respect to the rights of the holders of the second preferred shares of such series to tender such shares to the Corporation for purchase by the Corporation and to oblige the Corporation to make such purchases;

(v) the conversion rights, if any;

(vi) the terms and conditions of any share purchase plan or sinking fund with respect to the second preferred shares of such series; and

(vii) the restrictions, if any, respecting payment of dividends on the common shares or on any other shares of the Corporation ranking junior to the second preferred shares;

the whole subject to articles of amendment setting forth the designation, rights, privileges, restrictions and conditions to be attached to the second preferred shares of such series and the issue of a certificate of amendment in respect thereof, and subject to the provisions now or hereafter attaching to the first preferred shares as a class or to any series thereof.

2.3 The second preferred shares shall, with respect to the payment of dividends, be entitled to preference over the common shares and over any other shares of the Corporation ranking junior to the second preferred shares, but shall be subject to the prior rights in respect of the payment of dividends attaching to the first preferred shares, and no dividends (other than stock dividends payable in shares of the Corporation ranking junior to the second preferred shares) shall at any time be declared or paid or set apart for payment on the common shares or on any other shares of the Corporation ranking junior to the second preferred shares, nor shall the Corporation call for redemption or purchase any of the second preferred shares (less than the total number of second preferred shares then outstanding) or any shares of the Corporation ranking junior to the second

preferred shares unless at the date of such declaration or call for redemption or purchase, as the case may be, all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends shall be payable shall have been declared and paid or set apart for payment in respect of each series of cumulative second preferred shares then issued and outstanding and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative second preferred shares then issued and outstanding.

2.4 In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, the holders of the second preferred shares shall be entitled to receive, subject to prior payment in full to the holders of the first preferred shares of all amounts payable in such circumstances on the first preferred shares but before any amount shall be paid to, or any property or assets of the Corporation distributed among, the holders of the common shares or any other shares of the Corporation ranking junior to the second preferred shares, (i) the amount paid up on such second preferred shares together with, in the case of cumulative second preferred shares, all unpaid cumulative dividends (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends have been paid up to and including the date of distribution) and, in the case of non-cumulative second preferred shares, all declared and unpaid non-cumulative dividends, and (ii) if such liquidation, dissolution, winding up or distribution shall be voluntary, an additional amount equal to the premium, if any, which would have been payable on the redemption of said second preferred shares respectively if they had been called for redemption by the Corporation on the date of distribution and, if said second preferred shares could not be redeemed on such date, then an additional amount equal to the greatest premium, if any, which would have been payable on the redemption of said second preferred shares respectively. After payment to the holders of the second preferred shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

2.5 The second preferred shares of each series shall rank on a parity with the second preferred shares of every other series with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, provided, however, that in case such assets are insufficient to pay in full the amount due on all the second preferred shares, then such assets shall be applied, firstly, to the payment equally and rateably of an amount equal to the amount paid up on the second preferred shares of each series and the premium thereon, if any, and, secondly, pro rata in the payment of accrued and unpaid cumulative dividends and declared and unpaid non-cumulative dividends.

2.6 The holders of the second preferred shares shall not, as such, be entitled as of right to subscribe for, or to purchase or receive the whole or any part of any issue of any shares, or of any bonds, debentures or other securities of the Corporation now or hereafter authorized, otherwise than in accordance with the exercise of the conversion rights, if any, which may from time to time attach to any series of second preferred shares.

2.7 The provisions contained in Sections 2.1 to 2.6 inclusive, and in this Section 2.7 may be repealed or amended in whole or in part by articles of amendment and the issue of a certificate of amendment in respect thereof, but only with the prior approval of the holders of the second preferred shares given as hereinafter specified in addition to any other approval required under the Canada Business Corporations Act.

The approval of the holders of the second preferred shares as to any and all matters hereinbefore referred to may be given in writing by a resolution signed by all the holders of the second preferred shares or by resolution passed by not less than two-thirds (2/3) of the votes cast at a meeting of the holders of the second preferred shares duly called for the purpose at which meeting, when originally held, the holders of not less than a majority of the outstanding second preferred shares are present in person or represented by proxy in accordance with the by-laws of the Corporation. If at any such meeting, the holders of a majority of the outstanding second preferred shares are not present in person or represented by proxy within thirty (30) minutes after the time fixed for the meeting, then the meeting shall be adjourned to such date, being no less than fifteen (15) days later, and to such time and place as may be fixed by the chairman of the meeting and, at such adjourned meeting, the holders of second preferred shares present in person or represented by proxy, whether or not they hold more or less than a majority of all second preferred shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed thereat by not less than two-thirds (2/3) of the votes cast at such adjourned meeting shall constitute the approval of the holders of the second preferred shares hereinbefore mentioned. Notice of any such original meeting of the holders of the second preferred shares shall be given not less than twenty-one (21) days or more than fifty (50) days prior to the date fixed for such meeting and shall state the nature of the business to be transacted and the text of any resolution to be submitted to the meeting. Notice of any such adjourned meeting shall be given: (i) not less than seven (7) days prior to the date fixed for such adjourned meeting, if the original meeting was adjourned by one or more adjournments for an aggregate of less than thirty (30) days, but it shall not be necessary to state in such notice the business for which the adjourned meeting is called or the text of any resolution to be submitted to the adjourned meeting; and (ii) as required by the Canada Business Corporations Act, if the original meeting was adjourned by one or more adjournments for an aggregate of thirty (30) days or more. The formalities to be observed with respect to the giving of notice of any such original meeting or adjourned meeting or any other meeting of the holders of second preferred shares and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders or in the laws governing the Corporation.

If the repeal or amendment of the provisions hereinbefore contained affects the rights of the holders of second preferred shares of any series in a manner different from that in which the rights of the holders of second preferred shares of any other series are affected, then such repeal or amendment shall, in addition to being approved by the holders of the second preferred shares as hereinabove set forth, be approved by the holders of the second preferred shares of such series so affected, and the provisions of this Section 2.7 shall apply, mutatis mutandis, with respect to the giving of such approval.

Any meeting of the holders of the outstanding second preferred shares may be held at any time and for any purpose, without notice, if all holders of second preferred shares entitled to vote at the meeting waive notice of the meeting in writing. For the purpose of waiver of notice, the words "in writing" shall, without limitation, include the sending of a telegram, telex, cable or any

other form of written communication by a shareholder. Any holder of second preferred shares may waive notice of any meeting either before or after the meeting is held.

Irregularities in the notice or in the giving thereof as well as the accidental omission to give notice of any meeting to, or the non-receipt of any notice by, any holder of second preferred shares, shall not invalidate any action taken at any meeting.

At any meeting of the holders of second preferred shares without distinction as to series, each holder of second preferred shares shall be entitled to 1/25 of a vote for each $1 (with the Canadian dollar and the United States dollar being deemed to be at par for the purposes of this Section 2.7) paid up on each second preferred share held by him. At any meeting of the holders of second preferred shares of any particular series, each holder shall be entitled to one (1) vote in respect of each second preferred share of such series held by him.

3.0 COMMON SHARES

The common shares shall, as a class, carry and be subject to the following rights, privileges, restrictions and conditions:

3.1 Each common share of the Corporation shall entitle the holder thereof to one (1) vote at all meetings of shareholders of the Corporation (except meetings at which only holders of another specified class or series of shares are entitled to vote).

3.2 Subject to the prior rights with respect to the payment of dividends attaching to the first preferred shares, the second preferred shares and to any other class of shares of the Corporation which rank prior to the common shares, the holders of the common shares shall be entitled to receive, as and when declared by the Board of Directors of the Corporation, dividends which may be paid in money, property or by the issue of fully paid shares of the Corporation.

3.3 In the event of the liquidation, dissolution or winding up of the Corporation or other distribution of assets of the Corporation among shareholders for the purpose of winding up its affairs, subject to the rights, privileges, restrictions and conditions attached to the first preferred shares and the second preferred shares, either as a class or series, and to any other class or series of shares of the Corporation which rank prior to the common shares, the common shares shall entitle the holders thereof to receive the remaining property of the Corporation.

3.4 Notwithstanding the provisions attaching to the common shares, the Corporation may at any time and from time to time amend the Articles of the Corporation to

(i) effect an exchange, reclassification or cancellation of all or part of the common shares;

(ii) create a new class of shares equal or superior to the common shares; or

(iii) increase any maximum number of authorized shares of any class of shares having rights or privileges equal or superior to the common shares,

without in any of such cases the holders of the common shares being entitled to vote separately thereon as a class; provided, however, that the holders of common shares shall always be entitled to vote in any of such cases in accordance with Section 3.1 hereof.

SECOND PREFERRED SHARES, SERIES 1

The first series of Second Preferred Shares, designated as Convertible Participating Voting Second Preferred Shares Series 1 (the "Second Preferred Shares Series 1"), shall consist of an unlimited number of shares. The Second Preferred Shares Series 1 shall, in addition to the rights, privileges, restrictions and conditions attaching to the Second Preferred Shares as a class (collectively, the "Second Preferred Shares Class Provisions") carry and be subject to the following rights, privileges, restrictions and conditions (collectively, the "Second Preferred Shares Series 1 Provisions"):

1. INTERPRETATION

1.1 DEFINED TERMS

The following words and phrases whenever used in the Second Preferred Shares Series 1 Provisions shall have the following meanings, unless there be something in the context otherwise inconsistent therewith:

(a) "ADJUSTED CONVERSION VALUE" means $7.75 less:

(i) upon conversion occurring at the option of the Corporation;

(ii) after a Change-in-Control Transaction; or

(iii) after the exercise by the holders of their conversion privilege provided herein following delivery by the Corporation of the notice of redemption contemplated by section 5.1,

in each case, prior to the Fourth Anniversary Date, the Adjustment Amount;

(b) "ADJUSTED REDEMPTION PRICE" means:

(i) until the Fourth Anniversary Date, an amount equal to the sum of (A) $10.00 per Second Preferred Share Series 1, plus (B) the Redemption Premium per Second Preferred Share Series 1, plus (C) an amount equal to the Adjustment Amount multiplied by the number of common shares into which such Second Preferred Share Series 1 would be convertible (assuming conversion at the option of the holders); and

(ii) from and after the Fourth Anniversary Date, an amount equal to the sum of (A) $10.00 per Second Preferred Share Series 1, plus (B) the Redemption Premium per Second Preferred Share Series 1, plus (C) any accrued but unpaid dividends thereon;

(c) "ADJUSTMENT AMOUNT" in respect of each Second Preferred Share Series 1 means, at the time of the applicable event giving rise to the calculation of the Adjustment Amount (the "Applicable Time"), an amount equal to (A) the U.S. Dollar Equivalent of the dividend paid per common share in the most recently completed fiscal quarter of the Corporation (calculated on the date of payment of the dividend) multiplied by (B) a number which is the sum of the number of common shares into which 4,000,000 Second Preferred Shares Series 1 would be convertible (assuming conversion prior to the Fourth Anniversary Date at the option of the Corporation) on each successive Adjustment Date set forth in the table contained in section 6.4(b)(i) following the Applicable Time until the Fourth Anniversary Date; divided by 5,161,290.3;

(d) "BUSINESS DAY" means a day other than a Saturday, a Sunday or any other day on which principal commercial banks are not permitted to be open in Toronto, Ontario;

(e) "CANADIAN DOLLAR EQUIVALENT" means, on any day, with respect to any amount in United States dollars, the equivalent amount in Canadian dollars, converted at the Bank of Canada's noon rate of exchange for that day;

(f) "CHANGE-IN-CONTROL TRANSACTION" means a transaction or series of related transactions as a result of which any person other than Thomas H. Lee Company, and its shareholders, officers, directors, affiliates, and entities controlled or administered by any of the foregoing acquire shares carrying, in the aggregate, more than 50% of the votes attaching to all voting shares in the capital of the Corporation;

(g) "CLOSING PRICE" with respect to any securities on any Trading Day shall mean the closing sale price on such day or, in case no such sale takes place on such Trading Day, the average of the reported closing bid and asked prices, in each case on the Recognized Exchange on which the highest volume of trading in such securities took place on that day or, if no trading in such securities took place on that day, on the prior Trading Day on which trading took place;

(h) "COMMON SHARES" shall mean common shares of the Corporation as such shares were constituted on the date of issuance of the Second Preferred Shares Series 1 and shares of any other class resulting from any reclassification or change of such shares;

(i) "COMMON EQUIVALENT REDEMPTION PRICE" means, as of any date, an amount per Second Preferred Share Series 1 equal to the amount which would have been distributable with respect to the number of common shares into which such Second Preferred Share Series 1 would be convertible as of such date had the Corporation been liquidated as of such date. Such Common Equivalent Redemption Price shall be based on the value of the Corporation on a liquidated basis and shall be as agreed upon by the Corporation and holders of the Second Preferred Shares Series 1 or, absent such agreement, within 15 days following the date on which the applicable event which gives rise to the valuation occurs, as determined by an independent appraiser selected by the Corporation, the fees and expenses of which appraiser shall be borne by the Corporation;

(j) "CONVERSION BASIS" has the meaning ascribed to it in section 6.1(a);

(k) "CONVERSION FACTOR" has the meaning ascribed to it in section 6.4(a);

(l) "CURRENT MARKET VALUE" means the U.S. Dollar Equivalent of the Closing Price of the common shares on the Recognized Exchange determined on the last Trading Day prior to the issuance of common shares (or other event in connection with which Current Market Value is to be determined) or, if no trading in the common shares took place on that day, on the prior Trading Day on which trading took place;

(m) "DIVIDEND PAYMENT DATE" means the first business day following the first day of each of the first and third fiscal quarters in each fiscal year of the Corporation commencing on or about six months following the Fourth Anniversary Date;

(n) "FOURTH ANNIVERSARY DATE" means July 7, 2002;

(o) "LIQUIDATION PREMIUM" means, at any time, an amount per Second Preferred Share Series 1 equal to the Conversion Factor less $10.00;

(p) "MAXIMUM COMMON SHARE NUMBER" means 7,688,508 common shares, or such greater number of common shares as may be permitted to be issued by all applicable regulatory authorities;

(q) "PUBLIC OFFERING" means a sale of common shares in the capital of the Corporation (or securities exchangeable for or convertible into such common shares) pursuant to a prospectus filed under applicable securities laws and underwritten by one or more independent underwriters, where the aggregate proceeds to the Corporation are at least U.S.$25,000,000, and not more than 25% of the shares are sold to any one purchaser or affiliated group of purchasers, other than underwriters;

(r) "RECOGNIZED EXCHANGE" means any recognized stock exchange on which the common shares are listed from time to time, and on which the highest aggregate volume of trading in the common shares has taken place over the applicable period or on the applicable day, including, without limitation, the Nasdaq National Market, The Toronto Stock Exchange and The Montreal Exchange;

(s) "REDEMPTION PREMIUM" means, on any date, an amount per Second Preferred Share Series 1 equal to the Conversion Factor less $10.00;

(t) "SURVIVING PERSON" means the continuing or surviving person of a merger, consolidation or other continuation with the Corporation;

(u) "TRADING DAY" means, if the applicable security is listed or admitted for trading on a recognized stock exchange on which the common shares are listed from time to time, a day on which trades may be made thereon; and

(v) "U.S. DOLLAR EQUIVALENT" means, on any day, with respect to any amount in Canadian dollars, the equivalent amount in United States dollars, converted at the Bank of Canada's noon rate of exchange for that day.

1.2 CURRENCY

All amounts payable pursuant hereto shall be payable in lawful money of the United States of America.

1.3 NON-BUSINESS DAY

If any day on which any payment is to be made or action taken hereunder in connection with the Second Preferred Shares Series 1 is not a business day, then such payment shall be made or action taken on the next succeeding day that is a business day.

1.4 HEREIN, HERETO, ETC.

The words "herein", "hereto", "hereof" and similar words refer, unless the context clearly indicates the contrary, to the whole of the Second Preferred Shares Class Provisions and not to any particular section, clause or paragraph thereof.

1.5 NUMBER AND GENDER

Words importing the singular number only shall include the plural and vice versa, words importing the use of any gender shall include all genders and words importing persons shall include firms and corporations and vice versa.

1.6 ADJUSTMENTS

Without limiting or duplicating the effect of section 6.4(b)(iii), all numbers of shares and dollar amounts used herein shall be adjusted appropriately to reflect any stock split, consolidation, combination, stock dividend or other form of recapitalization or restructuring occurring after the date hereof.

1.7 ACTIONS BY HOLDERS

Any action required or permitted to be taken hereunder by holders of Second Preferred Shares Series 1, including, without limitation, election to choose between or among alternative forms of payment, shall be deemed to be valid if approved or taken by holders of in excess of 50% in number of such shares then outstanding, and shall be binding upon all holders of Second Preferred Shares Series 1. In connection with the exercise by the holders of the option contemplated by Section 5.1, if no approval is obtained in the manner contemplated by this Section 1.7 within the thirty day period provided for in
Section 5.1, the holders shall be deemed to have elected to receive the Adjusted Redemption Price.

2. DIVIDENDS

2.1 CASH AND OTHER DIVIDENDS

(a) If and whenever the Corporation shall at any time or from time to time declare and pay a cash dividend on its outstanding common shares, then the holders of Second Preferred Shares Series 1 shall be entitled to receive from the Corporation, with respect to each Second Preferred Share Series 1 held, a preferential dividend equal in amount to one-half of the same dividend to be received by a holder of the number of common shares into which such Second Preferred Share Series 1 is convertible on the record date for such dividend (assuming conversion at the option of the holder), out of which any applicable withholding taxes will be withheld. Any such dividend shall be paid on the Second Preferred Shares Series 1 at the same time such dividend shall be paid on the common shares.

(b) The Corporation shall declare and pay any dividend to the holders of the Second Preferred Shares Series 1 contemplated by Sections 6.5 and 7.2(c), out of which dividend amount applicable withholding taxes will be withheld.

2.2 PAID-IN-KIND DIVIDENDS

In addition to the dividends provided for in Section 2.1, the holders of Second Preferred Shares Series 1 shall, from and after the Fourth Anniversary Date, be entitled to receive a cumulative preferential non-cash paid-in-kind dividend, payable in additional Second Preferred Shares Series 1. Such dividend shall be payable on each Dividend Payment Date to the holders of record at the close of business on the third business day immediately preceding such Dividend Payment Date, and shall be at the rate of two and one-half percent (2 1/2 %) for each six months, compounded semi-annually, with daily accrual. With respect to the first dividend payable after the Fourth Anniversary Date, such dividend shall be paid on the number of Second Preferred Shares Series 1 outstanding on such Fourth Anniversary Date, and such dividends payable thereafter shall be paid on the number of such Second Preferred Shares Series 1 outstanding on the immediately preceding Dividend Payment Date. Notwithstanding the foregoing:

(a) none of the dividends contemplated by this Section 2.2 shall be payable until the holders of Second Preferred Shares Series 1 provide reasonably satisfactory evidence to the Corporation that the holders have paid or made provision for the payment, within the applicable statutory time periods, of any applicable withholding taxes exigible in connection therewith; and

(b) any dividends contemplated by this Section 2.2 which are not permitted to be paid by virtue of the maximum number of common shares into which the Second Preferred Shares Series 1 may be converted exceeding the Maximum Common Share Number shall be paid in cash at the rate of two and one-half (2 1/2 %) for each six months, compounded semi-annually, with daily accrual, based on the Adjusted Redemption Price, out of which any applicable withholding taxes will be withheld.

2.3 NO ADDITIONAL DIVIDENDS

The holders of the Second Preferred Shares Series 1 shall not be entitled to any dividends other than or in excess of the dividends provided for in this
Section 2.

3. LIQUIDATION, DISSOLUTION OR WINDING-UP

3.1 LIQUIDATION, DISSOLUTION OR WINDING-UP

In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs (in any case, a "Liquidation Event"), each holder of the Second Preferred Shares Series 1 in accordance with the Second Preferred Shares Class Provisions shall be entitled to receive the greater of:

(a) an amount equal to the sum of: (i) $ 10.00 per share, plus (ii) the Liquidation Premium per share, plus (iii) if the Liquidation Event occurs after the Fourth Anniversary Date, any accrued but unpaid dividend, before any amount shall be paid or any property or assets of the Corporation shall be distributed to the holders of the common shares or to the holders of any other shares ranking junior to the Second Preferred Shares Series 1 in any respect, out of which aggregate amount any applicable withholding taxes will be withheld; or

(b) pari passu and rateably with the holders of the common shares, the Common Equivalent Redemption Price per share, out of which any applicable withholding taxes will be withheld, and less the amount of any taxes required to be paid by the Corporation pursuant to Part VI.1 of the Income Tax Act (Canada) as a result of such payment to such holder.

After payment to the holders of the Second Preferred Shares Series 1 of the amount so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Corporation.

4. VOTING

4.1 WITH COMMON SHARES

So long as any Second Preferred Share Series 1 is outstanding, each holder thereof shall be entitled to vote at all meetings of the shareholders of the Corporation. With respect to any such vote, each holder of Second Preferred Shares Series 1 shall be entitled to the number of votes equal to the number of votes to which a holder of the number of common shares into which such Second Preferred Shares Series 1 are convertible on the record date for such vote is entitled (assuming conversion at the option of the holder).

5. REDEMPTION

5.1 REDEMPTION

Subject to section 5.2 and the provisions of the Canada Business Corporations Act, the Corporation, in the manner provided in the provisions attaching to the Second Preferred as a

class may, upon not less than 60 days' prior written notice, redeem all, but not less than all, of the then outstanding Second Preferred Shares Series 1 on payment for each share to be redeemed of an amount per share equal to, at the option of holders of the Second Preferred Shares Series 1 given within thirty days after receipt from the Corporation of its notice of proposed redemption, either:

(a) the Adjusted Redemption Price; or

(b) the Common Equivalent Redemption Price;

in either case out of which such payment any applicable withholding tax shall be withheld. If the holders elect to receive the Common Equivalent Redemption Price, the Corporation may, at its election, pay such amount either in cash or by issuing to such holders a number of common shares having a value, based on the average Closing Price over the fifteen consecutive Trading Days immediately preceding the date of redemption, equal to the Common Equivalent Redemption Price.

5.2 RESTRICTION ON REDEMPTION

The Corporation shall not be entitled to redeem any of the Second Preferred Shares Series 1 at any time prior to the Fourth Anniversary Date unless the common shares shall have traded, at any time since July 7, 1998, on a Recognized Exchange at a simple average Closing Price per share of not less than $13.00 (or, if applicable, the Canadian Dollar Equivalent thereof) during any 120 consecutive Trading Days prior to the date of the notice of redemption.

6. CONVERSION PRIVILEGE

6.1 RIGHT OF CONVERSION

(a) The Second Preferred Shares Series 1 shall, subject as hereinafter provided, be convertible into common shares on the following conversion basis (the "Conversion Basis"), namely the number of common shares for each Second Preferred Share Series 1 converted shall be determined by dividing the Conversion Factor (as defined in Section 6.4) in effect at the time of conversion by the Adjusted Conversion Value.

(b) The conversion provided for in Section 6.1(a) may be effected by:

(i) any of the holders of Second Preferred Shares Series 1 at any time, and

(ii) the Corporation

(A) at any time prior to the Fourth Anniversary Date if the common shares shall have traded at any time, since July 7, 1998, on a Recognized Exchange at a simple average Closing Price per share of not less than $13.00 (or, if applicable, the Canadian Dollar Equivalent thereof) during any 120 consecutive Trading Days, and

(B) at any time or from time to time on or after the Fourth Anniversary Date.

6.2 CONVERSION BY HOLDER

(a) The conversion privilege herein provided for may be exercised by a holder of Second Preferred Shares Series 1 by notice in writing given to the transfer agent for the Second Preferred Shares Series 1 at any office for the transfer of the Second Preferred Shares Series 1 or to the Corporation at its registered office accompanied by the certificate or certificates representing Second Preferred Shares Series 1 in respect of which the holder thereof desires to exercise such right of conversion. Such notice shall be signed by such holder or his duly authorized attorney or agent and shall specify the number of Second Preferred Shares Series 1 which the holder desires to have converted. The transfer form on the certificate or certificates in question need not be endorsed, except in the circumstances hereinafter contemplated. If less than all the Second Preferred Shares Series 1 represented by a certificate or certificates accompanying any such notice are to be converted, the holder shall be entitled to receive, at the expense of the Corporation, a new certificate representing the Second Preferred Shares Series 1 comprised in the certificate or certificates surrendered as aforesaid which are not to be converted.

On any conversion of Second Preferred Shares Series 1, the share certificates for common shares of the Corporation resulting therefrom shall be issued in the name of the registered holder of the Second Preferred Shares Series 1 converted or in such name or names as such registered holder may direct in writing (either in the notice referred to above or otherwise); in any such case the transfer form on the back of the certificate in question shall be endorsed by the registered holder of the Second Preferred Shares Series 1 or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the Corporation.

(b) In the case of any Second Preferred Shares Series 1 which may be called for redemption, the right of conversion thereof shall, notwithstanding anything herein contained, cease and terminate at the close of business on the business day immediately preceding the date fixed for redemption, provided, however, that if the Corporation shall fail to redeem such Second Preferred Shares Series 1 in accordance with the notice of redemption, the right of conversion shall thereupon be restored.

(c) Subject as hereinafter provided in this Section 6.2(c), the right of a holder of Second Preferred Shares Series 1 to convert the same into common shares shall be deemed to have been exercised, and the registered holder of such Second Preferred Shares Series 1 (or any person or persons in whose name or names any such registered holder of Second Preferred Shares Series 1 shall have directed certificates representing common shares to be issued as provided in Section 6.2(a)) shall be deemed to have become a holder of common shares of record of the Corporation for all purposes on the date of surrender of certificates representing the Second Preferred Shares Series 1 to be converted accompanied by notice in writing as provided in Section 6.2(a), notwithstanding any delay in the delivery of certificates representing the common shares into which such Second Preferred Shares Series 1 have been converted.

6.3 CONVERSION BY CORPORATION

(a) In case the Corporation shall desire to exercise the right to cause conversion of the Second Preferred Shares Series 1 pursuant to Section 6.1 (a), it shall fix a date for conversion and it shall deliver by hand or mail or cause to be mailed a notice of such conversion at least 20 days prior to the date fixed for conversion to the holders of Second Preferred Shares Series 1 so to be converted at their last addresses as the same appear on the books of the Corporation. Such mailing shall be by ordinary mail. The notice, if delivered or mailed in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the holder receives such notice. In any case, failure to deliver or mail such notice by mail or any defect in the notice to the holder of the Second Preferred Shares Series 1 designated for conversion shall not affect the validity of the proceedings for the conversion of any other shares of Second Preferred Shares Series 1.

Each such notice shall specify the date fixed for conversion, the number of common shares into which each Second Preferred Share Series 1 is to be converted, the place or places for surrender of certificates representing such Second Preferred Shares Series 1 and that such common shares will be delivered upon presentation and surrender of certificates representing such Second Preferred Shares Series 1. If the notice of conversion is delivered prior to the Fourth Anniversary Date, such notice shall be accompanied by a certificate of an officer of the Corporation certifying that the common shares have traded at any time since July 7, 1998, on a Recognized Exchange at a simple average Closing Price per share of not less than $13.00 (or, if applicable, the Canadian Dollar Equivalent thereof) during any consecutive 120 Trading Days.

(b) As promptly as practicable upon receipt of such notice of conversion, each holder of any shares of Second Preferred Shares Series 1 shall surrender the certificate or certificates for such shares of Second Preferred Shares Series 1, duly endorsed, at a place designated for such surrender along with instructions regarding the name or names (with address) in which the certificate or certificates for common shares which shall be issuable on such conversion. Each such share surrendered for conversion shall, unless the shares issuable on conversion are to be issued in the same name as the registration of such share of Second Preferred Shares Series 1, be duly endorsed by, or be accompanied by instruments of transfer in form satisfactory to the Corporation duly executed by, the holder or his duly authorized attorney, with signature guaranteed in a manner satisfactory to the Corporation.

As promptly as practicable after satisfaction of the requirements for surrender set forth above, the Corporation shall issue and shall deliver to such holder at the address designated in such instructions a certificate or certificates for the number of full shares issuable upon the conversion of such shares in accordance with the provisions of this Section 6 and a cheque or cash in respect of any fractional

interest in respect of a common share arising upon such conversion, as provided in this Section 6.

Each conversion shall be deemed to have been effected as to any such certificate on the date on which the requirements set forth above in this Section 6.3(b) have been satisfied as to such certificate, and the person in whose name any certificate or certificates for common shares shall be issuable upon such conversion shall be deemed to have become on said date the holder of record of the shares represented thereby; provided however, that any such surrender on any date when the share transfer books of the Corporation shall be closed shall constitute the person in whose name the certificates are to be issued as the record holder thereof for all purposes on the next succeeding day on which such share transfer books are open, but such conversion shall be at the Conversion Factor in effect on the date upon which such Second Preferred Shares Series 1 shall have been surrendered.

6.4 CONVERSION FACTOR

(a) The initial conversion factor shall be $10.00 (herein called the "Conversion Factor") subject to adjustment as provided in this Section 6.4.

(b) The Conversion Factor shall be adjusted from time to time by the Corporation as follows:

(i) Subject to Sections 6.4(b)(ii), (iii) and (iv), the Conversion Factor shall be adjusted semi-annually at the rate of 2.5% for each six-month period, compounded semi-annually with daily accrual, until the Fourth Anniversary Date, as follows:

Adjustment Date	Conversion Factor
January 7, 1999	$10.25
July 7, 1999	$10.51
January 7, 2000	$10.77
July 7, 2000	$11.04
January 7, 2001	$11.31
July 7, 2001	$11.60
January 7, 2002	$11.89
Fourth Anniversary Date	$12.18

For greater certainty, from and after the Fourth Anniversary Date, the Conversion Factor shall be $12.18.

(ii) If conversion occurs prior to the Fourth Anniversary Date, either, (A) at the option of the Corporation pursuant to Section 6.1(b)(ii), (B) within 90

days following a Change-in-Control Transaction, or (C) following receipt from the Corporation of a notice of redemption pursuant to Section 5.1, the Conversion Factor shall be $12.18, as adjusted by Sections 6.4(b)(iii) and (iv);

(iii) If and whenever the outstanding common shares shall be subdivided into a greater number of common shares or a stock dividend is declared in respect of common shares, the Conversion Factor in effect at the opening of business on the day following the day upon which such subdivision or stock dividend becomes effective shall be proportionately increased, and conversely, in case the outstanding common shares shall be combined into a smaller number of common shares, the Conversion Factor in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately reduced, such increase or reduction, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision, stock dividend or combination becomes effective;

(iv) If and whenever the Corporation issues common shares (other than (A) pursuant to the exercise of employee stock options, (B) as consideration in connection with acquisitions approved by the Corporation's board of directors, or (C) in a Public Offering) at a gross sale or offering price which is less than 100% of the Current Market Value thereof, the Conversion Factor shall be adjusted to the result obtained by multiplying the Conversion Basis in effect immediately prior to the date of such issuance by a fraction:

(1) the numerator of which shall be the number of common shares outstanding immediately after such issuance; and

(2) the denominator of which shall be the sum of:

(A) the number of common shares outstanding immediately prior to such issuance; and

(B) the number of shares equal to the quotient obtained by dividing

(x) the aggregate consideration received pursuant to such issuance by

(y) the Current Market Value per common share

and by multiplying the number thereby determined by $7.75.

(c) Notwithstanding Section 6.4(b), no adjustment in the Conversion Factor shall be required unless such adjustment would require an increase or decrease of at least 1% in

such price; provided, however, that any adjustments which by reason of this section 6.4(c) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this section 6.4 shall be made by the Corporation and shall be made to the nearest cent or to the nearest one one-hundredth of a share, as the case may be.

No adjustment need be made for rights to purchase common shares pursuant to a Corporation plan for reinvestment of dividends or interest.

(d) In any case in which this section 6.4 provides that an adjustment shall become effective immediately after a record date for an event, the Corporation may defer until the occurrence of such event (i) issuing to the holder of any Second Preferred Share Series 1 converted after such record date and before the occurrence of such event the additional common shares issuable upon such conversion by reason of the adjustment required by such event over and above the common shares issuable upon such conversion before giving effect to such adjustment and (ii) paying to such holder any amount in cash in lieu of any fraction pursuant to section 6.10.

6.5 EFFECT OF RECLASSIFICATION

(a) In the event of any reclassification or change of outstanding common shares (other than a change as a result of a subdivision or combination) (a "Reclassification"), each Second Preferred Share Series 1 then outstanding shall thereafter be convertible into the kind and amount of shares and other securities or properties receivable upon such reclassification or change by a holder of a number of common shares issuable upon conversion of such Second Preferred Share Series 1, provided that such Second Preferred Shares Series 1 shall not be convertible into any property that would cause such Second Preferred Share Series 1 to be a "short term preferred share" (as defined by the Income Tax Act (Canada)). If, pursuant hereto, any property would otherwise be distributable which would cause such Second Preferred Share Series 1 to be a "short term preferred share", such property shall be paid as a dividend-in-kind on the day immediately prior to conversion.

(b) Notwithstanding anything contained herein to the contrary, the Corporation will not effect any Reclassification unless, prior to the consummation hereof, (i) the Surviving Person thereof shall assume, by written instrument mailed to each holder of Second Preferred Shares Series 1 if such shares are held by 50 or fewer holders or groups of affiliated holders or to each transfer agent for the Second Preferred Shares Series 1 if such shares are held by a greater number of holders, the obligation to deliver such holder such shares or other securities or properties or pay a dividend of such other properties with respect to or in exchange for common shares to which, in accordance with the foregoing provisions, such holder is entitled, and (ii) proper provision is made to ensure that the holder of Second Preferred Shares Series 1 will be entitled to receive the benefits afforded by this section 6.5. Such written instrument should provide for adjustments which shall be as nearly as equivalent as may be practicable to the adjustments provided for in this section 6.5.

The above provisions of this section shall similarly apply to successive reclassifications and changes.

(c) If at any time or from time to time the Corporation takes any action that would result in a Reclassification, the Corporation shall cause to be mailed to each holder of Second Preferred Shares Series 1 at his address appearing on the books of the Corporation, as promptly as possible but in any event at least 15 days prior to the applicable date hereinafter specified, a notice stating the date on which such Reclassification is expected to become effective or occur and the date as of which it is expected that holders of record of common shares shall be entitled to exchange their common shares for securities or other property deliverable upon such Reclassification. Failure to give such notice, or any defect therein, shall not affect the legality or validity of such Reclassification. Neither the failure to give such notice nor any defect therein shall affect the legality or validity of such Reclassification.

(d) If this section 6.5 applies to any event or occurrence, the adjustments provided for in section 6.4 shall not apply to such event or occurrence.

6.6 TRANSFER OR SIMILAR TAXES ON SHARES ISSUED

The issue of share certificates on conversions of Second Preferred Shares Series 1 shall be made without charge to the converting holder of Second Preferred Shares Series 1 for any security transfer or similar tax in respect of the issue thereof. The Corporation shall not, however, be required to pay any such tax which may be payable in respect of any transfer involved in the issue and delivery of shares in any name other than that of the holder of any Second Preferred Shares Series 1 converted, and the Corporation shall not be required to issue or deliver any such share certificate unless and until the person or persons requesting the issue thereof shall have paid to the Corporation the amount of such tax or shall have established to the satisfaction of the Corporation that such tax has been paid.

6.7 SHARES TO BE FULLY PAID

The Corporation covenants that all common shares which may be issued upon conversion of Second Preferred Shares Series 1 will, upon issue, be fully paid and non-assessable by the Corporation and free from all transfer or similar taxes as described in section 6.6, liens and charges with respect to the issue thereof.

6.8 REPORTS AS TO ADJUSTMENTS

Upon any adjustment of the Conversion Factor then in effect and any increase or decrease in the number of common shares issuable upon the operation of the conversion set forth in this section 6, then, and in each such case, the Corporation shall promptly deliver to the transfer agent for the Second Preferred Shares Series 1 and the transfer agent for the common shares, a certificate signed by an officer of the Corporation setting forth in reasonable detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the Conversion Factor then in effect following such adjustment and the increased or decreased number of shares issuable upon the conversion set forth in this section 6. The

Corporation shall also promptly after the making of such adjustment cause its independent public accountants to give written notice to the registered holders of the Second Preferred Shares Series 1 at the address of each holder as shown on the books of the Corporation maintained by the transfer agent thereof, which notice shall state the Conversion Factor then in effect, as adjusted, and the increased or decreased number of shares issuable upon the exercise of the right of conversion granted by this section 6, and shall set forth in reasonable detail the method of calculation of each with a brief statement of the facts requiring such adjustment. Where appropriate, such notice to holders of the Second Preferred Shares Series 1 may be given in advance and included as part of the notice required under the provisions of section 6.3.

6.9 ENTITLEMENT TO DIVIDENDS

A holder of Second Preferred Shares Series 1 on the record date for any dividend declared payable on such share will be entitled to such dividend notwithstanding that such share is converted after such record date and before the payment date of such dividend, and the registered holder of any common share resulting from any conversion shall be entitled to rank equally with the registered holders of all other common shares in respect of all dividends declared payable to holders of common shares of record on any date after the date of conversion. Subject as aforesaid, no payment or adjustment will be made on account of any dividend, accrued or otherwise, on the Second Preferred Shares Series 1 converted or the common shares resulting from any conversion.

6.10 AVOIDANCE OF FRACTIONAL SHARES

In any case where a fraction of a common share or Convertible Preferred Share Series 1 would otherwise be issuable hereunder, whether on conversion of one or more Second Preferred Shares Series 1, as a payment of a dividend or otherwise, the Corporation shall adjust such fractional interest by rounding up or down to the nearest whole share.

6.11 POSTPONEMENT OF ISSUANCE OF SHARES UPON CONVERSION

In any case where the application of the foregoing provisions results in an increase in the Conversion Factor taking effect immediately after the record date for a specific event, if any Second Preferred Shares Series 1 are converted after that record date and prior to completion of the event, the Corporation may postpone the issuance to the holder of the additional common shares to which he is entitled by reason of the increase in the Conversion Factor but such additional common shares shall be so issued and delivered to that holder upon completion of the event and the Corporation shall, in the interim, deliver to the holder an appropriate instrument evidencing his right to receive such additional common shares.

6.12 CERTAIN COVENANTS

Any registered holder of Second Preferred Shares Series 1 may proceed to protect and enforce its rights and the rights of such holders by any available remedy by proceeding at law or in equity to protect and enforce any such rights, whether for the specific enforcement of any provision herein or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

7. GENERAL

7.1 CONFLICT

In the event of any conflict or inconsistency between any of the Second Preferred Shares Series 1 Provisions and the Second Preferred Shares Class Provisions, such conflict or inconsistency shall be resolved in favour of the Second Preferred Shares Class Provisions.

7.2 RESTRICTIONS

Notwithstanding anything contained in these Second Preferred Shares Series 1 Provisions:

(a) the Corporation shall not, without the consent of the holders of the Second Preferred Shares Series 1, issue any equity security, or any security which may be converted into or exchanged for an equity security of the Corporation, in either case where such equity security has liquidation, voting, dividend or redemption rights, terms or privileges which are in priority to those attaching to the Second Preferred Shares Series 1;

(b) the Corporation shall not pay any non-cash paid-in-kind dividends to the holders of the Second Preferred Shares Series 1 to the extent that the maximum aggregate number of common shares into which all of the holders' Second Preferred Shares Series 1 from time to time outstanding are convertible (assuming the maximum conversion rate), including the Second Preferred Shares Series 1 issuable on the payment of such dividend, would exceed the Maximum Common Share Number;

(c) the outstanding Second Preferred Shares Series 1 shall not, at any time, be converted into a number of common shares which exceeds the Maximum Common Share Number, and any adjustment resulting from such prohibition shall be satisfied by the Corporation declaring and paying, immediately prior to conversion, a dividend in cash, out of which adjustment applicable withholding taxes shall be withheld; and

(d) the Corporation shall not issue common shares in a transaction requiring adjustment of the Conversion Factor as contemplated by section 6.4(b)(iv) to the extent that as a result of such adjustment the common shares into which the outstanding Second Preferred Shares Series 1 would be convertible (assuming the maximum conversion rate) would exceed the Maximum Common Share Number.

7.3 AMENDMENTS

Sections 1 to 7, inclusive, of the Second Preferred Shares Series 1 Provisions may be repealed, altered, modified, amended or amplified only with the sanction of the holders of the

Second Preferred Shares Series 1 given as hereinafter specified, in addition to any other approval required by the Canada Business Corporations Act.

7.4 SANCTION BY HOLDERS OF SECOND PREFERRED SHARES SERIES 1

The sanction of holders of the Second Preferred Shares Series 1 as to any and all matters referred to herein or as to any change adversely affecting the rights or privileges of the Second Preferred Shares Series 1 may be given and shall be deemed to have been sufficiently given if given by the holders of the Second Preferred Shares Series 1 in the manner provided in the Second Preferred Shares Series 1 Provisions with respect to the sanction of the holders of any series of the Second Preferred Shares and the said provisions shall apply mutatis mutandis.

SCHEDULE "B"

7. Other provisions, if any

Without in any way limiting the powers conferred upon the Corporation and its directors by the Canada Business Corporations Act, the Board of Directors of the Corporation may from time to time on behalf of the Corporation:

(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 Canada Business Corporations Act, give guarantees on behalf of the Corporation to secure performance of any 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;

(d) mortgage, hypothecate, pledge or otherwise the real or personal, movable 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, liability or obligation of the Corporation, including any bonds, debentures, notes, create a security interest in all or any of debenture stock, other evidences of indebtedness, guarantees or securities of the Corporation which it is by law entitled to issue; and

(e) delegate to one or more of the directors or officers of the Corporation all or any of the powers conferred by the foregoing provisions to such extent and in such manner as the Board of Directors shall determine at the time of each such delegation.

For the purposes of the Special Corporate Powers Act of the Province of Quebec and without in any way limiting the powers conferred upon the Corporation and its directors by Section 183 of the Canada Business Corporations Act, the Corporation may, for the purpose of securing any bonds, debentures or debenture stock which it is by law entitled to issue, hypothecate, mortgage or pledge, and cede and transfer, any property, movable or immovable, present or future, which it may own.

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 shareholders, 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 shareholders.

SCHEDULE "C"
IN THE MATTER OF SUBSECTION 185(2) OF THE
CANADA BUSINESS CORPORATIONS ACT

AND

IN THE MATTER OF THE AMALGAMATION (THE "AMALGAMATION")
OF COTT CORPORATION AND 3699455 CANADA INC.

STATUTORY DECLARATION

I, Catherine Brennan, of the City of Toronto, in the Province of Ontario, do solemnly declare that:

I AM THE V.P. TREASURER, OF COTT CORPORATION, ONE OF THE AMALGAMATING CORPORATIONS (HEREINAFTER CALLED THE "CORPORATION") AND AS SUCH HAVE PERSONAL KNOWLEDGE OF THE MATTERS HEREIN DECLARED TO.

I HAVE CONDUCTED SUCH EXAMINATIONS OF THE BOOKS AND RECORDS OF THE CORPORATION AND HAVE MADE SUCH ENQUIRIES AND INVESTIGATIONS AS ARE NECESSARY TO ENABLE ME TO MAKE THIS DECLARATION.

I HAVE SATISFIED MYSELF THAT THERE ARE REASONABLE GROUNDS FOR BELIEVING THAT:

THE CORPORATION IS AND THE AMALGAMATED CORPORATION WILL BE ABLE TO PAY ITS LIABILITIES AS THEY BECOME DUE; AND

THE REALIZABLE VALUE OF THE ASSETS OF THE AMALGAMATED CORPORATION WILL NOT BE LESS THAN THE AGGREGATE OF ITS LIABILITIES AND STATED CAPITAL OF ALL CLASSES.

THERE ARE REASONABLE GROUNDS FOR BELIEVING THAT NO CREDITOR WILL BE PREJUDICED BY THE AMALGAMATION.

And I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

DECLARED before me at the
City of Toronto, in the
Province of Ontario,
this 21st day of
December, 1999.

X
X
X
X
X
X
X
X

_____

_____
A Commissioner for taking affidavits

SCHEDULE "C"
IN THE MATTER OF SUBSECTION 185(2) OF THE
CANADA BUSINESS CORPORATIONS ACT

AND

IN THE MATTER OF THE AMALGAMATION (THE "AMALGAMATION")
OF COTT CORPORATION AND 3699455 CANADA INC.

STATUTORY DECLARATION

I, Mark Halperin, of the City of Toronto, in the Province of Ontario, do solemnly declare that:

1. I AM THE SECRETARY OF 3699455 CANADA INC., ONE OF THE AMALGAMATING CORPORATIONS (HEREINAFTER CALLED THE "CORPORATION") AND AS SUCH HAVE PERSONAL KNOWLEDGE OF THE MATTERS HEREIN DECLARED TO.

I HAVE CONDUCTED SUCH EXAMINATIONS OF THE BOOKS AND RECORDS OF THE CORPORATION AND HAVE MADE SUCH ENQUIRIES AND INVESTIGATIONS AS ARE NECESSARY TO ENABLE ME TO MAKE THIS DECLARATION.

I HAVE SATISFIED MYSELF THAT THERE ARE REASONABLE GROUNDS FOR BELIEVING THAT:

THE CORPORATION IS AND THE AMALGAMATED CORPORATION WILL BE ABLE TO PAY ITS LIABILITIES AS THEY BECOME DUE; AND

THE REALIZABLE VALUE OF THE ASSETS OF THE AMALGAMATED CORPORATION WILL NOT BE LESS THAN THE AGGREGATE OF ITS LIABILITIES AND STATED CAPITAL OF ALL CLASSES.

THERE ARE REASONABLE GROUNDS FOR BELIEVING THAT NO CREDITOR WILL BE PREJUDICED BY THE AMALGAMATION.

And I make this solemn declaration conscientiously believing the same to be true and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

DECLARED before me at the
the City of Toronto, in the
Province of Ontario,
this 21st day of
December, 1999.

_____
A Commissioner for taking affidavits

X
X
X
X
X
X
X
X

_____

[flag] Industry Canada Industrie Canada

Canada Business Corporations Act
Loi canadienne sur les societes par actions

FORM 3
NOTICE OF REGISTERED OFFICE OR
NOTICE OF CHANGE OF ADDRESS OF REGISTERED OFFICE
(SECTION 19)

FORMULE 3
AVIS DE DESIGNATION OU
DE CHANGEMENT D'ADRESSE DU SIEGE SOCIAL
(ARTICLE 19)

1 Name of the Corporation - Denomination sociale de la societe
COTT CORPORATION
CORPORATION COTT

2 Corporation No. - N(0)de la societe
370680-0

3 Place in Canada where the registered office is situated. (Describe the place in terms of a broad municipal definition. This place must match the place listed in Item 2 of the Articles.)

Lieu du siege social au Canada. (Indiquer le lieu selon la definition generale de municipalite. Il doit correspondre au lieu indique a l'article 2 des statuts.)

DISTRICT OF MONTREAL, PROVINCE OF QUEBEC

4 Address of Registered Office - Adresse du siege social
333 AVRO AVENUE
POINTE-CLAIRE, QUEBEC
H9R 5W3

CAUTION: Address of registered office must be within the place that is described in the Articles and Item 3; otherwise an amendment to the Articles is required (paragraph 173(1)(b) of the Act, use Form 4) in addition to this form.
AVIS: L'adresse du siege social doit se trouver dans les limites du lieu indique dans les statuts et a la rubrique 3. Sinon, il faut modifier les statuts (alinea 173(1)(b) de la Loi) et remplir, outre la presente formule, la formule 4.

5 Effective Date of Change - Date de prise d'effet

N/A

6 Previous Address of Registered Office - Ancienne adresse du siege social

N/A

Date	Signature	Title - Titre
December 21, 1999		Secretary

For Departmental Use Only - A l'usage du ministere seulement [LOGO]

Filed
Deposee

[Canada Flag Logo] Industry Canada / Canada Business Corporations Act

Industrie Canada / Loi canadienne sur les societes par actions

FORM 6 NOTICE OF DIRECTORS OR NOTICE OF CHANGE OF DIRECTORS (SECTIONS 106 AND 113)

FORMULE 6 LISTE DES ADMINISTRATEURS OU AVIS DE CHANGEMENT DES ADMINISTRATEURS (ARTICLES 106 ET 113)

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1 - Name of corporation - Denomination de la societe

COTT CORPORATION
CORPORATION COTT

2 - Corporation No. - N(0)de la societe

370680-0

---

3 - The following persons became directors of this corporation

Les personnes suivantes sont devenues administrateurs de la presente societe

Name Nom	Effective Date Date d'entree en vigueur:	Residential Address - Adresse domciliaire	Resident Canadian - Y/N Resident canadien - O/N

SEE SCHEDULE "A" ATTACHED

---

4 - The following persons ceased to be directors of this corporation

Les personnes suivantes ont casse d'etre administrateurs de la presente societe

Name Nom	Effective Date Date d'entree en vigueur:	Residential Address - Adresse domciliaire

N/A

---

5 - The directors of this corporation now are

Les administrateurs de la presente societe sont maintenant

Name Nom	Effective Date Date d'entree en vigueur:	Residential Address - Adresse domciliaire	Resident Canadian - Y/N Resident canadien - O/N

SEE SCHEDULE "A" ATTACHED

Date	Signature	Title - Titre
December 21, 1999		SECRETARY

Filed - Deposee

SCHEDULE "A"

COTT CORPORATION

NAME	EFFECTIVE DATE	RESIDENTIAL ADDRESS	RESIDENT CANADIAN
Colin J. Adair	Upon Amal.	466 Mount Pleasant Westmont, QC H3Y 3G8	Yes
John Bennett	Upon Amal.	36 Church Hill Avenue Westmont, QC H3Y 2Z9	Yes
C. Hunter Boll	Upon Amal.	45 Fletcher Street Winchester, Massachusetts 01890	No
Serge Gouin	Upon Amal.	740 Avenue Pratt Outremont, QC H2V 2T6	Yes
Thomas M. Hagerty	Upon Amal.	256 Beacon Street Boston, Massachusetts 02116	No
Stephen H. Halperin	Upon Amal.	11 Cheval Drive Don Mills, ON M3B 1B5	Yes
David V. Harkins	Upon Amal.	8 Cornpoint Road Marblehead, Massachusetts 01945	No
True H. Knowles	Upon Amal.	3831 Turtlecreek Boulevard Dallas, Texas 75219	No
Fraser D. Latta	Upon Amal.	75 The Bridle Path North York, ON M3B 2B2	Yes
Donald G. Watt	Upon Amal.	R.R. #1 Schomberg, ON L0G 1T0	Yes
Frank E. Weise III	Upon Amal.	272 Booth Lane Haverford, Pennsylvania 19041	No

EXHIBIT 3.2

COTT BEVERAGES LTD.

LES BREUVAGES COTT LTEE

BY-LAW NO. 1986-1

being a by-law relating generally to the transaction of the business and affairs of the Corporation

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 any statute that may be substituted therefor, as from time to time amended;

"APPOINT" includes "ELECT" and vice versa;

"ARTICLES" means the articles of continuance of the Corporation attached to the certificate of continuance dated November 4, 1980, 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 the corporation continued under the Act by certificate of continuance, as amended, and named COTT BEVERAGES LTD. - LES BREUVAGES COTT LTEE;

"MEETING OF SHAREHOLDERS" means an annual meeting of shareholders or a special meeting of shareholders;

"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 shareholder his latest address as recorded in the securities register; and in the case of joint shareholders 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 transacted 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 SHAREHOLDERS.

Subject to the provisions of the Act, no shareholder 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 shareholders 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 shareholders and no shareholder 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 shareholders.

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 immoveable 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 Canada Business Corporations 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 shareholders, 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 shareholders.

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 shareholder. A majority of the directors shall be resident Canadians unless the Act permits otherwise.

SECTION 4.03 ELECTION AND TERM.

The election of directors shall take place at each annual meeting of shareholders 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 shareholders otherwise determine. The election shall be by resolution. If an election of directors is not held at any such meeting of shareholders, 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 shareholders 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 shareholders 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 shareholders to elect the number or minimum number of directors, the board may call a special meeting of shareholders to fill the vacancy. If the board fails to call such meeting or if there are no such directors then in office, any shareholder 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 MAJORITY.

The board shall not transact business at a meeting, other than filling a vacancy in the board arising otherwise than by an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles, unless a majority of the directors present are resident Canadians, except where

(a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communication facilities the business transacted at the meeting; and

(b) a majority of resident Canadians would have been present had that director been present at the meeting.

SECTION 4.07 MEETINGS BY TELEPHONE.

If all the directors consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone or other communications facilities as permit all persons participating in the meeting to hear each other, and a director participating in such a meeting by such means is deemed 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 in any manner, whether before, during or after a meeting of the board, waive notice of or otherwise consent to 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 shareholders 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. A majority of the members of each committee of the board shall be resident Canadians.

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, shareholders 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 shareholders, 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 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 and the regulations thereunder or from liability for any breach thereof.

SECTION 7.02 INDEMNITY.

Without in any manner derogating from or limiting the mandatory provisions of the Act but subject to the conditions contained therein, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor (or a person who undertakes or has undertaken any liability on behalf of the Corporation or any such body corporate), and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgement, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate (including, but without limiting the generality of the foregoing, all losses, liabilities, costs, charges and expenses (including an amount paid to settle an action or satisfy a judgment) incurred by him in respect of any action or proceeding for the recovery of claims of employees or former employees of the Corporation or such body corporate (including, without limitation, claims for wages, salaries and other remuneration or benefits) or in respect of any claim based upon the failure of the Corporation to deduct, withhold, remit or pay any amount for taxes, assessments and other charges of any nature whatsoever as required by law), if

(a) he acted honestly and in good faith with a view to the best interests of the Corporation; and

(b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he has reasonable grounds for believing that his conduct was lawful.

SECTION 7.03 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, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the board may from time to time prescribe, and upon payment of all applicable taxes and any fees prescribed 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.

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 shareholder'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 SHAREHOLDERS.

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 SHAREHOLDERS.

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 shareholders 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 SHAREHOLDERS

SECTION 10.01 ANNUAL MEETINGS.

The annual meeting of shareholders 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.

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 shareholders at any time.

SECTION 10.03 PLACE OF MEETINGS.

Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the board shall so determine, at some other place in Canada.

SECTION 10.04 NOTICE OF MEETINGS.

Notice of the time and place of each meeting of shareholders 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 shareholder 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 shareholder may in any manner either before, during or after a meeting of shareholders waive notice of or otherwise consent to a meeting of shareholders.

SECTION 10.05 CHAIRMAN, SECRETARY AND SCRUTINEERS.

The chairman of any meeting of shareholders 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 shareholder. 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 shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman of the meeting.

SECTION 10.06 PERSONS ENTITLED TO BE PRESENT.

The only persons entitled to be present at a meeting of shareholders 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 10.07 QUORUM.

Subject to the articles, a quorum for the transaction of business at any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled, and holding or representing the holder or holders of shares carrying not less than ten percent (10%) of the total number of votes attached to the issued shares of the Corporation for the time being enjoying voting rights at such meeting. If

a quorum is present at the opening of a meeting of shareholders, the shareholders 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 shareholders, the shareholders 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 10.15 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 10.08 RIGHT TO VOTE.

The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of the Act and the articles.

SECTION 10.09 PROXIES.

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, 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 shareholder or his attorney and shall conform with the requirements of the Act.

SECTION 10.10 TIME FOR DEPOSIT OF PROXIES.

The board may specify in a notice calling a meeting of shareholders 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 10.11 JOINT SHAREHOLDERS.

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders 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 10.12 VOTES TO GOVERN.

At any meeting of shareholders 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 10.13 SHOW OF HANDS.

Subject to the provisions of the Act, any question at a meeting of shareholders 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 shareholders upon the said question.

SECTION 10.14 BALLOTS.

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder 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 shareholders upon the said question.

SECTION 10.15 ADJOURNMENT.

Subject to the articles, if a meeting of shareholders 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 shareholders 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 10.16 RESOLUTION IN WRITING.

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders 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.

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 GIVING NOTICES.

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid ordinary or air mail or if sent to him at his recorded address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or 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 shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

SECTION 12.02 NOTICE TO JOINT SHAREHOLDERS.

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 12.03 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 12.04 UNDELIVERED NOTICES.

If any notice given to a shareholder 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 shareholder until he informs the Corporation in writing of his new address.

SECTION 12.05 OMISSIONS AND ERRORS.

The accidental omission to give any notice to any shareholder, 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 12.06 PERSONS ENTITLED TO SHARES BY DEATH OR OPERATION OF LAW.

Every person who, by operation of law, transfer, death of a shareholder 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 shareholder 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 12.07 WAIVER OF NOTICE.

Any shareholder (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 shareholders 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. Until otherwise determined by the board of directors, the fiscal year of the Corporation shall terminate on the Saturday closest to the last day of January in each year.

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 shareholders 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. One of the Corporation, being a by-law relating generally to the transaction of the business and affairs of the Corporation, 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 shareholders 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 By-Law 1986-1 is hereby consented to by the signatures of all the directors of COTT BEVERAGES LTD. - LES BREUVAGES COTT LTEE, this 26th day of September, 1986.

/s/ Samuel Pencer

Samuel Pencer

/s/ Manuel Pencer

Manuel Pencer

/s/ Gerald Pencer

Gerald Pencer

COTT CORPORATION

AMENDMENT NO. 1 TO BY-LAW NO. 1986-1

By-law No. 1986-1 is amended by deleting the first paragraph of section 10.07 thereof and substituting therefor the following:

"Section 10.07 QUORUM. Subject to the articles, a quorum for the transaction of business of any meeting of shareholders shall be two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy for an absent shareholder so entitled, and holding or representing the holder or holders of shares carrying not less than 1/3 of the total number of votes attaching to the issued shares of the Corporation for the time being enjoying voting rights at such meeting. If a quorum is present at the opening of the meeting of shareholders, the shareholders present may proceed with the business of the meeting, notwithstanding that a quorum is not present throughout the meeting."

The foregoing amendment to By-law No. 1986-1 was passed by the directors of the Corporation at a meeting held on the 26th day of May, 1992.

Confirmed by the shareholders: 14 July , 1992.

COTT CORPORATION

AMENDMENT NO. 2 TO BY-LAW NO. 1986-1

By-law No. 1986-1 is amended by adding the following paragraph to section 4.01 thereof:

"Subject to the Canada Business Corporations 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 shareholders, 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 shareholders."

The foregoing amendment to By-law No. 1986-1 was passed by the directors of the Corporation at a meeting held on the 19th day of May, 1995.

Confirmed by the shareholders: 22 June, 1995

EXHIBIT 4.1

EXECUTION COPY

$40,000,000

CREDIT AGREEMENT

Dated as of August 19, 1999

among

COTT CORPORATION,

and

Certain of its U.S. Subsidiaries,
as Borrowers

EACH OF THE FINANCIAL INSTITUTIONS INITIALLY A SIGNATORY HERETO, TOGETHER WITH THOSE ASSIGNEES PURSUANT TO SECTION 14.6 HEREOF,
as Lenders,

FIRST UNION NATIONAL BANK,
as Administrative Agent

and

NATIONAL BANK OF CANADA,
as Canadian Agent

FIRST UNION CAPITAL MARKETS CORP.,
AS ARRANGER

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT is entered into as of August 19, 1999, among COTT CORPORATION, a Canada corporation (the "Company"), its U.S. and Canadian Subsidiaries identified as Subsidiary Borrowers on the signature pages hereto and any additional U.S. or Canadian Subsidiaries of the Company which become parties hereto in accordance with the terms hereof (collectively referred to as the "Subsidiary Borrowers" or individually referred to as a "Subsidiary Borrower") (hereinafter, the Company and the Subsidiary Borrowers are collectively referred to as the "Borrowers" or individually referred to as a "Borrower"), each of the financial institutions identified as Lenders on Schedule 1.1A hereto (together with each of their successors and assigns, referred to individually as a "Lender" and, collectively, as the "Lenders"), FIRST UNION NATIONAL BANK ("First Union"), acting in the manner and to the extent described in Article XIII hereof (in such capacity, the "Administrative Agent") and NATIONAL BANK OF CANADA acting in the manner and to the extent described in Article XIII hereof (in such capacity, the "Canadian Agent").

W I T N E S S E T H:

WHEREAS, the Borrowers wish to obtain a revolving credit facility to provide for the working capital, letter of credit and general corporate needs of the Borrowers; and

WHEREAS, upon the terms and subject to the conditions set forth herein, the Lenders are willing to make loans and advances to the Borrowers;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Borrowers, the Lenders, the Administrative Agent and the Canadian Agent agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS.

1.1 GENERAL DEFINITIONS.

As used herein, the following terms shall have the meanings herein specified:

"Acceptance Fee" means, in respect of a particular Bankers' Acceptance accepted by a Canadian Lender, an amount equal to the product of (a) the Applicable Percentage for Eurodollar Loans and Bankers' Acceptances as at the date of acceptance of such Bankers' Acceptance; (b) the aggregate Face Amount of such Bankers' Acceptance; and (c) a fraction (i) the numerator of which is the number of days in the term of such Bankers' Acceptance, and (ii) the denominator of which is the number of days in the then current calendar year.

"Accounts" means all of each Credit Party's "accounts" (as defined in the UCC or the PPSA, as applicable), whether now existing or existing in the future, and shall include (whether or not otherwise included in such definitions, and without limiting the generality thereof), all (i) accounts receivable (whether or not specifically listed on schedules furnished to the Administrative Agent), including, without limitation, all accounts created by or arising from all of each Credit Party's sales of goods or rendition of services made under any of each Credit Party's trade names or styles, or through any of each Credit Party's divisions; (ii) unpaid seller's rights (including rescission, replevin, reclamation and stopping in transit) relating to the foregoing or arising therefrom, (iii) rights to any goods represented by any of the foregoing, including returned or repossessed goods; (iv) reserves and credit balances held by each Credit Party with respect to any such accounts receivable or account debtors; (v) guarantees or collateral for any of the foregoing; and (vi) insurance policies or rights relating to any of the foregoing.

"Acknowledgment Agreements" means (i) the acknowledgment agreements, substantially in the form of Exhibit A hereto, between each Credit Party's warehousemen, fillers, packers, processors and mortgagees and the Administrative Agent, in each case acknowledging and agreeing, among other things, (A) that such warehousemen, fillers, packers, processors and mortgagees waive any Liens on any of the property of any Credit Party and (B) to the collateral assignment by each Credit Party to the Administrative Agent of each such Credit Party's interest in the contracts with each of such warehousemen, fillers, packers, processors and mortgagees and (ii) Landlord Agreements.

"Acquired Company" means any Person (or assets thereof) which is acquired pursuant to an Acquisition.

"Acquisition" means the acquisition of (a) all of the capital stock of another Person or (b) all or substantially all of the assets of another Person.

"Adjusted Eurodollar Rate" means the Eurodollar Rate, plus the Applicable Percentage.

"Administrative Agent" means First Union National Bank, a national banking association.

"Administrative Agent Fee Letter" means the letter agreement, dated as of May 12, 1999, among the Company, the Administrative Agent and First Union Capital Markets Corp., as amended, modified and replaced from time to time.

"Affiliate" of any Person means any other Person directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by or under direct or indirect common control with such Person. A Person shall be deemed to control a corporation if such Person possesses, directly or indirectly, the power (a) to vote twenty-five percent (25%) or more of the securities having ordinary voting power for the election of directors of such corporation or (b) to direct or cause direction of the management and policies of such corporation, whether through the ownership of voting securities, by contract or otherwise.

"Agents" means the Administrative Agent and the Canadian Agent.

"Applicable BA Discount Rate" means with respect to any Canadian Lender named on Schedule I to the Bank Act (Canada), as applicable to a Bankers' Acceptance being purchased by such Lender on any day, the respective percentage discount rate per annum for a Canadian Dollar bankers' acceptance for the term and face amount comparable to the term and face amount of such Bankers' Acceptance that appears on the Reuters Screen CDOR Page as of 10:00 a.m., Toronto, Ontario time, on the date of determination as reported by the Canadian Agent; provided, however, that if on such day no rate appears on the Reuters Screen CDOR Page as contemplated, the rate for such day shall be the average (as calculated by the Canadian Agent) of the respective percentage discount rates (expressed to two decimal places and rounded upward, if necessary, to the nearest 1/100th of 1%) quoted to the Canadian Agent by each of the five largest Canadian chartered banks named on Schedule I to the Bank Act (Canada) (each a "Schedule I Reference Bank") as the percentage discount rate at which such Schedule I Reference Bank would, in accordance with its normal practices, at or about 10:00 a.m., Toronto, Ontario time, on such day, be prepared to purchase bankers' acceptances accepted by such Schedule I Reference Bank having a term and a face amount comparable to the term and face amount of such Bankers' Acceptance.

"Applicable Percentage" means for Eurodollar Loans, Base Rate Loans, Bankers' Acceptances, Letter of Credit Fees and Non-Use Fees, the appropriate applicable percentages corresponding to the Leverage Ratio in effect as of the most recent Calculation Date as shown below:

Tier Levels	Leverage Ratio	Applicable Percentage for Eurodollar Loans, Bankers' Acceptances and Letter of Credit Fees	Applicable Percentage for Base Rate Loans	Applicable Percentage for Non-Use Fees
1	> 5.0 to 1.0	2.25%	1.00%	0.50%
2	> 4.0 to 1.0, but < to 5.0 -	2.00%	0.75%	0.50%
3	> 3.0 to 1.0, but < 4.0 -	1.75%	0.50%	0.375%
4	< 3.0 to 1.0 -	1.50%	0.25%	0.375%

The Applicable Percentages shall be determined and adjusted quarterly on the date (each a "Calculation Date") which is five (5) Business Days after the date on which the Company provides the quarterly officer's certificate for each fiscal quarter in accordance with the provisions of Section 7.1(c); provided, however, that (i) the initial Applicable Percentages shall be based on Tier Level 1 (as shown above) and shall remain at Tier Level 1 until the first Calculation Date subsequent to June 30, 2000, and, thereafter, the Tier Level shall be determined by the then current Leverage Ratio, and (ii) if the Company fails to provide the officer's certificate to the Administrative Agent for any fiscal quarter as required by and within the time

limits set forth in Section 7.1(c), the Applicable Percentages from the applicable date of such failure shall be based on Tier Level 1 until five (5) Business Days after an appropriate officer's certificate is provided, whereupon the Tier Level shall be determined by the then current Leverage Ratio. Except as set forth above, each Applicable Percentage shall be effective from one Calculation Date until the next Calculation Date. Any adjustment in the Applicable Percentage shall be applicable to all existing Loans and Letters of Credit as well as any new Loans made or Letters of Credit issued.

"Asset Disposition" means the disposition of any or all of the Accounts or Inventory of a Credit Party whether by sale, lease, transfer or otherwise, other than (a) sales of Inventory in the ordinary course of business and (b) transfers of Accounts or Inventory among the Credit Parties or such other transfers of Accounts or Inventory to other members of the Consolidated Cott Group if such transfers are otherwise permitted by this Credit Agreement.

"BA Discount Proceeds" means proceeds in respect of any Bankers' Acceptance to be purchased on any day under Section 2.5(b), in an amount (rounded to the nearest whole Canadian cent, and with one-half of one Canadian cent being rounded up) calculated on such day by dividing:

(a) the Face Amount of such Bankers' Acceptance; by

(b) the sum of one plus the product of:

(i) the Applicable BA Discount Rate (expressed as a decimal) applicable to such Bankers' Acceptance; and

(ii) a fraction, the numerator of which is the number of days in the term of such Bankers' Acceptance and the denominator of which is the number of days in the then current calendar year;

with such product being rounded up or down to the fifth decimal place and .000005 being rounded up to .00001.

"BA Documents" means with respect to any Bankers' Acceptance, such documents and agreements as the Canadian Lenders accepting the same may require in connection with the creation of such Bankers' Acceptance.

"BA Obligations" means all obligations of the Canadian Borrowers with respect to Bankers' Acceptances created under the Canadian Revolving Loan Commitment.

"Bankers' Acceptance" means a depository bill as defined in the Depository Bills and Notes Act (Canada) in Canadian Dollars that is in the form of an order signed by the Canadian Borrowers and accepted by a Canadian Lender pursuant to this Credit Agreement or, for Lenders not participating in clearing services contemplated in that Act, a draft or bill of exchange in Canadian Dollars payable in Canada that is drawn in Canada by the Canadian Borrowers and accepted by a

Canadian Lender pursuant to this Credit Agreement. Orders that become depository bills, drafts and bills of exchange are sometimes collectively referred to in this Credit Agreement as "orders".

"Bankruptcy Event" means, with respect to any Person, the occurrence of any of the following with respect to such Person: (a) a court or governmental agency having jurisdiction in the premises shall enter a decree or order for relief in respect of such Person in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of its property or ordering the winding up or liquidation of its affairs; or (b) any proceeding shall be instituted against such Person seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property including, but not limited to, an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect is commenced against a Person and any such proceeding or petition remains unstayed and in effect for a period of sixty (60) consecutive days; or (c) such Person shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or any substantial part of its property or make any general assignment for the benefit of creditors; or (d) such Person shall generally not pay its debts as such debts become due or shall admit in writing its inability to pay its debts generally as they become due or any action shall be taken by such Person in furtherance of any of the aforesaid purposes.

"Base Rate Loans" means all Loans accruing interest based on the U.S. Base Rate, the CA U.S. Base Rate or the Canadian Prime Rate.

"BCB" means BCB USA Corp., a Georgia corporation.

"Borrower" means any of the U.S. Borrowers or the Canadian Borrowers.

"Borrowers" means the U.S. Borrowers and the Canadian Borrowers.

"Borrowing Base Certificate" means such term as defined in Section 7.1(h).

"Business Day" means any day other than a Saturday, a Sunday, a legal holiday in Charlotte, North Carolina, New York, New York or Toronto, Ontario or a day on which banking institutions located in Charlotte, North Carolina, New York, New York or Toronto, Ontario are authorized by law or other governmental actions to close; except that in the case of Eurodollar Loans, a Business Day shall also be a day on which dealings between banks are carried on in U.S. dollar deposits in the London interbank Eurodollar market.

"CA U.S. Base Rate" means the higher of (a) the Federal Funds Rate plus 0.5% or (b) the CA U.S. Prime Rate; provided, however, that if, in the reasonable judgment of the Canadian Agent, the Federal Funds Rate cannot be determined, then the CA U.S. Prime Rate.

"CA U.S. Base Rate Loans" means Revolving Loans made by the Canadian Lenders in U.S. Dollars accruing interest based on the CA U.S. Base Rate.

"CA U.S. Prime Rate" means, for any day, the fluctuating rate of interest per annum publicly announced by the Canadian Agent as its "prime rate" or "reference rate" for loans made in U.S. dollars, which rate is not necessarily the best or lowest rate of interest offered for loans in U.S. dollars by the Canadian Agent.

"Canadian Agent" or "CA" means National Bank of Canada.

"Canadian Base Rate Loans" means, collectively, CA U.S. Base Rate Loans and Canadian Prime Rate Loans.

"Canadian Borrowers" means the Company and such other Persons organized under the laws of Canada or any province thereof, and resident in Canada or any province thereof, that become parties hereto pursuant to Joinder Agreements in accordance with Section 7.11.

"Canadian Borrowing Base" means a U.S. dollar amount equal to the lesser of
(i) the sum of (a) 80% of the net book Accounts of the Canadian Credit Parties, plus (b) 50% of the net book Inventory of the Canadian Credit Parties and (ii) the sum of (A) an amount equal to 85% of Eligible Accounts Receivable of the Canadian Credit Parties, plus (B) an amount equal to the sum of (1) an amount equal to 50% of Eligible Inventory of the Canadian Credit Parties consisting of raw materials (other than packaging raw materials), plus (2) an amount equal to 70% of Eligible Inventory of the Canadian Credit Parties consisting of finished goods (up to a 120-day supply thereof), minus (iii) reserves established by the Administrative Agent from time to time in its reasonable discretion. Notwithstanding the foregoing, the amount of Eligible Inventory based on the calculations set forth in clause (ii)(B) above shall not exceed 50% of the aggregate Canadian Borrowing Base.

"Canadian Central Account - Cdn" means Account No. 6127, established and maintained in the name of the Canadian Agent at its offices located at Mississauga, Ontario, Canada, Transit No. 00521.

"Canadian Central Account - US" means Account Number 6860, established and maintained in the name of the Canadian Agent at its offices located at Mississauga, Ontario, Canada, Transit No. 00521.

"Canadian Central Accounts" means the Canadian Central Account - Cdn. and the Canadian Central Account - US.

"Canadian Collateral" means any and all assets and rights and interests in or to property of the Canadian Credit Parties pledged from time to time as security for the Canadian Obligations

pursuant to the Security Documents whether now owned or hereafter acquired, including, without limitation, all of the Accounts and Inventory of the Canadian Credit Parties, any Chattel Paper, Documents or Instruments evidencing or relating to such Accounts or Inventory, Deposit Accounts and all Proceeds thereof, as defined in the Canadian Security Agreement.

"Canadian Credit Parties" means the Canadian Borrowers and all of their Canadian Subsidiaries whether direct or indirect and whether now owned or hereafter acquired, excluding 965646 Ontario Ltd., 156775 Canada Inc., 967979 Ontario Limited, 804340 Ontario Limited, Menu Foods Corporation, 2282214, Inc., 973974 Ontario Limited and Menu Foods Limited.

"Canadian Dollars" and "C$" mean dollars in the lawful currency of Canada.

"Canadian Lenders" means National Bank of Canada, and such other Lenders permitted under Canadian law to carry on business in Canada as may be added as Canadian Lenders in accordance with the terms of this Agreement.

"Canadian Letter of Credit" means a Letter of Credit issued under the Canadian LOC Subfacility, as referenced in Section 2.4(a).

"Canadian LOC Obligations" means LOC Obligations relating to Canadian Letters of Credit.

"Canadian LOC Subfacility" means the Letter of Credit subfacility established pursuant to Section 2.4.

"Canadian Local Account" means such term as defined in Section 3.2.

"Canadian Obligations" means the Obligations of the Canadian Borrowers.

"Canadian Prime Rate" means, for any day, the fluctuating rate of interest per annum publicly announced by the Canadian Agent as its "prime rate" or "reference rate" for loans made in Canadian dollars, which rate is not necessarily the best or lowest rate of interest offered for loans in Canadian dollars by the Canadian Agent.

"Canadian Prime Rate Loans" means Revolving Loans made by the Canadian Lenders in Canadian Dollars accruing interest based on the Canadian Prime Rate.

"Canadian Revolving Loan Commitment" means $10,000,000 (U.S.), or its equivalent as determined from time to time in Canadian Dollars, as such amount may be reduced in accordance with Section 2.10, minus, to the extent that the U.S. Borrowers have borrowed U.S. Revolving Loans in excess of $30,000,000 under the U.S. Revolving Loan Commitment then in effect, an amount equal to such excess.

"Canadian Revolving Loan Commitment Percentage" means, for each Canadian Lender, the percentage identified as its Canadian Revolving Loan Commitment Percentage opposite such

Canadian Lender's name on Schedule 1.1A as such percentage may be modified by assignment in accordance with the terms of this Agreement.

"Canadian Revolving Loans" means the revolving loans made by the Canadian Lenders to the Canadian Borrowers pursuant to Section 2.3.

"Canadian Security Agreement" means the Security Agreement, of even date herewith, among the Canadian Agent, the Administrative Agent and the Canadian Credit Parties, in the form attached hereto as Exhibit H-2.

"Canadian Unutilized Revolving Commitment" means, for any period, the amount by which (a) the then applicable Canadian Revolving Loan Commitment exceeds (b) the daily average sum for such period of the outstanding aggregate principal amount of all Canadian Revolving Loans, Canadian LOC Obligations and BA Obligations.

"Capital Expenditures" means any current expenditure by the Consolidated Cott Group for fixed or capital assets as reflected on the financial statements of the Consolidated Cott Group, as prepared in accordance with U.S. GAAP.

"Capital Stock" means (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests and (v) any other equity interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means (a) securities issued directly or fully guaranteed or insured by the United States of America or Canada or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America or Canada is pledged in support thereof) having maturities of not more than one year from the date of acquisition, (b) U.S. or Canadian dollar denominated time deposits and certificates of deposit of (i) any U.S. or Canadian commercial bank of recognized standing having capital and surplus in excess of $100,000,000 or (ii) any bank whose short-term commercial paper rating from Standard & Poor's Corporation ("S&P") is at least A-1 or the equivalent thereof or from Moody's Investors Service, Inc. ("Moody's") is at least P-1 or the equivalent thereof (any such bank being an "Approved Bank"), in each case with maturities of not more than one year from the date of acquisition, (c) Bankers' Acceptances accepted by any Approved Bank, (d) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any U.S. or Canadian corporation to the extent that such paper or notes are rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within one year of the date of acquisition and (e) repurchase agreements with a bank or trust company or recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully guaranteed by the United States of America or Canada in which a Credit Party shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations.

"Cash Taxes" means, for any applicable period of computation, the aggregate of all taxes of the Consolidated Cott Group determined in accordance with applicable law and U.S. GAAP applied on a consistent basis, to the extent the same are paid in cash during such period.

"Casualty Loss" means such term as defined in Section 7.6.

"Change of Control" means the occurrence of any of the following events:
(a) the acquisition, directly or indirectly, whether voluntarily or by operation of law, by any person (as such term in used in Section 13(d) of the Exchange Act) of (i) beneficial ownership of a sufficient portion of the voting power of the outstanding Voting Stock of the Company to elect a majority of the Board of Directors of the Company (the "Board") (either immediately or upon the expiration of their respective current terms) pursuant to a transaction that is not approved by such Board as constituted immediately prior to the consummation of such transaction or (ii) all or substantially all of the assets of the Company or (b) the failure of the Company to own, directly or indirectly, 100% of the outstanding shares of Capital Stock of the other Credit Parties.

"Closing Date" means the date hereof.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto, as interpreted by the rules and regulations issued thereunder, in each case as in effect from time to time. References to sections of the Code shall be construed also to refer to any successor sections.

"Collateral" means collectively, the U.S. Collateral and the Canadian Collateral.

"Commitments" means the U.S. Revolving Loan Commitment and the Canadian Revolving Loan Commitment.

"Commitment Percentage" means, with respect to any Lender, at any time after the Commitments have terminated, the percentage which such Lender's Credit Exposure constitutes of the aggregate principal amount of all Loans, LOC Obligations and BA Obligations then outstanding under this Credit Agreement.

"Commitment Termination Event" means such term as defined in Section 11.3.

"Company" has the meaning set forth in the introductory paragraph hereof.

"Consolidated Cott Group" means the Company and all of its consolidated Subsidiaries whether direct or indirect and whether now owned or hereafter acquired.

"Conversion Date" means such term as defined in Section 11.3.

"Cott Beverages UK" means Cott Beverages Limited, an English limited liability company.

"Cott Beverages USA" means Cott Beverages USA, Inc., a Georgia corporation.

"Cott USA" means Cott USA Corp., a Georgia corporation.

"Credit Agreement" or "Agreement" means this credit agreement, dated as of the date hereof, as the same may be modified, amended, extended, restated or supplemented from time to time.

"Credit Documents" means this Credit Agreement, the Revolving Credit Notes, the LOC Documents, the BA Documents, the Guaranty Agreements, the Security Documents, the Subordination Agreement and all other documents and instruments executed or delivered in connection therewith, as the same may be modified, amended, extended, restated or supplemented from time to time.

"Credit Exposure" means such term as defined in the definition of Required Lenders.

"Credit Parties" means, collectively, the U.S. Credit Parties and the Canadian Credit Parties.

"Default" means any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Lender" means, at any time, any Lender that, at such time, (a) has failed to make a Loan or purchase a Participation Interest required pursuant to the terms of this Agreement, (b) has failed to pay to the Administrative Agent, the Canadian Agent or any Lender an amount owed by such Lender pursuant to the terms of this Agreement or (c) has become insolvent or has become subject to a receiver, trustee or similar official.

"DOL" means the U.S. Department of Labor and any successor department or agency.

"EBITDA" means, for any applicable period of computation, the sum of (i) Net Income for such period, but excluding therefrom all extraordinary items of income or loss, plus (ii) the aggregate amount of depreciation and amortization charges made in calculating Net Income for such period, plus (iii) aggregate Interest Expense for such period, plus (iv) the aggregate amount of all income taxes reflected on the consolidated statements of income of the Consolidated Cott Group for such period. The applicable period of computation, as of each fiscal quarter end, shall be for the four (4) consecutive quarters ending as of the date of determination, except that (a) for the fiscal quarter ending July 3, 1999, EBITDA shall be calculated for the two (2) consecutive fiscal quarters then ending multiplied by two (2) and for the fiscal quarter ending October 2, 1999, EBITDA shall be calculated for the three (3) consecutive fiscal quarters then ending multiplied by four thirds (4/3rds).

"Effective Date" means the date on which all of the conditions set forth in
Section 5.1 have been fulfilled or waived by the Lenders.

"Eligible Accounts Receivable" means the aggregate face amount of the Credit Parties' Accounts that conform to the warranties contained herein, less the aggregate amount of all

returns, discounts, claims, credits, charges (including warehousemen's charges) and allowances of any nature (whether issued, owing, granted or outstanding), and less the aggregate amount of all reserves for slow paying accounts, foreign sales, bill and hold (or deferred shipment) transactions and the Lenders' charges as set forth in this Credit Agreement. Unless otherwise approved in writing by the Administrative Agent, no Account, without duplication, shall be deemed to be an Eligible Account Receivable if:

(i) it arises out of a sale made by any Credit Party to an Affiliate; or

(ii) the Account is unpaid more than ninety (90) days after the original invoice date or more than sixty (60) days after the original payment due date; or

(iii) such Account is from the same account debtor (or any affiliate thereof) and fifty percent (50%) or more, in face amount, of all Accounts from such account debtor (or any affiliate thereof) are due or unpaid more than ninety (90) days after the original invoice date or sixty (60) days after the original payment due date; or

(iv) (A) the account debtor is also a creditor of any Credit Party, to the extent of the amount owed by such Credit Party to the account debtor, (B) the account debtor has disputed its liability on, or the account debtor has made any claim with respect to, such Account due from such account debtor to such Credit Party, which has not been resolved or (C) the Account otherwise is subject to any right of setoff by the account debtor, to the extent of the amount of such setoff; or

(v) the Account is owing by an account debtor that has commenced a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or made an assignment for the benefit of creditors, or if a decree or order for relief has been entered by a court having jurisdiction in the premises in respect to such account debtor in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or if any other petition or other application for relief under the federal bankruptcy laws has been filed by or against the account debtor, or if such account debtor has failed, suspended business, ceased to be solvent, or consented to or suffered a receiver, trustee, liquidator or custodian to be appointed for it or for all or a significant portion of its assets or affairs; or

(vi) the sale is to an account debtor outside the continental United States or Canada, unless the sale is (A) on letter of credit, guaranty or acceptance terms, or subject to credit insurance, in each case acceptable to the Administrative Agent in its reasonable discretion (such Accounts supported by guaranty or acceptance terms or credit insurance not to exceed more than $5,000,000 of aggregate Eligible Accounts Receivable), or (B) otherwise approved by and acceptable to the Administrative Agent in its reasonable discretion; or

(vii) the sale to the account debtor is on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval or consignment basis or made pursuant to any other written agreement providing for repurchase or return; or

(viii) the account debtor is the United States of America or any department, agency or instrumentality thereof, unless the applicable Credit Party duly assigns its rights to payment of such Account to the Administrative Agent pursuant to the Assignment of Claims Act of 1940, as amended (31 U.S.C. Section 3727 et seq.); or

(ix) the account debtor is the government of Canada or any department, agency or instrumentality thereof to which Part VII of the Financial Administration Act (Canada) applies, or the government of a province or territory of Canada (or any department, agency or instrumentality thereof) in which legislation is in force which limits or restricts the assignment of Crown debts, unless the applicable Borrower has complied with the provisions of such Part (or such legislation, as the case may be) in respect of the assignment of such Account to the Administrative Agent; or

(x) the goods giving rise to such Account have not been shipped and delivered to and accepted by the account debtor or its designee or the services giving rise to such Account have not been performed by or on behalf of the applicable Credit Party and accepted by the account debtor or its designee or the Account otherwise does not represent a final sale; or

(xi) the Administrative Agent does not have a first priority, perfected security interest in the Account.

"Eligible Assignee" means (a) any Lender or Affiliate or subsidiary of a Lender and (b) any other commercial bank, financial institution, institutional lender or "accredited investor" (as defined in Regulation D of the Securities and Exchange Commission) with a net worth of at least $2,000,000,000.

"Eligible Inventory" means (i) the aggregate gross amount of each Credit Party's Inventory, valued at the lower of cost (on a FIFO basis) or market, which (A) is owned solely by such Credit Party and with respect to which such Credit Party has good, valid and marketable title, (B) is stored on property that is either (1) owned or leased by such Credit Party or (2) owned or leased by a warehouseman that has contracted with such Credit Party to store Inventory on such warehouseman's property or by a filler, processor or packer of such Credit Party (provided that, with respect to Inventory stored on property leased by such Credit Party at the locations set forth on Schedule 1.1B hereto, such Credit Party shall have delivered in favor of the Administrative Agent, on or prior to the Closing Date or within ninety (90) days following the Closing Date (as noted in such Schedule), an Acknowledgment Agreement from the landlord of such leased location, and, with respect to Inventory stored on property owned or leased by a warehouseman, filler, processor or packer at the locations set forth on Schedule 1.1B hereto, such Credit Party shall have delivered to the Administrative Agent, on or prior to the Closing Date or within ninety (90) days following the Closing Date (as noted in such Schedule), an Acknowledgment Agreement executed by such warehouseman, filler, processor or packer); (C) is subject to a valid, enforceable and first priority Lien in favor of the Administrative Agent, except, with respect to Inventory stored at sites described in clause (B)(2) above for normal and customary warehouseman, filler, packer and processor charges); (D) is located in the United

States or Canada; and (E) is not obsolete or slow moving, and which otherwise conforms to the warranties contained herein, less (ii) markdown reserves, less
(iii) any goods returned or rejected by such Credit Party's customers for which a credit has not yet been issued and goods in transit to third parties (other than to such Credit Party's agents, warehouses, fillers, processors or packers that comply with clause (i)(B)(2) above), less (iv) damaged Inventory, less (v) any Inventory that is a no charge or sample item, less (vi) packaging supplies, including but not limited to returnable or reuseable containers, less (vii) a reserve equal to the amount of all accounts payable of such Credit Party owed or owing to any filler, packer or processor of such Credit Party, less (viii) any reserves required by the Administrative Agent in its reasonable discretion for special order goods and market value declines, and less (ix) any Inventory which is held by a Credit Party pursuant to consignment, sale or return, sale on approval or similar arrangement.

"Environmental Laws" means any current or future Requirement of Law of any Governmental Authority applicable to the Credit Parties pertaining to (a) the protection of health, safety, and the environment, (b) the conservation, management, or use of natural resources and wildlife, (c) the protection or use of surface water and groundwater or (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation or handling of, or exposure to, any hazardous or toxic substance or material and includes, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USC 9601 et seq., Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendment of 1984, 42 USC 6901 et seq., Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC 1251 et seq., Clean Air Act of 1966, as amended, 42 USC 7401 et seq., Toxic Substances Control Act of 1976, 15 USC 2601 et seq., Hazardous Materials Transportation Act, 49 USC App. 1801 et seq., Occupational Safety and Health Act of 1970, as amended, 29 USC 651 et seq., Oil Pollution Act of 1990, 33 USC 2701 et seq., Emergency Planning and Community Right-to-Know Act of 1986, 42 USC 11001 et seq., National Environmental Policy Act of 1969, 42 USC 4321 et seq., Safe Drinking Water Act of 1974, as amended, 42 USC 300(f) et seq., Ontario Water Resources Act, Canadian Environmental Protection Act, any analogous implementing or successor law, and any amendment, rule, regulation, order, or directive issued thereunder.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, as interpreted by the rules and regulations thereunder, all as the same may be in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

"ERISA Affiliate" means an entity, whether or not incorporated, which is under common control with the U.S. Borrowers within the meaning of Section 4001(a)(14) of ERISA, or is a member of a group which includes the U.S. Borrowers and which is treated as a single employer under Sections 414(b) or (c) of the Code.

"ERISA Event" means (a) with respect to any Plan, the occurrence of a Reportable Event or the substantial cessation of operations (within the meaning of Section 4062(e) of ERISA); (b) the

withdrawal of the U.S. Borrowers or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001(a)(2) of ERISA), or the termination of a Multiple Employer Plan; (c) the distribution of a notice of intent to terminate or the actual termination of a Single Employer Plan or Multi-Employer Plan pursuant to Section 4041(a)(2) or 4041A of ERISA; (d) the institution of proceedings to terminate or the actual termination of a Single Employer Plan or a Multiemployer Plan by the PBGC under Section 4042 of ERISA; (e) the termination of, or the appointment of a trustee to administer, any Single Employer Plan or Multiemployer Plan pursuant to Section 4042 of ERISA; (f) the complete or partial withdrawal of the U.S. Borrowers or any ERISA Affiliate from a Multiemployer Plan; (g) the conditions for imposition of a Lien under Section 302(f) of ERISA exist with respect to any Single Employer Plan; or (h) the adoption of an amendment to any Single Employer Plan requiring the application of Section 307 of ERISA.

"Eurodollar Loans" means Loans accruing interest at the Adjusted Eurodollar Rate. All Eurodollar Loans shall be made in U.S. dollars.

"Eurodollar Rate" means, for the Interest Period for each Eurodollar Loan comprising part of the same borrowing (including continuations and conversions), a per annum interest rate determined pursuant to the following formula:

Eurodollar Rate = London Interbank Offered Rate

1 - Eurodollar Reserve Percentage

"Eurodollar Reserve Percentage" means for any day, that percentage (expressed as a decimal) which is in effect from time to time under Regulation D of the Board of Governors of the Federal Reserve System (or any successor), as such regulation may be amended from time to time or any successor regulation, as the maximum reserve requirement (including, without limitation, any basic, supplemental, emergency, special, or marginal reserves) applicable with respect to Eurocurrency liabilities as that term is defined in Regulation D (or against any other category of liabilities that includes deposits by reference to which the interest rate of Eurodollar Loans is determined), whether or not a Lender has any Eurocurrency liabilities subject to such reserve requirement at that time. Eurodollar Loans shall be deemed to constitute Eurocurrency liabilities and as such shall be deemed subject to reserve requirements without benefits of credits for proration, exceptions or offsets that may be available from time to time to a Lender. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" means such terms as defined in Section 11.1.

"Face Amount" means, in respect of a Bankers' Acceptance, the amount payable to the holder thereof at maturity.

"Federal Funds Rate" means, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve Bank of New York, or if such rate is not released on any Business Day, the arithmetic average (rounded upwards to the next 1/100th of 1%), as determined by the Administrative Agent, of the quotations for the day of such

transactions, received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Statements" means such term as defined in Section 6.6.

"First Union" means First Union National Bank, having its principal office in North Carolina, and its successors and permitted assigns.

"First Union Account" means the internal First Union concentration account into which funds transferred from the First Union Cash Collateral Accounts will be deposited and applied to the Obligations, established and maintained in the name of the Administrative Agent at First Union.

"First Union Cash Collateral Accounts" means each of Cash Collateral Account No. 2000007396304 and Cash Collateral Account No. 2000007396317, established and maintained in the name of the U.S. Borrowers at First Union, with the Administrative Agent named as secured party thereon.

"First Union Funding Account" means Fund Account No. 2080000070582, established and maintained in the name of the U.S. Borrowers at First Union, with the Administrative Agent named as secured party thereon.

"Fixed Charge Coverage Ratio" means, as of the last day of any fiscal quarter, the ratio of (i) EBITDA less Unfinanced Capital Expenditures to (ii) total Fixed Charges. Except as otherwise provided herein, the applicable period of computation shall be for the four (4) consecutive quarters ending as of the date of determination.

"Fixed Charges" means, for any applicable period of computation, without duplication, the sum of (i) all cash Interest Expense for the applicable period plus (ii) all Cash Taxes paid during the applicable period plus (iii) cash dividends paid by the Company for the period of four consecutive fiscal quarters ending on such day plus (iv) all scheduled principal payments on long term Funded Debt of the Consolidated Cott Group for the period of four consecutive fiscal quarters beginning on such day (excluding optional prepayments on the Senior Notes). The applicable period of computation shall be for the four (4) consecutive quarters ending as of the date of determination, except that (a) for the fiscal quarter ending July 3, 1999, the applicable period of computation shall be for the two (2) consecutive fiscal quarters then ending and for the fiscal quarter ending October 2, 1999, the applicable period of computation shall be for the three (3) consecutive fiscal quarters then ending.

"Funded Debt" means, without duplication, the sum of (a) all Indebtedness of the Consolidated Cott Group for borrowed money (other than purchase money Indebtedness (as distinguished from capital lease obligations) incurred in accordance with the terms of Section 9.1), (b) the principal portion of all obligations of the Consolidated Cott Group under capital leases (including capital leases incurred in accordance with the terms of Section 9.1), (c) all commercial letters of credit and the maximum or face amount of all performance and standby letters of credit issued or bankers' acceptance facilities created for the account of a member of the Consolidated

Cott Group, including, without duplication, all unreimbursed draws thereunder,
(d) all Guaranty Obligations of the Consolidated Cott Group with respect to Funded Debt of another Person, (e) all Funded Debt of another entity secured by a Lien on any property of the Consolidated Cott Group, to the extent of the book value of the property secured thereby, whether or not such Funded Debt has been assumed by a member of the Consolidated Cott Group, (f) all Funded Debt of any partnership or unincorporated joint venture to the extent a member of the Consolidated Cott Group is legally obligated or has a reasonable expectation of being liable with respect thereto, net of any assets of such partnership or joint venture and (g) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product of a member of the Consolidated Cott Group where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with U.S. GAAP. The $25,000,000 letter of credit issued in favor of First Union for the account of Cott Beverages USA shall, to the extent terminated and/or reduced on or prior to the Closing Date, be excluded from the calculation of Funded Debt

"Government Acts" means such term as defined in Section 2.2(k)(i).

"Governmental Authority" means any Federal, State, Provincial, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantor" means any U.S. Credit Party.

"Guaranty Agreements" means the Guaranty Agreement in the form attached hereto as Exhibit B executed by the U.S. Borrowers with respect to the obligations of the Canadian Borrowers and any future Guaranty Agreement executed in accordance with the terms of this Agreement, as each such Guaranty Agreement may be amended, modified or replaced from time to time.

"Guaranty Obligations" of any Person means any obligations (other than (a) endorsements in the ordinary course of business of negotiable instruments for deposit or collection, (b) obligations arising under the Guaranty Agreements and
(c) obligations arising under guaranties by a Credit Party of another Credit Party) guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations of any other Person in any manner, whether direct or indirect, and including, without limitation, any obligation, whether or not contingent to, (i) purchase any such Indebtedness or other obligation or any property constituting security therefor, (ii) advance or provide funds or other support for the payment or purchase of such indebtedness or obligation or to maintain working capital, solvency or other balance sheet condition of such other Person (including, without limitation, keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements), (iii) lease or purchase property, securities or services primarily for the purpose of assuring the owner of such Indebtedness or obligation, or (iv) otherwise assure or hold harmless the owner of such Indebtedness or obligation against loss in respect thereof.

"Hedging Agreements" means any Interest Rate Protection Agreement or other interest rate protection agreement, foreign currency exchange agreement, commodity purchase or option agreement or other interest or exchange rate or commodity price hedging agreements

"Highest Lawful Rate" means, at any given time during which any Obligations shall be outstanding hereunder, the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness under this Credit Agreement, under the laws of the State of North Carolina (or the law of any other jurisdiction whose laws may be mandatorily applicable notwithstanding other provisions of this Credit Agreement and the other Credit Documents), or under applicable United States or Canadian federal laws which may presently or hereafter be in effect and which allow a higher maximum nonusurious interest rate than under North Carolina or such other jurisdiction's law, in any case after taking into account, to the extent permitted by applicable law, any and all relevant payments or charges under this Credit Agreement and any other Credit Documents executed in connection herewith, and any available exemptions, exceptions and exclusions. Without limiting the generality of the foregoing, in relation to any amount payable hereunder by any Canadian Borrower or to any Canadian Lender, "Highest Lawful Rate" shall mean a rate of "interest" on the "credit advanced", calculated in accordance with the definition of "criminal rate" (all such terms being used herein as defined by section 347 of the Criminal Code of Canada or any successor provision in force at the relevant time) equal to 59%.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person with respect to Funded Debt, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person to the extent of the value of such property (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations, including without limitation intercompany items, of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person which would appear as liabilities on a balance sheet of such Person, (e) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed,
(f) all Guaranty Obligations of such Person, (g) the principal portion of all obligations of such Person under (i) capital leases and (ii) any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with U.S. GAAP, (h) all payment obligations of such Person in respect of Hedging Agreements, (i) the maximum amount of all standby letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (j) all preferred stock issued by such Person and required by the terms thereof to be redeemed, or for which mandatory sinking fund payments are due, by a fixed date, in cash or other property (other than shares of common stock or the same class of preferred stock), (k) all other obligations which would be shown as a liability on the balance sheet of such Person and (l) the aggregate purchase price paid by third parties for the purchase of the accounts receivable of such Person subject at such time to a sale of receivables (or similar transaction) regardless of whether such transaction is effected without recourse to such Person or in a manner that would not be reflected on the balance sheet of such Person in accordance with U.S. GAAP. The Indebtedness of any Person shall include the Indebtedness of any partnership or unincorporated joint venture but

only to the extent such Person is legally obligated or has a reasonable expectation of being liable with respect thereto; provided, however, Indebtedness shall not include (i) any accumulated provisions for deferred taxes or deferred credits reflected as a liability on the balance sheet of such Person, or (ii) any Indebtedness in respect of which moneys sufficient to pay and discharge the same in full (either on the expressed date of maturity thereof or on such earlier date as such indebtedness may be duly called for redemption and payment) have been deposited with a depository, agency or trustee in trust for the payment thereof.

"Interest Expense" means, for any period, all interest expense of the Consolidated Cott Group for such period, net of interest income for such period, all as determined in accordance with U.S. GAAP.

"Interest Payment Date" means (a) as to all Loans, other than Eurodollar Loans, the last day of each month and (b) as to Eurodollar Loans, the last day of each applicable Interest Period; provided, that if an Interest Payment Date falls on a date which is not a Business Day, such Interest Payment Date shall be deemed to be the next succeeding Business Day, except that in the case of an Interest Period where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day.

"Interest Period" means, with respect to Eurodollar Loans, a period of one, two, three or six month's duration, as the Borrowers may elect from time to time, commencing, in each case, on the date of the borrowing (or continuation or conversions thereof); provided, however, (a) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (b) no Interest Period shall extend beyond the Maturity Date and (c) where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last Business Day of such calendar month.

"Interest Rate Protection Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity purchase or option agreement or other interest or exchange rate or commodity price hedging agreements or any other derivative product hedging arrangement between any Borrower and any Lender, or any affiliate of a Lender.

"Inventory" means all of each Credit Party's inventory, including without limitation, (i) all raw materials, work in process, parts, components, assemblies, supplies and materials used or consumed in the Credit Parties' business; (ii) all goods, wares and merchandise, finished or unfinished, held for sale; and (iii) all goods returned to or repossessed by the Credit Parties.

"Investment" means, with respect to any Person, (a) the acquisition (whether for cash, property, services, assumption of Indebtedness or securities or otherwise) of assets comprising a business, shares of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of another Person, (b) any deposit with, or advance, loan or other extension of credit to, such other Person (other than deposits made in connection with the purchase of equipment or other assets in the ordinary course of business) or (c) any other investment in such other Person, including without limitation, any Guaranty Obligation for the benefit of such other Person.

"Irish Affiliate" means Cott International Financial.

"Issuing Lender" means (i) as to the U.S. LOC Subfacility, First Union and
(ii) as to the Canadian LOC Subfacility, National Bank of Canada.

"Issuing Lender Fee" means such term as defined in Section 4.5.

"Joinder Agreement" means the form of Joinder Agreement to be executed by each new Borrower under the Credit Agreement pursuant to Section 7.11 hereof, substantially in the form of Exhibit N hereto.

"Landlord Agreement" means a Landlord Lien Waiver Agreement, substantially in the form of Exhibit C hereto, between a Credit Party's landlord and the Administrative Agent acknowledging and agreeing, among other things, (i) that such landlord waives any Liens on any of the property of such Credit Party and
(ii) to permit the Administrative Agent access to the property for the purposes of exercising its remedies under the applicable Security Agreement.

"Lenders" means U.S. Lenders and Canadian Lenders.

"Leverage Ratio" means, as of the last day of any fiscal quarter, the ratio of (a) total Funded Debt of the Consolidated Cott Group, as determined in accordance with U.S. GAAP, to (b) EBITDA. Except as otherwise provided herein (including, without limitation, in the definition of EBITDA), the applicable period of computation shall be for the four (4) consecutive quarters ending as of the date of determination.

"Letter of Credit" means (a) a Letter of Credit issued for the account of a U.S. Borrower or one of its U.S. Subsidiaries by the Issuing Lender pursuant to
Section 2.2, as such Letter of Credit may be amended, modified, extended, renewed or replaced and (b) a Letter of Credit issued for the account of a Canadian Borrower or one of its Canadian Subsidiaries by the Issuing Lender pursuant to Section 2.4 as such Letter of Credit may be amended, modified, extended, renewed or replaced.

"Letter of Credit Fee" means such term as defined in Section 4.5.

"Lien" means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, security interest, encumbrance, lien (statutory or otherwise), preference, priority, or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, any financing or similar statement filed under the Uniform Commercial Code as adopted and in effect in the relevant jurisdiction, the PPSA, or other similar recording or notice statute, and any lease in the nature thereof).

"Loans" means the Revolving Loans.

"LOC Documents" means, with respect to any Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered thereunder, and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of

Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk or (b) any collateral security for such obligations.

"LOC Obligations" means, at any time, the sum of (a) the maximum amount which is, or at any time thereafter may become, available to be drawn under all Letters of Credit then outstanding, assuming compliance with all requirements for drawings referred to in such Letters of Credit plus (b) the aggregate amount of all drawings under Letters of Credit honored by the Issuing Lender but not theretofore reimbursed.

"Lockbox Agreement" means such term as defined in Section 3.1.

"London Interbank Offered Rate" means, with respect to any Eurodollar Loan for the Interest Period applicable thereto, the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Telerate Page 3750, the applicable rate shall be the arithmetic mean of all such rates. If, for any reason, such rate is not available, the term "London Interbank Offered Rate" shall mean, with respect to any Eurodollar Loan for the Interest Period applicable thereto, the rate of interest per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 A.M. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates.

"Material Adverse Effect" means a material adverse effect, after taking into account any applicable insurance (to the extent the provider of such insurance has the financial ability to support its obligations with respect thereto and is not disputing or refusing to acknowledge same), on (a) the business, assets, operations or condition (financial or otherwise) of the Consolidated Cott Group, taken as a whole, (b) the ability of (i) the U.S. Borrowers to perform their material obligations under this Credit Agreement or any of the other Credit Documents, (ii) the Canadian Borrowers to perform their material obligations under this Credit Agreement or any of the other Credit Documents, or (iii) the Credit Parties, taken as a whole, to perform their material obligations under this Agreement or any of the other Credit Documents,
(c) the Collateral or (d) the validity or enforceability of this Agreement, any of the other Credit Documents, or the rights and remedies of the Lenders hereunder or thereunder taken as a whole.

"Material Contract" means any contract or other arrangement (other than any of the Leases or the Credit Documents), whether written or oral, to which any Credit Party is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect.

"Maturity Date" means August 19, 2002.

"Merchandise Returns" means any of the products manufactured and sold by the Credit Parties that are returned.

"Multiemployer Plan" means a Plan which is a multiemployer plan as defined in Sections 3(37) or 4001(a)(3) of ERISA.

"Multiple Employer Plan" means a Plan (other than a Multiemployer Plan) which the U.S. Borrowers or any ERISA Affiliate and at least one other employer other than any U.S. Borrower or any ERISA Affiliate are contributing sponsors.

"Net Income" means, for any period, the net income after taxes of the Consolidated Cott Group for such period, as determined in accordance with U.S.
GAAP.

"Net Proceeds" means all cash proceeds received in connection with an Asset Disposition, net of (a) the actual cash costs incurred in connection with and attributable to such Asset Disposition, (b) any tax liability attributable to such transaction and (c) amounts applied to repayment of Indebtedness (other than the Obligations) secured by a Permitted Lien on a disposed asset.

"Non-Use Fees" means such term as defined in Section 4.5.

"Notes" means the Revolving Credit Notes.

"Notice of Borrowing" means the request by a Borrower for a Revolving Loan in the form of Exhibit D.

"Notice of Continuation/Conversion" means a request by (a) the U.S. Borrowers to (i) continue an existing Eurodollar Loan, (ii) convert a U.S. Base Rate Loan to a Eurodollar Loan, or (iii) convert a Eurodollar Loan to a U.S. Base Rate Loan or (b) the Canadian Borrowers to (i) continue a maturing Bankers' Acceptance to a new maturity date, (ii) convert a maturing Bankers' Acceptance to a Canadian Prime Rate Loan, (iii) convert a Canadian Prime Rate Loan to a Bankers' Acceptance, (iv) continue an existing Eurodollar Loan, (v) convert a CA U.S. Base Rate Loan to a Eurodollar Loan or (vi) convert a Eurodollar Loan to a CA U.S. Base Rate Loan, in the form of Exhibit D.

"Obligations" means the Loans, any other loans and advances or extensions of credit made or to be made by any Lender to any Borrower, or to others for any Borrower's account in each case pursuant to the terms and provisions of this Credit Agreement, together with interest thereon (including interest which would be payable as post-petition interest in connection with any bankruptcy or similar proceeding) and, including, without limitation, any reimbursement obligation or indemnity of the Borrowers on account of Letters of Credit and all other LOC Obligations, all BA Obligations, and all indebtedness, fees, liabilities, guarantees and obligations which may at any time be owing by any Borrower or any other Credit Party to any Lender in each case pursuant to this Credit Agreement or any other Credit Document, whether now in existence or incurred by a Borrower or any other Credit Party from time to time hereafter, whether unsecured or secured by pledge, Lien upon or security interest in any of a Borrower's or other

Credit Party's assets or property or the assets or property of any other Person, whether such indebtedness is absolute or contingent, joint or several, matured or unmatured, direct or indirect and whether such Borrower or other Credit Party is liable to such Lender for such indebtedness as principal, surety, endorser, guarantor or otherwise. Obligations shall also include any other indebtedness owing to any Lender by any Borrower or other Credit Party under this Credit Agreement and the other Credit Documents, any Borrower's liability to any Lender pursuant to this Credit Agreement as maker or endorser of any promissory note or other instrument for the payment of money, any Borrower's or other Credit Party's liability to any Lender pursuant to this Credit Agreement or any other Credit Document under any instrument of guaranty or indemnity, or arising under any guaranty, endorsement or undertaking which any Lender may make or issue to others for any such Borrower's account pursuant to this Credit Agreement, including any accommodation extended with respect to applications for Letters of Credit, and all liabilities and obligations owing from any Borrower to any Lender, or any affiliate of a Lender, arising under Interest Rate Protection Agreements entered into for the purpose of hedging interest rate risk under this Credit Agreement and the other Credit Documents.

"Participation Interest" means a participation in Letters of Credit or LOC Obligations purchased pursuant to Section 2.2 or Section 2.4 or in Loans or BA Obligations purchased pursuant to Section 4.6 or Section 11.3.

"PBGC" means the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA, and any successor thereof.

"Permitted Acquisition" means an Acquisition by any Credit Party that
(a)(i) has been consented to by the Administrative Agent and (ii) is not financed with all or any part of the proceeds of any Loan or Bankers' Acceptance made under this Credit Agreement or (b) complies with the following requirements:

(i) the Acquired Company shall be (or shall own, directly or indirectly, all of the Capital Stock of) an operating company that engages in a line of business substantially similar to the line of business of the Credit Parties engaged in on the Closing Date;

(ii) no Default or Event of Default shall exist immediately prior to or after the consummation of the Acquisition;

(iii) immediately after giving effect to the Acquisition, at least $5,000,000 shall be available to be loaned to the Borrowers under the Commitments and the Total Borrowing Base;

(iv) the purchase price for any Acquired Company acquired during any fiscal year, together with all other Acquisitions made pursuant to this clause (b) in such fiscal year, shall not exceed $10,000,000 in the aggregate; and

(v) the aggregate purchase price of all Acquisitions made pursuant to this clause (b) in any fiscal year, together with all Capital Expenditures made in such fiscal year, shall not exceed the Capital Expenditures limit for such fiscal year set forth in Section 8.3

"Permitted Investments" means:

(a) cash and Cash Equivalents;

(b) money market investment programs that invest exclusively in Cash Equivalents and that are classified as a current asset in accordance with U.S. GAAP and that are administered by broker-dealers reasonably acceptable to the Administrative Agent;

(c) Investments of a Credit Party into another Credit Party;

(d) loans or advances in the usual and ordinary course of business to officers, directors and employees for expenses incidental to carrying on the business of the Credit Parties, including, without, limitation, relocation and other reasonable expenses associated with employee compensation and perquisites;

(e) accounts receivable arising from the sale of goods and services in the ordinary course of business of the Credit Parties;

(f) stock or securities received in settlement of debts (created in the ordinary course of business) owing to a Credit Party;

(g) Investments existing on the Closing Date and set forth on Schedule 1.1C attached hereto;

(h) (i) in addition to loans to Cott Beverages UK existing as of the Closing Date, on and after the Closing Date share capital investments and loans up to $20,000,000 in the aggregate to Cott Beverages UK and (ii) in addition to the share capital investments and loans described in the immediately preceding clause (i), share capital investments and loans up to $17,000,000 in the aggregate to the Cott Beverages UK made from the proceeds of the sale of the Company's stock in Menu Foods Limited so long as the proceeds of any such share capital investments and loans are applied to repay outstanding indebtedness of Cott Beverages UK;

(i) loans to officers and employees of the Company to purchase the Capital Stock of the Company in an amount up to $2,000,000 in the aggregate at any time outstanding;

(j) transactions permitted pursuant to Sections 9.6 and 9.10;

(k) promissory notes issued as consideration in connection with asset sales permitted hereunder; and

(l) such other Investments as the Administrative Agent may approve in its reasonable discretion.

"Permitted Liens" means:

(a) Liens in favor of the Lenders pursuant to any Credit Document or any Interest Rate Protection Agreement;

(b) Liens for taxes not yet due or Liens for taxes being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with U.S. GAAP have been established;

(c) Liens in respect of property imposed by law arising in the ordinary course of business such as materialmen's, mechanics', warehousemen's, supplier's or vendor's and other like Liens provided that such Liens secure only amounts not yet due and payable or if overdue are being contested in good faith by appropriate actions or proceedings and adequate reserves have been established;

(d) pledges or deposits made to secure payment of worker's compensation insurance, unemployment insurance, pensions or social security programs;

(e) Liens arising from good faith deposits in connection with or to secure performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (other than obligations in respect of the payment of borrowed money);

(f) easements, rights-of-way, restrictions (including zoning restrictions), minor defects or irregularities in title and other similar charges or encumbrances not impairing, in any material respect, the use of such property for its intended purposes or interfering, in any material respect, with the ordinary conduct of business of the Credit Parties;

(g) Liens securing purchase money indebtedness (it being understood for the purposes of this Agreement that conditional sales contracts shall constitute purchase money indebtedness) permitted by Section 9.1(d);

(h) Liens existing on property or assets of any Credit Party as of the date of this Agreement and disclosed on Schedule 1.1D; provided that the Liens set forth on Schedule 1.1D shall not extend to or secure any Indebtedness other than any such Indebtedness outstanding on the date hereof;

(i) financing statements filed in connection with operating leases made in the ordinary course of business; and

(j) judgments and other similar Liens arising in connection with court proceedings to the extent such judgments do not constitute Events of Default; provided the execution or other enforcement of such Lien is effectively stayed and the claims secured thereby are being actively contested in good faith and by appropriate proceedings.

"Person" means any individual, partnership, joint venture, firm, corporation, limited liability company, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means any employee benefit plan (as defined in Section 3(3) of ERISA) which is covered by ERISA and with respect to which the U.S. Borrowers or any ERISA Affiliate is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" within the meaning of
Section 3(5) of ERISA.

"PPSA" means the Personal Property Security Act in effect from time to time in Ontario, Canada (or such other analogous statute in effect from time to time in any other province of Canada, as applicable).

"Regulation U or X" means Regulation U or X, respectively, of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the notice requirement has been waived by regulation.

"Required Lenders" means Lenders whose aggregate Credit Exposure (as hereinafter defined) constitute at least 51% of the aggregate Credit Exposure of all Lenders at such time; provided, however, that Required Lenders shall be comprised of at least two (2) Lenders and provided, further, that if any Lender shall be a Defaulting Lender at such time then there shall be excluded from the determination of Required Lenders at such time the aggregate principal amount of Credit Exposure of such Lender at such time. For purposes of the preceding sentence, the term "Credit Exposure" as applied to each Lender shall mean (a) at any time prior to the termination of the Commitments, the sum of (i) the U.S. Revolving Loan Commitment Percentage of such Lender multiplied times the U.S. Revolving Loan Commitments, plus (ii) the Canadian Revolving Loan Commitment Percentage of such Lender multiplied times the Canadian Revolving Loan Commitments, and (b) at any time after the termination of the Commitments, the sum of (i) the principal balance of outstanding Revolving Loans of such Lender, plus (ii) the Face Amount of all Bankers' Acceptances created by such Lender plus (iii) such Lender's Participation Interests in the face amount of outstanding Letters of Credit. In determining each Lender's Credit Exposure as set forth above, amounts denominated in Canadian Dollars shall be converted into U.S. Dollars based on an exchange rate determined by the Administrative Agent in accordance with its normal practices.

"Requirement of Law" means, as to any Person, the articles or certificate of incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or final, non-appealable determination of an arbitrator or a court or other Governmental Authority, in each case applicable to our binding upon such Person or to which any of its property is subject.

"Restricted Payment" means (i) any cash dividend or other cash distribution, direct or indirect, on account of any shares of any class of Capital Stock of any member of the

Consolidated Cott Group, now or hereafter outstanding, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of any member of the Consolidated Cott Group now or hereafter outstanding by such member of the Consolidated Cott Group, except for any redemption, retirement, sinking funds or similar payment payable solely in such shares of that class of stock or in any class of stock junior to that class, (iii) any cash payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any shares of any class of Capital Stock of any member of the Consolidated Cott Group now or hereafter outstanding or (iv) any payment to any Affiliate of any Credit Party except to the extent otherwise expressly permitted in this Credit Agreement.

"Revolving Credit Notes" means the promissory notes of the Borrowers in favor of each Lender evidencing the Revolving Loans and substantially in the form of Exhibit F, as such promissory notes may be amended, modified, supplemented or replaced from time to time.

"Revolving Loan Commitments" means the U.S. Revolving Loan Commitment and the Canadian Revolving Loan Commitment.

"Revolving Loans" means the loans made pursuant to Section 2.1 and 2.3, which may be U.S. Revolving Loans and/or Canadian Revolving Loans.

"Security Agreements" means the Canadian Security Agreement and the U.S. Security Agreement.

"Security Documents" means, collectively, the Security Agreements, any Acknowledgment Agreements and any Lockbox Agreement.

"Senior Financial Officers" means the Chief Executive Officer, Chief Financial Officer, Controller and Treasurer of the Company or any other Credit Party.

"Senior Management Members" means such term as defined in Section 6.30.

"Senior Officers" means each of the Senior Financial Officers and each Senior Management Member of the Credit Parties.

"Senior Notes" means each of (i) the Senior Unsecured Notes due July 1, 2005, issued by the Company in the aggregate principal amount of $160,000,000 and (ii) the Senior Unsecured Notes due May 1, 2007, issued by the Company in the aggregate principal amount of $125,000,000.

"Settlement Period" means such term as defined in Section 2.7(a) and (b).

"Shareholders' Equity" means, at any time, the consolidated shareowners' equity of the Consolidated Cott Group at such time as determined in accordance with U.S. GAAP; provided, however, that in determining Shareholders' Equity for any purpose hereunder, the deduction for the foreign currency translation adjustment shall be fixed at $25,200,000.

"Single Employer Plan" means any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan or a Multiple Employer Plan.

"Solvent" means, with respect to any Person as of a particular date, that on such date (a) such Person is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the normal course of business, (b) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's assets would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person is engaged or is to engage, (d) the fair value of the assets of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person and (e) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subordinated Affiliate Notes" means those certain subordinated promissory notes, bearing various dates, in each case executed by Cott Beverages USA in favor of the Irish Affiliate, in the aggregate outstanding principal amount of $207,018,794 as of June 30, 1999, issued pursuant to that certain Loan Agreement, dated as of August 19, 1997 between the Irish Affiliate and Cott Beverages USA, as such promissory notes may be amended, modified, supplemented, extended, renewed, refinanced or replaced from time to time.

"Subordinated Debt" means (i) the unsecured Indebtedness evidenced by the Subordinated Affiliate Notes which is expressly subordinated and made junior to the payment and performance in full of the Obligations pursuant to the Subordination Agreement and (ii) any other unsecured debt of the Company which is expressly subordinated and made junior to the payment and performance in full of the Obligations and contains terms and conditions reasonably satisfactory to the Required Lenders.

"Subordination Agreement" means the Subordination Agreement dated as of the Closing Date among Cott Beverages USA, the Irish Affiliate and the Agent, as amended, modified or supplemented from time to time.

"Subsidiary" of any Person means (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of the capital stock of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries of such Person, and (b) any partnership, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries of such Person has more than 50% of the equity interest at any time.

"Total Borrowing Base" means a U.S. dollar amount equal to the sum of the U.S. Borrowing Base and the Canadian Borrowing Base.

"UCC" means such term as defined in Section 1.3.

"Unfinanced Capital Expenditures" means, for any period, all Capital Expenditures not financed from proceeds of Funded Debt (other than Loans made under this Agreement).

"U.S. Base Rate" means the higher of (a) the Federal Funds Rate plus 0.5% or (b) the U.S. Prime Rate; provided, however, that if in the reasonable judgment of the Administrative Agent the Federal Funds Rate cannot be determined then the U.S. Prime Rate.

"U.S. Base Rate Loans" means any Loans accruing interest based on the U.S. Base Rate.

"U.S. Borrowers" means Cott USA, Cott Beverages USA and BCB and such other Persons organized under the laws of, and resident in, the United States that become parties hereto pursuant to a Joinder Agreement in accordance with Section 7.11.

"U.S. Borrowing Base" means a U.S. dollar amount equal to the lesser of (i) the sum of (a) 80% of the net book Accounts of the U.S. Credit Parties, plus (b) 50% of the net book Inventory of the U.S. Credit Parties and (ii) the sum of (a) an amount equal to 85% of Eligible Accounts Receivable of the U.S. Credit Parties, plus (b) an amount equal to the sum of (1) an amount equal to 50% of Eligible Inventory of the U.S. Credit Parties consisting of raw materials (other than packaging raw materials), plus (2) an amount equal to 70% of Eligible Inventory of the U.S. Credit Parties consisting of finished goods (up to a 120-day supply thereof), minus (iii) reserves established by the Administrative Agent from time to time in its reasonable discretion. Notwithstanding the foregoing, the amount of Eligible Inventory based on the calculations set forth in clause (ii)(B) above shall not exceed 50% of the aggregate U.S. Borrowing Base.

"U.S. Collateral" means any and all assets and rights and interests in or to property of the U.S. Credit Parties pledged from time to time as security for the Obligations pursuant to the Security Documents whether now owned or hereafter acquired, including, without limitation, all of the Accounts and Inventory of the U.S. Credit Parties, any Chattel Paper, Documents or Instruments evidencing or relating to such Accounts or Inventory, Deposit Accounts and all Proceeds thereof, as defined in the U.S. Security Agreement.

"U.S. Credit Parties" means the U.S. Borrowers and all of their U.S. Subsidiaries whether direct or indirect and whether now owned or hereafter acquired.

"U.S. Dollar Equivalent" means such term as defined in Section 1.4.

"U.S. GAAP" means generally accepted accounting principles in the United States applied on a consistent basis and subject to the terms of Section 1.2.

"U.S. Lenders" means the Lenders identified as such on Schedule 1.1A and such other Lenders as may be added in accordance with the terms of this Agreement.

"U.S. Letter of Credit" means a Letter of Credit issued under the U.S. LOC Subfacility, as referenced in Section 2.2(a).

"U.S. Lockbox" means such term as defined in Section 3.1.

"U.S. Lockbox Account" means such term as defined in Section 3.1.

"U.S. Lockbox Bank" means such term as defined in Section 3.1.

"U.S. LOC Obligations" means LOC Obligations relating to U.S. Letters of Credit.

"U.S. LOC Subfacility" means the Letter of Credit subfacility established pursuant to Section 2.2.

"U.S. Obligations" means the Obligations of the U.S. Borrowers.

"U.S. Prime Rate" means the per annum rate of interest established from time to time by the Administrative Agent at its principal office in Charlotte, North Carolina (or such other principal office of the Administrative Agent as communicated in writing to the Borrowers and the Lenders) as its Prime Rate. Any change in the interest rate resulting from a change in the U.S. Prime Rate shall become effective as of 12:01 a.m. of the Business Day on which each change in the U.S. Prime Rate is announced by the Administrative Agent. The U.S. Prime Rate is a reference rate used by the Administrative Agent in determining interest rates on certain loans and is not intended to be the lowest rate of interest charged on any extension of credit to any debtor.

"U.S. Revolving Loan Commitment" means $30,000,000 (U.S.), as such amount may be reduced in accordance with Section 2.10, plus, to the extent that the Canadian Revolving Loan Commitment in effect at the time a U.S. Revolving Loan is requested hereunder exceeds the outstanding Canadian Revolving Loans and LOC Obligations, an amount equal to such excess.

"U.S. Revolving Loan Commitment Percentage" means, for each U.S. Lender, the percentage identified as its U.S. Revolving Loan Commitment Percentage opposite such U.S. Lender's name on Schedule 1.1A, as such percentage may be modified by assignment in accordance with the terms of this Agreement.

"U.S. Revolving Loans" means the revolving loans made by the U.S. Lenders to the U.S. Borrowers pursuant to Section 2.1.

"U.S. Security Agreement" means the Security Agreement, of even date herewith, between the Administrative Agent and the U.S. Credit Parties, in the form attached hereto as Exhibit H-1.

"U.S. Unutilized Revolving Commitment" means, for any period, the amount by which (a) the then applicable U.S. Revolving Loan Commitment exceeds (b) the daily average sum for such period of the outstanding aggregate principal amount of all U.S. Revolving Loans plus the daily average balance of U.S. LOC Obligations for such period.

"Voting Stock" means, with respect to any Person, Capital Stock issued by such Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

1.2 ACCOUNTING TERMS.

Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders hereunder shall be prepared in accordance with U.S. GAAP applied on a consistent basis. All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of U.S. GAAP applied on a basis consistent with those used in the preparation of the latest annual or quarterly financial statements under Section
7.1 (or prior to the delivery of the first financial statements under Section 7.1 used in the preparation of the financial statements described in Section 6.6). In determining "pro forma" compliance with the financial covenants herein, as required pursuant to any provision hereof, any Indebtedness incurred or asset sale made or Acquisition completed shall be deemed to have been incurred, made or completed, as the case may be, on the first day of the four fiscal quarters most recently ended prior to such occurrence.

The Borrowers shall deliver to the Lenders at the same time as the delivery of any annual or quarterly financial statement under Section 7.1, (a) a description in reasonable detail of any material variation between the application of accounting principles employed in the preparation of such statement and the application of accounting principles employed in the preparation of the most recent preceding annual or quarterly financial statements as to which no objection has been made in accordance with the paragraph above and (b) reasonable estimates of the difference between such statements arising as a consequence thereof.

1.3 OTHER DEFINITIONAL PROVISIONS.

Terms not otherwise defined herein which are defined in the Uniform Commercial Code as in effect in the State of North Carolina (the "UCC") shall have the meanings given them in the UCC. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Credit Agreement shall refer to the Credit Agreement as a whole and not to any particular provision of this Credit Agreement, unless otherwise specifically provided. References in this Agreement to "Articles", "Sections", "Schedules" or "Exhibits" shall be to Articles, Sections, Schedules or Exhibits of or to this Agreement unless otherwise specifically provided. Any of the terms defined in Section 1.1 may, unless the context otherwise requires, be used in the singular or plural depending on the reference. "Include", "includes" and "including" shall be deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import. "Writing", "written" and comparable terms refer to printing, typing, computer

disk, e-mail and other means of reproducing words in a visible form. References to any agreement or contract are to such agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of such Person. References "from" or "through" any date mean, unless otherwise specified, "from and including" or "through and including", respectively. References to any times herein unless otherwise specified herein shall refer to Eastern Standard or Daylight time, as from time to time in effect.

1.4 DOLLAR EQUIVALENT PROVISIONS.

For the purpose of any provision of this Credit Agreement in which any limitation, requirement, condition, event or circumstance is expressed by reference to an amount in U.S. dollars: (a) any amount outstanding in Canadian Dollars shall be converted to an amount in U.S. dollars (the "U.S. Dollar Equivalent") based on an exchange rate as of the relevant date(s) determined by the Canadian Agent in accordance with normal practices ; and (b) such U.S. dollar amount shall be converted to an amount in Canadian Dollars (the "Canadian Dollar Equivalent) based on an exchange rate as of the relevant date(s) determined by the Canadian Agent in accordance with normal practices. The Canadian Agent shall use the applicable noon or closing exchange rate of the Bank of Canada as the basis for any such determinations.

ARTICLE II

THE REVOLVING LOANS

2.1 THE U.S. REVOLVING LOANS.

(a) U.S. Revolving Loan Commitment. Subject to the terms and conditions set forth herein, each U.S. Lender agrees, severally and not jointly, at any time and from time to time from the Effective Date to the Maturity Date, to make revolving loans (each a "U.S. Revolving Loan" and collectively, the "U.S. Revolving Loans") in U.S. dollars to the U.S. Borrowers; provided, however, that (i) the aggregate amount of U.S. Revolving Loans outstanding plus U.S. LOC Obligations outstanding at any one time may not exceed the lesser of the U.S. Borrowing Base and the U.S. Revolving Loan Commitment; (ii) the aggregate amount of U.S. Revolving Loans outstanding plus Canadian Revolving Loans outstanding plus LOC Obligations outstanding plus the aggregate Face Amount of Bankers' Acceptances at any one time may not exceed the lesser of the Total Borrowing Base and $40,000,000 (U.S.); and (iii) with regard to each individual U.S. Lender, the U.S. Lender's pro rata share of outstanding U.S. Revolving Loans plus U.S. LOC Obligations outstanding shall not exceed such U.S. Lender's U.S. Revolving Loan Commitment Percentage of the U.S. Revolving Loan Commitment. U.S. Revolving Loans shall consist of U.S. Base Rate Loans or Eurodollar Loans (or a combination thereof) as the U.S. Borrowers may request, and the U.S. Borrowers may borrow, repay and reborrow in accordance with the terms hereof.

(b) Method of Borrowing for U.S. Revolving Loans.

(i) U.S. Base Rate Loans. By no later than 11:00 a.m., on the date of the request, the applicable U.S. Borrower shall submit a Notice of Borrowing to the Administrative Agent setting forth the amount requested, the desire to have such Revolving Loan made as a U.S. Base Rate Loan and complying in all respects with Section 5.2; provided, however, that certain U.S. Base Rate Loans may be made without a Notice of Borrowing in accordance with Section 2.7(a).

(ii) Eurodollar Loans. By no later than 11:00 a.m., three (3) Business Days prior to the date of the requested Eurodollar Loan, the applicable U.S. Borrower shall submit a Notice of Borrowing to the Administrative Agent setting forth the amount thereof, the desire to have such Revolving Loan made as a Eurodollar Loan, the Interest Period applicable thereto and complying in all respects with Section 5.2.

2.2 U.S. LETTER OF CREDIT SUBFACILITY.

(a) Issuance. Subject to the terms and conditions hereof and of the LOC Documents, if any, and any other terms and conditions which the Issuing Lender may reasonably require (so long as such terms and conditions do not impose any financial obligation on or require any Lien not otherwise contemplated by this Agreement to be given by any Credit Party or conflict with any obligation of, or detract from any action which may be taken by, any Credit Party under this Agreement), the Issuing Lender shall from time to time upon request issue, in U.S. dollars, and the U.S. Lenders shall participate in, letters of credit (the "U.S. Letters of Credit") for the account of the U.S. Borrowers or any of their U.S. Subsidiaries, from the Effective Date until the Maturity Date, in a form reasonably acceptable to the Issuing Lender; provided, however, that (i) the aggregate amount of U.S. LOC Obligations shall not at any time exceed $3,000,000 (U.S.), (ii) the sum of the aggregate amount of U.S. LOC Obligations outstanding plus U.S. Revolving Loans shall not exceed the lesser of the U.S. Borrowing Base and the U.S. Revolving Loan Commitment, (iii) with respect to each individual U.S. Lender, the U.S. Lender's pro rata share of outstanding U.S. Revolving Loans plus its pro rata share of outstanding U.S. LOC Obligations shall not exceed such U.S. Lender's Revolving Loan Commitment Percentage of the U.S. Revolving Loan Commitment and (iv) the sum of U.S. Revolving Loans outstanding plus Canadian Revolving Loans outstanding plus LOC Obligations outstanding plus the aggregate Face Amount of Bankers' Acceptances at any one time shall not exceed the lesser of the Total Borrowing Base and $40,000,000 (U.S.). The issuance and expiry date of each U.S. Letter of Credit shall be a Business Day. Except as otherwise expressly agreed upon by all the U.S. Lenders, no U.S. Letter of Credit shall have an original expiry date more than one year from the date of issuance, or as extended, shall have an expiry date extending beyond the Maturity Date, except that prior to the Maturity Date a U.S. Letter of Credit may be issued or extended with an expiry date extending beyond the Maturity Date, if and to the extent that the U.S. Borrowers shall provide cash collateral to the Issuing Lender on the Maturity Date in an amount equal to the maximum amount available to be drawn under such U.S. Letter of Credit and the Required Lenders or the Issuing Lender shall not otherwise object. Each U.S. Letter of Credit shall be either (x) a standby letter of

credit issued to support the obligations (including pension or insurance obligations), contingent or otherwise, of a U.S. Borrower or any of its U.S. Subsidiaries, or (y) a commercial letter of credit in respect of the purchase of goods or services by a U.S. Borrower or any of its U.S. Subsidiaries in the ordinary course of business. Each U.S. Letter of Credit shall comply with the related LOC Documents.

(b) Notice and Reports. The request for the issuance of a U.S. Letter of Credit shall be submitted to the Issuing Lender at least three (3) Business Days prior to the requested date of issuance. The Issuing Lender will, at least quarterly and more frequently upon request, provide to the Administrative Agent for dissemination to the Lenders a detailed report specifying the U.S. Letters of Credit which are then issued and outstanding and any activity with respect thereto which may have occurred since the date of the prior report, and including therein, among other things, the account party, the beneficiary, the face amount, and the expiry date as well as any payments or expirations which may have occurred. The Issuing Lender will further provide to the Administrative Agent, promptly upon request, copies of the U.S. Letters of Credit.

(c) Participations. Each U.S. Lender, upon issuance of a U.S. Letter of Credit, shall be deemed to have purchased without recourse a risk participation from the Issuing Lender in such U.S. Letter of Credit and the obligations arising thereunder and any collateral relating thereto, in each case in an amount equal to its U.S. Revolving Loan Commitment Percentage of the obligations under such U.S. Letter of Credit, and shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to the Issuing Lender therefor and discharge when due, its U.S. Revolving Loan Commitment Percentage of the obligations arising under such U.S. Letter of Credit. Without limiting the scope and nature of each U.S. Lender's participation in any U.S. Letter of Credit, to the extent that the Issuing Lender has not been reimbursed as required hereunder or under any such U.S. Letter of Credit, each such U.S. Lender shall pay to the Issuing Lender its U.S. Revolving Loan Commitment Percentage of such unreimbursed drawing in same day funds on the day of notification by the Issuing Lender of an unreimbursed drawing pursuant to the provisions of subsection (d) hereof. The obligation of each U.S. Lender to so reimburse the Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the U.S. Borrowers or any other U.S. Credit Party to reimburse the Issuing Lender under any U.S. Letter of Credit, together with interest as hereinafter provided.

(d) Reimbursement. In the event of any drawing under any U.S. Letter of Credit, the Issuing Lender will promptly notify the U.S. Borrowers. Unless the U.S. Borrowers shall immediately notify the Issuing Lender of its intent to otherwise reimburse the Issuing Lender, the U.S. Borrowers shall be deemed to have requested a U.S. Revolving Loan made as a U.S. Base Rate Loan, in the amount of the drawing as provided in subsection (e) hereof, the proceeds of which will be used to satisfy the reimbursement obligations. The U.S. Borrowers shall reimburse the Issuing Lender on the day of drawing under any U.S. Letter of Credit either with the proceeds of a U.S. Revolving Loan obtained

hereunderor otherwise in same day funds as provided herein or in the LOC Documents. If the U.S. Borrowers shall fail to reimburse the Issuing Lender as provided hereinabove, the unreimbursed amount of such drawing shall bear interest at a per annum rate equal to the U.S. Base Rate, plus the sum of the Applicable Percentage for Base Rate Loans and two percent (2%). Subject to Section 2.2(k)(v), the U.S. Borrowers' reimbursement obligations hereunder shall be absolute and unconditional under all circumstances irrespective of (but without waiver of) any rights of set-off, counterclaim or defense to payment that the applicable account party or the U.S. Borrowers may claim or have against the Issuing Lender, the Administrative Agent, the U.S. Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including without limitation, any defense based on any failure of the applicable account party, the U.S. Borrowers or any other U.S. Credit Party to receive consideration or the legality, validity, regularity or unenforceability of the Letter of Credit. The Issuing Lender will promptly notify the U.S. Lenders of the amount of any unreimbursed drawing and each U.S. Lender shall promptly pay to the Administrative Agent for the account of the Issuing Lender, in Dollars and in immediately available funds, the amount of such U.S. Lender's Revolving Loan Commitment Percentage of such unreimbursed drawing. Such payment shall be made on the day such notice is received by such U.S. Lender from the Issuing Lender if such notice is received at or before 2:00 p.m., otherwise such payment shall be made at or before 12:00 Noon on the Business Day next succeeding the day such notice is received. If such U.S. Lender does not pay such amount to the Issuing Lender in full upon such request, such U.S. Lender shall, on demand, pay to the Administrative Agent for the account of the Issuing Lender interest on the unpaid amount during the period from the date the U.S. Lender received the notice regarding the unreimbursed drawing until such U.S. Lender pays such amount to the Issuing Lender in full at a rate per annum equal to, if paid within two (2) Business Days of the date of drawing, the Federal Funds Rate and thereafter at a rate equal to the U.S. Base Rate. Each U.S. Lender's obligation to make such payment to the Issuing Lender, and the right of the Issuing Lender to receive the same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and without regard to the termination of this Agreement or the Commitments hereunder, the existence of a Default or Event of Default or the acceleration of the obligations hereunder and shall be made without any offset, abatement, withholding or reduction whatsoever. Simultaneously with the making of each such payment by a U.S. Lender to the Issuing Lender, such U.S. Lender shall, automatically and without any further action on the part of the Issuing Lender or such U.S. Lender, acquire a participation in an amount equal to such payment (excluding the portion of such payment constituting interest owing to the Issuing Lender) in the related unreimbursed drawing portion of the LOC Obligation and in the interest thereon and in the related LOC Documents, and shall have a claim against the U.S. Borrowers and the other applicable U.S. Credit Parties with respect thereto.

(e) Repayment with Revolving Loans. On any day on which the U.S. Borrowers shall have requested, or been deemed to have requested, a U.S. Revolving Loan borrowing to reimburse a drawing under a U.S. Letter of Credit, the Administrative Agent shall give notice to the U.S. Lenders that a U.S. Revolving Loan has been requested or deemed requested in connection with a drawing under a U.S. Letter of Credit, in which case a U.S. Revolving Loan borrowing comprised solely of U.S. Base Rate Loans (each such

borrowing, a "Mandatory Borrowing") shall be immediately made from all U.S. Lenders (without giving effect to any termination of the Commitments pursuant to
Section 9.2) pro rata based on each U.S. Lender's respective U.S. Revolving Loan Commitment Percentage and the proceeds thereof shall be paid directly to the Issuing Lender for application to the respective LOC Obligations. Each such U.S. Lender hereby irrevocably agrees to make such U.S. Revolving Loans immediately upon any such request or deemed request on account of each such Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the same such date notwithstanding (i) the amount of Mandatory Borrowing may not comply with the minimum amount for borrowings of U.S. Revolving Loans otherwise required hereunder, (ii) whether any conditions specified in Section 5.2 are then satisfied, (iii) whether a Default or Event of Default then exists,
(iv) the failure of any such request or deemed request for U.S. Revolving Loans to be made by the time otherwise required hereunder, (v) the date of such Mandatory Borrowing, or (vi) any reduction in the U.S. Revolving Loan Commitment or any termination of the Commitments. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the U.S. Bankruptcy Code with respect to the U.S. Borrowers or any other U.S. Credit Party), then each such U.S. Lender hereby agrees that it shall forthwith fund (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the U.S. Borrowers on or after such date and prior to such purchase) its Participation Interest in the outstanding U.S. LOC Obligations; provided, further, that in the event any U.S. Lender shall fail to fund its Participation Interest on the day the Mandatory Borrowing would otherwise have occurred, then the amount of such U.S. Lender's unfunded Participation Interest therein shall bear interest payable to the Issuing Lender upon demand, at the rate equal to, if paid within two (2) Business Days of such date, the Federal Funds Rate, and thereafter at a rate equal to the U.S. Base Rate.

(f) Designation of Subsidiaries as Account Parties. Notwithstanding anything to the contrary set forth in this Agreement, a U.S. Letter of Credit issued hereunder may contain a statement to the effect that such U.S. Letter of Credit is issued for the account of a U.S. Subsidiary of a U.S. Borrower; provided that notwithstanding such statement, such U.S. Borrower shall be the actual account party for all purposes of this Agreement for such Letter of Credit and such statement shall not affect the U.S. Borrowers' reimbursement obligations hereunder with respect to such Letter of Credit.

(g) Modification and Extension. The issuance of any supplement, modification, amendment, renewal, or extensions to any U.S. Letter of Credit shall, for purposes hereof, be treated in all respects the same as the issuance of a new U.S. Letter of Credit hereunder.

(h) Uniform Customs and Practices. The U.S. Letters of Credit shall be subject to The Uniform Customs and Practice for Documentary Credits, as published as of the date of issue by the International Chamber of Commerce (Publication No. 500 or the most recent publication, the "UCP").

(i) Responsibility of Issuing Lender. It is expressly understood and agreed that the obligations of the Issuing Lender hereunder to the U.S. Lenders are only those expressly

set forth in this Agreement and that the Issuing Lender shall be entitled to assume that the conditions precedent set forth in Section 5.2 have been satisfied unless it shall have acquired actual knowledge that any such condition precedent has not been satisfied; provided, however, that nothing set forth in this Section 2.2 shall be deemed to prejudice the right of any U.S. Lender to recover from the Issuing Lender any amounts made available by such U.S. Lender to the Issuing Lender pursuant to this Section 2.2 in the event that it is determined by a court of competent jurisdiction that the payment with respect to a U.S. Letter of Credit constituted gross negligence or willful misconduct on the part of the Issuing Lender.

(j) Conflict with LOC Documents. In the event of any conflict between this Agreement and any LOC Document, this Agreement shall govern.

(k) Indemnification of Issuing Lender.

(i) In addition to its other obligations under this Agreement, the U.S. Borrowers hereby agree to protect, indemnify, pay and save the Issuing Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) that the Issuing Lender may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any U.S. Letter of Credit or (B) the failure of the Issuing Lender to honor a drawing under a U.S. Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts or omissions, herein called "Government Acts").

(ii) As between the U.S. Borrowers and the Issuing Lender, the U.S. Borrowers shall assume all risks of the acts, omissions or misuse of any U.S. Letter of Credit by the beneficiary thereof. The Issuing Lender shall not be responsible for: (A) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any U.S. Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any U.S. Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (C) failure of the beneficiary of a U.S. Letter of Credit to comply fully with conditions required in order to draw upon a U.S. Letter of Credit; (D) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (E) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under a U.S. Letter of Credit or of the proceeds thereof; and (F) any consequences arising from causes beyond the control of the Issuing Lender, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of the Issuing Lender's rights or powers hereunder.

(iii) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Issuing Lender, under or in connection with any U.S. Letter of Credit or the related certificates, if taken or omitted in good faith, shall not put the Issuing Lender under any resulting liability to the U.S. Borrowers or any U.S. Credit Party. It is the intention of the parties that this Agreement shall be construed and applied to protect and indemnify the Issuing Lender against any and all risks involved in the issuance of the U.S. Letters of Credit, all of which risks are hereby assumed by the U.S. Borrowers, including, without limitation, any and all risks of the acts or omissions, whether rightful or wrongful, of any present or future Government Acts. The Issuing Lender shall not, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any U.S. Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Issuing Lender.

(iv) Nothing in this subsection (k) is intended to limit the reimbursement obligation of the U.S. Borrowers contained in this Section 2.2. The obligations of the U.S. Borrowers under this subsection (k) shall survive the termination of this Agreement. No act or omission of any current or prior beneficiary of a U.S. Letter of Credit shall in any way affect or impair the rights of the Issuing Lender to enforce any right, power or benefit under this Agreement.

(v) Notwithstanding anything to the contrary contained in this subsection (k), the U.S. Borrowers shall have no obligation to indemnify the Issuing Lender in respect of any liability incurred by the Issuing Lender arising out of the gross negligence or willful misconduct of the Issuing Lender, as determined by a court of competent jurisdiction. Nothing in this Agreement shall relieve the Issuing Lender of any liability to the U.S. Borrowers in respect of any action taken by the Issuing Lender which action constitutes gross negligence or willful misconduct of the Issuing Lender or a violation of the UCP or Uniform Commercial Code (as applicable), as determined by a court of competent jurisdiction.

2.3 THE CANADIAN REVOLVING LOANS.

(a) Canadian Revolving Loan Commitment. Subject to the terms and conditions set forth herein, each Canadian Lender agrees, severally and not jointly, at any time and from time to time from the Effective Date to the Maturity Date, to make revolving loans (each a "Canadian Revolving Loan" and collectively, the "Canadian Revolving Loans") to the Canadian Borrowers in Canadian Dollars or U.S. Dollars, as requested by the Canadian Borrowers; provided, however, that (i) the aggregate amount of Canadian Revolving Loans outstanding plus Canadian LOC Obligations outstanding plus the aggregate Face Amount of Bankers' Acceptances at any one time may not exceed the lesser of the Canadian Borrowing Base and the Canadian Revolving Loan Commitment; (ii) the aggregate amount of U.S. Revolving Loans outstanding plus Canadian Revolving Loans outstanding plus LOC Obligations outstanding plus the aggregate Face Amount of Bankers' Acceptances at any one time may not exceed the lesser of the Total Borrowing Base and $40,000,000 (U.S.); and (iii) with regard to each individual Canadian Lender, the Canadian

Lender's pro rata share of Canadian Revolving Loans outstanding plus Canadian LOC Obligations outstanding plus such Canadian Lender's pro rata share of the aggregate Face Amount of Bankers' Acceptances at any one time shall not exceed such Canadian Lender's Canadian Revolving Loan Commitment Percentage of the Canadian Revolving Loan Commitment. Canadian Revolving Loans shall consist of Canadian Base Rate Loans, Eurodollar Loans or the creation of Bankers' Acceptances (or a combination thereof) as the Canadian Borrowers may request and the Canadian Borrowers may borrow, repay and reborrow in accordance with the terms hereof. All Canadian Revolving Loans advanced on the Effective Date shall be Canadian Base Rate Loans and may thereafter be converted to Eurodollar Loans in accordance with Section 4.1.

(b) Method of Borrowing for Canadian Revolving Loans.

(i) Canadian Base Rate Loans. By no later than 11:00 a.m., Toronto, Ontario time, on the date of the request, the applicable Canadian Borrower shall submit a Notice of Borrowing to the Canadian Agent setting forth the amount requested, the desire to have such Revolving Loan made as a CA U.S. Base Rate Loan or a Canadian Prime Rate Loan and complying in all respects with Section 5.2; provided, however, that certain Canadian Base Rate Loans may be made without a Notice of Borrowing in accordance with Section 2.7(b). All or any portion of such CA U.S. Base Rate Loans may be converted into Eurodollar Loans and all or any portion of such Canadian Prime Rate Loans may be converted into Bankers' Acceptances, in each case, in accordance with the terms of Section 4.1.

(ii) Eurodollar Loans. By no later than 11:00 a.m., Toronto, Ontario time, three (3) Business Days prior to the date of the requested Canadian Revolving Loan, the applicable Canadian Borrower shall submit a Notice of Borrowing to the Canadian Agent setting forth the amount thereof, the desire to have such Revolving Loan made as a Eurodollar Loan, the Interest Period applicable thereto, and complying in all respects with Section 5.2.

(iii) Bankers' Acceptances. In addition to Canadian Base Rate Loans and Eurodollar Loans, the Canadian Revolving Loan Commitment may be utilized by the creation of Bankers' Acceptances pursuant to
Section 2.5 hereof.

2.4 CANADIAN LETTER OF CREDIT SUBFACILITY.

(a) Issuance. Subject to the terms and conditions hereof and of the LOC Documents, if any, and any other terms and conditions which the Issuing Lender may reasonably require (so long as such terms and conditions do not impose any financial obligation on or require any Lien not otherwise contemplated by this Agreement to be given by any Credit Party or conflict with any obligation of, or detract from any action which may be taken by, any Credit Party under this Agreement), the Issuing Lender shall from time to time upon request issue, in U.S. Dollars or Canadian Dollars, and the Canadian Lenders shall participate in, letters of credit (the "Canadian Letters of Credit") for the account of the Canadian Borrowers or any of their Canadian Subsidiaries, from the Effective Date until the

Maturity Date, in a form reasonably acceptable to the Issuing Lender; provided, however, that (i) the aggregate amount of Canadian LOC Obligations shall not at any time exceed $3,000,000 (U.S.), (ii) the sum of the aggregate amount of Canadian Revolving Loans outstanding plus Canadian LOC Obligations outstanding plus the aggregate Face Amount of Bankers' Acceptances at any one time shall not exceed the lesser of the Canadian Borrowing Base and the Canadian Revolving Loan Commitment, (iii) with respect to each individual Canadian Lender, the Canadian Lender's pro rata share of outstanding Canadian Revolving Loans plus its pro rata share of outstanding Canadian LOC Obligations plus its pro rata share of the Face Amount of Bankers' Acceptances outstanding shall not exceed such Canadian Lender's Revolving Loan Commitment Percentage of the Canadian Revolving Loan Commitment and (iv) the sum of U.S. Revolving Loans outstanding plus Canadian Revolving Loans outstanding plus LOC Obligations outstanding plus the aggregate Face Amount of Bankers' Acceptances at any one time shall not exceed the lesser of the Total Borrowing Base and $40,000,000 (U.S.). The issuance and expiry date of each Canadian Letter of Credit shall be a Business Day. Except as otherwise expressly agreed upon by all the Canadian Lenders, no Canadian Letter of Credit shall have an original expiry date more than one year from the date of issuance, or as extended, shall have an expiry date extending beyond the Maturity Date, except that prior to the Maturity Date a Canadian Letter of Credit may be issued or extended with an expiry date extending beyond the Maturity Date, if and to the extent that the Canadian Borrowers shall provide cash collateral to the Issuing Lender on the Maturity Date in an amount equal to the maximum amount available to be drawn under such Canadian Letter of Credit and the Required Lenders or the Issuing Lender shall not otherwise object. Each Canadian Letter of Credit shall be either (x) a standby letter of credit issued to support the obligations (including pension or insurance obligations), contingent or otherwise, of the Canadian Borrowers or any of their Canadian Subsidiaries, or (y) a commercial letter of credit in respect of the purchase of goods or services by the Canadian Borrowers or any of their Canadian Subsidiaries in the ordinary course of business. Each Canadian Letter of Credit shall comply with the related LOC Documents.

(b) Notice and Reports. The request for the issuance of a Canadian Letter of Credit shall be submitted to the Issuing Lender at least three (3) Business Days prior to the requested date of issuance. The Issuing Lender will, at least quarterly and more frequently upon request, provide to the Administrative Agent for dissemination to the Lenders a detailed report specifying the Canadian Letters of Credit which are then issued and outstanding and any activity with respect thereto which may have occurred since the date of the prior report, and including therein, among other things, the account party, the beneficiary, the face amount, and the expiry date as well as any payments or expirations which may have occurred. The Issuing Lender will further provide to the Administrative Agent, promptly upon request, copies of the Canadian Letters of Credit.

(c) Participations. Each Canadian Lender, upon issuance of a Canadian Letter of Credit, shall be deemed to have purchased without recourse a risk participation from the Issuing Lender in such Canadian Letter of Credit and the obligations arising thereunder and any collateral relating thereto, in each case in an amount equal to its Canadian Revolving Loan Commitment Percentage of the obligations under such Canadian Letter of Credit, and

shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to the Issuing Lender therefor and discharge when due, its Canadian Revolving Loan Commitment Percentage of the obligations arising under such Canadian Letter of Credit. Without limiting the scope and nature of each Canadian Lender's participation in any Canadian Letter of Credit, to the extent that the Issuing Lender has not been reimbursed as required hereunder or under any such Canadian Letter of Credit, each such Canadian Lender shall pay to the Issuing Lender its Canadian Revolving Loan Commitment Percentage of such unreimbursed drawing in same day funds on the day of notification by the Issuing Lender of an unreimbursed drawing pursuant to the provisions of subsection (d) hereof. The obligation of each Canadian Lender to so reimburse the Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the Canadian Borrowers or any other Canadian Credit Party to reimburse the Issuing Lender under any Canadian Letter of Credit, together with interest as hereinafter provided.

(d) Reimbursement. In the event of any drawing under any Canadian Letter of Credit, the Issuing Lender will promptly notify the Canadian Borrowers. Unless the Canadian Borrowers shall immediately notify the Issuing Lender of their intent to otherwise reimburse the Issuing Lender, the Canadian Borrowers shall be deemed to have requested a Canadian Revolving Loan made as a Canadian Base Rate Loan at the Canadian Prime Rate or the CA U.S. Prime Rate, as appropriate, in the amount of the drawing as provided in subsection (e) hereof, the proceeds of which will be used to satisfy the reimbursement obligations. The Canadian Borrowers shall reimburse the Issuing Lender on the day of drawing under any Canadian Letter of Credit either with the proceeds of a Canadian Revolving Loan obtained hereunder or otherwise in same day funds as provided herein or in the LOC Documents. If the Canadian Borrowers shall fail to reimburse the Issuing Lender as provided hereinabove, the unreimbursed amount of such drawing shall bear interest at a per annum rate equal to the Canadian Prime Rate or the CA U.S. Prime Rate, as appropriate, plus the sum of the Applicable Percentage for Base Rate Loans and two percent (2%). Subject to Section 2.4(k)(v), the Canadian Borrowers' reimbursement obligations hereunder shall be absolute and unconditional under all circumstances irrespective of (but without waiver of) any rights of set-off, counterclaim or defense to payment the applicable account party or the Canadian Borrowers may claim or have against the Issuing Lender, the Administrative Agent, the Canadian Agent, the Canadian Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including without limitation, any defense based on any failure of the applicable account party, the Canadian Borrowers or any other Canadian Credit Party to receive consideration or the legality, validity, regularity or unenforceability of the Letter of Credit. The Issuing Lender will promptly notify the Canadian Lenders of the amount of any unreimbursed drawing and each Canadian Lender shall promptly pay to the Canadian Agent for the account of the Issuing Lender, in immediately available funds, the amount of such Canadian Lender's Revolving Loan Commitment Percentage of such unreimbursed drawing. Such payment shall be made on the day such notice is received by such Canadian Lender from the Issuing Lender if such notice is received at or before 2:00 p.m., otherwise such payment shall be made at or before 12:00 Noon on the Business Day next succeeding the day such notice is received. If such

Canadian Lender does not pay such amount to the Issuing Lender in full upon such request, such Canadian Lender shall, on demand, pay to the Canadian Agent for the account of the Issuing Lender interest on the unpaid amount during the period from the date the Canadian Lender received the notice regarding the unreimbursed drawing until such Canadian Lender pays such amount to the Issuing Lender in full at a rate per annum equal to, if paid within two (2) Business Days of the date of drawing, the Federal Funds Rate and thereafter at a rate equal to the Canadian Prime Rate for Loans made in Canadian Dollars or the CA U.S. Prime Rate for Loans made in U.S. Dollars, as appropriate. Each Canadian Lender's obligation to make such payment to the Issuing Lender, and the right of the Issuing Lender to receive the same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and without regard to the termination of this Agreement or the Commitments hereunder, the existence of a Default or Event of Default or the acceleration of the obligations hereunder and shall be made without any offset, abatement, withholding or reduction whatsoever. Simultaneously with the making of each such payment by a Canadian Lender to the Issuing Lender, such Canadian Lender shall, automatically and without any further action on the part of the Issuing Lender or such Canadian Lender, acquire a participation in an amount equal to such payment (excluding the portion of such payment constituting interest owing to the Issuing Lender) in the related unreimbursed drawing portion of the Canadian LOC Obligation and in the interest thereon and in the related LOC Documents, and shall have a claim against the Canadian Borrowers and the other Canadian Credit Parties with respect thereto.

(e) Repayment with Revolving Loans. On any day on which the Canadian Borrowers shall have requested, or been deemed to have requested, a Canadian Revolving Loan borrowing to reimburse a drawing under a Canadian Letter of Credit, the Canadian Agent shall give notice to the Canadian Lenders that a Canadian Revolving Loan has been requested or deemed requested in connection with a drawing under a Canadian Letter of Credit, in which case a Canadian Revolving Loan borrowing comprised solely of Canadian Base Rate Loans (each such borrowing, a "Mandatory Borrowing") shall be immediately made from all Canadian Lenders (without giving effect to any termination of the Commitments pursuant to
Section 9.2) pro rata based on each Canadian Lender's respective Canadian Revolving Loan Commitment Percentage and the proceeds thereof shall be paid directly to the Issuing Lender for application to the respective Canadian LOC Obligations. Each such Canadian Lender hereby irrevocably agrees to make such Canadian Revolving Loans immediately upon any such request or deemed request on account of each such Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the same such date notwithstanding
(i) the amount of Mandatory Borrowing may not comply with the minimum amount for borrowings of Canadian Revolving Loans otherwise required hereunder, (ii) whether any conditions specified in Section 5.2 are then satisfied, (iii) whether a Default or Event of Default then exists, (iv) the failure of any such request or deemed request for Canadian Revolving Loans to be made by the time otherwise required hereunder, (v) the date of such Mandatory Borrowing, or (vi) any reduction in the Canadian Revolving Loan Commitment or any termination of the Commitments. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the U.S. Bankruptcy Code (or applicable Canadian bankruptcy law) with respect to

the Canadian Borrowers or any other Canadian Credit Party), then each such Canadian Lender hereby agrees that it shall forthwith fund (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Canadian Borrowers on or after such date and prior to such purchase) its Participation Interest in the outstanding Canadian LOC Obligations; provided, further, that in the event any Canadian Lender shall fail to fund its Participation Interest on the day the Mandatory Borrowing would otherwise have occurred, then the amount of such Canadian Lender's unfunded Participation Interest therein shall bear interest payable to the Issuing Lender upon demand, at the rate equal to, if paid within two (2) Business Days of such date, the Federal Funds Rate, and thereafter at a rate equal to the Canadian Prime Rate, plus two percent (2%).

(f) Designation of Subsidiaries as Account Parties. Notwithstanding anything to the contrary set forth in this Agreement, a Canadian Letter of Credit issued hereunder may contain a statement to the effect that such Canadian Letter of Credit is issued for the account of a Canadian Subsidiary of the Canadian Borrowers; provided that notwithstanding such statement, the Canadian Borrowers shall be the actual account parties for all purposes of this Agreement for such Letter of Credit and such statement shall not affect the Canadian Borrowers' reimbursement obligations hereunder with respect to such Letter of Credit.

(g) Modification and Extension. The issuance of any supplement, modification, amendment, renewal, or extensions to any Canadian Letter of Credit shall, for purposes hereof, be treated in all respects the same as the issuance of a new Canadian Letter of Credit hereunder.

(h) Uniform Customs and Practices. The Canadian Letters of Credit shall be subject to The Uniform Customs and Practice for Documentary Credits, as published as of the date of issue by the International Chamber of Commerce (Publication No. 500 or the most recent publication, the "UCP"). ---

(i) Responsibility of Issuing Lender. It is expressly understood and agreed that the obligations of the Issuing Lender hereunder to the Canadian Lenders are only those expressly set forth in this Agreement and that the Issuing Lender shall be entitled to assume that the conditions precedent set forth in Section 5.2 have been satisfied unless it shall have acquired actual knowledge that any such condition precedent has not been satisfied; provided, however, that nothing set forth in this Section 2.4 shall be deemed to prejudice the right of any Canadian Lender to recover from the Issuing Lender any amounts made available by such Canadian Lender to the Issuing Lender pursuant to this Section 2.4 in the event that it is determined by a court of competent jurisdiction that the payment with respect to a Canadian Letter of Credit constituted gross negligence or willful misconduct on the part of the Issuing Lender.

(j) Conflict with LOC Documents. In the event of any conflict between this Agreement and any LOC Document, this Agreement shall govern.

(k) Indemnification of Issuing Lender.

(i) In addition to its other obligations under this Agreement, the Canadian Borrowers hereby agree to protect, indemnify, pay and save the Issuing Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) that the Issuing Lender may incur or be subject to as a consequence, direct or indirect, of (A) the issuance of any Canadian Letter of Credit or (B) the failure of the Issuing Lender to honor a drawing under a Canadian Letter of Credit as a result of any Government Act.

(ii) As between the Canadian Borrowers and the Issuing Lender, the Canadian Borrowers shall assume all risks of the acts, omissions or misuse of any Canadian Letter of Credit by the beneficiary thereof. The Issuing Lender shall not be responsible for: (A) the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any Canadian Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Canadian Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (C) failure of the beneficiary of a Canadian Letter of Credit to comply fully with conditions required in order to draw upon a Canadian Letter of Credit; (D) errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (E) any loss or delay in the transmission or otherwise of any document required in order to make a drawing under a Canadian Letter of Credit or of the proceeds thereof; and (F) any consequences arising from causes beyond the control of the Issuing Lender, including, without limitation, any Government Acts. None of the above shall affect, impair, or prevent the vesting of the Issuing Lender's rights or powers hereunder.

(iii) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Issuing Lender, under or in connection with any Canadian Letter of Credit or the related certificates, if taken or omitted in good faith, shall not put the Issuing Lender under any resulting liability to the Canadian Borrowers or any other Canadian Credit Party. It is the intention of the parties that this Agreement shall be construed and applied to protect and indemnify the Issuing Lender against any and all risks involved in the issuance of the Canadian Letters of Credit, all of which risks are hereby assumed by the Canadian Borrowers, including, without limitation, any and all risks of the acts or omissions, whether rightful or wrongful, as a result of any Government Act. The Issuing Lender shall not, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any Canadian Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Issuing Lender.

(iv) Nothing in this subsection (k) is intended to limit the reimbursement obligation of the Canadian Borrowers contained in this Section 2.4. The obligations of the Canadian Borrowers under this subsection (k) shall survive the termination of this Agreement. No act or omission of any current or prior beneficiary of a Canadian Letter of Credit shall in any way affect or impair the rights of the Issuing Lender to enforce any right, power or benefit under this Agreement.

(v) Notwithstanding anything to the contrary contained in this subsection (k), the Canadian Borrowers shall have no obligation to indemnify the Issuing Lender in respect of any liability incurred by the Issuing Lender arising out of the gross negligence or willful misconduct of the Issuing Lender, as determined by a court of competent jurisdiction. Nothing in this Agreement shall relieve the Issuing Lender of any liability to the Canadian Borrowers in respect of any action taken by the Issuing Lender which action constitutes gross negligence or willful misconduct of the Issuing Lender or a violation of the UCP or Uniform Commercial Code (as applicable), as determined by a court of competent jurisdiction.

2.5 BANKERS' ACCEPTANCES.

(a) Form.

(i) To facilitate the acceptance of Bankers' Acceptances hereunder, the Canadian Borrowers hereby appoint each Canadian Lender as its attorney to sign and endorse on its behalf, as and when considered necessary by such Canadian Lender, an appropriate number of orders in the form prescribed by such Canadian Lender.

(ii) Each Canadian Lender may, at its option, execute any order in handwriting or by the facsimile or mechanical signature of any of its authorized officers, and the Canadian Lenders are hereby authorized to accept or pay, as the case may be, any order of the Canadian Borrowers which purports to bear such a signature notwithstanding that any such individual has ceased to be an authorized officer of such Canadian Lender. Any such order or Bankers' Acceptance shall be as valid as if he or she were an authorized officer at the date of issue of the order or Bankers' Acceptance.

(iii) Any order signed by a Canadian Lender as attorney for the Canadian Borrowers, whether signed in handwriting or by the facsimile or mechanical signature of an authorized officer of a Canadian Lender, may be dealt with by the Canadian Agent or any Canadian Lender to all intents and purposes and shall bind the Canadian Borrowers as if duly signed and issued by the Canadian Borrowers.

(iv) The receipt by the Canadian Agent of a notice under Section 2.5(d) requesting Bankers' Acceptances shall be each Canadian Lender's sufficient authority to execute, and each Canadian Lender shall, subject to the terms and conditions of this Credit Agreement, execute orders in accordance with such

request, and the orders so executed shall thereupon be deemed to have been presented for acceptance.

(b) Issuance. Subject to the terms and conditions hereof and of the BA Documents executed in connection with the creation of each Banker's Acceptance and any other terms and conditions which the Canadian Lenders may reasonably require (so long as such terms and conditions do not impose any financial obligation on or require any Lien (not otherwise contemplated by this Credit Agreement) to be given by the Canadian Borrowers or any other Credit Party or conflict with any obligation of, or detract from any action which may be taken by, any Credit Party under this Agreement), each Canadian Lender agrees, severally and not jointly, at any time and from time to time (from the Effective Date to the Maturity Date or such earlier date on which the Canadian Revolving Loan Commitment has been terminated as provided herein), to create Bankers' Acceptances by accepting orders of the Canadian Borrowers presented to it for acceptance equal to such Canadian Lender's Canadian Revolving Loan Commitment Percentage of such Bankers' Acceptances as the Canadian Borrowers may request on such date; provided, however, that (i) the sum of the aggregate Face Amount of Bankers' Acceptances outstanding plus the aggregate amount of Canadian Revolving Loans outstanding plus Canadian LOC Obligations outstanding shall not exceed the Canadian Revolving Loan Commitment, (ii) with respect to each individual Canadian Lender, such Lender's pro rata share of outstanding Canadian Revolving Loans plus its pro rata share of outstanding Canadian LOC Obligations plus its pro rata share of the Face Amount of Bankers' Acceptances outstanding shall not exceed such Lender's Canadian Revolving Loan Commitment Percentage of the Canadian Revolving Loan Commitment, and (iii) if the Face Amount of a Bankers' Acceptance, which would otherwise be accepted by a Canadian Lender, would not be C$100,000 or a larger multiple thereof, such Face Amount shall be increased or reduced by the Canadian Agent in its discretion to the nearest multiple of C$100,000. Upon the acceptance of any order of the Canadian Borrowers pursuant hereto, the Canadian Borrowers shall pay to each of the applicable Canadian Lenders, in advance, the Acceptance Fee. Forthwith after each request for drawdown of, continuation of or conversion into Bankers' Acceptances, the Canadian Agent shall notify each Canadian Lender of the amount of Bankers' Acceptances to be accepted by such Canadian Lender. The Canadian Borrowers shall as soon as practical deliver to the Canadian Agent a notice confirming the issuance of Bankers' Acceptances and specifying the BA Discount Proceeds derived therefrom. For greater certainty, with respect to each extension of credit by way of Bankers' Acceptances, each Bankers' Acceptance shall have the same term and, upon sale, each Bankers' Acceptance shall be discounted at the Applicable BA Discount Rate.

(c) Requirements of Bankers' Acceptances. Each Bankers' Acceptance shall comply with the related BA Documents and shall be executed by the Canadian Borrowers and presented to the Canadian Lenders pursuant to such procedures as are provided for in such BA Documents or as otherwise provided or required by a Canadian Lender. The creation and maturity date of each Bankers' Acceptance shall be a Business Day and no Bankers' Acceptance shall have a maturity date later than the Maturity Date.

(d) Method of Requesting a Bankers' Acceptance. By no later than 11:00 a.m., Toronto, Ontario time, two Business Days prior to the date of the requested Bankers' Acceptance, the Canadian Borrowers shall submit an irrevocable notice, substantially in the form of Exhibit G, to the Canadian Agent setting forth the aggregate amount of Bankers' Acceptances requested and the maturity date of the requested Bankers' Acceptances which shall be from 30 up to 180 days, at the election of the Canadian Borrowers, and complying in all respects with subsection 5.2.

(e) Safekeeping of Orders. Any executed orders to be used as Bankers' Acceptances which are delivered to a Canadian Lender shall be held in safekeeping with the same degree of care as if they were such Canadian Lender's own property, and shall be kept at the place at which such orders are ordinarily held by such Canadian Lender, provided that such Canadian Lender shall not be deemed to be an insurer thereof.

(f) Maturity/Continuations. The Canadian Borrowers shall pay to the Canadian Agent, and there shall become due and payable, at 1:00 p.m., Toronto, Ontario time, on the maturity date for each Bankers' Acceptance an amount in Canadian Dollars in same day funds equal to the Face Amount of such Bankers' Acceptance (notwithstanding that any Canadian Lender which accepted any such Bankers' Acceptance may be the holder thereof at maturity); provided, however, that subject to Section 4.10 and provided that the Canadian Borrowers have, by giving notice in accordance with Section 2.5(c) or Section 4.1, requested the Canadian Lenders to accept its orders to replace all or a portion of outstanding Bankers' Acceptances as they mature, each Canadian Lender shall, on the maturity of such Bankers' Acceptances, accept the Canadian Borrowers' order(s) having an aggregate Face Amount equal to such Canadian Lender's pro rata share of such new Face Amount as will result in the aggregate BA Discount Proceeds, net of the Acceptance Fees, of the new order(s) being equal to (or, due to the operation of 2.5(h), exceeding to the least extent possible) the aggregate Face Amount of the matured Bankers' Acceptances or the portion thereof to be replaced.

(g) Repayments Prior to Maturity. Repayment of the Face Amount of a Bankers' Acceptance may be made, prior to the maturity date thereof, by the Canadian Borrowers to the Canadian Lender which has accepted such Bankers' Acceptance, but the amount repaid shall be held on deposit by such Canadian Lender until the maturity date of such Bankers' Acceptance. The Canadian Borrowers shall be entitled to the benefit of any interest accruing on such deposit, and on the maturity date of such Bankers' Acceptance, such Canadian Lender shall apply such interest in payment of amounts owed by the Canadian Borrowers hereunder. Any such repayment of the Face Amount of a Bankers' Acceptance by the Canadian Borrowers to a Canadian Lender shall satisfy the Canadian Borrowers' obligations under the Bankers' Acceptance so repaid, and such Canadian Lender shall thereafter be solely responsible for the payment of such Bankers' Acceptance.

(h) Minimum Amounts. Each request for Bankers' Acceptances shall be in a minimum aggregate amount of C$1,000,000 and in an integral multiple of C$100,000 above such amount. The Face Amount of each Bankers' Acceptance created hereunder shall be C$100,000 or any multiple thereof.

(i) Funding of Bankers' Acceptances.

(i) Subject to subsections (ii) and (iii) below, each Canadian Lender shall, not later than 1:00 p.m., Toronto, Ontario time, on the date of creation of Bankers' Acceptances, accept orders of the Canadian Borrowers which are presented to it for acceptance in an amount equal to each Canadian Lender's Canadian Revolving Loan Commitment Percentage of the aggregate Face Amounts of Bankers' Acceptances created on such date; provided, however, that if the Face Amount of a Banker's Acceptance, which would otherwise be accepted by a Canadian Lender, would not be C$100,000 or a larger multiple thereof, such Face Amount shall be increased or reduced by the Canadian Agent in its discretion to the nearest multiple of C$100,000. Subject to the provisions hereof, the Canadian Agent shall be responsible for making all necessary arrangements with each of the Canadian Lenders with respect to the acceptance of Bankers' Acceptances.

(ii) Each Canadian Lender shall transfer to the Canadian Agent for value on such creation date immediately available Canadian Dollars in an aggregate amount equal to the BA Discount Proceeds of all Bankers' Acceptances accepted and sold or purchased by such Canadian Lender on such date net of the applicable Acceptance Fee and net of the amount required to pay any of its previously accepted Bankers' Acceptances that are maturing on such date or its percentage of any Canadian Revolving Loan that is being converted to Bankers' Acceptances on such date.

(iii) Subject to subsection 4.10, in the sole judgment of a Canadian Lender, if such Canadian Lender is unable to create a Bankers' Acceptance in accordance with this Agreement, such Canadian Lender shall give an irrevocable notice to such effect to the Canadian Agent and the Canadian Borrowers prior to 11:00 a.m., Toronto, Ontario time, on the date of the requested creation of the Bankers' Acceptances. Such Canadian Lender shall make available to the Canadian Borrowers prior to 1:00 p.m., Toronto, Ontario time, one Business Day prior to the date of such requested Bankers' Acceptance, a Canadian Dollar loan in a principal amount equal to the BA Discount Proceeds of such Canadian Lender's pro rata share of the aggregate of the Face Amounts of Bankers' Acceptances to be created on such date and all of such Canadian Dollar loans to be made pursuant to this Section 2.5(i)(iii) on such date, such loan to be funded in the same manner as the Bankers' Acceptances provided by the other Canadian Lenders. Such loan shall have the same term as the Bankers' Acceptance for which it is a substitute and shall bear such interest per annum throughout the term thereof as shall permit such Canadian Lender to obtain the same effective rate as if such Canadian Lender had accepted and purchased a Bankers' Acceptance at the same Acceptance Fee and pricing at which the Canadian Agent would have accepted and purchased such Bankers' Acceptance on the bid side of the market at approximately 1:00 p.m., Toronto, Ontario time, on the date such loan is made. The Canadian Borrowers hereby agree that if such loan is made by a Canadian Lender interest shall be

payable in advance on the date of such loan by deducting the interest payable in respect thereof from the principal amount of such loan.

The Canadian Agent shall promptly inform the Administrative Agent of the creation of Bankers' Acceptances and the terms thereof. No Canadian Lender shall be responsible for the failure or delay by any other Canadian Lender in its obligation to create Bankers' Acceptances hereunder; provided, however, that the failure of any Canadian Lender to fulfill its Commitment hereunder shall not relieve any other Canadian Lender of its Commitment hereunder.

2.6 MINIMUM AMOUNTS OF LOANS.

Revolving Loans consisting of less than $1,000,000 shall be made as Base Rate Loans. Revolving Loans of $1,000,000 or more may be made as Base Rate Loans or Eurodollar Loans, or a combination thereof, as the Borrowers may request; provided that no more than five (5) Canadian Eurodollar Loans and five (5) U.S. Eurodollar Loans shall be outstanding hereunder at any one time; and provided, further, that Eurodollar Loans shall be in a minimum principal amount of at least $1,000,000 and integral multiples of $500,000 in excess thereof. For the purposes of this Section, (i) Eurodollar Loans with the same Interest Period shall be considered as one Eurodollar Loan and (ii) Eurodollar Loans with different Interest Periods shall be considered as separate Eurodollar Loans, even if they begin on the same date, although borrowings, conversions and continuations may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new Eurodollar Loan with a single Interest Period.

2.7 FUNDING OF LOANS TO BORROWERS.

(a) U.S. Revolving Loans.

(i) Upon receipt of a Notice of Borrowing requesting U.S. Revolving Loans, the Administrative Agent shall promptly inform the U.S. Lenders as to the terms thereof. Each U.S. Lender will make its pro rata share of each U.S. Revolving Loan available to the Administrative Agent by 1:00 p.m., Charlotte, North Carolina time, on the date specified in the Notice of Borrowing by deposit (in U.S. dollars) of immediately available funds at the offices of the Administrative Agent at the address provided in Section 14.1, or at such other address as the Administrative Agent may designate in writing. All U.S. Revolving Loans shall be made by the U.S. Lenders pro rata on the basis of each U.S. Lender's U.S. Revolving Loan Commitment Percentage. The amount of the U.S. Revolving Loans will then be made available to the U.S. Borrowers by the Administrative Agent by crediting the account of the U.S. Borrowers on the books of such office of the Administrative Agent to the extent of the amount of such U.S. Revolving Loans are made available to the Administrative Agent.

(ii) Because the U.S. Borrowers anticipate requesting borrowings of U.S. Revolving Loans on a daily basis and repaying U.S. Revolving Loans on a daily basis through the collection of Accounts and the proceeds of other Collateral, resulting in the

amount of outstanding U.S. Revolving Loans fluctuating from day to day, in order to administer the U.S. Revolving Loans in an efficient manner and to minimize the transfer of funds between the Administrative Agent and the U.S. Lenders, the U.S. Lenders hereby instruct the Administrative Agent, and the Administrative Agent may (but is not obligated to) (A) make available, on behalf of the U.S. Lenders, the full amount of all U.S. Revolving Loans requested by the U.S. Borrowers (by telephone, followed by written confirmation) without requiring that the U.S. Borrowers give the Administrative Agent a written Notice of Borrowing with respect to such borrowing and without giving each U.S. Lender prior notice of the proposed borrowing, of such U.S. Lender's Revolving Loan Commitment Percentage thereof and the other matters covered by the Notice of Borrowing and (B) if the Administrative Agent has made any such amounts available as provided in clause (A), upon repayment of U.S. Revolving Loans by the U.S. Borrowers, apply such amounts repaid directly to the amounts made available by the Administrative Agent in accordance with clause (A) and not yet settled as described below; provided that the Administrative Agent shall not advance funds as described in clause (A) above if the Administrative Agent has actually received prior to such borrowing (1) an officer's certificate from the Company or any U.S. Borrower pursuant to and in accordance with Section 7.1(f) that a Default or Event of Default is in existence, which Default or Event of Default has not been cured or waived in accordance with the terms hereof, or (2) a Notice of Borrowing with respect to such borrowing from any U.S. Borrower wherein the certification provided therein states that the conditions to the making of the requested U.S. Revolving Loans have not been satisfied or (3) a written notice from any U.S. Lender that the conditions to such borrowing have not been satisfied, which officer's certificate, Notice of Borrowing or notice, in each case, shall not have been rescinded.

Notwithstanding any provision in the immediately preceding paragraph to the contrary, (x) each of the U.S. Borrowers hereby appoints the Administrative Agent as its attorney-in-fact, and requests that the Administrative Agent act for its benefit for the purpose of requesting U.S. Revolving Loans pursuant to this Section 2.7(a)(ii), (y) the Administrative Agent hereby agrees to act as attorney-in-fact and for the benefit of the U.S. Borrowers for the purpose of this Section 2.7(a)(ii) and (z) accordingly, unless the U.S. Borrowers shall withdraw such appointment or at any time less than $5,000,000 is available to be borrowed by the U.S. Borrowers under the U.S. Revolving Loan Commitment and the U.S. Borrowing Base, all borrowings permitted to be made by the U.S. Borrowers pursuant to this Section 2.7(a)(ii) shall be made by the Administrative Agent acting in its capacity as attorney-in-fact for the U.S. Borrowers. The Lenders hereby acknowledge and consent to the appointment of the Administrative Agent as attorney-in-fact for the purpose of requesting U.S. Revolving Loans pursuant to this Section 2.7(a)(ii). All other conditions to borrowings in this Section 2.7(a)(ii) shall be fully applicable. The Administrative Agent shall have the right (but not the obligation), prior to requesting any borrowing hereunder on behalf of the U.S. Borrowers, to require that the U.S. Borrowers certify in writing that no Event of Default exists at the time of such borrowing.

Proceeds of U.S. Revolving Loans made pursuant to this Section 2.7(a)(ii) shall be transferred directly to the First Union Funding Account and applied to the payment of control disbursement checks and other appropriate charges to such account designated from time to time by the U.S. Borrowers or as otherwise provided for herein and in the other Credit Documents. Wire transfers on any Business Day from the First Union Funding Account must be specifically requested by the U.S. Borrowers by telecopy by no later than 1:00 P.M. (Eastern time) on such Business Day.

If the Administrative Agent advances U.S. Revolving Loans on behalf of the U.S. Lenders, as provided in the immediately preceding paragraphs, the amount of outstanding U.S. Revolving Loans and each U.S. Lender's U.S. Revolving Loan Commitment Percentage thereof shall be computed weekly rather than daily and shall be adjusted upward or downward on the basis of the amount of outstanding U.S. Revolving Loans as of 5:00 P.M. on the Business Day immediately preceding the date of each computation; provided, however, that the Administrative Agent retains the absolute right at any time or from time to time to make the aforedescribed adjustments at intervals more frequent than weekly. The Administrative Agent shall deliver to each of the U.S. Lenders after the end of each week, or such lesser period or periods as the Administrative Agent shall determine, a summary statement of the amount of outstanding U.S. Revolving Loans for such period (such week or lesser period or periods being hereafter referred to as a "Settlement Period"). If the summary statement is sent by the Administrative Agent and received by the U.S. Lenders prior to 12:00 Noon on any Business Day each U.S. Lender shall make the transfers described in the next succeeding sentence no later than 3:00 P.M. on the day such summary statement was sent; and if such summary statement is sent by the Administrative Agent and received by the U.S. Lenders after 12:00 Noon on any Business Day, each U.S. Lender shall make such transfers no later than 3:00 P.M. on the next succeeding Business Day. If in any Settlement Period, the amount of a U.S. Lender's U.S. Revolving Loan Commitment Percentage of the U.S. Revolving Loans is in excess of the amount of U.S. Revolving Loans actually funded by such U.S. Lender, such U.S. Lender shall forthwith (but in no event later than the time set forth in the next preceding sentence) transfer to the Administrative Agent by wire transfer in immediately available funds the amount of such excess; and, on the other hand, if the amount of a U.S. Lender's U.S. Revolving Loan Commitment Percentage of the U.S. Revolving Loans in any Settlement Period is less than the amount of U.S. Revolving Loans actually funded by such U.S. Lender, the Administrative Agent shall forthwith transfer to such U.S. Lender by wire transfer in immediately available funds the amount of such difference. The obligation of each of the U.S. Lenders to transfer such funds shall be irrevocable and unconditional and without recourse to or warranty by the Administrative Agent.

Each of the Administrative Agent and the U.S. Lenders agree to mark their respective books and records at the end of each Settlement Period to show at all times the dollar amount of their respective U.S. Revolving Loan Commitment Percentages of the outstanding U.S. Revolving Loans. Because the Administrative Agent on behalf of the U.S. Lenders may be advancing and/or may be repaid U.S. Revolving Loans prior to the time when the U.S. Lenders will actually advance and/or be repaid U.S. Revolving Loans, interest with respect to U.S. Revolving Loans shall be allocated by the Administrative

Agent to each U.S. Lender (including the Administrative Agent) in accordance with the amount of U.S. Revolving Loans actually advanced by and repaid to each U.S. Lender (including the Administrative Agent) during each Settlement Period and shall accrue from and including the date such U.S. Revolving Loans are advanced by the Administrative Agent to but excluding the date such U.S. Revolving Loans are repaid by the U.S. Borrowers in accordance with Section 4.3 or actually settled by the applicable U.S. Lender as described in this Section 2.7(a)(ii). For purposes hereof, the U.S. Revolving Loans shall be deemed paid as and to the extent set forth in Section 3.1(b). All such U.S. Revolving Loans shall be made as U.S. Base Rate Loans.

(b) Canadian Revolving Loans.

(i) Upon receipt of a Notice of Borrowing requesting a Canadian Revolving Loan, the Canadian Agent shall promptly inform the Canadian Lenders of the receipt thereof. Each Canadian Lender will make its pro rata share of such Canadian Revolving Loan available to the Canadian Agent by 1:00 p.m., Toronto, Ontario time, on the date specified in the Notice of Borrowing by deposit (in Canadian Dollars or U.S. dollars, as appropriate, as requested by the Canadian Borrowers) of immediately available funds at the office of the Canadian Agent at the address provided in Section 14.1. All Canadian Revolving Loans shall be made by the Canadian Lenders pro rata on the basis of each Canadian Lender's Canadian Revolving Loan Commitment Percentage. The amount of the Canadian Revolving Loans will then be made available to the applicable Canadian Borrower by the Canadian Agent by crediting the account of such Canadian Borrower on the books of such office of the Canadian Agent to the extent of the amount of such Canadian Revolving Loan made available to the Canadian Agent.

(ii) Because the Canadian Borrowers anticipate requesting borrowings of Canadian Revolving Loans on a daily basis and repaying Canadian Revolving Loans on a daily basis through the collection of Accounts and the proceeds of other Collateral, resulting in the amount of outstanding Canadian Revolving Loans fluctuating from day to day, in order to administer the Canadian Revolving Loans in an efficient manner and to minimize the transfer of funds between the Canadian Agent and the Canadian Lenders, the Canadian Lenders hereby instruct the Canadian Agent, and the Canadian Agent may (but is not obligated to) (A) make available, on behalf of the Canadian Lenders, the full amount of all Canadian Revolving Loans requested by the Canadian Borrowers (by telephone, followed by written confirmation) without requiring that the Canadian Borrowers give the Canadian Agent a written Notice of Borrowing with respect to such borrowing and without giving each Canadian Lender prior notice of the proposed borrowing, of such Canadian Lender's Revolving Loan Commitment Percentage thereof and the other matters covered by the Notice of Borrowing and (B) if the Canadian Agent has made any such amounts available as provided in clause (A), upon repayment of Canadian Revolving Loans by the Canadian Borrowers, apply such amounts repaid directly to the amounts made available by the Canadian Agent in accordance with clause (A) and not yet settled as described below; provided that the Canadian Agent shall not advance funds as described in clause (A) above if the Canadian Agent has actually received prior to such borrowing (1) an officer's certificate from the Company pursuant

to and in accordance with Section 7.1(f) that a Default or Event of Default is in existence, which Default or Event of Default has not been cured or waived in accordance with the terms hereof, or (2) a Notice of Borrowing with respect to such borrowing from the Canadian Borrowers wherein the certification provided therein states that the conditions to the making of the requested Canadian Revolving Loans have not been satisfied or (3) a written notice from any Canadian Lender that the conditions to such borrowing have not been satisfied, which officer's certificate, Notice of Borrowing or notice, in each case, shall not have been rescinded.

Notwithstanding any provision in the immediately preceding paragraph to the contrary, (x) each of the Canadian Borrowers hereby appoints the Canadian Agent as its attorney-in-fact, and requests that the Canadian Agent act for its benefit for the purpose of requesting Canadian Revolving Loans pursuant to this Section 2.7(b)(ii), (y) the Canadian Agent hereby agrees to act as attorney-in-fact and for the benefit of the Canadian Borrowers for the purpose of this Section 2.7(b)(ii) and (z) accordingly, unless the Canadian Borrowers shall withdraw such appointment or at any time less than $1,500,000 is available to be borrowed by the Canadian Borrowers under the Canadian Revolving Loan Commitment and the Canadian Borrowing Base, all borrowings permitted to be made by the Canadian Borrowers pursuant to this Section 2.7 (b)(ii) shall be made by the Canadian Agent acting in its capacity as attorney-in-fact for the Canadian Borrowers. The Lenders hereby acknowledge and consent to the appointment of the Canadian Agent as attorney-in-fact for the purpose of requesting loans pursuant to this Section 2.7(b)(ii). All other conditions to borrowings in this Section 2.7(b)(ii) shall be fully applicable. The Canadian Agent shall have the right (but not the obligation), prior to requesting any borrowing hereunder on behalf of the Canadian Borrowers, to require that the Canadian Borrowers certify in writing that no Event of Default exists at the time of such borrowing.

Proceeds of Canadian Revolving Loans made pursuant to this Section 2.7(b)(ii) shall be transferred directly to the applicable Canadian Central Account and applied to the payment of control disbursement checks and other appropriate charges to such account designated from time to time by the Canadian Borrowers or as otherwise provided for herein and in the other Credit Documents. Wire transfers on any Business Day from the Canadian Central Accounts must be specifically requested by the Canadian Borrowers by telecopy by no later than 1:00 P.M. (Toronto, Ontario time) on such Business Day.

If the Canadian Agent advances Canadian Revolving Loans on behalf of the Canadian Lenders, as provided in the immediately preceding paragraphs, the amount of outstanding Canadian Revolving Loans and each Canadian Lender's Canadian Revolving Loan Commitment Percentage thereof shall be computed weekly rather than daily and shall be adjusted upward or downward on the basis of the amount of outstanding Canadian Revolving Loans as of 5:00 P.M. on the Business Day immediately preceding the date of each computation; provided, however, that the Canadian Agent retains the absolute right at any time or from time to time to make the aforedescribed adjustments at intervals more frequent than weekly subject to the approval of the Administrative Agent. The Canadian Agent shall deliver to each of the Canadian Lenders after the end of each week, or such lesser period or periods as the Canadian Agent shall determine, a summary

statement of the amount of outstanding Canadian Revolving Loans for such period (such week or lesser period or periods being hereafter referred to as a "Settlement Period"). If the summary statement is sent by the Canadian Agent and received by the Canadian Lenders prior to 12:00 Noon on any Business Day each Canadian Lender shall make the transfers described in the next succeeding sentence no later than 3:00 P.M. on the day such summary statement was sent; and if such summary statement is sent by the Canadian Agent and received by the Canadian Lenders after 12:00 Noon on any Business Day, each Canadian Lender shall make such transfers no later than 3:00 P.M. on the next succeeding Business Day. If in any Settlement Period, the amount of a Canadian Lender's Canadian Revolving Loan Commitment Percentage of the Canadian Revolving Loans is in excess of the amount of Canadian Revolving Loans actually funded by such Canadian Lender, such Canadian Lender shall forthwith (but in no event later than the time set forth in the next preceding sentence) transfer to the Canadian Agent by wire transfer in immediately available funds the amount of such excess; and, on the other hand, if the amount of a Canadian Lender's Canadian Revolving Loan Commitment Percentage of the Canadian Revolving Loans in any Settlement Period is less than the amount of Canadian Revolving Loans actually funded by such Canadian Lender, the Canadian Agent shall forthwith transfer to such Canadian Lender by wire transfer in immediately available funds the amount of such difference. The obligation of each of the Canadian Lenders to transfer such funds shall be irrevocable and unconditional and without recourse to or warranty by the Canadian Agent.

Each of the Canadian Agent and the Canadian Lenders agree to mark their respective books and records at the end of each Settlement Period to show at all times the dollar amount of their respective Canadian Revolving Loan Commitment Percentages of the outstanding Canadian Revolving Loans. Because the Canadian Agent on behalf of the Canadian Lenders may be advancing and/or may be repaid Canadian Revolving Loans prior to the time when the Canadian Lenders will actually advance and/or be repaid Canadian Revolving Loans, interest with respect to Canadian Revolving Loans shall be allocated by the Canadian Agent to each Canadian Lender (including the Canadian Agent) in accordance with the amount of Canadian Revolving Loans actually advanced by and repaid to each Canadian Lender (including the Canadian Agent) during each Settlement Period and shall accrue from and including the date such Canadian Revolving Loans are advanced by the Canadian Agent to but excluding the date such Canadian Revolving Loans are repaid by the Canadian Borrowers in accordance with Section 4.3 or actually settled by the applicable Canadian Lender as described in this Section 2.7(b)(ii). For purposes hereof, the Canadian Revolving Loans shall be deemed paid as and to the extent set forth in Section 3.2(b). All such Canadian Revolving Loans shall be made as Canadian Base Rate Loans.

(c) All Revolving Loans.

The Canadian Agent shall promptly inform the Administrative Agent and the Administrative Agent shall promptly inform the Canadian Agent, by telecopy, of the funding of any Revolving Loan and the terms thereof. No Lender shall be responsible for the failure or delay by any other Lender in its obligation to make Revolving Loans

hereunder; provided, however, that the failure of any Lender to fulfill its Commitment hereunder shall not relieve any other Lender of its Commitment hereunder. Unless the Administrative Agent or the Canadian Agent, as the case may be, shall have been notified by any Lender prior to the date of any Revolving Loan advance pursuant to a Notice of Borrowing that such Lender does not intend to make available to the Administrative Agent or the Canadian Agent, as the case may be, its portion of the Revolving Loan advance to be made on such date, the Administrative Agent or the Canadian Agent, as the case may be, may assume that such Lender has made such amount available to the Administrative Agent or the Canadian Agent, as the case may be, on the date of such Revolving Loan advance, and the Administrative Agent or the Canadian Agent, as the case may be, in reliance upon such assumption, may (in its sole discretion without any obligation to do so) make available to the applicable Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent or the Canadian Agent, as the case may be, the Administrative Agent or the Canadian Agent, as the case may be, shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's or, as the case may be, the Canadian Agent's demand therefor, the Administrative Agent or the Canadian Agent, as the case may be, will promptly notify the applicable Borrower and such Borrower shall immediately pay such corresponding amount to the Administrative Agent or the Canadian Agent, as the case may be. The Administrative Agent or the Canadian Agent, as the case may be, shall also be entitled to recover from such Lender or such Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent or the Canadian Agent, as the case may be, to such Borrower to the date such corresponding amount is recovered by the Administrative Agent or the Canadian Agent, as the case may be, at a per annum rate equal to the Federal Funds Rate.

2.8 TERM.

The obligation of the Lenders to make Revolving Loans and to issue Banker's Acceptances shall expire at the Administrative Agent's close of business in Charlotte, North Carolina on the Maturity Date or such earlier date if the Commitments are terminated pursuant to Section 11.2. On the Maturity Date, the entire outstanding principal balance of all amounts outstanding under the U.S. Revolving Loan Commitment and the Canadian Revolving Loan Commitment, together with accrued but unpaid interest and all other sums owing under this Agreement, shall be due and payable in full, unless accelerated sooner pursuant to Section 11.2.

2.9 REVOLVING NOTES.

The Revolving Loans made by each Lender shall be evidenced by a duly executed promissory note of the applicable Borrower, dated as of the Closing Date, in an original principal amount equal to such Lender's U.S. Revolving Loan Commitment or Canadian Revolving Loan Commitment, as applicable, and substantially in the form of Exhibit F.

2.10 REDUCTION OF REVOLVING LOAN COMMITMENTS.

Upon at least three (3) Business Days' notice, (a) the Borrowers may, from time to time, permanently reduce the Canadian Revolving Loan Commitment in whole or in part; provided that, (i) such reduction must be in a minimum amount of $1,000,000 and in integral multiples of $1,000,000 above such amount and (ii) no reduction shall be made which would reduce the Canadian Revolving Loan Commitment to an amount less than the sum of Canadian Revolving Loans then outstanding plus Canadian LOC Obligations outstanding plus the aggregate Face Amount of Bankers' Acceptances; and (b) the U.S. Borrowers may from time to time permanently reduce the U.S. Revolving Loan Commitment in whole or in part; provided that, (i) such reduction must be in a minimum amount of $3,000,000 and in integral multiples of $1,000,000 above such amount and (ii) no reduction shall be made which would reduce the U.S. Revolving Loan Commitment to an amount less than the sum of U.S. Revolving Loans then outstanding plus U.S. LOC Obligations then outstanding. Notwithstanding anything above to the contrary, once the Canadian Revolving Loan Commitment is reduced to $7,000,000 or the U.S. Revolving Loan is reduced to $20,000,000, any subsequent permanent reduction of the Revolving Loan Commitments must be done on a basis such that both the Canadian Revolving Loan Commitment and the U.S. Revolving Loan Commitment reduce simultaneously on a pro rata basis.

ARTICLE III

CASH MANAGEMENT ARRANGEMENTS

3.1 U.S. LOCKBOX ARRANGEMENTS.

(a) The U.S. Borrowers shall have each established and shall maintain one or more lockboxes (each a "U.S. Lockbox") with financial institutions, including First Union, selected by them and reasonably acceptable to the Administrative Agent (each a "U.S. Lockbox Bank") and shall instruct all account debtors on the Accounts of each U.S. Credit Party to remit all payments to its respective U.S. Lockboxes. All amounts received by the U.S. Credit Parties from any account debtor, in addition to all other cash proceeds from the U.S. Collateral, shall be promptly deposited into the applicable U.S. Lockbox Account (as defined below).

(b) Each U.S. Credit Party, the Administrative Agent and each U.S. Lockbox Bank shall enter into three party agreements in the form of Exhibit I-1 hereto (each a "Lockbox Agreement"), providing, among other things, for the following:

(i) The U.S. Credit Parties will open and establish for the benefit of the Administrative Agent on behalf of the U.S. Lenders an account at each U.S. Lockbox Bank (each a "U.S. Lockbox Account").

(ii) All receipts held in the U.S. Lockboxes shall be remitted daily to the appropriate U.S. Lockbox Account. All funds deposited into the U.S. Lockbox Accounts on any Business Day shall be transferred to the applicable First Union Cash Collateral Account. All funds deposited into the First Union Cash Collateral Accounts on any Business Day shall be transferred to the First

Union Account on such Business Day. All funds deposited on any Business Day to the First Union Account shall be applied by the Administrative Agent on the following Business Day to reduce the then outstanding balance of the U.S. Revolving Loans and to pay accrued interest thereon and to pay any other outstanding Obligations of the U.S. Borrowers which are then due and payable hereunder; provided that for the purpose of determining the availability of U.S. Revolving Loans hereunder, such funds deposited into the First Union Account shall be deemed to have reduced the outstanding U.S. Revolving Loans on the Business Day such funds were deposited into such account. All amounts received directly by the U.S. Credit Parties from any account debtor, in addition to all other cash proceeds from the U.S. Collateral, shall be held in trust by the U.S. Credit Parties and promptly deposited into the applicable U.S. Lockbox Account or, if made by wire transfer, directly to the First Union Cash Collateral Account No. 2000007396317.

(iii) All funds deposited into the First Union Account shall immediately become the property of the Administrative Agent, and the U.S. Credit Parties shall obtain the agreement by the U.S. Lockbox Banks to waive any offset rights against the funds so deposited. The Administrative Agent assumes no responsibility for the U.S. Lockbox arrangements, including without limitation, any claim of accord and satisfaction or release with respect to deposits accepted by the U.S. Lockbox Banks thereunder.

(iv) The U.S. Credit Parties may close U.S. Lockboxes and/or open new U.S. Lockboxes with the prior written consent of the Administrative Agent and subject to prior execution and delivery to the Administrative Agent of Lockbox Agreements consistent with the provisions of this Section 3.1(b) and in form and substance satisfactory to the Administrative Agent.

(v) Notwithstanding the foregoing to the contrary, with respect to U.S. Lockboxes and related Lockbox Accounts in existence prior to the Closing Date, the U.S. Borrowers may, in lieu of entering into a Lockbox Agreement, deliver a Lockbox Letter, countersigned by the applicable U.S. Lockbox Bank.

(c) The U.S. Borrowers hereby authorize each U.S. Lender to charge from time to time against any or all of the U.S. Credit Parties' accounts with such U.S. Lender any of the Obligations which are then due and payable by such U.S. Borrowers. Each U.S. Lender receiving any payment as a result of charging any such account shall promptly notify the Administrative Agent thereof and make such arrangements as the Administrative Agent shall request to share the benefit thereof in accordance with Section 4.8.

3.2 CANADIAN COLLECTION AND PAYMENT ARRANGEMENTS.

(a) The Canadian Credit Parties shall have established and shall maintain one or more accounts (each a "Canadian Local Account") with the Canadian Agent, naming

the Administrative Agent as secured party. All amounts received by the Canadian Credit Parties from any account debtor, in addition to all other cash proceeds from the Canadian Collateral, shall be promptly deposited into the applicable Canadian Local Account.

(b) All funds deposited into the Canadian Local Accounts on any Business Day shall be credited to the applicable Canadian Central Account (U.S. Dollars to be credited to the Canadian Central Account - US and Canadian Dollars to be credited to the Canadian Central Account - Cdn). All good funds credited on any Business Day to the Canadian Central Accounts shall be applied by the Canadian Agent on the same Business Day to reduce the then outstanding balance of the Canadian Revolving Loans and to pay accrued interest thereon and to pay any other outstanding Obligations which are then due and payable hereunder by the Canadian Borrowers; provided that for the purpose of determining the availability of Canadian Revolving Loans hereunder, such funds credited into the Canadian Central Accounts shall be deemed to have reduced the outstanding Canadian Revolving Loans on the Business Day such funds were credited to such account. All amounts received directly by the Canadian Credit Parties from any account debtor, in addition to all other cash proceeds from the Canadian Collateral, shall be held in trust by the Canadian Credit Parties and promptly deposited into the applicable Canadian Local Account.

(c) All funds deposited into the Canadian Local Account or the Canadian Central Accounts shall immediately become the property of the Canadian Agent for the benefit of the Administrative Agent on behalf of the Lenders and the Canadian Agent, in its capacity as depository, hereby waives any offset rights against the funds so deposited. The Agents assume no responsibility for the Canadian collection and payment arrangements, including, without limitation, any claim of accord and satisfaction or release with respect to deposits accepted by the Canadian Agent, in its capacity as depository.

(d) The Canadian Borrowers hereby authorize each Canadian Lender to charge from time to time against any or all of the Canadian Credit Parties' accounts with such Canadian Lender any of the Obligations which are then due and payable by such Canadian Borrowers. Each Canadian Lender receiving any payment as a result of charging any such account shall promptly notify the Canadian Agent thereof and make such arrangements as the Agents shall request to share the benefit thereof in accordance with Section 4.8.

3.3 MAINTENANCE OF ACCOUNT.

Each Agent shall maintain an account on its books in the name of the U.S. Borrowers or the Canadian Borrowers, as applicable, in which such Borrowers will be charged with all loans and advances made by the applicable Lenders to such Borrowers or for such Borrowers' account, including the Revolving Loans, the LOC Obligations, the BA Obligations and any other Obligations, including any and all costs, expenses and attorney's fees which the Agents may incur, including, without limitation, in connection with the exercise by or for the Lenders of any of the rights or powers herein conferred upon the Agents (other than in connection with any

assignments or participations by any Lender) or in the prosecution or defense of any action or proceeding by or against any Borrower, any other Credit Party or the Lenders concerning any matter arising out of, connected with, or relating to this Credit Agreement or the Accounts, or any Obligations owing to the Lenders by any Borrower. The Borrowers will be credited in accordance with Section 3.1 or 3.2 above, as applicable, with all amounts received by the Lenders from the Borrowers or from others for the Borrowers' account, including, as above set forth, all amounts received by the Agents in payment of Accounts. In no event shall prior recourse to any Accounts or other Collateral be a prerequisite to an Agent's right to demand payment of any Obligation upon its maturity. Further, it is understood that the Agents shall have no obligation whatsoever to perform in any respect any of the Credit Parties' contracts or obligations relating to the Accounts.

3.4 STATEMENT OF ACCOUNT

After the end of each month the Agents shall send the applicable Borrowers (directed to the Borrowers' Toronto, Ontario office in the case of the Canadian Borrowers and to the Borrowers' San Antonio, Texas office in the case of the U.S. Borrowers, with a copy to the Borrowers' Toronto, Ontario office) a statement showing the accounting for the charges, loans, advances and other transactions occurring between the Lenders and the applicable Borrowers during that month. The monthly statements, absent manifest error, shall be deemed correct and binding upon the applicable Borrowers and shall constitute an account stated between the applicable Borrowers and the Lenders unless the applicable Agent receives a written statement of the applicable Borrowers' exceptions within thirty (30) days after same is mailed to the applicable Borrowers.

ARTICLE IV

ADDITIONAL PROVISIONS REGARDING LOANS AND LETTERS OF CREDIT

4.1 CONTINUATIONS AND CONVERSIONS.

(a) U.S. Borrowers. The U.S. Borrowers shall have the option, on any Business Day, to continue an existing Eurodollar Loan into a subsequent Interest Period, to convert a Base Rate Loan into a Eurodollar Loan or to convert a Eurodollar Loan into a Base Rate Loan; provided, however, that
(i) each such continuation must be requested by the U.S. Borrowers pursuant to a written Notice of Continuation/Conversion, in the form of Exhibit D, in compliance with the terms set forth below and (ii) except as provided in
Section 4.11, Eurodollar Loans may be converted into Base Rate Loans only on the last day of an Interest Period applicable thereto; (iii) Eurodollar Loans may be continued and Base Rate Loans may be converted into Eurodollar Loans only if no Default or Event of Default is in existence on the date of continuation or conversion; and (iv) failure by the U.S. Borrowers to properly continue a Eurodollar Loan at the end of an Interest Period shall be deemed a conversion to a Base Rate Loan. Each continuation or conversion must be requested by the U.S. Borrowers, directed to the Administrative Agent at the address set forth on Schedule 1.1A hereto, no later than 11:00 a.m., (A) on the date of a requested conversion of a Eurodollar Loan to a Base Rate Loan or (B) three (3) Business Days prior to the date of a requested continuation of a Eurodollar Loan or conversion of a Base Rate Loan to a Eurodollar Loan, in each case pursuant to a written Notice of Continuation/Conversion submitted to the Administrative Agent which shall set forth (x) whether the applicable U.S. Borrower wishes to continue or convert such Loans and (y) if the request is to continue a Eurodollar Loan or convert a Base Rate Loan to a Eurodollar Loan, the Interest Period applicable thereto. The Administrative Agent shall give each U.S. Lender notice as promptly as practicable of any such proposed extension or conversion pursuant to this section.

(b) Canadian Borrowers.

(i) The Canadian Borrowers shall have the option, on any Business Day, to continue an existing Eurodollar Loan into a subsequent Interest Period, to convert a CA U.S. Base Rate Loan into a Eurodollar Loan or to convert a Eurodollar Loan into a CA U.S. Base Rate Loan; provided, however, that (A) each such continuation must be requested by the Canadian Borrowers, directed to the Canadian Agent at the address set forth on Schedule 1.1A hereto, pursuant to a written Notice of Continuation/Conversion, in the form of Exhibit D, in compliance with the terms set forth below and (B) except as provided in Section 4.11, Eurodollar Loans may be converted into CA U.S. Base Rate Loans only on the last day of an Interest Period applicable thereto; (C) Eurodollar Loans may be continued and CA U.S. Base Rate Loans may be converted into Eurodollar Loans only if no Default or Event of Default is in existence on the date of continuation or conversion; and (D) failure by the Canadian Borrowers to properly continue a Eurodollar Loan at the end of an Interest Period shall be deemed a conversion to a CA U.S. Base Rate Loan. Each

continuation or conversion must be requested by the Canadian Borrowers no later than 11:00 a.m., Toronto, Ontario time, (x) on the date of a requested conversion of a Eurodollar Loan to a Base Rate Loan or (y) three (3) Business Days prior to the date of a requested continuation of a Eurodollar Loan or conversion of a CA U.S. Base Rate Loan to a Eurodollar Loan, in each case pursuant to a written Notice of Continuation/Conversion submitted to the Canadian Agent which shall set forth (1) whether the Canadian Borrowers wish to continue or convert such Loans and (2) if the request is to continue a Eurodollar Loan or convert a CA U.S. Base Rate Loan to a Eurodollar Loan, the Interest Period applicable thereto. The Canadian Agent shall give each Canadian Lender notice as promptly as practicable of any such proposed extension or conversion pursuant to this section.

(ii) The Canadian Borrowers shall have the option, on any Business Day, to convert a Canadian Prime Rate Loan into a Bankers' Acceptance, to continue a maturing Bankers' Acceptance in accordance with Section 2.5 or to convert a maturing Bankers' Acceptance into a Canadian Prime Rate Loan; provided, however, (A) each such continuation or conversion must be requested by the Canadian Borrowers pursuant to an irrevocable notice to the Canadian Agent, substantially in the form of Exhibit D, in compliance with the terms set forth below, (B) the Canadian Borrowers must comply with all the requirements of Section 2.5, and (C) failure by the Canadian Borrowers to properly continue a Bankers' Acceptance shall be deemed a conversion to a Canadian Prime Rate Loan. Each continuation or conversion must be requested by the Canadian Borrowers no later than 11:00 a.m., Toronto, Ontario time, (x) one Business Day prior to the date of a requested conversion of a Bankers' Acceptance to a Canadian Prime Rate Loan or (y) one Business Day prior to the date of a requested continuation of a Bankers' Acceptance or conversion of a Canadian Prime Rate Loan to a Bankers' Acceptance, in each case pursuant to an irrevocable notice submitted to the Canadian Agent which shall set forth (1) that the Loans to be continued or converted are Canadian Prime Rate Loans, (2) whether the Canadian Borrowers wish to continue or convert such Loans and (3) if the request is to continue a Bankers' Acceptance or convert a Canadian Prime Rate Loan to a Bankers' Acceptance, the maturity date applicable thereto. The Canadian Agent shall give each Canadian Lender notice as promptly as practicable of any such proposed continuation or conversion pursuant to this Section.

4.2 INTEREST.

(a) Interest Rate. All U.S. Base Rate Loans shall accrue interest at the U.S. Base Rate, plus the Applicable Percentage. All Canadian Prime Rate Loans shall accrue interest at the Canadian Prime Rate, plus the Applicable Percentage, payable in Canadian Dollars. All CA U.S. Base Rate Loans shall accrue interest at the CA U.S. Base Rate, plus the Applicable Percentage, payable in U.S. dollars. All Eurodollar Loans shall accrue interest at the Adjusted Eurodollar Rate for the applicable Interest Period.

(b) Default Rate of Interest. Upon the occurrence, and during the continuance, of an Event of Default, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing (but not timely paid) hereunder or under the other Credit Documents (including without limitation fees and expenses) shall bear interest, payable on demand, at a per annum rate equal to the U.S. Base Rate, plus the sum of the Tier Level 1 Applicable Percentage for Base Rate Loans and two percent (2%) per annum; provided, that the default rate of interest set forth herein shall apply in the case of an Event of Default other than an Event of Default occurring under Section 11.1(a), (c)(i), (f) and (j) only at the direction of the Required Lenders.

(c) Interest Payments. Interest on Loans shall be due and payable in arrears on each Interest Payment Date. If an Interest Payment Date falls on a date which is not a Business Day, such Interest Payment Date shall be deemed to be the next succeeding Business Day, except that in the case of Eurodollar Loans where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding day.

(d) Computation of Interest. All computations of interest hereunder on Eurodollar Loans and U.S. Base Rate Loans shall be made on the basis of the actual number of days elapsed over a year of 360 days. All computations of interest hereunder on all other Loans shall be made on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be.

(e) Interest Act (Canada). Each Borrower hereby acknowledges that the rate or rates of interest applicable to certain of the Loans and fees as specified hereunder may be computed on the basis of a year of 360 days and paid for the actual number of days elapsed. For purposes of the Interest Act (Canada), if interest computed on the basis of a 360-day year is payable for any part of the calendar year, the equivalent yearly rate of interest may be determined by multiplying the specified rate of interest by the number of days (365 or 366) in such calendar year and dividing such product by 360.

4.3 PLACE AND MANNER OF PAYMENTS.

All payments of principal, interest and fees in connection with the Canadian Revolving Loans, BA Obligations and Canadian LOC Obligations shall be made by the Borrowers to the Canadian Agent at its offices located at the address set forth on Schedule 1.1A hereto on the date due by 2:00 p.m., Toronto, Ontario time, (in Canadian Dollars or U.S. Dollars, as applicable) in immediately available funds or by direct charge against the Canadian Revolving Loan Commitment, if available, pursuant to Section 3.2(b) hereof, in each case, without setoff, deduction, counterclaim or withholding of any kind. All other payments of principal, interest, fees, expenses and other amounts to be made by the Borrowers under this Agreement (including, but not limited to, the U.S. Revolving Loans) shall be received not later than 2:00 p.m., Charlotte, North Carolina time, on the date when due in U.S. Dollars and in immediately available funds or by direct charge against the U.S. Revolving Loan Commitment, if available, pursuant to Section 3.1(b) hereof, in each case, without setoff, deduction, counterclaim or withholding of any kind, by the Administrative Agent at its offices located at the address set forth on Schedule 1.1A hereto. A Borrower shall, at the time it makes any payment under this Agreement, specify to the Administrative Agent, or the

Canadian Agent as applicable, the Loans, Letters of Credit, fees or other amounts payable by the Borrowers hereunder to which such payment is to be applied (and in the event that it fails to specify, or if such application would be inconsistent with the terms hereof, the Administrative Agent, or the Canadian Agent as applicable, shall distribute such payment to the Lenders in the manner described in Section 4.6). The Canadian Agent shall inform the Administrative Agent and the Administrative Agent shall inform the Canadian Agent, by telecopy as of the first Business Day of each month, of all principal, interest or fees received from the Borrowers during the prior month, except for fees received pursuant to Section 4.5(c). The Administrative Agent or the Canadian Agent, as applicable, will distribute such payments to the applicable Lenders on the date of receipt if any such payment is received prior to 2:00 p.m. (Charlotte, North Carolina time or Toronto, Ontario time, as applicable); otherwise the Administrative Agent or the Canadian Agent, as applicable, will distribute such payment to the applicable Lenders on the next succeeding Business Day. The Borrowers' obligations to the Lenders with respect to such payments shall be discharged by making such payments to the applicable agent pursuant to this
Section 4.3 or if not timely paid or an Event of Default then exists, may be added to the principal amount of the Revolving Loans outstanding. Whenever any payment hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day (subject to accrual of interest and fees for the period of such extension), except that in the case of Eurodollar Loans, if the extension would cause the payment to be made in the next following calendar month, then such payment shall instead be made on the next preceding Business Day.

4.4 PREPAYMENTS.

(a) Voluntary Prepayments. The Borrowers shall have the right to prepay Revolving Loans and Bankers' Acceptances in whole or in part from time to time without premium or penalty; provided, however, that (i) Eurodollar Loans may only be prepaid on three (3) Business Day's prior written notice to the Administrative Agent or the Canadian Agent, as the case may be, and any prepayment of Eurodollar Loans will be subject to
Section 4.14, (ii) each such partial prepayment of Eurodollar Loans shall be in the minimum principal amount of $1,000,000, and (iii) that portion of the Canadian Revolving Loan Commitment subject to the creation of a Bankers' Acceptance may be prepaid prior to the maturity of such Bankers' Acceptance only in accordance with Section 2.5(g). Amounts prepaid hereunder shall be applied as the Borrowers may elect; provided, that (A) if the U.S. Borrowers shall fail to specify a voluntary prepayment as to the U.S. Revolving Loans then such prepayment shall be applied first to U.S. Base Rate Loans and then to Eurodollar Loans in direct order of Interest Period maturities and (B) if the Canadian Borrowers shall fail to specify a voluntary prepayment as to the Canadian Revolving Loans or Bankers' Acceptances, then such prepayments shall be applied (1) in the case of funds received in Canadian Dollars, to the Canadian Revolving Loans and Banker's Acceptances (first to Canadian Prime Rate Loans and then to Bankers' Acceptances in direct order of maturities) and (2) in the case of funds received in U.S. Dollars, to the Canadian Revolving Loans (first to CA U.S. Base Rate Loans and then to Eurodollar Loans, in direct order of Interest Period maturities).

(b) Mandatory Prepayments.

(i) Revolving Loan Overadvance. If, at any time (A) the sum of U.S. Revolving Loans outstanding plus Canadian Revolving Loans outstanding plus LOC Obligations plus BA Obligations exceeds the lesser of the Total Borrowing Base and $40,000,000; (B) the U.S. Revolving Loans outstanding plus the U.S. LOC Obligations outstanding exceed the lesser of the U.S. Borrowing Base and the U.S. Revolving Loan Commitment; or (C) the Canadian Revolving Loans outstanding plus Canadian LOC Obligations outstanding plus BA Obligations exceed the lesser of the Canadian Borrowing Base and the Canadian Revolving Loan Commitment, then the Borrowers (or the applicable Borrower) shall immediately make a payment in an amount equal to the net deficiency. Payments made under (A) shall be applied first pro rata to U.S. Base Rate Loans and Canadian Base Rate Loans and then to Eurodollar Loans (pro rata between those made under the Canadian Revolving Loan Commitment and the U.S. Revolving Loan Commitment) in direct order of Interest Period maturities and then to Bankers' Acceptances in direct order of Interest Period maturities. Payments made under (B) shall be applied first to U.S. Base Rate Loans and then to Eurodollar Loans in direct order of Interest Period maturities. Payments made under (C) shall be applied first to Canadian Base Rate Loans and then to Eurodollar Loans in direct order of Interest Period maturities and then to Bankers' Acceptances in direct order of Interest Period maturities. Prepayments made on Bankers' Acceptances shall be made in accordance with Section 2.5(g).

(ii) Asset Sales. Immediately upon the receipt by any Credit Party of proceeds from any Asset Disposition, the Borrowers shall prepay the Loans in an amount equal to 100% of the Net Proceeds of such Asset Disposition (such prepayment to be applied as set forth in Section 4.4(c) below).

(iii) Casualty Loss. To the extent of cash proceeds received in connection with a Casualty Loss by any Credit Party, the Borrowers shall prepay the Loans in an amount equal to one hundred percent (100%) of such cash proceeds if the Administrative Agent shall have elected to apply the proceeds realized from such Casualty Loss to the prepayment of the Loans (such prepayment to be applied as set forth in Section 4.4(c) below).

(c) Application of Certain Prepayments. All amounts required to prepay Loans pursuant to Section 4.4(b)(ii) or (iii) above shall be applied (i) for an Asset Disposition or Casualty Loss in connection with U.S. Collateral, to the U.S. Revolving Loans (first to Base Rate Loans and then to Eurodollar Loans in direct order of maturities) and (ii) for an Asset Disposition or Casualty Loss in connection with the Canadian Collateral, (A) in the case of proceeds received in Canadian Dollars, to the Canadian Revolving Loans and Banker's Acceptances (first to Canadian Prime Rate Loans and then to Bankers' Acceptances in direct order of maturities) and (B) in the case of proceeds received in U.S. Dollars, to the Canadian Revolving Loans (first to CA U.S. Base Rate Loans and then to Eurodollar Loans, in direct order of maturities). All prepayments shall be subject to
Section 4.14. Payments on Loans denominated in U.S. Dollars shall be made in U.S. Dollars and payments on Loans denominated in Canadian Dollars shall be made in Canadian Dollars.

4.5 FEES.

(a) Non-Use Fees. In consideration of the Revolving Loan Commitments being made available by the Lenders hereunder, (i) the U.S. Borrowers agree to pay to the Administrative Agent, for the account of the U.S. Lenders, a per annum fee equal to the Applicable Percentage for the Non-Use Fees (calculated on the basis of the actual number of days elapsed in a 360 day year) on the U.S. Unutilized Revolving Commitment and (ii) the Canadian Borrowers agree to pay to the Canadian Agent, for the account of the Canadian Lenders, a per annum fee equal to the Applicable Percentage for the Non-Use Fees (calculated on the basis of the actual number of days elapsed in a 365 or 366 day year, as the case may be) on the Canadian Unutilized Revolving Commitment (collectively, the "Non-Use Fees"). The accrued Non-Use Fees shall be due and payable monthly in arrears on the last day of each calendar month (as well as on the Maturity Date and on any date that a Revolving Loan Commitment is reduced) for the month then ending (or portion thereof), beginning with the first of such dates to occur after the Closing Date.

(b) Letter of Credit Fees.

(i) Letter of Credit Fee. In consideration of the issuance of Letters of Credit hereunder, the U.S. Borrowers agree to pay to the applicable Issuing Lender in respect of outstanding U.S. Letters of Credit for the pro rata benefit of the U.S. Lenders (based on each U.S. Lender's U.S. Revolving Loan Commitment Percentage of the U.S. Revolving Loan Commitment (calculated on the basis of the actual number of days elapsed in a 360 day year)) and, the Canadian Borrowers agree to pay to the applicable Issuing Lender in respect of outstanding Canadian Letters of Credit for the pro rata benefit of the Canadian Lenders (based on each Canadian Lender's Canadian Revolving Loan Commitment Percentage of the Canadian Revolving Commitment (calculated on the basis of the actual number of days elapsed in a 365 or 366 day year, as the case may be)), an annual fee (the "Letter of Credit Fee") equal to the Applicable Percentage for the Letter of Credit Fee on the average daily maximum amount available to be drawn under each such Letter of Credit from the date of issuance to the date of expiration. The Letter of Credit Fee will be payable monthly in arrears on the last day of each calendar month and on the Maturity Date.

(ii) Issuing Lender Fee. In addition to the Letter of Credit Fees payable pursuant to subsection (i) above, each of the Borrowers shall pay to the applicable Issuing Lender for its own account, without sharing by the other Lenders, a fee equal to one-eighth of one percent (0.125%) per annum on the total sum of all Letters of Credit issued by the Issuing Lender, such fee to be paid monthly in arrears on the last day of each calendar month (as well as on the Maturity Date) (the "Issuing Lender Fee").

(c) Administrative Fees. The U.S. Borrowers agree to pay to the Administrative Agent, for its own account, an annual fee as agreed to between the U.S. Borrowers and the Administrative Agent in the Administrative Agent Fee Letter.

(d) Authorization to Charge Account. The Borrowers hereby authorize the Administrative Agent or the Canadian Agent, as the case may be, to charge the Borrowers' Revolving Loan accounts with the amount of all payments and fees due hereunder to the Lenders, the Administrative Agent, the Canadian Agent and the Issuing Lender as and when such payments become due. The Borrowers confirm that any charges which the applicable Agent may so make to the Borrowers' Revolving Loan accounts as herein provided will be made as an accommodation to the Borrowers and solely at the applicable Agent's discretion.

4.6 PRO RATA TREATMENT.

Except to the extent otherwise provided herein:

(a) Loans. Each Revolving Loan borrowing (including, without limitation, each Mandatory Borrowing), each creation of Bankers' Acceptances, each payment or prepayment of principal of any Loan, each payment of fees (other than the Issuing Lender Fee retained by each of the Issuing Lenders for its own account and the administrative fees retained by the Administrative Agent and the Canadian Agent for its own account), each reduction of the U.S. Revolving Loan Commitment or the Canadian Revolving Loan Commitment, and each conversion or continuation of any Loan, shall be allocated pro rata among the relevant Lenders in accordance with the respective U.S. Revolving Loan Commitment Percentages or Canadian Revolving Loan Commitment Percentages, as applicable, of such Lenders; it being understood that payments under the U.S. Revolving Loans shall be allocated pro rata among the U.S. Lenders and payments under the Canadian Revolving Loans shall be allocated pro rata among the Canadian Lenders (or, if the Commitments of such Lenders have expired or been terminated, in accordance with the respective principal amounts of the outstanding Loans, Bankers' Acceptances and Participation Interests of such Lenders); provided that, if any Lender shall have failed to pay its applicable pro rata share of any Revolving Loan, then any amount to which such Lender would otherwise be entitled pursuant to this subsection (a) shall instead be payable to the Administrative Agent or the Canadian Agent, as applicable; provided further, that in the event any amount paid to any Lender pursuant to this subsection (a) is rescinded or must otherwise be returned by the Administrative Agent or the Canadian Agent, as applicable, each Lender shall, upon the request of the Administrative Agent or the Canadian Agent, as applicable, repay to the Administrative Agent or the Canadian Agent, as applicable the amount so paid to such Lender, with interest for the period commencing on the date such payment is returned by the Administrative Agent or the Canadian Agent, as applicable until the date the Administrative Agent or the Canadian Agent, as applicable receives such repayment at a rate per annum equal to, during the period to but excluding the date two
(2) Business Days after such request, the Federal Funds Rate, and thereafter, the U.S. Base Rate plus two percent (2%) per annum; and

(b) Letters of Credit. Each payment of unreimbursed drawings in respect of LOC Obligations shall be allocated to each U.S. Lender pro rata in accordance with its U.S. Lender Revolving Loan Commitment Percentage or to each Canadian Lender pro rata in accordance with its Canadian Lender Revolving Loan Commitment Percentage, as appropriate; provided that, if any Lender shall have failed to pay its applicable pro rata share of any drawing under any Letter of Credit, then any amount to which such Lender would otherwise be entitled pursuant to this subsection (b) shall instead be payable to the Issuing Lender; provided further, that in the event any amount paid to any Lender pursuant to this subsection (b) is rescinded or must otherwise be returned by the Issuing Lender, each Lender shall, upon the request of the Issuing Lender, repay to the Administrative Agent for the account of the Issuing Lender the amount so paid to such Lender, with interest for the period commencing on the date such payment is returned by the Issuing Lender until the date the Issuing Lender receives such repayment at a rate per annum equal to, during the period to but excluding the date two (2) Business Days after such request, the Federal Funds Rate, and thereafter, the U.S. Base Rate, plus two percent (2%) per annum.

4.7 ALLOCATION OF PAYMENTS AFTER EVENT OF DEFAULT.

Notwithstanding any other provisions of this Agreement, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by an Agent or any Lender on account of amounts outstanding under any of the Credit Documents or in respect of the collateral shall be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including without limitation reasonable attorneys' fees) of the Agents in connection with enforcing the rights of the Lenders under the Credit Documents and any protective advances made by the Agents with respect to the Collateral under or pursuant to the terms of the Security Documents;

SECOND, to payment of any fees owed to an Agent or an Issuing Lender hereunder or under any other Credit Document;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses, (including, without limitation, reasonable attorneys' fees) of each of the Lenders in connection with enforcing its rights under the Credit Documents;

FOURTH, to the payment of all accrued fees and interest payable to the Lenders hereunder;

FIFTH, to the payment of the outstanding principal amount of the Loans and to the payment or cash collateralization of the outstanding LOC Obligations and BA Obligations, pro rata, as set forth below;

SIXTH, to all other Obligations which shall have become due and payable under the Credit Documents and not repaid pursuant to clauses "FIRST" through "FIFTH" above;

SEVENTH, to all other Obligations which shall have become due and payable and not repaid pursuant to clauses "FIRST" through "SIXTH" above; and

EIGHTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (a) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (b) each of the Lenders shall receive an amount equal to its pro rata share (based on the proportion that the then outstanding Loans, LOC Obligations and BA Obligations held by such Lender bears to the aggregate then outstanding Loans, LOC Obligations and BA Obligations) of amounts available to be applied pursuant to clauses "THIRD", "FOURTH," "FIFTH," and "SIXTH" above; and (c) to the extent that any amounts available for distribution pursuant to clause "FIFTH" above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Administrative Agent in a cash collateral account and applied (x) first, to reimburse the Issuing Lender from time to time for any drawings under such Letters of Credit and (y) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses "FIFTH", "SIXTH" and "SEVENTH" above in the manner provided in this Section 4.7 and in the Security Documents.

4.8 SHARING OF PAYMENTS.

The Lenders agree among themselves that, except to the extent otherwise provided herein, in the event that any Lender shall obtain payment in respect of any Loan or Bankers' Acceptance, unreimbursed drawing with respect to any LOC Obligations or any other obligation owing to such Lender under this Agreement through the exercise of a right of setoff, banker's lien or counterclaim, or pursuant to a secured claim under Section 506 of the U.S. Bankruptcy Code (or similar provision of the Canadian bankruptcy laws) or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, in excess of its pro rata share of such payment as provided for in this Agreement, such Lender shall promptly pay in cash or purchase from the other applicable Lenders a participation in such Loans, LOC Obligations, BA Obligations and other obligations in such amounts, and make such other adjustments from time to time, as shall be equitable to the end that all Lenders share such payment in accordance with their respective ratable shares as provided for in this Agreement. The Lenders further agree among themselves that if payment to a Lender obtained by such Lender through the exercise of a right of setoff, banker's lien, counterclaim or other event as aforesaid shall be rescinded or must otherwise be restored, each applicable Lender which shall have shared the benefit of such payment shall, by payment in cash or a repurchase of a participation theretofore sold, return its share of that benefit (together with its share of any accrued interest payable with respect thereto) to each Lender whose payment shall have been rescinded or otherwise restored. The Borrowers agree that any Lender so purchasing such a participation may, to the fullest extent permitted by law, exercise all rights of payment, including setoff, banker's lien or counterclaim, with respect to such participation as fully as if such Lender were a holder of such Loan, LOC Obligation, BA Obligation or other obligation in the amount of such participation. Except as otherwise expressly provided in this Agreement, if any Lender or an Agent shall fail to remit to an Agent or any other Lender an amount payable by such

Lender or such Agent to such Agent or such other Lender pursuant to this Agreement on the date when such amount is due, such payments shall be made together with interest thereon for each date from the date such amount is due until the date such amount is paid to such Agent or such other Lender at a rate per annum equal to the Federal Funds Rate. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section 4.8 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders under this Section 4.8 to share in the benefits of any recovery on such secured claim.

4.9 CAPITAL ADEQUACY.

If, after the date hereof, any Lender has determined that the adoption or the becoming effective of, or any change in, or any change by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof in the interpretation or administration of, any applicable law, rule or regulation regarding capital adequacy, or compliance by such Lender, or its parent corporation, with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's (or parent corporation's) capital or assets as a consequence of its commitments or obligations hereunder to a level below that which such Lender, or its parent corporation, could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Lender's (or parent corporation's) policies with respect to capital adequacy), then, upon notice from such Lender to the Borrowers, the Borrowers shall be obligated to pay to such Lender such additional amount or amounts as will compensate such Lender on an after-tax basis (after taking into account applicable deductions and credits in respect of the amount indemnified) for such reduction. Each determination by any such Lender of amounts owing under this Section shall, absent manifest error, be conclusive and binding on the parties hereto. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.10 INABILITY TO DETERMINE INTEREST RATE OR CREATE BANKERS' ACCEPTANCES.

(a) If prior to the first day of any Interest Period, (i) the Administrative Agent shall have determined in good faith (which determination shall be conclusive and binding upon the Borrowers) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, (ii) the Administrative Agent has received notice from the Required Lenders that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Eurodollar Loans during such Interest Period, or (iii) U.S. Dollar deposits in the principal amounts of the Eurodollar Loans to which such Interest Period is to be applicable are not generally available in the London interbank market, the Administrative Agent shall give telecopy or telephonic notice thereof to the Borrowers and the Lenders as soon as practicable thereafter, and will also give prompt written notice to the Borrowers when such conditions no longer exist. If such notice is given, (A) any Eurodollar Loans requested to be made on the first day of such Interest Period shall be made as Base Rate Loans, (B) any Revolving Loans that were to have been converted on

the first day of such Interest Period to or continued as Eurodollar Loans shall be converted to or continued as Base Rate Loans and (C) each outstanding Eurodollar Loan shall be converted, on the last day of the then-current Interest Period thereof, to Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent, no further Eurodollar Loans shall be made or continued as such, nor shall the Borrowers have the right to convert Base Rate Loans to Eurodollar Loans.

(b) If the Canadian Agent determines in good faith, which determination shall be final, conclusive and binding upon the Canadian Borrowers absent manifest error, and notifies the Canadian Borrowers and each of the Canadian Lenders that, by reason of circumstances affecting the money market (i) there is no market for Bankers' Acceptances; or (ii) the demand for Bankers' Acceptances is insufficient to allow the sale or trading of the Bankers' Acceptances created and purchased hereunder, then,

(A) the right of the Canadian Borrowers to request a borrowing by way of Bankers' Acceptances shall be suspended until the Canadian Agent determines in good faith that the circumstances causing such suspension no longer exist and the Canadian Agent so notifies the Canadian Borrowers;

(B) any notice of requested Bankers' Acceptances which is outstanding shall be canceled and the Bankers' Acceptance requested therein shall not be made; and

(C) the Canadian Agent shall promptly notify the Canadian Borrowers of the suspension of the Canadian Borrowers' right to request a Bankers' Acceptance and of the termination of any such suspension.

4.11 ILLEGALITY.

Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof occurring after the Closing Date shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) such Lender shall promptly give written notice of such circumstances to the Borrowers and the Administrative Agent (which notice shall be withdrawn whenever such circumstances no longer exist), (b) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert a Base Rate Loan to Eurodollar Loans shall forthwith be suspended and, until such time as it shall no longer be unlawful for such Lender to make or maintain Eurodollar Loans, such Lender shall then have a commitment only to make a Base Rate Loan when a Eurodollar Loan is requested and (c) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrowers shall pay to such Lender such amounts, if any, as may be required pursuant to Section 4.14.

4.12 REQUIREMENTS OF LAW.

If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof applicable to any Lender, or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority, in each case made subsequent to the Closing Date (or, if later, the date on which such Lender becomes a Lender):

(a) shall subject such Lender to any tax of any kind whatsoever with respect to any Letter of Credit or any Loans made or issued by it or its obligation to make or issue any of the foregoing, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 4.13 and changes in taxes measured by or imposed upon the overall net income, or franchise tax imposed in lieu of such net income tax, of such Lender or its applicable lending office, branch, or any affiliate thereof);

(b) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the Eurodollar Rate or the Acceptance Fee in respect of Bankers' Acceptances hereunder; or

(c) shall impose on such Lender any other condition (excluding any tax of any kind whatsoever);

and the result of any of the foregoing is to increase the cost to such Lender, by an amount which such Lender, acting reasonably, deems to be material, of making, converting into, continuing or maintaining Loans or issuing or participating in Letters of Credit or creating or accepting Bankers' Acceptances or to reduce any amount receivable hereunder in respect thereof, then, in any such case, upon notice to the Borrowers from such Lender, through either of the Agents, in accordance herewith, the Borrowers shall be obligated to promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender on an after-tax basis (after taking into account applicable deductions and credits in respect of the amount indemnified) for such increased cost or reduced amount receivable, provided that, in any such case, the Borrowers may elect to convert the Eurodollar Loans made by such Lender hereunder to Base Rate Loans by giving the Administrative Agent at least one (1) Business Day's notice of such election, in which case the Borrowers shall promptly pay to such Lender, upon demand, without duplication, such amounts, if any, as may be required pursuant to Section 4.14. If any Lender becomes entitled to claim any additional amounts pursuant to this Section 4.12, it shall provide prompt notice thereof to the Borrowers, through the Administrative Agent, certifying (x) that one of the events described in this Section 4.12 has occurred and describing in reasonable detail the nature of such event, (y) as to the increased cost or reduced amount resulting from such event and (z) as to the additional amount demanded by such Lender and a reasonably detailed explanation of the calculation thereof. Such a certificate as to any additional amounts payable pursuant to this Section 4.12 submitted by such Lender, through the Administrative Agent, to the Borrowers shall be conclusive and binding on the

parties hereto in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.13 TAXES.

(a) Except as provided below in this Section 4.13, all payments made by the Borrowers under this Agreement, any Notes and any documents relating hereto shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any court, or governmental body, agency or other official, including interest, penalties and liabilities with respect thereto ("Taxes"), excluding taxes measured by or imposed upon the overall net income of any Lender or its applicable lending office, or any branch or affiliate thereof, and all franchise taxes, branch taxes, taxes on doing business or taxes on the overall capital or net worth of any Lender or its applicable lending office, or any branch or affiliate thereof, in each case imposed in lieu of net income taxes, imposed: (i) by the jurisdiction under the laws of which such Lender, applicable lending office, branch or affiliate is organized or is located, or in which its principal executive office is located, or any nation within which such jurisdiction is located or any political subdivision thereof; or (ii) by reason of any connection between the jurisdiction imposing such tax and such Lender, applicable lending office, branch or affiliate other than a connection arising solely from such Lender having executed, delivered or performed its obligations, or received payment under or enforced, this Agreement or any Notes. If any such non-excluded Taxes, ("Non-Excluded Taxes") are required to be withheld from any amounts payable to an Agent or any Lender hereunder or under any Notes or other documents relating thereto, (A) the Borrowers shall withhold and remit such Taxes to the relevant authority when and as due, (B) the amounts so payable to an Agent or such Lender shall be increased to the extent necessary to yield to an Agent or such Lender (after payment of all Non-Excluded Taxes, including Non-Excluded Taxes in respect of additional amounts payable hereunder) interest or any such other amounts payable hereunder or under the Notes or any other document relating hereto at the rates or in the amounts specified in this Agreement and any Notes, provided, however, that the Borrowers shall be entitled to deduct and withhold any Non-Excluded Taxes and shall not be required to increase any such amounts payable to any Lender that is not organized under the laws of the United States of America or a state thereof if such Lender fails to comply with the requirements of paragraph (b) of this Section 4.13 whenever any Non-Excluded Taxes are payable by the Borrowers, and (C) as promptly as possible thereafter the Borrowers shall send to such Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt received by the Borrowers showing prompt payment thereof. If the Borrowers fail to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrowers shall indemnify an Agent and any Lender for any incremental Taxes, interest or penalties that may become payable by an Agent or any Lender as a result of any such failure. If a Lender shall change its office that makes or maintains a Loan hereunder, the Borrowers shall not be required to pay any increased amounts to the Lender in respect of any Non-Excluded Taxes pursuant to this

subsection 4.13 over and above any obligation to withhold or deduct any amount with respect to such Non-Excluded Taxes that existed on the date the Lender changed such office, unless the Lender changed the office at the request of the Borrowers in which case the Borrower shall indemnify the Lender in respect of such increased amounts. The agreements in this subsection shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(b) Each Lender that is not incorporated under the laws of the United States of America or a state thereof shall:

(i) (A) on or before the date of any payment by the U.S. Borrowers under this Agreement or Notes to such Lender, deliver to the U.S. Borrowers and the Administrative Agent (x) two duly completed copies of United States Internal Revenue Service Form 1001 or 4224, or successor applicable form, as the case may be, certifying that it is entitled to receive payments under this Agreement and any Notes without deduction or withholding of any United States federal income taxes and (y) an Internal Revenue Service Form W-8 or W-9, or successor applicable form, as the case may be, certifying that it is entitled to an exemption from United States backup withholding tax;

(B) deliver to the U.S. Borrowers and the Administrative Agent two further copies of any such form or certification on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to the U.S. Borrowers; and

(C) obtain such extensions of time for filing and complete such forms or certifications as may reasonably be requested by the U.S.

Borrowers or the Administrative Agent; or

(ii) in the case of any such Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (A) represent to the U.S. Borrowers (for the benefit of the U.S. Borrowers and the Administrative Agent) that it is not a bank within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (B) agree to furnish to the U.S. Borrowers, on or before the date of any payment by the U.S. Borrowers, with a copy to the Administrative Agent, two accurate and complete original signed copies of Internal Revenue Service Form W-8, or successor applicable form certifying to such Lender's legal entitlement at the date of such certificate to an exemption from U.S. withholding tax under the provisions of Section 881(c) of the Internal Revenue Code with respect to payments to be made under this Agreement and any Notes (and to deliver to the U.S. Borrowers and the Administrative Agent two further copies of such form on or before the date it expires or becomes obsolete and after the occurrence of any event requiring a change in the most recently provided form and, if necessary, obtain any extensions of time reasonably requested by the U.S. Borrowers or the Administrative Agent for filing and completing such forms), and (C) agree, to the

extent legally entitled to do so, upon reasonable request by the U.S. Borrowers, to provide to the U.S. Borrowers (for the benefit of the U.S. Borrowers and the Administrative Agent) such other forms as may be reasonably required in order to establish the legal entitlement of such Lender to an exemption from withholding with respect to payments under this Agreement and any Notes.

Notwithstanding the above, if any change in treaty, law or regulation has occurred after the date such Person becomes a Lender hereunder which renders all such forms inapplicable or which would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the U.S. Borrowers and the Administrative Agent then such Lender shall be exempt from such requirements. Each Person that shall become a Lender or a participant of a Lender pursuant to Section 14.3 shall, upon the effectiveness of the related transfer, be required to provide all of the forms, certifications and statements required pursuant to this subsection (b); provided that in the case of a participant of a Lender, the obligations of such participant of a Lender pursuant to this subsection (b) shall be determined as if the participant of a Lender were a Lender except that such participant of a Lender shall furnish all such required forms, certifications and statements to the Lender from which the related participation shall have been purchased.

(c) If any such Taxes shall be or become applicable after the date of this Agreement to such payments by the Borrowers to a Lender, such Lender shall use reasonable efforts to make, fund or maintain the Loan or Loans, as the case may be, through another lending office located in another jurisdiction so as to reduce, to the fullest extent possible, the Borrowers' liability hereunder, if the making, funding or maintenance of such Loan or Loans through such other office does not, in the reasonable judgment of the Lender, materially affect the Lender of such Loan. If the Borrowers are required to make any additional payment to a Lender pursuant to this Section 4.13, and any such Lender receives, or is entitled to receive, a credit against, remission for, or repayment of, any tax paid or payable by it in respect of, or calculated with reference to, the taxes giving rise to such payment, such Lender shall, within a reasonable time after it receives such credit, relief, remission or repayment, reimburse the Borrowers the amount of any such credit, relief, remission or repayment.

4.14 COMPENSATION.

The Borrowers promise to indemnify each Lender and to hold each Lender harmless from any loss or expense which such Lender may sustain or incur (other than through such Lender's gross negligence or willful misconduct) as a consequence of (a) default by a Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans or in creating Bankers' Acceptances after such Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by a Borrower in making any prepayment of a Eurodollar Loan after such Borrower has given a notice thereof in accordance with the provisions of this Agreement and (c) the making of a prepayment of Eurodollar Loans on a day which is not the last day of an Interest Period with respect thereto or the repayment of a Bankers' Acceptance prior to its maturity date. Such indemnification may include an amount equal to (i) the present value of the amount of interest which would have accrued on the amount so prepaid, or not so borrowed,

converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of the applicable Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Eurodollar Loans provided for herein (excluding, however, the Applicable Percentage included therein, if any) minus (ii) the amount of interest (as reasonably determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank Eurodollar market. Such a certificate as to any amounts payable pursuant to this Section 4.14 submitted by a Lender, through the Administrative Agent to the Lenders, shall be conclusive and binding in the absence of manifest error. The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.15 REPLACEMENT LENDER.

If (a) any Lender has demanded compensation or indemnification pursuant to
Section 4.9, 4.12 or 4.13, (b) the obligation of any Lender to make Eurodollar Loans has been suspended pursuant to Section 4.11 or (c) any Lender is a Defaulting Lender, the Borrowers shall have the right, if no Default or Event of Default then exists, to replace such Lender (the "Retiring Lender") with one or more Eligible Assignees (each a "Replacement Lender" and, collectively, the "Replacement Lenders") acceptable to the Administrative Agent. The replacement of a Retiring Lender pursuant to this Section 4.15 shall be effective on the tenth Business Day (the "Replacement Date") following the date of notice of such replacement to the Retiring Lender and each other Lender through the Administrative Agent, subject to the satisfaction of the following conditions:

(i) the Retiring Lender and the Replacement Lender shall have satisfied the conditions to assignment and assumption set forth in Section 14.3 (with all fees payable pursuant to Section 14.3 to be paid by the Borrowers) and, in connection therewith, the Replacement Lender(s) shall pay:

(ii) to the Retiring Lender an amount equal in the aggregate to the sum of (w) the principal of, and all accrued but unpaid interest on, all outstanding Loans of the Retiring Lender, (x) all unpaid BA Obligations,
(y) all unpaid LOC Obligations, together with all accrued but unpaid interest with respect thereto and (z) all accrued but unpaid fees owing to the Retiring Lender pursuant to Section 4.5, and

(iii) to the Issuing Lenders an amount equal to the aggregate amount owing by the Retiring Lender to the Issuing Lenders as reimbursement for drawings under Letters of Credit, to the extent such amount was not theretofore funded by such Retiring Lender; and

(iv) the Borrowers shall have paid to the Administrative Agent for the account of the Retiring Lender an amount equal to all obligations owing to the Retiring Lender by the Borrowers pursuant to this Agreement and the other Credit Documents.

On the Replacement Date, each Replacement Lender shall become a Lender hereunder, and the Retiring Lender shall cease to constitute a Lender hereunder; provided that the provisions of this Agreement (including, without limitation, the provisions of Sections 4.9, 4.12, 4.13, 4.14 and 14.5) shall continue to govern the rights and obligations of a Retiring Lender with respect to any Loans made, any Letters of Credit issued or participated in, any Bankers' Acceptances issued or participated in or any other actions taken by such Retiring Lender while it was a Lender.

In lieu of the foregoing, upon the express written consent of the Required Lenders, the Borrowers shall have the right to terminate the Commitment of a Retiring Lender in full. Upon payment by the Borrowers to the Administrative Agent for the account of the Retiring Lender of an amount equal to the sum of (A) the aggregate principal amount of all Loans, LOC Obligations and BA Obligations held by the Retiring Lender and (B) all accrued interest, fees and other amounts owing to the Retiring Lender hereunder, including, without limitation, all amounts payable by the Borrower to the Retiring Lender under Sections 4.9, 4.12, 4.13, 4.14 or 14.5, such Retiring Lender shall cease to constitute a Lender hereunder; provided that the provisions of this Agreement (including, without limitation, the provisions of Sections 4.9, 4.12, 4.13, 4.14 and 14.5) shall continue to govern the rights and obligations of a Retiring Lender with respect to any Loans made, any Letters of Credit issued or participated in, any Bankers' Acceptances issued or participated in or any other actions taken by such Retiring Lender while it was a Lender.

ARTICLE V

CONDITIONS PRECEDENT

5.1 CLOSING CONDITIONS.

The obligation of the Lenders to enter into this Agreement is subject to satisfaction of the following conditions (in form and substance acceptable to the Administrative Agent):

(a) Executed Credit Documents. Receipt by the Administrative Agent of duly executed copies of (i) this Agreement; (ii) the Revolving Credit Notes; (iii) the Guaranty Agreements; (iv) the Security Agreements; and (v) all other Credit Documents.

(b) No Default; Representations and Warranties. As of the Closing Date
(i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects.

(c) Opinion of Counsel. Receipt by the Administrative Agent of an opinion, or opinions, in form and substance satisfactory to the Administrative Agent and the Canadian Agent, addressed to the Agents on behalf of the Lenders and dated as of the Closing Date, from U.S. and Canadian legal counsel to the Credit Parties.

(d) Corporate Documents. Receipt by the Administrative Agent of the following:

(i)Charter Documents. Copies of the articles or certificates of incorporation or other charter documents of each Credit Party that is a party to a Credit Document, certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation and certified by a secretary or assistant secretary as of the Closing Date to be true and correct.

(ii) Resolutions. Copies of resolutions of the Board of Directors of each Credit Party that is party to a Credit Document, approving and adopting the Credit Documents to which it is a party, the transactions contemplated therein and authorizing execution and delivery thereof, certified by a secretary or assistant secretary as of the Closing Date to be true and correct and in force and effect as of such date.

(iii) Bylaws. A copy of the bylaws of each Credit Party that is a party to a Credit Document, certified by a secretary or assistant secretary as of the Closing Date to be true and correct and in force and effect as of such date.

(iv) Good Standing. Copies of (i) certificates of good standing, existence or its equivalent with respect to each Credit Party that is a party to a Credit Document, certified as of a recent date by the appropriate Governmental Authorities of the state or other jurisdiction of incorporation and each other jurisdiction in which such Credit Party carries on business and is required by the laws of such jurisdiction to be qualified therein to do so and (ii) where applicable, a certificate indicating payment of all corporate franchise taxes certified as of a recent date by the appropriate governmental taxing authorities.

(e) Compliance with Financial Obligations. The Credit Parties shall be in compliance with all existing material financial obligations owed to third parties.

(f) Personal Property Collateral. The Administrative Agent shall have received:

(i) searches of filings under the UCC and PPSA (or corresponding local laws) in the jurisdiction of the chief executive office of each Credit Party and each jurisdiction where any Collateral is located or where a filing would need to be made in order to perfect the Administrative Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens;

(ii) duly completed financing statements under the UCC and PPSA (or corresponding local laws) for each appropriate jurisdiction as is necessary, in the Administrative Agent's reasonable discretion, to perfect the Administrative Agent's security interest in the Collateral;

(iii) searches of ownership of intellectual property in the appropriate governmental offices and such patent/trademark/copyright filings as requested by the Administrative Agent in order to perfect the Administrative Agent's security interest in the Collateral;

(iv) all instruments and chattel paper in the possession of any of the Credit Parties, together with allonges or assignments as may be necessary or appropriate to perfect the Administrative Agent's security interest in the Collateral to the extent required under the Security Agreements; and

(v) duly executed consents as are necessary, in the Administrative Agent's reasonable discretion, to perfect the Lenders' security interest in the Collateral including, without limitation, such Acknowledgment Agreements from lessors of real property as the Administrative Agent may require.

(g) No Material Adverse Effect. No event shall have occurred since January 2, 1999 that has had or could be reasonably expected to have a Material Adverse Effect.

(h) Litigation. No litigation shall be pending or threatened which, in the reasonable determination of the Administrative Agent, would have or reasonably be expected to have a Material Adverse Effect.

(i) Consents and Approvals. Receipt by the Administrative Agent of evidence that all material governmental, shareholder and third party consents and approvals necessary or desirable in connection with the execution and delivery of the Credit Documents and the consummation of the transactions set forth therein.

(j) Officer's Certificate. The Administrative Agent shall have received a certificate or certificates executed by a Senior Financial Officer of the Company on behalf of the Credit Parties as of the Closing Date stating that (A) each Credit Party is in compliance with all existing material financial obligations, (B) all material governmental, shareholder and third party consents and approvals, if any, with respect to the Credit Documents and the other transactions contemplated thereby have been obtained, (C) no action, suit, investigation or proceeding is pending or threatened in any court or before any arbitrator or governmental instrumentality that purports to effect a member of the Consolidated Cott Group or any other transaction contemplated by the Credit Documents, if such action, suit, investigation or proceeding could have or could be reasonably expected to have a Material Adverse Effect, and (D) immediately after giving effect to this Agreement, the other Credit Documents and the other transactions contemplated therein to occur on such date, (1) each Credit Party is Solvent, (2) no Default or Event of Default exists, (3) all representations and warranties contained herein and in the other Credit Documents are true and correct in all material respects, and (4) the Consolidated Cott Group is in compliance with each of the financial covenants set forth in Article VIII.

(k) Priority of Liens. The Administrative Agent shall have received satisfactory evidence that (i) subject to Permitted Liens, the Administrative Agent, on

behalf of the applicable Lenders, holds a perfected, first priority Lien on all applicable Collateral (subject to clause (i) above) and (ii) none of the Collateral is subject to any other Liens other than Permitted Liens.

(l) Opening Borrowing Base Certificate. Receipt by each of the Agents of a Borrowing Base Certificate as of the close of business on June 30, 1999, substantially in the form of Exhibit J and certified by a Senior Financial Officer of the Company to be true and correct as of the Closing Date.

(m) Evidence of Insurance. Receipt by the Administrative Agent of copies of insurance policies or certificates of insurance of the Credit Parties evidencing general comprehensive liability and property insurance meeting the requirements set forth in the Credit Documents, including, without limitation, naming the Administrative Agent as loss payee on behalf of the Lenders and each Lender as additional insured and copies of credit insurance policies insuring foreign Accounts to be included as Eligible Accounts Receivable.

(n) Corporate Structure. The corporate capital and ownership structure of the Consolidated Cott Group shall be as described in Schedule 5.1(n).

(o) Other Indebtedness. Receipt by the Administrative Agent of evidence that, after giving effect to the making of the Loans made on the Closing Date, the Credit Parties shall have no Funded Debt other than the Indebtedness under the Credit Documents and as disclosed on Schedule 6.9.

(p) Solvency Certificate. Receipt by the Administrative Agent of an officer's certificate for each of the Credit Parties prepared by a Senior Financial Officer of such Credit Party as to the financial condition, solvency and related matters of such Credit Party, in each case after giving effect to the initial borrowings under the Credit Documents, in substantially the form of Exhibit K hereto.

(q) Sources and Uses; Payment Instructions. Receipt by the Administrative Agent of (i) a statement of sources and uses of funds covering all payments reasonably expected to be made by the Company in connection with the transactions contemplated by the Credit Documents to be consummated on the Closing Date, including an itemized estimate of all fees, expenses and other closing costs and (ii) payment instructions with respect to each wire transfer to be made by the Agents on behalf of the Lenders or the Company or the Borrowers on the Closing Date setting forth the amount of such transfer, the purpose of such transfer, the name and number of the account to which such transfer is to be made, the name and ABA number of the bank or other financial institution where such account is located and the name and telephone number of an individual that can be contacted to confirm receipt of such transfer.

(r) Subordinated Debt. Receipt by the Administrative Agent of duly executed copies of the loan documentation and form of promissory note evidencing the Subordinated Debt, in form and substance acceptable to the Lenders in their reasonable discretion.

(s) Financial Statements. The Administrative Agent shall have received the Financial Statements described in Section 6.6.

(t) Fees and Expenses. All fees and expenses required to be paid under this Agreement on or prior to the Closing Date shall have been paid in full.

(u) Due Diligence. The Administrative Agent shall have completed its due diligence with respect to the Company and its Subsidiaries and their review of management information systems (including Year 2000 compliance).

(v) Agent for Service of Process. The Administrative Agent shall have received satisfactory evidence that CT Corporation System shall have been appointed as agent for service of process in the State of North Carolina on behalf of the Company.

(w) Other. The receipt by the Administrative Agent of such other documents, agreements or information as reasonably requested by any Lender.

5.2 CONDITIONS TO ALL EXTENSIONS OF CREDIT.

In addition to the conditions precedent stated elsewhere herein, the Lenders shall not be obligated to make Loans or create Bankers' Acceptances, nor shall the Issuing Lender be required to issue or extend a Letter of Credit, unless:

(a) Notice. The applicable Borrower shall have delivered (i) in the case of any Loan, a Notice of Borrowing, duly executed and completed, by the time specified in Sections 2.1 or 2.3, as appropriate and (ii) in the case of any Letter of Credit, the Issuing Lender shall have received an appropriate request for issuance in accordance with the provisions of
Section 2.2 or 2.4, as applicable and (iii) in the case of a Bankers' Acceptance, to the Canadian Agent, an appropriate notice in accordance with Section 2.5;

(b) Representations and Warranties. The representations and warranties made by a Credit Party in any Credit Document are true and correct in all material respects at and as if made as of such date;

(c) No Default. No Default or Event of Default shall exist or be continuing either prior to or after giving effect thereto;

(d) No Material Adverse Effect. There shall not have occurred any Material Adverse Effect; and

(e) Availability. Immediately after giving effect to the making of a Loan or the issuance of a Letter of Credit or the creation of a Bankers' Acceptance, as the case may be, the Borrowers shall be in compliance with
Section 4.4(b)(i).

The delivery of each Notice of Borrowing and each request for a Letter of Credit or Bankers' Acceptance shall constitute a representation and warranty by the applicable Borrower of the correctness of the matters specified in subsections (b), (c), (d) and (e) above.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Borrowers hereby represent and warrant to each Lender that:

6.1 ORGANIZATION AND GOOD STANDING.

Except as set forth on Schedule 6.1, each Credit Party resident in the United States (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of its incorporation, (ii) is duly qualified and in good standing as a foreign corporation authorized to do business in every jurisdiction where the failure to so qualify would have or reasonably be expected to have a Material Adverse Effect, and (iii) has the requisite corporate power and authority to own its properties and to carry on its business as now conducted and as proposed to be conducted. Each Credit Party resident in Canada (A) is a corporation duly incorporated or amalgamated and validly subsisting under the laws of its jurisdiction of incorporation, (B) is duly qualified and in good standing as a foreign corporation authorized to do business in every jurisdiction where the failure to so qualify would have or reasonably be expected to have a Material Adverse Effect and (C) has the corporate power and authority to carry on its business as now conducted and as proposed to be conducted.

6.2 DUE AUTHORIZATION.

Except as set forth on Schedule 6.2, each Credit Party (a) has the requisite corporate power and authority to execute, deliver and perform such of the Credit Documents to which it is a party and to incur the obligations herein and therein provided for, and (b) is duly authorized to, and has been authorized by all necessary corporate action, to execute, deliver and perform such of the Credit Documents to which it is a party.

6.3 NO CONFLICTS.

With respect to each Credit Party, neither the execution and delivery of the Credit Documents, nor the consummation of the transactions contemplated therein, nor performance of and compliance with the terms and provisions thereof will (a) violate or conflict in any material respect with any material provision of its articles or certificate of incorporation or bylaws, (b) violate, contravene or conflict in any material respect with any material law, regulation (including without limitation Regulation U or Regulation X), order, writ, judgment, injunction, decree or permit applicable to it, (c) violate, contravene or conflict in any material respect with contractual provisions of, or cause an event of default under, any indenture, loan agreement, mortgage, deed of trust, contract or other agreement or instrument to which it is a party or by which it may be bound,

or (d) result in or require the creation of any material Lien upon or with respect to its properties except in favor of the Lenders.

6.4 CONSENTS.

No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party in respect of any Credit Party is required in connection with the execution, delivery or performance of this Agreement or any of the other Credit Documents other than those consents which have been obtained and copies of which have been delivered to the Administrative Agent.

6.5 ENFORCEABLE OBLIGATIONS.

This Agreement and the other Credit Documents have been duly executed and delivered and constitute legal, valid and binding obligations of each Credit Party (with regard to each agreement or instrument to which it is a party) enforceable in accordance with their respective terms, except as may be limited by bankruptcy or insolvency laws or similar laws affecting creditors' rights generally.

6.6 FINANCIAL CONDITION.

(a) The financial statements provided to the Lenders, consisting of
(i) an audited consolidated balance sheet of the Consolidated Cott Group, together with related consolidated statements of income, stockholders' equity and changes in financial position or cash flow for the fiscal years 1997 and 1998 and (ii) unaudited consolidated balance sheets of the Consolidated Cott Group, together with related consolidated statements of income, and consolidated statements of stockholders' equity and changes in financial position or cash flow for the most recently ended fiscal quarter, fairly present the financial condition and business operations of the Consolidated Cott Group as of such respective dates (together, the "Financial Statements"); such financial statements were prepared in accordance with U.S. GAAP; and since January 2, 1999, there have occurred no changes or circumstances which have had or are reasonably expected to have a Material Adverse Effect.

(b) The financial statements delivered to the Lenders pursuant to Sections 7.1(a) and (b) have been prepared in accordance with U.S. GAAP and will present fairly the consolidated and consolidating (as applicable) financial condition, results of operations and cash flows of the Consolidated Cott Group as of such date and for such periods.

6.7 NO DEFAULT.

None of the Credit Parties is in default under any term of any indenture, contract, lease, agreement, instrument or other commitment to which any of them is a party or by which any of them is bound which default has had or could be reasonably expected to have a Material Adverse Effect. None of the Credit Parties knows of any dispute regarding any indenture, contract, lease,

agreement, instrument or other commitment which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default presently exists.

6.8 LIENS.

There are no Liens in favor of third parties with respect to any of the Collateral, including, without limitation, with respect to the Inventory, wherever located, other than Permitted Liens. To the best knowledge of the applicable Credit Party, no lessor, warehouseman, filler, processor or packer of any such Credit Party has granted any Lien with respect to the Inventory maintained by such Credit Party at the property of any such lessor, warehousemen, filler, processor or packer. Upon the proper filing of financing statements and the proper recordation of other applicable documents with the appropriate filing or recordation offices in each of the necessary jurisdictions, the security interests granted pursuant to the Credit Documents constitute and shall at all times constitute valid and enforceable first, prior and perfected Liens on the Collateral (other than Permitted Liens). The Credit Parties are or will be at the time additional Collateral is acquired by them, the absolute owners of the Collateral with full right to pledge, sell, consign, transfer and create a Lien therein, free and clear of any and all Liens in favor of third parties, except Permitted Liens. The Credit Parties will at their expense warrant, until payment in full of the Obligations and termination of the Commitments, and, at the Administrative Agent's request, defend the Collateral from any and all Liens (other than Permitted Liens) of any third party. The Credit Parties will not grant, create or permit to exist, any Lien upon the Collateral, or any proceeds thereof, in favor of any third party (other than Permitted Liens).

6.9 INDEBTEDNESS.

The Consolidated Cott Group has no Indebtedness (including without limitation guaranty, reimbursement or other contingent obligations) except (a) as disclosed in the Financial Statements referenced in Section 6.6, (b) as set forth in Schedule 6.9, and (c) as otherwise permitted under the terms of this Agreement.

6.10 LITIGATION.

Except as disclosed in Schedule 6.10, there are no actions, suits or legal, equitable, arbitration or administrative proceedings, pending or, to the knowledge of the Borrowers threatened, against any Credit Party which, if adversely determined, would have or reasonably be expected to have a Material Adverse Effect.

6.11 MATERIAL CONTRACTS.

No Credit Party is in default under any Material Contract which default could reasonably be expected to have a Material Adverse Effect.

6.12 TAXES.

Each Credit Party has filed, or caused to be filed, all material tax returns (federal, state, local and foreign) required to be filed and paid all amounts of taxes shown thereon to be due (including interest and penalties) and has paid all other material taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such taxes (a) that are not yet delinquent or (b) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with U.S. GAAP. None of the Credit Parties is aware of any proposed material tax assessments against it or any other Credit Party.

6.13 COMPLIANCE WITH LAW.

None of the Credit Parties has violated or failed to comply with any statute, law, ordinance, regulation, rule or order of any foreign, federal, state or local government, or any other Governmental Authority or any self regulatory organization, or any judgment, decree or order of any court, applicable to its business or operations except where the aggregate of all such violations or failures to comply would not have or reasonably be expected to have a Material Adverse Effect. The conduct of the business of each of the Credit Parties is in conformity with all securities, commodities, energy, public utility, zoning, building code, health, OSHA and environmental requirements and all other foreign, federal, state and local governmental and regulatory requirements and requirements of any self regulatory organizations, except where such non-conformities could not reasonably be expected to have a Material Adverse Effect. None of the Credit Parties has received any notice to the effect that, or otherwise been advised that, it is not in compliance with, and none of such Credit Parties has any reason to anticipate that any currently existing circumstances are likely to result in the violation of any such statute, law, ordinance, regulation, rule, judgment, decree or order which failure or violation could reasonably be expected to have a Material Adverse Effect.

6.14 ERISA.

(a) Except as would not reasonably be expected to have a Material Adverse Effect, during the five-year period prior to the date on which this representation is made or deemed made: (i) no ERISA Event has occurred, and, to the best of the Borrowers' or any ERISA Affiliate's knowledge, no event or condition has occurred or exists as a result of which any ERISA Event could reasonably be expected to occur, with respect to any Plan; (ii) no "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, has occurred with respect to any Single Employer Plan; (iii) each Plan, Single Employer Plan and, to the best of the Borrowers' or any ERISA Affiliate's knowledge, each Multiemployer Plan has been maintained, operated, and funded in compliance in all material respects with its own terms and in material compliance with the provisions of ERISA, the Code, and any other applicable federal or state laws; and (iv) no Lien in favor of the PBGC or a Single Employer Plan has arisen or is reasonably likely to arise on account of any Single Employer Plan.

(b) Except as set forth in the Financial Statements, the actuarial present value of all "benefit liabilities" on a going concern basis, whether or not vested, under each Single Employer Plan, as of the last annual valuation date prior to the date on which this

representation is made or deemed made (determined, in each case, utilizing the actuarial assumptions used in such Plan's most recent actuarial valuation report), did not exceed as of such valuation date the fair market value of the assets of such Plan.

(c) Except as would not reasonably be expected to have a Material Adverse Effect, neither the Borrowers nor any ERISA Affiliate has incurred, or, to the best of the Borrowers' or any ERISA Affiliate's knowledge, is reasonably expected to incur, any withdrawal liability under ERISA with respect to any Multiemployer Plan or Multiple Employer Plan. Except as would not reasonably be expected to have a Material Adverse Effect, neither Borrower nor any ERISA Affiliate would become subject to any withdrawal liability under ERISA if such Borrower or any such ERISA Affiliate were to withdraw completely from all Multiemployer Plans and Multiple Employer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. Neither Borrower nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA), is insolvent (within the meaning of Section 4245 of ERISA), or has been terminated (within the meaning of Title IV of ERISA), and no Multiemployer Plan is, to the best of the Borrowers' or any ERISA Affiliate's knowledge, reasonably expected to be in reorganization, insolvent, or terminated.

(d) No prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility has occurred with respect to a Plan which has subjected or may subject the Borrowers or any ERISA Affiliate to any liability under Sections 406, 409,
502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which the Borrowers or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability, except for any such prohibited transaction or breach which would not reasonably be expected to have a Material Adverse Effect.

(e) Except as set forth in the Financial Statements, the Borrowers and their ERISA Affiliates have no material liability with respect to "expected post-retirement benefit obligations" within the meaning of the Financial Accounting Standards Board Statement 106. Each Plan which is a welfare plan (as defined in Section 3(1) of ERISA) to which Sections 601-609 of ERISA and Section 4980B of the Code apply has been administered in compliance in all material respects with such sections.

(f) All Canadian benefit plans and Canadian pension plans and any similar plans of the Canadian Borrowers and their Subsidiaries are duly registered under the provisions of the Income Tax Act (Canada), have been administered in accordance with such statute and no event has occurred which would cause a loss of such registered status. All material obligations of the Canadian Borrowers and their Subsidiaries (including fiduciary and funding obligations) under such plans required to be performed have been performed. There are no outstanding disputes concerning the assets held in the funding media for such plans. All contributions or premiums required to be made by the Canadian Borrowers or their Subsidiaries to such plans have been made in a timely fashion in accordance with the terms of such plans and applicable laws. Each of such plans is fully

funded and there exists no going concern unfunded actuarial liabilities or solvency deficiencies in respect of such plans.

6.15 SUBSIDIARIES.

Set forth in Schedule 6.15 is a complete and accurate list of all Subsidiaries of each member of the Consolidated Cott Group. Information on the attached Schedule 6.15 includes a complete and accurate list of the jurisdiction of incorporation of each member of the Consolidated Cott Group and the percentage ownership interest of voting stock owned by the direct parent company in each such member.

6.16 OWNERSHIP OF STOCK.

The outstanding capital stock and other equity interests of all Credit Parties is validly issued, fully paid and non-assessable and is owned by the Borrowers, directly or indirectly, free and clear of all Liens (other than those arising under or contemplated in connection with the Credit Documents).

6.17 USE OF PROCEEDS; MARGIN STOCK.

The proceeds of the Loans hereunder will be used solely for the purposes specified in Section 7.10. None of such proceeds will be used for the purpose of purchasing or carrying any "margin stock" as defined in Regulation U or Regulation X, or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry "margin stock" or for any other purpose which might constitute this transaction a "purpose credit" within the meaning of Regulation U or Regulation X.

6.18 GOVERNMENT REGULATION.

No Credit Party is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act of 1940 or the Interstate Commerce Act, each as amended. In addition, none of the Credit Parties is (a) an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, and is not controlled by such a company, or (b) a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary" or a "holding company," within the meaning of the Public Utility Holding Company Act of 1935, as amended. No director, executive officer or principal shareholder of any Credit Party is a director, executive officer or principal shareholder of any Lender. For purposes hereof, the terms "director", "executive officer" and "principal shareholder" (when used with reference to any Lender) shall have the meanings ascribed to them in Regulation O issued by the Board of Governors of the Federal Reserve System.

6.19 HAZARDOUS SUBSTANCES.

Except as disclosed on Schedule 6.19 or except as would not reasonably be expected to have a Material Adverse Effect, to the Borrowers' knowledge without having undertaken any

environmental audit, all real property owned or leased by any Credit Party or on which any Credit Party operates (the "Subject Property") is free from "hazardous substances" "contaminants" or "pollutants" or similar substances as defined in the applicable Environmental Laws in concentrations or amounts that require cleanup under any Environmental Laws; no portion of the Subject Property is subject to federal, provincial, state or local, complaint, investigation or, to the Borrowers' knowledge without having undertaken any environmental audit, liability under applicable Environmental Laws because of the presence of leaked or spilled petroleum products, waste materials or debris, "PCB's" or PCB items (as defined in 40 C.F.R. ss.763.3), underground storage tanks, "asbestos" (as defined in 40 C.F.R. ss.763.63) or the past or present accumulation, spillage or leakage of any such substance subject to regulation under the Environmental Laws; and each Credit Party is in substantial compliance with all material Environmental Laws applicable in connection with the operation of its businesses, except to the extent that the failure to be in compliance would not have or reasonably be expected to have a Material Adverse Effect; and no Borrower knows of any complaint or investigation under Environmental Laws regarding real property which it or any other Credit Party owns or leases or on which it or any other Credit Party operates.

6.20 PATENTS, FRANCHISES, ETC.

Each Credit Party possesses or has the right to use all material patents, trademarks, service marks, trade names, copyrights, licenses and other rights, free of adverse claims, that are necessary for the operation of its respective business as presently conducted and as proposed to be conducted. Each Credit Party has obtained all material licenses, permits, franchises or other governmental authorizations necessary to the ownership of its respective property and to the conduct of its business, except to the extent that the failure to have obtained any such licenses, permits, franchises or other governmental authorizations would not have or reasonably be expected to have a Material Adverse Effect.

6.21 SOLVENCY.

Each Credit Party individually, and the Credit Parties as a whole, are and, after consummation of this Agreement and after giving effect to all Indebtedness incurred hereunder will be Solvent.

6.22 LOCATION OF ASSETS.

The Credit Parties' chief executive offices are set forth on Schedule 6.22 hereto, and the books and records of the Credit Parties and all chattel paper and all records of accounts are located at the chief executive offices of the Credit Parties or as otherwise noted on Schedule 6.22. All other locations where the company keeps, stores or maintains any Collateral are set forth on Schedule 6.22 hereto. There is no jurisdiction in which any Credit Party has any Collateral (except for Inventory held for shipment by third Persons, Inventory in transit, Inventory held for processing by third Persons, or immaterial quantities of Inventory) other than those jurisdictions listed on Schedule 6.22. Schedule 6.22 is a true, correct and complete list of (i) the names and addresses of each warehouseman, filler, processor and packer at which Inventory is stored, (ii) the address of the chief executive offices of the Credit Parties and (iii) the

address of all offices where records and books of account of the Credit Parties are kept or where Collateral is kept, stored or maintained. None of the receipts received by any of the Credit Parties from any warehouseman, filler, processor or packer states that the goods covered thereby are to be delivered to bearer or to the order of a named person or to a named person and such named person's assigns. Each of the Credit Parties agrees to provide the Administrative Agent with a revised Schedule 6.22 setting forth current principal places of business, chief executive offices, and information concerning Inventory locations on a quarterly basis at the time the financial statements described in Section 7.1(b) are required to be delivered to the Administrative Agent and the Lenders.

6.23 D/B/A OR TRADE NAMES.

None of the Credit Parties has used any corporate, d/b/a or trade name during the five (5) years preceding the date hereof, other than the corporate name shown on its or such Subsidiary's Articles or Certificate of Incorporation and as set forth on Schedule 6.23.

6.24 YEAR 2000 COMPLIANCE.

The Company has (a) initiated a review and assessment of all areas within its and each of its Subsidiaries' businesses and operations (including those affected by suppliers, vendors and customers) that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer applications may not be able to recognize and properly perform date-sensitive functions after December 31, 1999), (b) developed a plan and timeline for addressing the Year 2000 Problem on a timely basis, and (c) to date, implemented that plan in accordance with that timetable. To date, the Borrowers have not become aware of any reason to believe that the Year 2000 Problem could reasonably be expected to have a Material Adverse Effect.

6.25 NO EMPLOYEE DISPUTES.

There are no controversies pending or, to the best knowledge of the Borrowers after diligent inquiry, threatened between any Credit Parties and any of their respective employees, other than employee grievances arising in the ordinary course of business which could not, in the aggregate, have a Material Adverse Effect.

6.26 CERTAIN SUBSIDIARIES.

(a) Each of the Subsidiaries of the Borrowers listed on Schedule 6.26(a) hereto has no Accounts or Inventory and no ongoing business other than as set forth in Schedule 6.26(a) hereto.

(b) Schedule 6.26(b) hereto sets forth the ownership structure above Cott Beverages UK, and in the event that funds are transferred to Cott Beverages UK in the form of share capital, such transfer of funds shall occur through the chain of ownership as set forth on Schedule 6.26(b). Other than the Indebtedness owed by Cott Beverages UK, there is no other Funded Debt owed by Cott Corporation's subsidiaries residing in or formed under the laws of the United Kingdom.

6.27 LABOR MATTERS.

None of the Credit Parties is engaged in any unfair labor practice. There is (a) no material unfair labor practice complaint pending against any Credit Party or, to the best knowledge of the Borrowers, threatened against any of them, before the National Labor Relations Board, and no grievance or arbitration proceeding arising out of or under collective bargaining agreements that has or would reasonably be expected to have a Material Adverse Effect is so pending against any Credit Party or, to the best knowledge of the Borrowers, threatened against any of them, (b) no strike, labor dispute, slowdown or stoppage pending against any Credit Party or, to the best knowledge of the Borrowers, threatened against any of them, which would have or reasonably be expected to have a Material Adverse Effect and (c) to the best of the knowledge of the Borrowers, no union representation questions with respect to the employees of any of the Credit Parties and no union organizing activities which would have or reasonably be expected to have a Material Adverse Effect.

6.28 STATUS OF ACCOUNTS.

Each of the Accounts (other than Accounts owing from one Credit Party to another Credit Party) is based on an actual and bona fide sale and delivery of goods or rendering of services to customers, made by the Credit Parties in the ordinary course of business; the goods and inventory being sold and the Accounts created are exclusive property of the Credit Parties and are not and shall not be subject to any Lien, consignment arrangement, encumbrance, security interest or financing statement whatsoever, other than the Permitted Liens; and each of the Credit Parties' customers have accepted the goods or services, owe and are obligated to pay in cash the full amounts stated in the invoices according to their terms, without any dispute, offset, defense or counterclaim that could reasonably be expected to have, when aggregated with any such other disputes, offsets, defenses or counterclaims, a Material Adverse Effect. Each of the Credit Parties confirms to the Lenders that any and all taxes or fees relating to its business, its sales, the Accounts or the goods relating thereto, are its sole responsibility and that same will be paid by such Credit Party when due (unless duly contested and adequately reserved for) and that none of said taxes or fees is or will become a lien on or claim against the Accounts.

6.29 TRADE SUPPLIERS.

Attached hereto as Schedule 6.29 is a true, correct and complete list of all of the suppliers who have sold goods to the Credit Parties during the fiscal year ended January 2, 1999, for an amount representing five (5) percent or more of the accounts of the Credit Parties payable for such year.

6.30 KEY MEMBERS OF MANAGEMENT.

Attached hereto as Schedule 6.30 is a true, correct and complete list of the members of management of the Credit Parties who report to the Chief Executive Officer of the Company as of the date hereof (collectively, the "Senior Management Members").

6.31 ACCURACY AND COMPLETENESS OF INFORMATION.

All factual information heretofore, contemporaneously or hereafter furnished by or on behalf of the Credit Parties in writing to the Administrative Agent, the Canadian Agent, or any Lender for purposes of or in connection with this Credit Agreement or any Credit Documents, or any transaction contemplated hereby or thereby is or will be true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information not misleading at such time. There is no fact now known to any Senior Officer of any Credit Party which has, or would reasonably be expected to have, a Material Adverse Effect which fact has not been set forth herein, in the Financial Statements, or any certificate, opinion or other written statement made or furnished by any Credit Party to the Administrative Agent.

ARTICLE VII

AFFIRMATIVE COVENANTS

Each Borrower hereby covenants and agrees that so long as this Agreement is in effect and until the Loans, LOC Obligations and BA Obligations, together with interest, fees and other Obligations hereunder, have been paid in full and the Commitments and Letters of Credit hereunder shall have terminated that they will do or cause to be done the following:

7.1 INFORMATION COVENANTS.

The Borrowers will furnish, or cause to be furnished, to the Administrative Agent and each Lender:

(a) Annual Financial Statements. As soon as available and in any event within one hundred forty (140) days after the close of each fiscal year of the Consolidated Cott Group, a consolidated and consolidating balance sheet of the Consolidated Cott Group as at the end of such fiscal year together with related consolidated and consolidating statements of income, shareholder's equity and of cash flows for such fiscal year, setting forth in comparative form consolidated and consolidating figures for the preceding fiscal year, all in reasonable detail and, in the case of the consolidated financial statements, audited by independent certified public accountants of recognized national standing and whose opinion shall be to the effect that such consolidated financial statements have been prepared in accordance with U.S. GAAP and shall not be limited as to the scope of the audit or qualified as to the status of the Consolidated Cott Group as a going concern. It is specifically understood and agreed that failure of the annual financial statements to be accompanied by an opinion of such accountants in form and substance as provided herein shall constitute an Event of Default hereunder. The financial statements delivered pursuant to this Section 7.1(a) will have been prepared in accordance with U.S. GAAP and will present fairly the consolidated and consolidating financial condition, results of operations and cash flows of the Consolidated Cott Group as of the date thereof.

(b) Quarterly Financial Statements. As soon as available and in any event within ninety (90) days after the end of each fiscal quarter (other than the fourth fiscal quarter, in which case one hundred forty (140) days after the end thereof) of each fiscal year of the Consolidated Cott Group, a consolidated and consolidating balance sheet and statements of income and of cash flows of the Consolidated Cott Group as at the end of such quarterly period together with related consolidated statements of retained earnings, shareholder's equity and of cash flows for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form figures for the corresponding period of the preceding fiscal year, all in reasonable form and detail acceptable to the Administrative Agent, and accompanied by a certificate of a Senior Financial Officer of the Company as being true and correct and as having been prepared in accordance with U.S. GAAP, subject to changes resulting from audit and normal year-end audit adjustments. The financial statements delivered pursuant to this Section 7.1(b) will have been prepared in accordance with U.S. GAAP and will present fairly the consolidated and consolidating financial condition, results of operations and cash flows of the Consolidated Cott Group as of the date thereof.

(c) Officer's Certificate. At the time of delivery of the financial statements provided for in Sections 7.1(a) and (b), a certificate of a Senior Financial Officer of the Company substantially in the form of Exhibit L to the effect that no Default or Event of Default exists, or if any Default or Event of Default does exist specifying the nature and extent thereof and what action the Borrowers propose to take with respect thereto. In addition, such certificate shall (i) demonstrate compliance with the financial covenants contained in Article VIII by calculation thereof as of the end of each such fiscal period (including, without limitation, calculation of the Leverage Ratio for purposes of calculating the Applicable Percentage), (ii) contain information regarding expenditures made by the Credit Parties as to Permitted Investments and Capital Expenditures during the prior fiscal quarter, (iii) contain information regarding the amount of loans made to Cott Beverages UK, the amount of repurchases of the Capital Stock of the Company, the amount of repurchases of the Senior Notes, and any payments to Subsidiaries other than Credit Parties pursuant to Section 9.11 hereof, in each case during the prior fiscal quarter and (iv) contain a representation that the Borrowers have not become aware of any reason to believe that the Year 2000 Problem could reasonably be expected to have a Material Adverse Effect.

(d) Auditor's Reports. Promptly upon receipt thereof, a copy of any other report or "management letter" submitted by independent accountants to a member of the Consolidated Cott Group in connection with any annual, interim or special audit of the books of the Consolidated Cott Group.

(e) SEC and Other Reports. Promptly upon transmission or receipt thereof, (i) copies of any filings and registrations with, and material reports to or from, the Securities and Exchange Commission, or any successor agency, and copies of all financial statements, proxy statements, notices and reports as the Consolidated Cott Group shall send to its shareholders or to the holders of any other Indebtedness in their capacity as such holders and (ii) upon the request of the Administrative Agent, all material reports and written information to and from the United States Environmental Protection Agency, or any state or

local agency responsible for environmental matters, the United States Occupational Health and Safety Administration, or any state or local agency responsible for health and safety matters, or any successor agencies or authorities concerning environmental, health or safety matters relating to a member of the Consolidated Cott Group.

(f) Notices. Each Borrower will give written notice to the Administrative Agent (i) immediately of the occurrence of an event or condition consisting of a Default or Event of Default, specifying the nature and existence thereof and what action the Borrowers propose to take with respect thereto, and (ii) promptly, but in any event within five (5) Business Days, following the occurrence of any of the following with respect to a Credit Party (A) the pendency or commencement of any litigation, arbitral or governmental proceeding against such Credit Party which, if adversely determined, would have or reasonably be expected to have, a Material Adverse Effect, (B) any levy of an attachment, execution or other process against the assets of a Credit Party having a value of $500,000 or more, (C) the occurrence of an event or condition which shall constitute a default or event of default under any Indebtedness of a member of the Consolidated Cott Group in excess of $500,000, (D) any development in the business or affairs of any member of the Consolidated Cott Group which has resulted in, or which the Company reasonably believes may result in, a Material Adverse Effect, (E) the institution of any proceedings against a Credit Party with respect to, or the receipt of notice by such Person of potential liability or responsibility for violation, or alleged violation of any federal, state, provincial or local law, rule or regulation, including but not limited to, Environmental Laws, the violation of which would have or be reasonably expected to have a Material Adverse Effect or (F) promptly, of any change in the name of any Credit Party.

(g) Annual Budget. Within thirty (30) days following the end of each fiscal year, beginning with the fiscal year ending January 1, 2000, an annual budget of the Consolidated Cott Group containing, among other things, pro forma financial statements and projected loan usage and excess availability under the Credit Agreement for the next fiscal year.

(h) Borrowing Base Certificate, etc. Not later than 12:00 Noon on the 30th day of each month (or if such day is not a Business Day, then on the next succeeding Business Day) and within three (3) Business Days following the date of any Asset Disposition or Casualty Loss in excess of $5,000,000, the Borrowers shall deliver a borrowing base certificate (the "Borrowing Base Certificate") in substantially the form of Exhibit J hereto, duly completed and certified by a Senior Financial Officer of the Company detailing the Eligible Accounts Receivable and Eligible Inventory of the Credit Parties as of the last day of the immediately preceding calendar month. In addition, on the 30th day of each month (or if such day is not a Business Day, then on the next succeeding Business Day), the Company shall furnish a written report to the Lenders setting forth (i) the accounts receivable aged trial balance at the immediately preceding month end for each account debtor, (ii) the accounts payable aging summary for the immediately preceding month, (iii) an inventory summary as of the immediately preceding month end and (iv) if for any such immediately preceding month less than $5,000,000 shall be available to be loaned to the Borrowers under the Commitments and

the Total Borrowing Base, a sales and cash receipt summary for such immediately preceding month. Such aging reports shall indicate which Accounts are current, up to 30, 30 to 60 and over sixty (60) days past due and shall list the names of all applicable account debtors. The Administrative Agent may, but shall not be required to, rely on each Borrowing Base Certificate delivered hereunder as accurately setting forth the available U.S. Borrowing Base and Canadian Borrowing Base for all purposes of this Credit Agreement until such time as a new Borrowing Base Certificate is delivered to the Administrative Agent in accordance herewith; Borrowing Base Certificates may be prepared and submitted to the Lenders, and upon the occurrence and during the continuation of an Event of Default, the Administrative Agent may request delivery of Borrowing Base Certificates, on a more frequent basis than monthly, provided that such certificate shall comply with the requirements set forth elsewhere herein.

(i) Other Indebtedness. Promptly upon receipt thereof, the Credit Parties shall deliver copies of all material notices delivered to the Company or Cott Beverages USA or sent by the Company or Cott Beverages USA with respect to Subordinated Debt or the Senior Notes, including, without limitation, any notice of default (the Company and Cott Beverages USA expressly agreeing to furnish all such notices by telecopy).

(j) Other Information. With reasonable promptness upon any such request, such other information regarding the business, properties or financial condition of the Consolidated Cott Group as the Administrative Agent or the Lenders may reasonably request.

7.2 PRESERVATION OF EXISTENCE AND FRANCHISES.

Each Credit Party will do all things necessary to preserve and keep (and will cause each of its Subsidiaries to keep) in full force and effect its existence, franchises and authority, except for corporate reorganizations and other similar transactions which would not have or reasonably be expected to have a Material Adverse Effect.

7.3 BOOKS AND RECORDS.

The Credit Parties will keep complete and accurate books and records of its transactions in accordance with good accounting practices on the basis of U.S. GAAP. In addition, each Credit Party will maintain books and records pertaining to the Collateral in such detail, form and scope as is consistent with good business practice.

7.4 COMPLIANCE WITH LAW.

Each of the Credit Parties will comply with all material laws, rules, regulations and orders of, and all applicable restrictions imposed by all applicable Governmental Authorities applicable to it, including applicable Environmental Laws if noncompliance would have or be reasonably likely to have a Material Adverse Effect.

7.5 PAYMENT OF TAXES AND OTHER INDEBTEDNESS.

Each of the Credit Parties will pay and discharge (a) all material taxes, assessments and governmental charges or levies imposed upon it or them, or upon its or their capital, income or profits, or upon any of its or their properties, before they shall become delinquent, (b) all lawful claims (including claims for labor, materials and supplies) which, if unpaid, would give rise to a Lien or charge upon any of its or their properties, and (c) except as prohibited hereunder, all of its other Indebtedness as it shall become due; provided, however, that there is no requirement to pay any such tax, assessment, charge, levy, claim or Indebtedness which is being contested in good faith by appropriate proceedings and as to which adequate reserves therefor have been established in accordance with U.S. GAAP, unless the failure to make any such payment (i) shall give rise to an immediate right to foreclosure on a Lien securing such amounts or (ii) otherwise would have or reasonably be expected to have a Material Adverse Effect.

7.6 INSURANCE; CASUALTY LOSS.

(a) Each of the Credit Parties will maintain comprehensive general liability insurance covering third party property damage and insurance covering the Collateral up to the replacement value thereof, with such insurance companies, in such amounts and covering such risks as are at all times satisfactory to the Administrative Agent in its commercially reasonable judgment. The present coverage of the Credit Parties is outlined as to carrier, policy number, expiration date, type and amount on Schedule 7.6 hereto. All policies covering the Collateral are to name the applicable Credit Parties and the Administrative Agent as loss payees in case of loss, as their interests may appear, and are to contain such other provisions as the Administrative Agent may reasonably require to fully protect such Agent's interest in the Collateral and to any payments to be made under such policies. All comprehensive general liability policies of the Credit Parties are to name the Administrative Agent and each Lender as an additional insured. True copies of all original insurance policies or certificates of insurance evidencing such insurance covering the Collateral are to be delivered to the Administrative Agent on or prior to the Closing Date, premium prepaid, with the loss payable endorsement in the Administrative Agent's favor, and shall provide for not less than ten (10) days prior written notice to the Administrative Agent, of the exercise of any right of cancellation. In the event any Credit Party fails to respond in a timely and appropriate manner (as determined by the Administrative Agent in its reasonable discretion) with respect to collecting under any insurance policies required to be maintained under this Section 7.6, the Administrative Agent shall have the right, in the name of itself or any Credit Party, to file claims under such insurance policies, to receive and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(b) Each of the Credit Parties will provide written notice to the Lenders of the occurrence of any of the following events within five (5) Business Days after the occurrence of such event: any of the Collateral is (i) damaged or destroyed, or suffers any other loss or (ii) is condemned, confiscated or otherwise taken, in whole or in part, or the use thereof is otherwise diminished so as to render impracticable or unreasonable the use of such Collateral for the purpose to which such Collateral was used immediately prior to such condemnation, confiscation or taking, by exercise of the powers of condemnation or eminent domain or otherwise, and in

either case the amount of the damage, destruction, loss or diminution in value of such Collateral is in excess of $500,000 (collectively, a "Casualty Loss"). Each Credit Party will diligently file and prosecute its claim or claims for any award or payment in connection with a Casualty Loss. In connection with any Casualty Loss, so long as no Event of Default then exists and at least $5,000,000 shall be available to be loaned to the Borrowers under the Commitments and the Total Borrowing Base, the Borrowers may, at their election and in their sole discretion, either (A) apply the proceeds realized from such Casualty Loss to payment of accrued and unpaid interest or outstanding principal of the Revolving Loans in accordance with Section 4.4 hereof or (B) pay such proceeds to the Credit Parties to be used to repair, replace or rebuild the Collateral or portion thereof that was the subject of the Casualty Loss. In connection with any loss on the Collateral after the occurrence and during the continuation of an Event of Default, or in connection with any Casualty Loss if less than $5,000,000 shall be available to be loaned to the Borrowers under the Commitments and the Total Borrowing Base, the Credit Parties will pay to the Administrative Agent, promptly upon receipt thereof, any and all insurance proceeds and payments received by any of the Credit Parties on account of damage, destruction or loss of all or any portion of the Collateral and the Administrative Agent shall, at its election and in its sole discretion, either (A) apply the proceeds realized from such loss to payment of accrued and unpaid interest or outstanding principal of the Revolving Loans in accordance with
Section 4.4 hereof or (B) pay such proceeds to the Credit Parties to be used to repair, replace or rebuild the Collateral or portion thereof that was the subject of the loss. After the occurrence and during the continuance of an Event of Default, (1) no settlement on account of any loss on the Collateral shall be made without the consent of the Lenders and (2) the Administrative Agent may participate in any such proceedings and the Credit Parties will deliver to the Administrative Agent such documents as may be requested by the Administrative Agent to permit such participation and will consult with the Administrative Agent, its attorneys and agents in the making and prosecution of such claim or claims. Each of the Credit Parties hereby irrevocably authorizes and appoints the Administrative Agent its attorney-in-fact, after the occurrence and continuance of an Event of Default, to collect and receive for any such award or payment and to file and prosecute such claim or claims, which power of attorney shall be irrevocable and shall be deemed to be coupled with an interest, and each of the Credit Parties shall, upon demand of the Administrative Agent, make, execute and deliver any and all assignments and other instruments sufficient for the purpose of assigning any such award or payment to the Administrative Agent for the benefit of the Lenders, free and clear of any encumbrances of any kind or nature whatsoever.

7.7 MAINTENANCE OF PROPERTY.

Each of the Credit Parties will maintain and preserve its properties and equipment used or necessary in its business (in whomever's possession as they may be) in good repair, working order and condition, normal wear and tear excepted (and having regard to their respective ages), and will make, or cause to be made, in such properties and equipment from time to time all repairs, renewals, replacements, extensions, additions, betterments and improvements thereto as may be needed or proper, to the extent and in the manner customary for companies in similar businesses.

7.8 PERFORMANCE OF OBLIGATIONS.

Each of the Credit Parties will perform in all material respects all of its obligations under the terms of all material agreements, indentures, mortgages, security agreements or other debt instruments to which it is a party or by which it is bound.

7.9 ERISA.

Upon the Company or any ERISA Affiliate obtaining knowledge thereof, the Company will give written notice to the Administrative Agent promptly (and in any event within five (5) Business Days) of: (a) any event or condition, including, but not limited to, any Reportable Event, that constitutes, or might reasonably lead to, a ERISA Event; (b) with respect to any Multiemployer Plan, the receipt of notice as prescribed in ERISA or otherwise of any withdrawal liability assessed against the Company or any ERISA Affiliate, or of a determination that any Multiemployer Plan is in reorganization or insolvent (both within the meaning of Title IV of ERISA); (c) the failure to make full payment on or before the due date (including extensions) thereof of all amounts which the Company or any ERISA Affiliate is required to contribute to each Single Employer Plan or Multiemployer Plan pursuant to its terms and as required to meet the minimum funding standard set forth in ERISA and the Code with respect thereto; or (d) any change in the funding status of any Single Employer Plan that could have or be reasonably expected to have a Material Adverse Effect; together, with a description of any such event or condition or a copy of any such notice and a statement by a Senior Financial Officer of the Company briefly setting forth the details regarding such event, condition, or notice, and the action, if any, which has been or is being taken or is proposed to be taken by the Company or any ERISA Affiliate with respect thereto. Promptly upon request, the Company shall furnish the Administrative Agent and the Lenders with such additional information concerning any Plan as may be reasonably requested, including, but not limited to, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to filed with the DOL and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each "plan year" (within the meaning of Section 3(39) of ERISA).

All Canadian benefit plans and Canadian pension plans and any similar plans applicable to the Canadian Borrowers and their Subsidiaries will, if required by applicable law, be duly registered under the provisions of the Income Tax Act (Canada), will be administered in accordance with such statute and no event will be allowed to occur which would cause a loss of such registered status. All material obligations of the Canadian Borrowers and their Subsidiaries (including fiduciary and funding obligations) required to be performed in connection with such plans and the funding media therefor will be performed, except where the failure to perform such obligations would not have or reasonably be expected to have a Material Adverse Effect. There will be no outstanding disputes concerning the assets held in the funding media for such plans. All contributions or premiums required to be made by the Canadian Borrowers or their Subsidiaries to such plans will be made in a timely fashion in accordance with the terms of such plans and applicable laws. Each of such plans will be fully funded and no going concern unfunded actuarial liabilities or solvency deficiencies in respect of such plans will be allowed to exist.

7.10 USE OF PROCEEDS.

The proceeds of the Loans hereunder will be used solely (a) for repayment of certain amounts of existing Funded Debt of the Consolidated Cott Group to the extent permitted under this

Agreement, (b) for general corporate and working capital purposes of each Borrower in the ordinary course of business and (c) as otherwise permitted under this Agreement.

7.11 ADDITIONAL SUBSIDIARIES.

Promptly, or in any event within thirty (30) days, upon any Person becoming a direct or indirect Subsidiary of a Borrower, the Borrowers shall so notify the Administrative Agent and the Canadian Agent and shall, (a) in the case of a Person organized and resident in the United States cause (i) such Person to become a U.S. Borrower hereunder pursuant to a Joinder Agreement, (ii) such Person to execute a Guaranty Agreement in substantially the same form as the Guaranty Agreements executed by the other Guarantors organized and resident in the United States , (iii) the U.S. Collateral of such Person to be pledged to the Lenders pursuant to a Security Agreement similar to those executed by the U.S. Borrowers, (iv) such Person to execute Revolving Notes in favor of the U.S. Lenders and (v) such Person to deliver such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 Financing Statements, Acknowledgment Agreements, certified resolutions and other organizational and authorizing documents of such Person and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to the Administrative Agent and (b) in the case of a Person organized and domiciled in Canada cause (i) such Person to become a Canadian Borrower hereunder pursuant to a Joinder Agreement, (ii) the Canadian Collateral of such Person to be pledged to the Lenders pursuant to a Security Agreement similar to those executed by the Canadian Borrowers, (iii) such Person to execute Revolving Notes in favor of the Canadian Lenders and (iv) such Person to deliver such other documentation as the Administrative Agent or the Canadian Agent may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 Financing Statements (or their equivalent under the laws of Canada), Acknowledgment Agreements, certified resolutions and other organizational and authorizing documents of such Person and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above), all in form, content and scope reasonably satisfactory to the Administrative Agent.

7.12 AUDITS/INSPECTIONS.

Each of the Credit Parties agrees that the Administrative Agent or its agents may enter upon the premises of any of the Credit Parties at any time and from time to time, during normal business hours, upon reasonable notice and, on and after the occurrence and during the continuation of an Event of Default which continues and is continuing beyond the expiration of any grace or cure period applicable thereto and which has not otherwise been waived by the Administrative Agent, at any time at all, for the purpose of (a) enabling the Administrative Agent's internal auditors or other designees to conduct field examinations at such of the Credit Party `s expense, (b) inspecting the Collateral, (c) inspecting and/or copying (at the Credit Parties' expense) any and all records pertaining thereto, (d) discussing the affairs, finances and business of any Credit Party or with any officers, employees and directors of any Credit Party with its certified independent accountant and (e) verifying Eligible Accounts Receivable and/or Eligible Inventory. The Lenders, in the reasonable discretion of the Administrative Agent, may

accompany the Administrative Agent at their sole expense in connection with the foregoing inspections. Notwithstanding the foregoing, ongoing field examinations shall be conducted by the Administrative Agent's exam staff at the Credit Parties' expense (which shall include out-of-pocket expenses) (i) prior to the occurrence of an Event of Default and so long as there is at least $10,000,000 of excess availability under the Total Borrowing Base, no more than two times per year and (ii) on and after the occurrence and during the continuation of an Event of Default, at any time.

7.13 INVENTORY.

Within thirty (30) days after the end of each month, upon the request of the Administrative Agent from time to time, the Credit Parties will provide to the Administrative Agent written statements listing categories of Inventory in reasonable detail as requested by the Administrative Agent. The Credit Parties will conduct annually a physical count of their Inventory and will provide the Administrative Agent with prior written notice indicating when the physical count is to be performed, and a copy of such count will be promptly supplied to the Administrative Agent accompanied by a report of the value (valued at FIFO) of such Inventory; provided that the Credit Parties will conduct such a physical count at such other times and as of such dates as the Administrative Agent shall reasonably request during any period in which there is less than $10,000,000 of excess availability under the Total Borrowing Base.

7.14 COLLATERAL RECORDS.

Each Credit Party agrees to maintain such books and records regarding Accounts and the other Collateral as the Administrative Agent may reasonably require, and agrees that such books and records will reflect the Lenders' interest in the Accounts and such other Collateral. Each of the Credit Parties agrees to afford the Administrative Agent thirty (30) days prior written notice of any change in the location at which any Collateral valued in excess of $450,000 is stored or maintained (other than Inventory held for shipment by third Persons, Inventory in transit, Inventory held for processing by third Persons or immaterial quantities of assets, equipment or Inventory) or in the location of its chief executive office or place of business from the locations specified in Schedule 6.22, and to execute in advance of such change, cause to be filed and/or delivered to the Administrative Agent any financing statements or other documents required by the Administrative Agent, all in form and substance satisfactory to the Administrative Agent. Each of the Credit Parties agrees to advise the Administrative Agent promptly, in sufficient detail, of any material change relating to the type, quantity or quality of the Collateral or any event which could reasonably be expected to have a Material Adverse Effect. Each of the Credit Parties agrees to furnish any Lender with such other information regarding its business affairs and financial condition as such Lender may reasonably request from time to time.

7.15 SECURITY INTERESTS.

Each Credit Party will defend all or any portion of the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein, except where the amount of such Collateral is immaterial and the failure to so defend such Collateral would not reasonably be expected to have a Material Adverse Effect. Each Credit Party agrees to comply

with the requirements of all state, provincial and federal laws in order to grant to the Lenders a valid and perfected first security interest in the Collateral. The Administrative Agent is hereby authorized by each of the Credit Parties, to the extent permitted by applicable law, to file any financing statements covering the Collateral whether or not any Credit Party's signature appears thereon. Each Credit Party agrees to do whatever the Administrative Agent may reasonably request, from time to time, by way of: filing notices of liens, financing statements, fixture filings and amendments, renewals and continuations thereof; cooperating with the Administrative Agent's custodians; keeping stock records; obtaining waivers from landlords and mortgagees and from warehousemen, fillers, processors and packers and their respective landlords and mortgagees; paying claims, which might if unpaid, become a Lien (other than a Permitted Lien) on the Collateral; and performing such further acts as the Administrative Agent may reasonably require in order to effect the purposes of this Credit Agreement and the other Credit Documents. Any and all fees, costs and expenses of whatever kind and nature (including any Taxes, reasonable attorneys' fees or costs for insurance of any kind), which the Administrative Agent may reasonably incur with respect to the Collateral or the Obligations: in filing public notices; in preparing or filing documents; making title examinations or rendering opinions; in protecting, maintaining, or preserving the Collateral or its interest therein; in enforcing or foreclosing the Liens hereunder, whether through judicial procedures or otherwise; or in defending or prosecuting any actions or proceedings arising out of or relating to its transactions with any of the Credit Parties under this Credit Agreement or any other Credit Document, will be borne and paid by the Credit Parties. If same are not promptly paid by the Credit Parties, the Administrative Agent may pay same on the Credit Parties' behalf, and the amount thereof shall be an Obligation secured hereby and due to the Administrative Agent on demand.

7.16 SCHEDULES OF ACCOUNTS AND PURCHASE ORDERS.

Upon the occurrence and during the continuation of an Event of Default, in furtherance of the continuing assignment and security interest in the Accounts of each of the Credit Parties granted pursuant to the Security Agreements, upon the creation of Accounts, each of the Credit Parties will execute and deliver to the Administrative Agent in such form and manner as the Administrative Agent may reasonably require, solely for its convenience in maintaining records of collateral, such confirmatory schedules of Accounts, and other appropriate reports designating, identifying and describing the Accounts as the Administrative Agent may require. In addition, upon the Administrative Agent's request, upon the occurrence and during the continuation of an Event of Default, each Credit Party will provide the Administrative Agent with copies of agreements with, or purchase orders from, the customers of each of the Credit Parties, and copies of invoices to customers, proof of shipment or delivery and such other documentation and information relating to said Accounts and other collateral as the Administrative Agent may reasonably require. Failure to provide the Administrative Agent with any of the foregoing shall in no way affect, diminish, modify or otherwise limit the security interests granted herein. Each Credit Party hereby authorizes the Administrative Agent to regard such Credit Party's printed name or rubber stamp signature on assignment schedules or invoices as the equivalent of a manual signature by such Credit Party's authorized officers or agents.

7.17 COLLECTION OF ACCOUNTS.

Unless an Event of Default has occurred and is continuing beyond the expiration of the applicable grace or cure period, or has not otherwise been waived by the Administrative Agent, each Credit Party may and will enforce, collect and receive all amounts owing on the Accounts (subject to any amounts that such Credit Party is required to rebate to the applicable account debtor pursuant to any agreement between such Credit Party and such account debtor), for the Lenders' benefit and on the Lenders' behalf but at the Credit Parties' expense in accordance with the provisions of Section 3.1 or 3.2, as applicable; such privilege shall terminate automatically, however, without notice to the Credit Parties which is hereby expressly waived by the Credit Parties, upon the occurrence of any Event of Default which occurs and continues beyond the expiration of any applicable grace or cure period, or which has not otherwise been waived by the Required Lenders. Any checks, cash, notes or other instruments or property received by any Credit Party with respect to any Accounts shall be held by such Credit Party in trust for the benefit of the Lenders, separate from such Credit Party's own property and funds, and immediately turned over to the Administrative Agent or the Canadian Agent, as applicable, with proper assignments or endorsements. No checks, drafts or other instruments received by an Agent shall constitute final payment unless and until such instruments have actually been collected.

7.18 NOTICE; CREDIT MEMORANDA; AND RETURNED GOODS.

Each Credit Party will notify the Administrative Agent promptly of any matters materially affecting the value, enforceability or collectibility of any Account, and of all material customer disputes, offsets, defenses, counterclaims, returns and rejections, and all reclaimed or repossessed merchandise or goods, provided, however, that such notice shall only be required as to any such matter that affects Accounts outstanding at any one time from any account debtor, which affected Accounts have a value greater than $1,000,000, or to the extent that the outcome of such matter could reasonably be expected to have a Material Adverse Effect. Each Credit Party will issue credit memoranda promptly (with duplicates to the Administrative Agent upon its request for same) upon accepting returns or granting allowances, and may continue to do so until the occurrence of an Event of Default which continues beyond the expiration of the applicable grace or cure period, or which has not otherwise been waived by the Required Lenders. After the occurrence and during the continuance of an Event of Default, each Credit Party agrees that all returned, reclaimed or repossessed merchandise or goods shall be set aside by such Credit Party, marked with the Lenders' name and held by such Credit Party for the Lenders' account as owner and assignee.

7.19 ACKNOWLEDGMENT AGREEMENTS.

Each Credit Party will use commercially reasonable efforts (which shall not require any Credit Party to expend any material sums) to assist the Administrative Agent in obtaining executed Acknowledgment Agreements from each of the warehousemen, processors, packers, fillers, landlords and mortgagees with whom such Credit Party conducts business from time to time or who have an interest in any real property on which any of the Collateral is located (a) for the Inventory locations noted as such on Schedule 1.1B hereto, on or prior to the Closing Date,

(b) for the Inventory locations noted as such on Schedule 1.1B hereto, within ninety (90) days from the Closing Date and (c) for Inventory locations acquired or established after the Closing Date, within sixty (60) days from the date of such acquisition or establishment.

7.20 TRADEMARKS.

Each Credit Party will do and cause to be done all things necessary to preserve and keep in full force and effect all registrations of trademarks, service marks and other marks, trade names or other trade rights owned or licensed by such Credit Party, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

7.21 YEAR 2000 COMPLIANCE.

The Credit Parties shall take all action necessary to assure that the Credit Parties' computer based systems are able to operate and effectively process data including dates on and after January 1, 2000. At the request of the Administrative Agent, the Credit Parties shall provide the Lenders with assurance acceptable to the Administrative Agent, acting reasonably, of the Credit Parties' Year 2000 compatibility.

ARTICLE VIII

FINANCIAL COVENANTS

Each Borrower hereby covenants and agrees that so long as this Agreement is in effect and until the Loans, LOC Obligations and BA Obligations, together with interest, fees and other Obligations hereunder, have been paid in full and the Commitments and Letters of Credit hereunder shall have terminated that they will do or cause to be done the following:

8.1 LEVERAGE RATIO.

The Consolidated Cott Group shall maintain a Leverage Ratio of no greater than 6.0 to 1.0 as of the last day of each fiscal quarter.

8.2 FIXED CHARGE COVERAGE RATIO.

The Consolidated Cott Group shall maintain a Fixed Charge Coverage Ratio of not less than (a) 0.7 to 1.0 as of the last day of each fiscal quarter occurring on or prior to January 1, 2000, (b) 0.8 to 1.0 as of the last day of each fiscal quarter occurring on or prior to December 30, 2000, (c) 0.9 to 1.0 as of the last day of each fiscal quarter occurring on or prior to December 29, 2001 and
(d) 1.0 to 1.0 as of the last day of each fiscal quarter occurring thereafter.

8.3 CAPITAL EXPENDITURES.

The Consolidated Cott Group shall not make Consolidated Capital Expenditures in excess of $35,000,000 during the fiscal year ending January 1, 2000 and $50,000,000 in any

fiscal year thereafter; provided, however, that (a) the amount expended in any fiscal year for any Permitted Acquisition shall not reduce the Capital Expenditure limit for such fiscal year and (b) the proceeds of any asset sale permitted hereunder or of any casualty loss under any insurance policy, the proceeds of which are permitted to be applied by the Credit Parties under Section 7.6 hereof, to the extent such proceeds are applied to replace or rebuild any such assets or affected property, shall not be included in the calculation of Consolidated Capital Expenditures for the purpose of determining compliance with this Section 8.3. The Borrowers may seek an increase to the limitations on Consolidated Capital Expenditures set forth herein by requesting the consent of the Required Lenders to any such increase.

8.4 MINIMUM SHAREHOLDERS' EQUITY.

The consolidated Shareholders' Equity of the Consolidated Cott Group shall be greater than or equal to (a) $115,000,000, plus (b) a cumulative amount, determined at the end of each fiscal year, commencing with the fiscal year ending January 1, 2000, equal to 75% of Net Income earned by the Consolidated Cott Group during each such fiscal year (with no reductions for any losses incurred during any fiscal year).

ARTICLE IX

NEGATIVE COVENANTS

Each Borrower hereby covenants and agrees that so long as this Agreement is in effect and until the Loans, LOC Obligations and BA Obligations, together with interest, fees and other Obligations hereunder, have been paid in full and the Commitments, Letters of Credit and Bankers' Acceptances hereunder shall have terminated that it will do or cause to be done the following:

9.1 INDEBTEDNESS.

The Credit Parties will not contract, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness arising under this Agreement and the other Credit Documents or any Interest Rate Protection Agreement;

(b) Indebtedness existing as of the Closing Date as referenced in Section 6.9 (and renewals, refinancings or extensions thereof, in whole or in part, on terms and conditions substantially the same as such existing Indebtedness and in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension);

(c) Indebtedness in respect of current accounts payable and accrued expenses incurred in the ordinary course of business including, to the extent not current, accounts payable and accrued expenses that are subject to bona fide dispute;

(d) purchase money Indebtedness (including capital leases) incurred by the Credit Parties to finance the purchase of fixed assets; provided that (i) the total of all such Indebtedness for all of the Credit Parties taken together shall not exceed an aggregate principal amount of $10,000,000 at any one time outstanding (including any such Indebtedness referred to in subsection (b) above); (ii) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed; and (iii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing;

(e) unsecured Indebtedness owing from one Credit Party to another Credit Party;

(f) the guaranty by one Credit Party of another Credit Party's Indebtedness, to the extent such Indebtedness is permitted hereunder;

(g) Subordinated Debt; and

(h) other Indebtedness, so long as (i) such Indebtedness is not secured by any of the Collateral; (ii) no Default or Event of Default shall exist immediately prior to or after the incurrence of such Indebtedness;
(iii) the Borrowers shall be in pro forma compliance with all financial covenants contained in Article VIII hereof; (iv) the documentation evidencing such Indebtedness shall not contain covenants which are more restrictive than the covenants contained herein; and (v) immediately after the incurrence of such Indebtedness, at least $5,000,000 shall be available to be loaned to the Borrowers under the Commitments and the Total Borrowing Base.

9.2 LIENS.

No Credit Party shall contract, create, incur, assume or permit to exist any Lien with respect to any of the Collateral, whether now owned or after acquired, except for Permitted Liens.

9.3 NATURE OF BUSINESS.

No Credit Party shall substantively alter the character of its business from that conducted as of the Closing Date.

9.4 CONSOLIDATION OR MERGER.

No Credit Party shall enter into any transaction of merger or consolidation or dissolve, liquidate, or wind up its affairs other than the merger or consolidation of a Subsidiary of a Borrower into such Borrower or into another Subsidiary of such Borrower; provided that a merger or consolidation to effect a Permitted Acquisition shall be permitted; and provided, further, that if any such merger involves a Borrower such Borrower shall be the surviving entity.

9.5 SALE OR LEASE OF ASSETS.

The Credit Parties will not convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business or assets whether now owned or hereafter acquired, including, without limitation, inventory, receivables, equipment, real property interests (whether owned or leasehold), and securities, other than (a) any inventory sold or otherwise disposed of in the ordinary course of business; (b) the sale, lease, transfer or other disposal by a Credit Party of any or all of its assets to another Credit Party; (c) the sale of the Company's stock in Menu Foods Limited (or the direct holding company thereof); and (d) any other sale, lease, transfer or other disposal of the assets of a Credit Party so long as such sale, lease, transfer or other disposal would not have or reasonably be expected to have a Material Adverse Effect (for purposes hereof, a sale, lease, transfer or other disposal of all or substantially all of the assets of a Credit Party would be deemed to have Material Adverse Effect).

9.6 ACQUISITIONS.

The Credit Parties will not make any Acquisitions other than Permitted Acquisitions.

9.7 TRANSACTIONS WITH AFFILIATES.

The Credit Parties will not enter into any transaction or series of transactions (other than transactions between the Credit Parties), whether or not in the ordinary course of business, with any officer, director, shareholder, Subsidiary or Affiliate except (i) upon terms and conditions that would be obtainable in a comparable arm's-length transaction with a Person other than an Affiliate, (ii) employment arrangements, payment of directors' fees, and transactions pursuant to employees' and directors' stock option plans, each in the ordinary course of business and (iii) transactions permitted pursuant to Sections 9.4, 9.5, or 9.11.

9.8 OWNERSHIP OF SUBSIDIARIES.

The Credit Parties will not sell, transfer or otherwise dispose of, any shares of capital stock of any of their Subsidiaries who are Credit Parties, or permit any of their Subsidiaries who are Credit Parties to issue, sell or otherwise dispose of, any shares of capital stock of any of their Subsidiaries, except to other Credit Parties.

9.9 FISCAL YEAR.

The Credit Parties will not change any of their respective fiscal years without the prior written consent of the Required Lenders, which consent shall not be unreasonably denied or delayed, with appropriate modification of the financial covenants to give effect to the partial year resulting therefrom.

9.10 INVESTMENTS.

The Credit Parties will not make any Investments except for Permitted Investments.

9.11 RESTRICTED PAYMENTS.

The Credit Parties will not make a Restricted Payment, other than (a) dividends, distributions or other payments from any Subsidiary to any Borrower or from any Credit Party to another Credit Party, (b) dividends payable solely in the same class of Capital Stock of the Company, (c) dividends, distributions or other payments applied to the payment of the Subordinated Affiliate Note to the extent any such payments are permitted to be made pursuant to Section 9.15 hereof, (d) with the consent of the Required Lenders, which consent shall not be unreasonably withheld, payments to repurchase the Company's Capital Stock, (e) loans to officers and employees of the Company to purchase the Capital Stock of the Company and such other purposes as permitted by Section 9.10, (f) redemption payments on account of the Convertible Participating Voting Second Preferred Shares, Series 1, with the consent of the Required Lenders, which consent shall not be unreasonably withheld, and (g) any dividend, distribution or other payment to any Subsidiary (other than a Credit Party) so long as a matching payment, net of applicable dividend and/or withholding taxes, is simultaneously made by one or more Subsidiaries (other than a Credit Party) to a Credit Party (for purposes hereof, "simultaneously" shall mean the period from the time such initial payment is made to any such Subsidiary and including up to one week thereafter), and the Administrative Agent shall have received prior written notice of such payment describing in reasonable detail such payment, including, without limitation, the Credit Party payor, the Subsidiary payee, the Subsidiary payor and the Credit Party payee and the purpose of such payment; provided, however, that in each case described under clauses (c), (d), (e), (f) and (g) hereof, immediately before and after giving effect to such dividend, distribution or other payment, no Event of Default shall exist and the Company shall be in compliance with the terms and provisions of the indenture for the Senior Notes.

9.12 NO ADDITIONAL BANK ACCOUNTS.

The Credit Parties will not open, maintain or otherwise have any checking, savings or other accounts at any bank or other financial institution, or any other account where money is or may be deposited or maintained with any Person, other than the accounts set forth on Schedule 9.12 hereto and, after the Closing Date, such other accounts so long as each such account is subject to a tri-party lockbox or other blocked account agreement satisfactory to the Administrative Agent. All such checking, savings or other accounts of the Credit Parties shall be under the sole dominion and control of the Administrative Agent in accordance with Section 3.1 or 3.2, as the case may be.

9.13 AMENDMENTS OF MATERIAL CONTRACTS; ORGANIZATIONAL DOCUMENTS.

The Credit Parties will not, without the prior written consent of the Administrative Agent, amend, modify, cancel or terminate or permit the amendment, modification, cancellation or termination of any of the Material Contracts or the Articles or Certificate of Incorporation or other equivalent organizational document of any of the Credit Parties, except where such amendment, modification, cancellation or termination would not reasonably be expected to have a Material Adverse Effect.

9.14 ADDITIONAL NEGATIVE PLEDGES.

The Credit Parties will not create or otherwise cause or suffer to exist or become effective, directly or indirectly, (i) any prohibition or restriction (including any agreement to provide equal and ratable security to any other Person in the event a Lien is granted to or for the benefit of the Administrative Agent and the Lenders) on the creation or existence of any Lien upon the assets of any Credit Party, other than Permitted Liens or (ii) any contractual obligation which may restrict or inhibit the Administrative Agent's rights or ability to sell or otherwise dispose of the Collateral or any part thereof after the occurrence of an Event of Default.

9.15 OTHER INDEBTEDNESS.

The Credit Parties will not effect or permit any change in or amendment to any document or instrument pertaining to the subordination, if any, terms of payment or required prepayments of any Subordinated Debt or the Senior Notes, effect or permit any change in or amendment to any document or instrument pertaining to the covenants or events of default of any Subordinated Debt or the Senior Notes if the effect of any such change or amendment is to make such covenants or events of default more restrictive, give any notice of optional redemption or optional prepayment or offer to repurchase under any such document or instrument, or, directly or indirectly, make any payment of principal of or interest on or in redemption, retirement or repurchase of any Subordinated Debt or the Senior Notes, except for (a) payments of principal of and interest on the Subordinated Debt to the extent not prohibited by the Subordination Agreement and so long as any such payments are promptly transferred from the Irish Affiliate to the Company and (b) (i) the scheduled payments required by the terms of the documents and instruments evidencing Senior Notes and permitted by the provisions of the documents and instruments evidencing the Senior Notes and (ii) the redemption of any or all of the principal amount of the Senior Notes so long as no Default or Event of Default exists or would exist as a result of such redemption and immediately after giving affect thereto, at least $5,000,000 is available to be loaned to the Borrowers under the Commitments and the Total Borrowing Base.

9.16 LICENSES, ETC.

The Credit Parties will not enter into licenses of, or otherwise restrict the use of, any patents, trademarks or copyrights which would prevent any Credit Party from selling, transferring, encumbering or otherwise disposing of any such patent, trademark or copyright, except where such license or restriction would not reasonably be expected to have a Material Adverse Effect.

9.17 LIMITATIONS.

Except as set forth on Schedule 9.17 hereto, the Credit Parties will not, directly or indirectly, create or otherwise cause, incur, assume, suffer or permit to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Credit Party to (a) pay dividends or make any other distribution on any of its Capital Stock, (b) pay any Indebtedness owed to another Credit Party, (c) make loans or advances to another Credit Party or (d) transfer any of its property to any other Credit Party, except for encumbrances or restrictions

existing under or by reason of (i) customary non-assignment provisions in any lease governing a leasehold interest, (ii) any agreement or other instrument of a Person existing at the time it becomes a Subsidiary of a Borrower; provided that such encumbrance or restriction is not applicable to any other Person, or any property of any other Person, other than such Person becoming a Subsidiary of a Borrower and was not entered into in contemplation of such Person becoming a Subsidiary of a Borrower and (iii) this Credit Agreement and the other Credit Documents.

ARTICLE X

POWERS

10.1 APPOINTMENT OF ADMINISTRATIVE AGENT AS ATTORNEY-IN-FACT.

Each Borrower hereby irrevocably authorizes and appoints the Administrative Agent, or any Person or agent the Administrative Agent may designate, as such Borrower's attorney-in-fact, at the Borrowers' cost and expense, to exercise, subject to the limitations set forth in Section 10.2, all of the following powers, which being coupled with an interest, shall be irrevocable until all of the Obligations to the Lenders have been paid and satisfied in full and all of the Commitments have been terminated:

(a) To receive, take, endorse, sign, assign and deliver, all in the name of the Administrative Agent, the Lenders or such Borrower, as the case may be, any and all checks, notes, drafts, and other documents or instruments relating to the Collateral;

(b) To receive, open and dispose of all mail addressed to such Borrower and to notify postal authorities to change the address for delivery thereof to such address as the Administrative Agent may designate;

(c) To request at any time from customers indebted on Accounts, in the name of such Borrower or a third party designee of the Administrative Agent, information concerning the Accounts and the amounts owing thereon;

(d) To give customers indebted on Accounts notice of the Lenders' interest therein, and/or to instruct such customers to make payment directly to the Administrative Agent for such Borrower's account; and

(e) To take or bring, in the name of the Administrative Agent, the Lenders or such Borrower, all steps, actions, suits or proceedings deemed by the Administrative Agent necessary or desirable to enforce or effect collection of the Accounts.

10.2 LIMITATION ON EXERCISE OF POWER.

Notwithstanding anything hereinabove to the contrary, the powers set forth in subparagraphs (b), (d) and (e) above may only be exercised by the Administrative Agent on and

after the occurrence and during the continuation of an Event of Default which has not otherwise been waived by the Administrative Agent. The powers set forth in subparagraphs (a) and (c) above may be exercised by the Administrative Agent at any time.

ARTICLE XI

EVENTS OF DEFAULT AND REMEDIES

11.1 EVENTS OF DEFAULT.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an "Event of Default"):

(a) Payment. Any Borrower shall default in the payment when due of
(i) any principal owing hereunder, under any of the Credit Documents or in connection herewith or (ii) any interest, fees or other amounts owing hereunder, under any of the other Credit Documents or in connection herewith and the failure to pay any such interest, fees or other amounts shall continue for a period of three (3) or more days following receipt by such Borrower of a notice of default from the Administrative Agent, or any Lender, or if cured, any subsequent failure to pay such interest, fees or other amounts shall occur and continue for a period of three (3) or more days;

(b) Representations. Any representation, warranty or statement made or deemed to be made by any Credit Party herein, in any of the Credit Documents, or in any written statement or certificate delivered pursuant hereto or thereto shall prove untrue in any material respect on the date as of which it was made or deemed to have been made;

(c) Covenants. Any Credit Party shall

(i) default in the due performance or observance of any term condition or agreement contained in Section 7.1(f)(i), Article VIII or Article IX, or

(ii) default in the due performance or observance of any term or condition in Section 7.1(a), (b) or (c) and such default shall remain unremedied for a period of ten (10) Business Days after the earlier of a Credit Party becoming aware of such default or notice thereof given by the Administrative Agent.

(iii) default in the due performance or observance of any term, covenant or agreement (other than those referred to in subsections (a), (b), (c)(i) or (c)(ii) of this Section 11.1) contained in this Agreement and such default shall continue unremedied for a period of thirty (30) days after the earlier of a Credit Party becoming aware of such default or notice thereof given by the Administrative Agent;

(d) Other Credit Documents. (i) Any Credit Party shall default in the due performance or observance of any term, covenant or agreement in any of the other Credit Documents (subject to applicable grace or cure periods, if any), or (ii) any Credit Document shall fail to be in full force and effect or to give an Agent and/or the Lenders the rights, powers and privileges purported to be created thereby;

(e) Guaranties. Any Guarantor or any Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under a Guaranty Agreement;

(f) Bankruptcy, etc. The occurrence of any Bankruptcy Event with respect to a Credit Party;

(g) Defaults under Other Agreements. With respect to any Funded Debt in excess of $1,000,000 (other than Funded Debt outstanding under this Agreement) or the Subordinated Debt or the Senior Notes, (i) a Credit Party shall (A) default in any payment (beyond the applicable grace period with respect thereto, if any) with respect to any such Indebtedness, or (B) default in the observance or performance relating to such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event or condition shall occur or condition exist, the effect of which default or other event or condition is to cause, or permit, the holder or holders of such Indebtedness (or trustee or agent on behalf of such holders) to cause (determined without regard to whether any notice or lapse of time is required), any such Indebtedness to become due prior to its stated maturity; or (ii) any such Indebtedness shall be declared due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof;

(h) Judgments. One or more judgments or decrees shall be entered against a Credit Party involving a liability of $1,000,000 or more in the aggregate (to the extent not paid or fully covered by insurance (subject to payment of the applicable deductible) provided by a carrier who, upon request, has not denied coverage) and any such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof;

(i) ERISA. The occurrence of any of the following events or conditions, if the result could have or be reasonably expected to have a Material Adverse Effect: (A) any "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, shall exist with respect to any Single Employer Plan, or any lien shall arise on the assets of a Borrower or any ERISA Affiliate in favor of the PBGC or a Single Employer Plan; (B) a ERISA Event shall occur with respect to a Single Employer Plan, which is, in the reasonable opinion of the Administrative Agent, likely to result in the termination of such Plan for purposes of Title IV of ERISA; (C) a ERISA Event shall occur with respect to a Multiemployer Plan or Multiple Employer Plan, which is, in the reasonable opinion of the Administrative Agent, likely to result in (1) the termination of such Plan for purposes of Title IV of ERISA, or (2) any Borrower or any ERISA Affiliate incurring any liability in connection with a withdrawal from,

reorganization of (within the meaning of Section 4241 of ERISA), or insolvency or (within the meaning of Section 4245 of ERISA) such Plan; or (D) any prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility shall occur which may subject any Borrower or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which any Borrower or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability;

(j) Ownership. There shall occur a Change of Control; or

(k) Subordinated Debt. The subordination provisions in any agreement relating to Subordinated Debt shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable as to any holder of the Subordinated Debt.

11.2 ACCELERATION; REMEDIES.

Upon the occurrence of an Event of Default, and at any time thereafter, the Administrative Agent shall, upon the request and direction of the Required Lenders, by written notice to the Borrowers, take any of the following actions without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against any Credit Party, except as otherwise specifically provided for herein:

(a) Termination of Commitments. Declare the Commitments terminated whereupon the Commitments shall be immediately terminated.

(b) Acceleration of Loans. Declare the unpaid principal of and any accrued interest in respect of all Loans and any and all other indebtedness or obligations of any and every kind owing by the Borrowers to any of the Lenders hereunder to be due whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers.

(c) Cash Collateral. Direct the Borrowers to pay (and the Borrowers agree that upon receipt of such notice, or upon the occurrence of an Event of Default under Section 11.1(f), they will immediately pay) to the Administrative Agent additional cash, to be held by the Administrative Agent, for the benefit of the Lenders, in a cash collateral account as security for the LOC Obligations in respect of subsequent drawings under all then outstanding Letters of Credit in an amount equal to the maximum aggregate amount which may be drawn under all Letters of Credits then outstanding. Accrued interest on the cash collateral account shall be for the account of the Borrowers, subject to the prior payment in full in cash of all of the Obligations.

(d) Enforcement of Rights. Enforce any and all rights and interests created and existing under the Credit Documents or at law, including, without limitation, the Guaranty Agreements and the Security Agreements, and all rights of set-off.

Notwithstanding the foregoing, if an Event of Default specified in Section 11.1(f) shall occur, then the Commitments shall automatically terminate and all Loans, all reimbursement obligations under Letters of Credit, all accrued interest in respect thereof, all accrued and unpaid fees and other indebtedness or obligations owing to the Lenders hereunder shall immediately become due and payable without the giving of any notice or other action by the Agents or the Lenders which notice or other action is expressly waived by the Borrowers.

11.3. CONVERSION AND REDENOMINATION CERTAIN LOANS; PURCHASE OF RISK PARTICIPATIONS.

(a) Conversion and Redenomination of Loans. Notwithstanding anything herein to the contrary, upon a termination of the Commitments following the occurrence of an Event of Default (a "Commitment Termination Event"), (i) all outstanding Loans denominated in Canadian Dollars or bearing interest at a rate other than the U.S. Base Rate shall be redenominated and/or converted into U.S. Base Rate Loans denominated in Dollars and (ii) all BA Obligations and LOC Obligations owed to a Lender in Canadian Dollars shall be redenominated into BA Obligations and LOC Obligations owed in Dollars, in each case on and with effect from the soonest practicable date following the Commitment Termination Event as determined by the Administrative Agent (the "Conversion Date") and at the Bank of Canada published noon exchange rate or closing exchange rate (whichever is closer to the time of payment) in effect as of such Conversion Date. The Borrowers hereby agree to pay to the Administrative Agent, for the pro rata benefit of the Lenders, on the Conversion Date any amounts owing pursuant to Section 4.14 as a result of any such conversion occurring prior to the end of an Interest Period. The Administrative Agent will promptly notify the Borrowers and the Lenders of any such redenomination and conversion following a Commitment Termination Event.

(b) Purchase of Risk Participations. Each Lender hereby agrees that it shall forthwith purchase, as of the Conversion Date (but adjusted for any payments received from a Borrower on or after such date and prior to such purchase), from the other Lenders such Participation Interests in the outstanding Loans, LOC Obligations and BA Obligations (whether or not such Loans, LOC Obligations and BA Obligations have been redenominated or converted pursuant to Section 11.3(a)) as shall be necessary to cause each such Lender to share in all Loans, LOC Obligations and BA Obligations ratably based upon its Commitment Percentage with respect to Participation Interests in all Loans, LOC Obligations and BA Obligations (determined before giving effect to any termination of the Commitments), provided that
(1) all interest and fees payable on a Loan, LOC Obligation or BA Obligation shall be for the account of the Lender that originally extended such Loan or issued or participated in the related Letters of Credit or Bankers' Acceptances, as the case may be, until the date as of which the respective Participation Interest is purchased and (2) if any purchase of a Participation Interest required to be made pursuant to this sentence is not made on the Conversion Date, then at the time such purchase is actually made the purchasing Lender shall be required to pay to the selling Lender, to the extent not paid to such selling Lender by the applicable Borrower in accordance with the terms of this Credit Agreement, interest on the principal amount of the Participation Interest purchased for each day from and including the day

upon which such purchase of the Participation Interest would otherwise have occurred to but excluding the date of actual payment for the purchase of such Participation Interest, at the rate equal to the Federal Funds Rate.

ARTICLE XII

TERMINATION

Except as otherwise provided in Article XI of this Credit Agreement, the Commitments made hereunder shall terminate on the Maturity Date and all then outstanding Loans shall be immediately due and payable in full and all outstanding Letters of Credit shall immediately terminate. Unless sooner demanded in accordance with this Agreement, all Obligations shall become due and payable as of any termination hereunder or under Article XI and, pending a final accounting, the Administrative Agent may withhold, or cause to be withheld, any balances in the Borrowers' Loan accounts, in an amount sufficient, in the Administrative Agent's reasonable discretion, to cover all of the Obligations, whether absolute or contingent, unless supplied with a satisfactory indemnity to cover all of such Obligations. All of the Agents' and the Lenders' rights, liens and security interests shall continue after any termination until all Obligations have been paid and satisfied in full.

ARTICLE XIII

THE AGENTS

13.1 APPOINTMENT.

Each Lender hereby designates and appoints First Union as Administrative Agent and National Bank of Canada, as Canadian Agent to act as specified herein and the other Credit Documents, and each such Lender hereby authorizes the Agents as the agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated by the terms hereof and of the other Credit Documents, together with such other powers as are reasonably incidental thereto, including, without limitation, holding all Collateral and all payments of principal, interest, fees, charges and expenses received pursuant to this Credit Agreement or any other Credit Document for the benefit of the Lenders. Notwithstanding any provision to the contrary elsewhere herein and in the other Credit Documents, the Agents shall not have any duties or responsibilities, except those expressly set forth herein and therein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any of the other Credit Documents, or shall otherwise exist against the Agents. The provisions of this Article are solely for the benefit of the Agents and the Lenders and none of the members of the Consolidated Cott Group shall have any rights as a third party beneficiary of the provisions hereof. In performing its functions and duties under this Agreement and the other Credit Documents, the Agents shall act solely as agent of the Lenders and do not assume and shall not be deemed to have assumed any obligation or relationship of agency or

trust with or for the Borrowers or any other member of the Consolidated Cott Group. Notwithstanding any provision to the contrary in this Agreement or any of the other Credit Documents, the Canadian Agent shall not take or omit to take any discretionary action under this Agreement or any of the other Credit Documents without the prior authorization of the Administrative Agent.

13.2 DELEGATION OF DUTIES.

The Agents may execute any of their respective duties hereunder or under the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agents shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected with reasonable care.

13.3 EXCULPATORY PROVISIONS.

Each of the Agents or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall not be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection herewith or in connection with any of the other Credit Documents (except for its or such Person's own gross negligence or willful misconduct), or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any member of the Consolidated Cott Group contained herein or in any of the other Credit Documents or in any certificate, report, statement or other document referred to or provided for in, or received by an Agent under or in connection herewith or in connection with the other Credit Documents, or enforceability or sufficiency therefor of any of the other Credit Documents, or for any failure of any of the Borrowers to perform its obligations hereunder or thereunder. An Agent shall not be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement, or any of the other Credit Documents or for any representations, warranties, recitals or statements made herein or therein or made by the Borrowers or any member of the Consolidated Cott Group in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by an Agent to the Lenders or by or on behalf of the Consolidated Cott Group to an Agent or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default or to inspect the properties, books or records of the Consolidated Cott Group. The Agents are not trustees for the Lenders and owe no fiduciary duty to any of the Lenders.

13.4 RELIANCE ON COMMUNICATIONS.

The Agents shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrowers or any of the other members of the Consolidated Cott Group, independent accountants

and other experts selected by the Administrative Agent with reasonable care). Each of the Agents may deem and treat the Lenders as the owner of its respective interests hereunder for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the appropriate Agent in accordance with Section 14.3(b). Each of the Agents shall be fully justified in failing or refusing to take any action under this Agreement or under any of the other Credit Documents unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or under any of the other Credit Documents in accordance with a request of the Required Lenders (or to the extent specifically provided in Section 14.6, all the Lenders) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders (including their successors and assigns).

13.5 NOTICE OF DEFAULT.

An Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Agent has received notice from a Lender or a member of the Consolidated Cott Group referring to the Credit Document, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that an Agent receives such a notice, such Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be directed by the Required Lenders.

13.6 NON-RELIANCE ON AGENTS AND OTHER LENDERS.

Each Lender expressly acknowledges that neither of the Agents nor any of their officers, directors, employees, agents, attorneys-in-fact or affiliates (including, without limitation, First Union Capital Markets Corp. ("FUCMC"); it being understood that each reference to affiliate in this Section 13.6 shall include FUCMC) has made any representations or warranties to it and that no act by an Agent or any affiliate thereof hereinafter taken, including any review of the affairs of the Consolidated Cott Group, shall be deemed to constitute any representation or warranty by an Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon the Agents or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Consolidated Cott Group and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Agents or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Consolidated Cott Group. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Agents hereunder, the Agents shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial or other conditions,

prospects or creditworthiness of the Consolidated Cott Group which may come into the possession of an Agent or any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates.

13.7 INDEMNIFICATION.

The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrowers and without limiting the obligation of the Borrowers to do so), ratably according to their respective Commitments, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including without limitation at any time following the payment of the Obligations) be imposed on, incurred by or asserted against an Agent in its respective capacity as such in any way relating to or arising out of this Agreement or the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by an Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of an Agent. If any indemnity furnished to an Agent for any purpose shall, in the opinion of such Agent, acting reasonably, be insufficient or become impaired, such Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section shall survive the payment of the Obligations and all other amounts payable hereunder and under the other Credit Documents.

13.8 AGENT IN ITS INDIVIDUAL CAPACITY.

The Agents and their respective affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrowers or any other member of the Consolidated Cott Group as though such Agents were not agents hereunder. With respect to the Loans made, the Agents shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though they were not agents hereunder, and the terms "Lender" and "Lenders" shall include the Administrative Agent and the Canadian Agent in their individual capacities.

13.9 SUCCESSOR AGENT.

An Agent may, at any time, resign upon twenty (20) days' written notice to the Lenders. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent or Canadian Agent, as the case may be. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within thirty (30) days after the notice of resignation, then the retiring Agent shall select a successor Agent provided that such successor is a Lender hereunder or a commercial bank organized or licensed under the laws of the United States of America or any State thereof or of Canada, as applicable, and has a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Administrative Agent or Canadian Agent, as the case may be, hereunder by a successor, such successor Administrative Agent or Canadian Agent, as the case may be, shall

thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent or Canadian Agent, as the case may be, and the retiring Administrative Agent or Canadian Agent, as the case may be, shall be discharged from its duties and obligations as Administrative Agent or Canadian Agent, as the case may be, as appropriate, under this Agreement and the other Credit Documents and the provisions of this Section 13.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement.

13.10 COLLATERAL MATTERS.

(a) Each Lender authorizes and directs each of the Agents to enter into the Security Documents for the benefit of the Lenders. Each Lender authorizes and directs the Administrative Agent to make such changes to the form of Acknowledgment Agreement attached hereto as Exhibit A as it deems necessary from time to time in order to obtain any Acknowledgment Agreement from any landlord, warehouseman, filler, packer, processor, mortgagee or any other party who has an interest in any real property where Collateral is located with respect to any Credit Party. Each Lender also authorizes and directs each of the Agents to review and approve all agreements regarding the lockboxes and the lockbox accounts (including the Lockbox Agreements) on such terms as the Agents deem necessary. Each Lender hereby agrees, and each holder of any Note by the acceptance thereof will be deemed to agree, that, except as otherwise set forth herein, any action taken by the Required Lenders or each of the Lenders, as applicable, in accordance with the provisions of this Credit Agreement or the Security Documents, and the exercise by the Required Lenders or each of the Lenders, as applicable, of the powers set forth herein or therein, together with such other powers as are reasonably incidental thereto, shall be authorized and binding upon all of the Lenders. The Administrative Agent and, with the prior approval of the Administrative Agent, the Canadian Agent, is hereby authorized on behalf of all of the Lenders, without the necessity of any notice to or further consent from any Lender, from time to time prior to an Event of Default, to take any action with respect to any Collateral or Security Document which may be necessary or appropriate to perfect and maintain perfected the security interest in and liens upon the Collateral granted pursuant to the Security Documents.

(b) The Lenders hereby authorize the Administrative Agent and, with the prior approval of the Administrative Agent, the Canadian Agent, at its option and in its discretion, to release any Lien granted to or held by either such Agent upon any Collateral (i) upon termination of the Commitments and payment in cash and satisfaction of all of the Obligations (including the LOC Obligations) at any time arising under or in respect of this Credit Agreement or the Credit Documents or the transactions contemplated hereby or thereby, (ii) constituting property being sold or disposed of upon receipt of the proceeds of such sale by an Agent if the applicable Credit Party certifies to such Agent that the sale or disposition is made in compliance with Section 9.5 (and such Agent may rely conclusively on any such certificate, without further inquiry) or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by an Agent at any time,

the Lenders will confirm in writing such Agent's authority to release particular types or items of Collateral pursuant to this Section 13.10(b).

(c) Upon any sale and transfer of Collateral which is expressly permitted pursuant to the terms of this Credit Agreement, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days' prior written request by the applicable Credit Party, the Administrative Agent and, with the prior approval of the Administrative Agent, the Canadian Agent, shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent for the benefit of the Lenders herein or pursuant hereto upon the Collateral that was sold or transferred; provided that (i) such Agent shall not be required to execute any such document on terms which, in such Agent's opinion, acting reasonably, would expose such Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of such Credit Party in respect of) all interests retained by such Credit Party, including, without limitation, the proceeds of the sale, all of which shall continue to constitute part of the Collateral. In the event of any sale or transfer of Collateral, or any foreclosure with respect to any of the Collateral, the Administrative Agent and, with the prior approval of the Administrative Agent, the Canadian Agent, shall be authorized to deduct all of the expenses reasonably incurred by such Agent from the proceeds of any such sale, transfer or foreclosure.

(d) Neither Agent shall have any obligation whatsoever to the Lenders or to any other Person to assure that the Collateral exists or is owned by the Credit Parties or is cared for, protected or insured or that the liens granted to either such Agent herein or pursuant hereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to either such Agent in this Section 13.10 or in any of the Security Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, the Administrative Agent and, with the prior approval of the Administrative Agent, the Canadian Agent, may act in any manner it may deem appropriate, in its reasonable discretion, given either such Agent's own interest in the Collateral as one of the Lenders and that either such Agent shall have no duty or liability whatsoever to the Lenders, except for its gross negligence or willful misconduct.

(e) The Administrative Agent hereby authorizes and appoints the Canadian Agent as the Administrative Agent's attorney-in-fact, to exercise all of the powers granted to the Canadian Agent in subsections (b) and (c) of this Section 13.10 on behalf of the Administrative Agent in its capacity as collateral agent under the Canadian Security Agreement.

ARTICLE XIV

MISCELLANEOUS

14.1 NOTICES.

Except as otherwise expressly provided herein, all notices, requests and other communications shall have been duly given and shall be effective (a) when delivered by hand, (b) when transmitted via telecopy (or other facsimile device), (c) the Business Day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case to the respective parties at the address or telecopy numbers set forth on Schedule 14.1 attached hereto, or at such other address as such party may specify by written notice to the other parties hereto; provided, however, that if any notice is delivered on a day other than a Business Day, or after 5:00 P.M. (Eastern time) on any Business Day, then such notice shall not be effective until the next Business Day; and provided further, that notices of default shall be effective only upon delivery by hand or by a reputable national overnight air courier service (unless a telecopy notice of default is sent and receipt is confirmed by telephone or telecopy by a Senior Management Member or Senior Financial Officer of the Company, in which case such notice of default shall be effective upon receipt).

14.2 RIGHT OF SET-OFF.

In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuation of an Event of Default, each Lender is authorized at any time and from time to time, without presentment, demand, protest or other notice of any kind (all of which rights being hereby expressly waived), to set-off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Lender (including, without limitation branches, agencies or Affiliates of such Lender wherever located) to or for the credit or the account of a Credit Party against obligations and liabilities of a Credit Party to such Lender hereunder, under the Notes, the other Credit Documents or otherwise, irrespective of whether such Lender shall have made any demand hereunder and although such obligations, liabilities or claims, or any of them, may be contingent or unmatured, and any such set-off shall be deemed to have been made immediately upon the occurrence of an Event of Default even though such charge is made or entered on the books of such Lender subsequent thereto. Each Credit Party hereby agrees that any Person purchasing a participation in the Loans and Commitments hereunder pursuant to Section 14.3(c) may exercise all rights of set-off with respect to its participation interest as fully as if such Person were a Lender hereunder.

14.3 BENEFIT OF AGREEMENT.

(a) Generally. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided that a Borrower may not assign and transfer any of its interests without prior written consent of the Lenders; and provided further that the rights of each Lender to transfer, assign or

grant participations in its rights and/or obligations hereunder shall be limited as set forth in this Section 14.3.

(b) Assignments. Subject to the consent of the Borrowers (provided, however, that no consent shall be required during the existence and continuation of an Event of Default) and of the Administrative Agent, which consent shall not be unreasonably withheld, each Lender may assign all or a portion of its rights and obligations hereunder pursuant to an assignment agreement substantially in the form of Exhibit M to one or more Eligible Assignees; provided that any such assignment shall be in a minimum aggregate amount of $5,000,000 of the Commitments and in integral multiples of $1,000,000 above such amount and that each such assignment shall be of a constant, not varying, percentage of all of the assigning Lender's rights and obligations under this Agreement. Any assignment hereunder shall be effective upon satisfaction of the conditions set forth in the preceding sentence and delivery to the Administrative Agent of written notice of the assignment together with a transfer fee of $3,500 (or with respect to an assignment of the Canadian Revolving Loan Commitment, a transfer fee of $1,750) payable to the Administrative Agent for its own account; provided that any assignment of the Canadian Revolving Loan Commitment shall require delivery of written notice of the assignment to the Canadian Agent together with a transfer fee of $1,750 payable to the Canadian Agent for its own account. Upon the effectiveness of any such assignment, the assignee shall become a "Lender" for all purposes of this Agreement and the other Credit Documents and, to the extent of such assignment, the assigning Lender shall be relieved of its obligations hereunder to the extent of the Loans and Commitment components being assigned. Along such lines, the Borrowers agree that upon effectiveness of any such assignment and surrender of the appropriate Note or Notes, it will promptly provide to the assigning Lender and to the assignee separate promissory notes in the amount of their respective interests substantially in the form of the original Note (but with notation thereon that it is given in substitution for and replacement of the original Note or any replacement notes thereof). In addition to the assignments permitted under this Section 14.3(b), any Lender may (without notice to the Borrowers, the Administrative Agent or any other Lender and without payment of any fee) (i) assign and pledge all or any portion of its Loans and its Notes to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank and (ii) assign all or any portion of its rights under this Agreement and its Loans and its Notes to an Affiliate. No such assignment, as set forth in the preceding sentence, shall release the assigning Lender from its obligations hereunder.

By executing and delivering an assignment agreement in accordance with this
Section 14.3(b), the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and the assignee warrants that it is an Eligible Assignee; (ii) except as set forth in clause (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, any of the other Credit Documents or any other instrument or document furnished pursuant hereto or thereto, or the execution, legality, validity, enforceability, genuineness, sufficiency or value

of this Agreement, any of the other Credit Documents or any other instrument or document furnished pursuant hereto or thereto or the financial condition of any member of the Consolidated Cott Group or the performance or observance by any member of the Consolidated Cott Group of any of its obligations under this Agreement, any of the other Credit Documents or any other instrument or document furnished pursuant hereto or thereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such assignment agreement; (iv) such assignee confirms that it has received a copy of this Agreement, the other Credit Documents and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such assignment agreement; (v) such assignee will independently and without reliance upon the Agents, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Credit Documents; (vi) such assignee appoints and authorizes the Agents to take such action on its behalf and to exercise such powers under this Agreement or any other Credit Document as are delegated to the Agents by the terms hereof or thereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement and the other Credit Documents are required to be performed by it as a Lender.

(c) Participations. Each Lender may sell, transfer, grant or assign participations in all or any part of such Lender's rights, obligations or rights and obligations hereunder; provided that (i) such selling Lender shall remain a "Lender" for all purposes under this Agreement (such selling Lender's obligations under the Credit Documents remaining unchanged) and the participant shall not constitute a Lender hereunder, (ii) no such participant shall have, or be granted, rights to approve any amendment or waiver relating to this Agreement or the other Credit Documents except to the extent any such amendment or waiver would (A) reduce the principal of or rate of interest on or fees in respect of any Loans in which the participant is participating, (B) postpone the date fixed for any payment of principal (including extension of the Maturity Date but excluding any mandatory prepayment), interest or fees in which the participant is participating, or (C) release all or substantially all of the guaranties or the collateral (except as expressly provided in the Credit Documents) supporting any of the Loans or Commitments in which the participant is participating, and (iii) sub-participations by the participant (except to an affiliate, parent company or affiliate of a parent company of the participant) shall be prohibited. In the case of any such participation, the participant shall not have any rights under this Agreement or the other Credit Documents (the participant's rights against the selling Lender in respect of such participation to be those set forth in the participation agreement with such Lender creating such participation) and all amounts payable by the Borrowers hereunder shall be determined as if such Lender had not sold such participation, provided, however, that such participant shall be entitled to receive additional amounts under Sections 4.9 through 4.14; provided that such participant shall not be entitled to receive any amount greater than such selling Lender would have received had such Lender not sold such participation.

14.4 NO WAIVER; REMEDIES CUMULATIVE.

The Borrowers hereby waive due diligence, demand, presentment and protest and any notices thereof as well as notice of nonpayment. No failure or delay on the part of an Agent or any Lender in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between the Borrowers or any other Credit Party and an Agent or any Lender shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights and remedies provided herein are cumulative and not exclusive of any rights or remedies which the Agents or any Lender would otherwise have. No notice to or demand on the Borrowers in any case shall entitle the Borrowers or any other Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or the Lenders to any other or further action in any circumstances without notice or demand.

14.5 PAYMENT OF EXPENSES; INDEMNIFICATION.

The Borrowers agree to: (a) pay all reasonable out-of-pocket costs and expenses of the Administrative Agent and FUCMC in connection with the negotiation, preparation, execution and delivery of this Agreement and the other Credit Documents and the documents and instruments referred to therein (including, without limitation, the reasonable fees and expenses of Moore & Van Allen, PLLC, special counsel to the Agents as well as Canadian counsel to the Agents) and any amendment, waiver or consent relating hereto and thereto including, but not limited to, any such amendments, waivers or consents resulting from or related to any work-out, renegotiation or restructure relating to the performance by the Borrowers under this Agreement or any other Credit Party under the other Credit Documents and of the Administrative Agent and the Lenders in connection with enforcement of the Credit Documents and the documents and instruments referred to therein (including, without limitation, in connection with any such enforcement, the reasonable fees and disbursements of counsel for the Administrative Agent and each of the Lenders); (ii) pay and hold each of the Lenders harmless from and against any and all claims for Non-Excluded Taxes as set forth in Section 4.13 and hold each of the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Lender) to pay such Non-Excluded Taxes; and (iii) indemnify each Agent, FUCMC and each Lender, its officers, directors, employees, representatives and agents from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of, any investigation, litigation or other proceeding (whether or not any Agent, FUCMC or Lender is a party thereto) related to the entering into and/or performance of any Credit Document or the use of proceeds of any Loans (including other extensions of credit) hereunder or the consummation of any other transactions contemplated in any Credit Document, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceeding (but excluding any such losses, liabilities, claims, damages or expenses to the extent they relate to disputes solely between or among the Lenders (excluding First Union acting in its capacity as Administrative Agent or National Bank of Canada acting in its capacity as Canadian Agent) or they are incurred by reason of gross negligence or willful misconduct on the part of the Person to be indemnified).

14.6 AMENDMENTS, WAIVERS AND CONSENTS.

Neither the amendment or waiver of any provision of this Credit Agreement or any other Credit Document, nor the consent to any departure by any Borrower or other Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, or if the Lenders shall not be parties thereto, by the parties thereto and consented to by the Required Lenders, and each such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no amendment, waiver or consent shall unless in writing and signed by all the Lenders, do any of the following: (a) increase the Commitments of the Lenders or subject the Lenders to any additional obligations, (b) except as otherwise expressly provided in this Credit Agreement, reduce the principal of, or interest on, any Note or any Letter of Credit reimbursement obligations or any fees hereunder, (c) postpone any date fixed for any payment in respect of principal of, or interest on, any Note or any Letter of Credit reimbursement obligations or any fees hereunder, (d) change the percentage of the Commitments, or any minimum requirement necessary for the Lenders or the Required Lenders to take any action hereunder, (e) amend or waive this Section 14.6, or change the definition of Required Lenders, (f) release any Borrower or any Guarantor, (g) except as otherwise expressly provided in this Credit Agreement, and other than in connection with the financing, refinancing, sale or other disposition of any asset of the Credit Parties permitted under this Credit Agreement, release any Liens in favor of the Lenders on any material portion of the Collateral or (h) increase the advance rates used to calculate the Borrowing Base and, provided, further, that no amendment, waiver or consent affecting the rights or duties of the Agents or the Issuing Lender under any Credit Document shall in any event be effective, unless in writing and signed by the Agents and/or the Issuing Lender, as applicable, in addition to the Lenders required hereinabove to take such action. Notwithstanding any of the foregoing to the contrary, the consent of the Borrowers shall not be required for any amendment, modification or waiver of the provisions of Article XIII (other than the provisions of Section 13.9). In addition, the Borrowers and the Lenders hereby authorize the Administrative Agent to modify this Credit Agreement by unilaterally amending or supplementing Schedule 1.1A from time to time in the manner requested by the Borrowers, the Agents or any Lender in order to reflect any assignments or transfers of the Loans as provided for hereunder; provided, however, that the Administrative Agent shall promptly deliver a copy of any such modification to the Borrowers and each Lender.

14.7 DEFAULTING LENDER.

Each Lender understands and agrees that if such Lender is a Defaulting Lender then it shall not be entitled to vote on any matter requiring the consent of the Required Lenders or to object to any matter requiring the consent of all the Lenders; provided, however, that all other benefits and obligations under the Credit Documents shall apply to such Defaulting Lender.

14.8 COUNTERPARTS.

This Agreement may be executed in any number of counterparts, each of which where so executed and delivered shall be an original, but all of which shall constitute one and the same

instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart by telecopy shall be as effective as delivery of a manually executed counterpart hereto and shall constitute a representation that an original executed counterpart will be provided.

14.9 HEADINGS.

The headings of the sections and subsections hereof are provided for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

14.10 SURVIVAL OF INDEMNIFICATION AND REPRESENTATIONS AND WARRANTIES.

All indemnities set forth herein and all representations and warranties made herein shall survive the execution and delivery of this Agreement, the making of the Loans, the issuance of the Letters of Credit, and the repayment of the Loans, LOC Obligations and other obligations and the termination of the Commitments hereunder.

14.11 CURRENCY.

The use of term "dollars" or "Dollars" or the symbol "$" or "U.S. $" in the Credit Documents shall mean a reference to lawful money of the United States of America unless specifically indicated otherwise.

14.12 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE.

(a) THIS CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NORTH CAROLINA. Any legal action or proceeding with respect to this Credit Agreement or any other Credit Document shall be brought in the courts of the State of North Carolina in Mecklenburg County or of the United States for the Western District of North Carolina, and, by execution and delivery of this Credit Agreement, each of the Borrowers hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the nonexclusive jurisdiction of such courts. Each of the Borrowers further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to it at the address set out for notices pursuant to Section 14.1, such service to become effective three (3) days after such mailing. Nothing herein shall affect the right of the Administrative Agent or any Lender to serve process in any other manner permitted by law or to commence legal proceedings or to otherwise proceed against any Borrower in any other jurisdiction.

(b) Each of the Borrowers hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Credit Agreement or any other Credit

Document brought in the courts referred to in subsection (a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) The Company hereby irrevocably appoints CT Corporation System, which currently maintains a North Carolina office situated at 225 Hillsborough Street, Raleigh, North Carolina 27603, as its agent to receive service of process or other legal summons for purposes of any legal action or proceeding. So long as the Company has any obligation under this Credit Agreement or any of the Credit Documents, it will maintain a duly appointed agent in North Carolina for the service of such process or summons, and if it fails to maintain such an agent, any such process or summons may be served by mailing a copy thereof by registered mail, or a form of mail substantially equivalent thereto, addressed to it at its address as provided for notices hereunder.

14.13 ARBITRATION.

(a) Notwithstanding the provisions of Section 14.12 to the contrary, upon demand of any party hereto, whether made before or after institution of any judicial proceeding, any dispute, claim or controversy arising out of, connected with or relating to this Credit Agreement and other Credit Documents ("Disputes") between or among parties to this Credit Agreement shall be resolved by binding arbitration as provided herein. Institution of a judicial proceeding by a party does not waive the right of that party to demand arbitration hereunder. Disputes may include, without limitation, tort claims, counterclaims, disputes as to whether a matter is subject to arbitration, claims brought as class actions, claims arising from Credit Documents executed in the future, or claims arising out of or connected with the transaction reflected by this Credit Agreement.

Arbitration shall be conducted under and governed by the Commercial Financial Disputes Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") and Title 9 of the U.S. Code. All arbitration hearings shall be conducted in Charlotte, North Carolina. A hearing shall begin within ninety (90) days of demand for arbitration and all hearings shall be concluded within one hundred twenty (120) days of demand for arbitration. These time limitations may not be extended unless a party shows cause for extension and then no more than a total extension of sixty (60) days. The expedited procedures set forth in Rule 51 et seq. of the Arbitration Rules shall be applicable to claims of less than $1,000,000. All applicable statutes of limitation shall apply to any Dispute. The panel from which all arbitrators are selected shall be comprised of licensed attorneys selected from the Commercial Financial Dispute Arbitration Panel of the AAA. The single arbitrator selected for expedited procedure shall be a retired judge from the highest court of general jurisdiction, state or federal, of the state where the hearing will be conducted or if such person is not available to serve, the single arbitrator may be a licensed attorney. The parties hereto do not waive applicable Federal or state substantive law except as provided herein. A judgment upon the award may be entered in any court having jurisdiction. Notwithstanding the foregoing, this arbitration provision does not apply to disputes under or related to Hedging Agreements.

(b) Notwithstanding the preceding binding arbitration provisions, the Administrative Agent, the Lenders and the Borrowers agree to preserve, without diminution, certain remedies that the Administrative Agent on behalf of the Lenders may employ or exercise freely, independently or in connection with an arbitration proceeding or after an arbitration action is brought. The Administrative Agent on behalf of the Lenders shall have the right to proceed in any court of proper jurisdiction or by self-help to exercise or prosecute the following remedies, as applicable (i) all rights to foreclose against any real or personal property or other security by exercising a power of sale granted under Credit Documents or under applicable law or by judicial foreclosure and sale, including a proceeding to confirm the sale; (ii) all rights of self-help including peaceful occupation of real property and collection of rents, setoff, and peaceful possession of personal property; (iii) obtaining provisional or ancillary remedies including injunctive relief, sequestration, garnishment, attachment, appointment of receiver and filing an involuntary bankruptcy proceeding; and (iv) when applicable, a judgment by confession of judgment. Any claim or controversy with regard to the Administrative Agent's entitlement on behalf of the Lenders to exercise such remedies is a Dispute. Preservation of these remedies does not limit the power of an arbitrator to grant similar remedies that may be requested by a party in a Dispute.

(c) The parties hereto agree that they shall not have a remedy of punitive or exemplary damages against the other in any Dispute and hereby waive any right or claim to punitive or exemplary damages they have now or which may arise in the future in connection with any Dispute whether the Dispute is resolved by arbitration or judicially.

(d) By execution and delivery of this Credit Agreement, each of the parties hereto accepts, for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction relating to any arbitration proceedings conducted under the Arbitration Rules in Charlotte, North Carolina and irrevocably agrees to be bound by any final judgment rendered thereby in connection with this Credit Agreement from which no appeal has been taken or is available.

14.14 WAIVER OF JURY TRIAL.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OF THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

14.15 SEVERABILITY.

If any provision of any of the Credit Documents is determined to be illegal, invalid or unenforceable, such provision shall be fully severable and the remaining provisions shall remain in full force and effect and shall be construed without giving effect to the illegal, invalid or unenforceable provisions.

14.16 LOAN ENTIRETY.

This Agreement together with the other Credit Documents represent the entire agreement of the parties hereto and thereto, and supersede all prior agreements and understandings, oral or written, if any, including any commitment letters or correspondence relating to the Credit Documents or the transactions contemplated herein and therein; provided, however, that the Administrative Agent Fee Letter shall remain in effect subsequent to the execution and delivery of this Agreement.

14.17 BINDING EFFECT; AMENDMENT AND RESTATEMENT OF EXISTING CREDIT AGREEMENT; FURTHER ASSURANCES.

This Agreement shall become effective at such time, on or after the Closing Date, that the conditions precedent set forth in Section 5.1 have been satisfied and when it shall have been executed by each Borrower and the Agents, and the Agents shall receive copies hereof (telecopied or otherwise) which, when taken together, bear the signatures of each Lender (including the Issuing Lenders), and thereafter this Agreement shall be binding upon and inure to the benefit of each Borrower, each Lender (including the Issuing Lenders) and the Agents, together with their respective successors and assigns. The Borrowers agree, upon the request of the Administrative Agent and/or the Required Lenders, to promptly take such actions, as reasonably requested, as are appropriate to carry out the intent of this Agreement and the other Credit Documents, including, but not limited to, such actions as are reasonably necessary to ensure that the Lenders have a perfected security interest in all collateral securing the Obligations, subject to no Liens other than Permitted Liens.

14.18 CONFIDENTIALITY.

The Agents and the Lenders agree to keep confidential (and to cause their respective affiliates, officers, directors, employees, agents and representatives to keep confidential) all information, materials and documents furnished to the Agents or any such Lender by or on behalf of the Credit Parties (whether before or after the Closing Date) which relates to the Credit Parties (the "Information"). Notwithstanding the foregoing, the Agents and Lenders shall be permitted to disclose Information (i) to its affiliates, officers, directors, employees, agents and representatives in connection with their participation in any of the transactions evidenced by this Agreement or any other Credit Documents or the administration of this Agreement or any other Credit Documents (so long as such Persons are notified of the confidential nature of the information); (ii) to the extent required by applicable laws and regulations or by any subpoena or similar legal process, or requested by any Governmental Authority; (iii) to the extent such Information (A) becomes publicly available other than as a result of a breach of this Credit Agreement or any agreement entered into pursuant to clause (iv) below, (B) becomes available to the Agents or any Lender on a non-confidential basis or (C) was available to the Agents or Lenders on a non-confidential basis prior to its disclosure to the Agents or any Lender by the Credit Parties; (iv) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first specifically agrees in a writing furnished to and for the benefit of the parties hereto to be bound by the terms of this Section; (v) to Gold Sheets and other similar bank

trade publications; such information to consist of deal terms and other information customarily found in such publications or (vi) to the extent that the Credit Parties shall have consented in writing to such disclosure. Nothing set forth in this Section shall obligate the Agents or any Lender to return any materials furnished by the Credit Parties.

14.19 JUDGMENT CURRENCY.

(a) If for the purposes of obtaining judgment in any court it is necessary to convert all or any part of the Indebtedness or any other amount due to the Lenders hereunder or under any security in respect of the Borrowers' obligations hereunder in any currency (the "Original Currency") into another currency (the "Other Currency") each Borrower to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Administrative Agent could purchase the Original Currency with the Other Currency at its principal offices in Charlotte, North Carolina on the day (a "Business Day") on which the Administrative Agent is open for the transaction of its banking business at such offices immediately preceding the day on which any such judgment, or any relevant part thereof, is paid or otherwise satisfied.

(b) The obligation of each Borrower in respect of any sum due in the Original Currency from it to the Lenders hereunder or under any security in respect of the Borrowers' obligation hereunder shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Agents of any sum adjudged to be so due in such Other Currency or of any other sum in any Other Currency the Agents may, in accordance with their normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Lenders in the Original Currency, the Borrowers shall, as a separate obligation and notwithstanding any such judgment, indemnify the Agents against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Lenders, the Agents shall remit such excess to the Borrowers.

14.20 MAXIMUM RATE.

Notwithstanding anything to the contrary contained elsewhere in this Credit Agreement or in any other Credit Document, the Borrowers, the Administrative Agent, the Canadian Agent and the Lenders hereby agree that all agreements among them under this Credit Agreement and the other Credit Documents, whether now existing or hereafter arising and whether written or oral, are expressly limited so that in no contingency or event whatsoever shall the amount paid, or agreed to be paid, to the Administrative Agent or any Lender for the use, forbearance, or detention of the money loaned to any Borrower and evidenced hereby or thereby or for the performance or payment of any covenant or obligation contained herein or therein (including, in relation to any amount payable hereunder by any Canadian Borrower or to any Canadian Lender, any amount constituting "interest" for purposes of section 347 of the Criminal Code (Canada) or any successor provision in force at the relevant time, and references in this Section 14.20 shall be read accordingly), exceed the Highest Lawful Rate. If due to any circumstance whatsoever,

fulfillment of any provisions of this Credit Agreement or any of the other Credit Documents at the time performance of such provision shall be due shall exceed the Highest Lawful Rate, then, automatically, the obligation to be fulfilled shall be modified or reduced to the extent necessary to limit such interest to the Highest Lawful Rate, and if from any such circumstance any Lender should ever receive anything of value deemed interest by applicable law which would exceed the Highest Lawful Rate, such excessive interest shall be applied to the reduction of the principal amount then outstanding hereunder or on account of any other then outstanding Obligations and not to the payment of interest, or if such excessive interest exceeds the principal unpaid balance then outstanding hereunder and such other then outstanding Obligations, such excess shall be refunded to the applicable Borrower. All sums paid or agreed to be paid to the Administrative Agent, the Canadian Agent or any Lender for the use, forbearance, or detention of the Obligations and other indebtedness of the Borrowers to the Administrative Agent, the Canadian Agent or any Lender shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such indebtedness until payment in full so that the actual rate of interest on account of all such indebtedness does not exceed the Highest Lawful Rate throughout the entire term of such indebtedness. The terms and provisions of this Section shall control every other provision of this Credit Agreement and all agreements among the Borrowers, the Administrative Agent, the Canadian Agent and the Lenders.

14.21 CONCERNING JOINT AND SEVERAL LIABILITY OF THE U.S. BORROWERS.

(a) Each of the U.S. Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders under this Credit Agreement, for the mutual benefit, directly and indirectly, of each of the U.S. Borrowers and in consideration of the undertakings of each of the U.S. Borrowers to accept joint and several liability for the obligations of each of them.

(b) Each of the U.S. Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other U.S. Borrowers with respect to the payment and performance of all of the Obligations, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the U.S. Borrowers without preferences or distinction among them.

(c) If and to the extent that any of the U.S. Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other U.S. Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The obligations of each U.S. Borrower under the provisions of this
Section 14.21 constitute full recourse obligations of such U.S. Borrower, enforceable against it to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Credit Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided herein or in the other Credit Documents, each U.S. Borrower hereby waives notice of acceptance of its joint and

several liability, notice of any Loan made under this Credit Agreement, notice of occurrence of any Event of Default, or of any demand for any payment under this Credit Agreement, notice of any action at any time taken or omitted by any Lender under or in respect of any of the Obligations, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Credit Agreement. Each U.S. Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by any Lender at any time or times in respect of any default by any U.S. Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Credit Agreement, any and all other indulgences whatsoever by any Lender in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any U.S. Borrower. Without limiting the generality of the foregoing, each U.S. Borrower assents to any other action or delay in acting or failure to act on the part of any Lender, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with the applicable laws or regulations thereunder which might, but for the provisions of this Section 14.21, afford grounds for terminating, discharging or relieving such U.S. Borrower, in whole or in part, from any of its obligations under this
Section 14.21, it being the intention of each U.S. Borrower that, so long as any of the Obligations remain unsatisfied, the obligations of such U.S. Borrower under this Section 14.21 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each U.S. Borrower under this Section 14.21 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any U.S. Borrower or any Lender. The joint and several liability of the U.S. Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any Borrower or any Lender.

(f) The provisions of this Section 14.21 are made for the benefit of the Lenders and their respective successors and assigns, and may be enforced by any such Person from time to time against any of the U.S. Borrowers as often as occasion therefor may arise and without requirement on the part of any Lender first to marshal any of its claims or to exercise any of its rights against any of the other U.S. Borrowers or to exhaust any remedies available to it against any of the other U.S. Borrowers or to resort to any other source or means of obtaining payment of any of the Obligations or to elect any other remedy. The provisions of this Section 14.21 shall remain in effect until all the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by any Lender upon the insolvency, bankruptcy or reorganization of any of the U.S. Borrowers, or otherwise, the provisions of this Section 14.21 will forthwith be reinstated in effect, as though such payment had not been made.

(g) Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the joint obligations of a U.S. Borrower shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each U.S. Borrower hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the U.S. federal Bankruptcy Code).

(h) The U.S. Borrowers hereby agree, as among themselves, that if any U.S. Borrower shall become an Excess Funding Borrower (as defined below), each other U.S. Borrower shall, on demand of such Excess Funding Borrower (but subject to the next sentence hereof and to subsection (B) below), pay to such Excess Funding Borrower an amount equal to such U.S. Borrower's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, assets, liabilities and debts of such Excess Funding Borrower) of such Excess Payment (as defined below). The payment obligation of any U.S. Borrower to any Excess Funding Borrower under this Section 14.21(h) shall be subordinate and subject in right of payment to the prior payment in full of the Obligations of such U.S. Borrower under the other provisions of this Credit Agreement, and such Excess Funding Borrower shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such Obligations. For purposes hereof, (i) "Excess Funding Borrower" shall mean, in respect of any Obligations arising under the other provisions of this Credit Agreement (hereafter, the "Joint Obligations"), a U.S. Borrower that has paid an amount in excess of its Pro Rata Share of the Joint Obligations; (ii) "Excess Payment" shall mean, in respect of any Joint Obligations, the amount paid by an Excess Funding Borrower in excess of its Pro Rata Share of such Joint Obligations; and (iii) "Pro Rata Share", for the purposes of this Section 14.21(h), shall mean, for any U.S. Borrower, the ratio (expressed as a percentage) of (A) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such U.S. Borrower (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such U.S. Borrower hereunder) to (B) the amount by which the aggregate present fair salable value of all assets and other properties of such U.S. Borrower and all of the other U.S. Borrowers exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such U.S. Borrower and the other U.S. Borrowers hereunder) of such U.S. Borrower and all of the other U.S. Borrowers, all as of the Closing Date (if any U.S. Borrower becomes a party hereto subsequent to the Closing Date, then for the purposes of this Section 14.21(h) such subsequent U.S. Borrower shall be deemed to have been a U.S. Borrower as of the Closing Date and the information pertaining to, and only pertaining to, such U.S. Borrower as of the date such U.S. Borrower became a U.S. Borrower shall be deemed true as of the Closing Date).

14.22 CONCERNING JOINT AND SEVERAL LIABILITY OF THE CANADIAN BORROWERS.

(a) Each of the Canadian Borrowers is accepting joint and several liability hereunder in consideration of the financial accommodation to be provided by the Lenders

under this Credit Agreement, for the mutual benefit, directly and indirectly, of each of the Canadian Borrowers and in consideration of the undertakings of each of the Canadian Borrowers to accept joint and several liability for the obligations of each of them.

(b) Each of the Canadian Borrowers jointly and severally hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Canadian Borrowers with respect to the payment and performance of all of the Canadian Obligations, it being the intention of the parties hereto that all the Canadian Obligations shall be the joint and several obligations of each of the Canadian Borrowers without preferences or distinction among them.

(c) If and to the extent that any of the Canadian Borrowers shall fail to make any payment with respect to any of the Canadian Obligations as and when due or to perform any of the Canadian Obligations in accordance with the terms thereof, then in each such event, the other Canadian Borrowers will make such payment with respect to, or perform, such Canadian Obligation.

(d) The obligations of each Canadian Borrower under the provisions of this Section 14.22 constitute full recourse obligations of such Canadian Borrower, enforceable against it to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Credit Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided herein or in the other Credit Documents, each Canadian Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Loan made under this Credit Agreement, notice of occurrence of any Event of Default, or of any demand for any payment under this Credit Agreement, notice of any action at any time taken or omitted by any Lender under or in respect of any of the Canadian Obligations, any requirement of diligence and, generally, all demands, notices and other formalities of every kind in connection with this Credit Agreement. Each Canadian Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Canadian Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by any Lender at any time or times in respect of any default by any Canadian Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Credit Agreement, any and all other indulgences whatsoever by any Lender in respect of any of the Canadian Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Canadian Obligations or in part, at any time or times, of any security for any of the Canadian Obligations or the addition, substitution or release, in whole or in part, of any Canadian Borrower. Without limiting the generality of the foregoing, each Canadian Borrower assents to any other action or delay in acting or failure to act on the part of any Lender, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with the applicable laws or regulations thereunder which might, but for the provisions of this Section 14.22, afford grounds for terminating, discharging or relieving such Canadian Borrower, in whole or in part, from

any of its obligations under this Section 14.22, it being the intention of each Canadian Borrower that, so long as any of the Canadian Obligations remain unsatisfied, the obligations of such Canadian Borrower under this Section 14.22 shall not be discharged except by performance and then only to the extent of such performance. The Canadian Obligations of each Canadian Borrower under this Section 14.22 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Canadian Borrower or any Lender. The joint and several liability of the Canadian Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, membership, constitution or place of formation of any Borrower or any Lender.

(f) The provisions of this Section 14.22 are made for the benefit of the Lenders and their respective successors and assigns, and may be enforced by any such Person from time to time against any of the Canadian Borrowers as often as occasion therefor may arise and without requirement on the part of any Lender first to marshal any of its claims or to exercise any of its rights against any of the other Canadian Borrowers or to exhaust any remedies available to it against any of the other Canadian Borrowers or to resort to any other source or means of obtaining payment of any of the Canadian Obligations or to elect any other remedy. The provisions of this Section 14.22 shall remain in effect until all the Canadian Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Canadian Obligations, is rescinded or must otherwise be restored or returned by any Lender upon the insolvency, bankruptcy or reorganization of any of the Canadian Borrowers, or otherwise, the provisions of this Section 14.22 will forthwith be reinstated in effect, as though such payment had not been made.

(g) Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the joint obligations of a Canadian Borrower shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable federal, state or provincial law relating to fraudulent conveyances or transfers) then the obligations of each Canadian Borrower hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal, state or provincial and including, without limitation, the U.S. federal Bankruptcy Code, or Canadian or provincial).

(h) The Canadian Borrowers hereby agree, as among themselves, that if any Canadian Borrower shall become an Excess Funding Borrower (as defined below), each other Canadian Borrower shall, on demand of such Excess Funding Borrower (but subject to the next sentence hereof and to subsection (B) below), pay to such Excess Funding Borrower an amount equal to such Canadian Borrower's Pro Rata Share (as defined below and determined, for this purpose, without reference to the properties, assets, liabilities and debts of such Excess Funding Borrower) of such Excess Payment (as defined below). The payment obligation of any Canadian Borrower to any Excess Funding Borrower under this Section 14.22(h) shall be subordinate and subject in right of payment to the prior payment in full of the Canadian Obligations of such Canadian

Borrower under the other provisions of this Credit Agreement, and such Excess Funding Borrower shall not exercise any right or remedy with respect to such excess until payment and satisfaction in full of all of such Canadian Obligations. For purposes hereof, (i) "Excess Funding Borrower" shall mean, in respect of any Canadian Obligations arising under the other provisions of this Credit Agreement (hereafter, the "Joint Canadian Obligations"), a Canadian Borrower that has paid an amount in excess of its Pro Rata Share of the Joint Canadian Obligations; (ii) "Excess Payment" shall mean, in respect of any Joint Canadian Obligations, the amount paid by an Excess Funding Borrower in excess of its Pro Rata Share of such Joint Canadian Obligations; and (iii) "Pro Rata Share", for the purposes of this Section 14.22(h), shall mean, for any Canadian Borrower, the ratio (expressed as a percentage) of (A) the amount by which the aggregate present fair salable value of all of its assets and properties exceeds the amount of all debts and liabilities of such Canadian Borrower (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Canadian Borrower hereunder) to (B) the amount by which the aggregate present fair salable value of all assets and other properties of such Canadian Borrower and all of the other Canadian Borrowers exceeds the amount of all of the debts and liabilities (including contingent, subordinated, unmatured, and unliquidated liabilities, but excluding the obligations of such Canadian Borrower and the other Canadian Borrowers hereunder) of such Canadian Borrower and all of the other Canadian Borrowers, all as of the Closing Date (if any Canadian Borrower becomes a party hereto subsequent to the Closing Date, then for the purposes of this Section 14.22(h) such subsequent Canadian Borrower shall be deemed to have been a Canadian Borrower as of the Closing Date and the information pertaining to, and only pertaining to, such Canadian Borrower as of the date such Canadian Borrower became a Canadian Borrower shall be deemed true as of the Closing Date).

14.23 NONLIABILITY OF AGENTS AND LENDERS.

The relationship between any Borrower on the one hand and the Lenders and the Agents on the other hand shall be solely that of borrower and lender. Neither the Agents nor any Lender shall have any fiduciary responsibilities to any Borrower. Neither the Agents nor any Lender undertakes any responsibility to any Borrower to review or inform such Borrower of any matter in connection with any phase of such Borrower's business or operations.

14.24 INDEPENDENT NATURE OF LENDERS' RIGHTS.

The amounts payable at any time hereunder to each Lender under such Lender's Note or Notes shall be a separate and independent debt.

14.25 POWER OF ATTORNEY.

Each Subsidiary Borrower hereby agrees that by its execution of this Agreement, such Subsidiary Borrower appoints each of Frank E. Weise, III, President & Chief Executive Officer, Raymond Silcock, Chief Financial Officer, Tina Dell'Aquila, Controller and Catherine Brennan, Treasurer, of the Company, to be its attorneys ("its Attorneys") and in its name and on its behalf and as its act and deed or otherwise to sign all documents and carry out all such acts as

are necessary or appropriate in connection with executing any Notice of Borrowing, Notice of Extension/Conversion or any Borrowing Base Certificate or any security documents (the "Documents") in connection with this Agreement or any other Credit Document. This Power of Attorney shall be valid for the duration of the term of this Agreement. Each Subsidiary Borrower hereby undertakes to ratify everything which either of its Attorneys shall do in order to execute the Documents mentioned herein.

[Remainder of page intentionally left blank]

Each of the parties hereto has caused a counterpart of this Credit Agreement to be duly executed and delivered as of the date first above written.

CANADIAN BORROWER:

COTT CORPORATION

By: /s/ Colin Walker /s/ Tina Dell'Aquila
Name:
Title: Sr. VP VP & Controller

U.S. SUBSIDIARY BORROWERS:

COTT USA CORP.

By: /s/ Colin Walker /s/ Tina Dell'Aquila
Name:
Title: Sr. VP VP & Controller

COTT BEVERAGES USA, INC.

By: /s/ Colin Walker /s/ Tina Dell'Aquila
Name:
Title: Sr. VP VP & Controller

BCB USA CORP.

By: /s/ Colin Walker /s/ Tina Dell'Aquila
Name:
Title: Sr. VP VP & Controller

LENDERS:

FIRST UNION NATIONAL BANK, in its capacity as
Administrative Agent and as a Lender

By: /s/ John T. Tizainor
Name: John T. Tizainor
Title: Vice President

National Bank of Canada, in its capacity as Canadian Agent and as a Lender

By: */s/ Timothy Lohn*

Name: *Timothy Lohn*
Title: *Regional Manager*

By: */s/ Ellis Gaston*

Name: *Ellis Gaston*
Title: *Senior Manager*

National City Commercial Finance, Inc., as a Lender

By: /s/ Carrie C. Tate
Name: Carrie C. Tate
Title: VP

Exhibit 4.2

SUBSCRIPTION AGREEMENT

FOR

CONVERTIBLE PARTICIPATING VOTING SECOND PREFERRED SHARES, SERIES I

OF

COTT CORPORATION, AS ISSUER

DATED AS OF JUNE 12, 1998

SUBSCRIPTION AGREEMENT

THIS AGREEMENT made the as of the 12TH day of June, 1998.

BETWEEN:

THE "PURCHASERS" SET FORTH ON SCHEDULE 1.1(aa) HERETO

(individually, each a Purchaser and collectively, the "Purchasers")

- and -

COTT CORPORATION, a corporation continued under the laws of Canada

(the "Corporation")

RECITALS:

1. The Purchasers wish to subscribe for and the Corporation wishes to issue to the Purchasers, subject to the terms and conditions hereof, an aggregate of 4,000,000

Convertible Participating Voting Second Preferred Shares, Series I, of the Corporation having the terms set forth in the Share Provisions (as hereinafter defined).

2. The Purchasers are simultaneously entering into the Share Purchase Agreement pursuant to which they shall acquire Common Shares in the capital of the Corporation.

In consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto hereby covenant and agree as follows:

ARTICLE 1

DEFINITIONS

1.1 DEFINITIONS. In this Agreement, unless the context otherwise requires:

(a) "ACTUAL KNOWLEDGE" means the actual knowledge existing prior to the date hereof of the directors, officers or employees of the Thomas H. Lee Company and the partners or associates of KPMG, Hutchins Wheeler & Dittmar and Aird & Berlis who assisted the Thomas H. Lee Company in evaluating the transactions contemplated herein;

(b) "AFFILIATE" has the meaning set out in the Securities Act (Ontario);

(c) "AGREEMENT" means this subscription agreement between the Corporation and the Purchasers, as amended from time to time;

(d) "APPLICABLE LAWS" means, collectively, the CBCA, the Competition Act (Canada), the Investment Canada Act, the Securities Laws, the state securities or "blue-sky" laws of states of the United States and the H-S-R Act;

(e) "BOARD OF DIRECTORS" means the board of directors of the Corporation;

(f) "BUSINESS DAY" means every day except a Saturday, Sunday or a day which is a statutory holiday under the laws of Canada or the Province of Ontario;

(g) "CANADIAN SECURITIES LAWS" means (i) the securities laws of the provinces of Canada and the regulations, rules and policies promulgated thereunder, and (ii) the rules, regulations and policies of The Toronto Stock Exchange and the Montreal Exchange;

(h) "CBCA" means the Canada Business Corporations Act, as may be amended from time to time;

(i) "CLOSING" means the closing of the purchase and issuance of the Preferred Shares contemplated hereby;

(j) "CLOSING DATE" means 15 Business Days from the date hereof in the event early termination is granted under the H-S-R Act, or such other date as the Purchaser and the Corporation may agree in writing but in no event later than three business days following the date upon which all of the conditions set out in Article 6 hereof are satisfied;

(k) "COMMON SHARES" means the common shares in the capital of the Corporation;

(l) "CONSENT" means any consent or approval under Applicable Laws required to be obtained in connection with the (i) completion of the transactions contemplated by this Agreement, (ii) the execution of this Agreement, and/or (iii) the Closing or the performance of any terms of this Agreement;

(m) "CORPORATION" means Cott Corporation, a corporation continued under the laws of Canada;

(n) "COTT CORPORATION OPTION PLAN" means the Corporation's 1986 Option Plan, as amended through September 4, 1997;

(o) "FAMILY MEMBERS" means the individuals and entities listed on SCHEDULE 1.1(o);

(p) "H-S-R ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

(q) "LIABILITIES" means liabilities or obligations (direct or indirect, contingent or absolute, known or unknown, matured or unmatured) of any nature whatsoever, whether arising out of contract, tort, statute, or otherwise;

(r) "MATERIAL ADVERSE EFFECT" means a material adverse effect on the business, assets, properties, financial condition or results of operations of the Corporation and its Subsidiaries, on a consolidated basis;

(s) "MATERIAL SUBSIDIARIES" means those Subsidiaries set out in SCHEDULE 1.1(s);

(t) "MAXIMUM AMOUNT" has the meaning ascribed to it in paragraph 8.1(A) hereof;

(u) "NUMBER OF NOMINEES" means, unless otherwise agreed to in writing by the Corporation and the Purchasers with the consent of a majority of the members of the Board of Directors who are not nominees of the Purchasers and the Family Members on the Board of Directors, such number of nominees on the Board of Directors which is based on a minimum number of outstanding Common Shares or other voting shares in the capital of the Corporation (with the calculation to include Preferred

Shares being treated as if such Preferred Shares had been converted to Common Shares in accordance with provisions of the Preferred Shares) being owned collectively by the Purchasers and the Family Members, as follows:

NUMBER OF NOMINEES	MINIMUM NUMBER OF COMMON SHARES OR OTHER VOTING SHARES
4	12,800,000
3	9,600,000
2	6,400,000
1	3,200,000

such minimum number of Common Shares or other voting shares to be adjusted accordingly if the number of outstanding Common Shares is changed as the result of any stock dividend, stock split, stock consolidation, recapitalization, merger or other similar change in the capital structure of the Corporation;

(v) "OSC" means Ontario Securities Commission;

(w) "PERSON" means an individual, corporation, incorporated or unincorporated association, syndicate or organization, partnership, trust, trustee, executor, administrator or other legal representative;

(x) "PREFERRED SHARES" means the Convertible Participating Voting Second Preferred Shares, Series I of the Corporation;

(y) "PUBLIC DOCUMENTS" has the meaning ascribed to it in Section 4.2 hereof;

(z) "PURCHASE PRICE" has the meaning ascribed to it in Section 2.3 hereof;

(aa)"PURCHASER" means individually, each person or entity designated as Purchasers on SCHEDULE 1.1(AA) hereto and "PURCHASERS" means collectively, the persons and entities designated as Purchasers on SCHEDULE 1.1(AA) hereto;

(ab) "PURCHASERS' DIRECTORS" has the meaning ascribed to it in Section 7.5;

(ac) "PURCHASERS' REPRESENTATIVE" means, initially, Thomas H. Lee Company;

(ad) "REGISTERED HOLDERS" means registered holders of Common Shares;

(ae)"REGISTRATION RIGHTS AGREEMENT" means the registration rights agreement between the Corporation and the Purchasers dated the Closing Date, as amended from time to time;

(af) "REQUIRED ACTION" has the meaning ascribed thereto in Section 4.5;

(ag) "SECURITIES ACT" means the Securities Act (Ontario);

(ah) "SECURITIES LAWS" means the Canadian Securities Laws and the U.S. Securities Laws;

(ai) "SHARE PROVISIONS" means the share provisions applicable to the Preferred Shares as set out in SCHEDULE 1.1(AI);

(aj)"SHARE PURCHASE AGREEMENT" means the agreement dated as of June 12, 1998 between the Purchasers and the Family Members, as amended from time to time;

(ak)"SUBSIDIARIES" in relation to the Corporation means companies and other entities of which the voting securities sufficient to elect a majority of the Board of Directors are owned by the Corporation;

(al) "TIME OF CLOSING" means 11:00 a.m. on the Closing Date;

(am) "TRANSACTION DOCUMENTS" has the meaning ascribed to it in Section 4.5 hereof; and

(an)"U.S. SECURITIES LAWS" means the Securities Act of 1933, as amended, and the Securities and Exchange Act of 1934, as amended, and the regulations and rules promulgated under such acts.

1.2 CONSTRUCTION. In this Agreement:

(a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;

(b) the words "including", "include", and "includes" shall mean "including without limitation", "include, without limitation" and "includes, without limitation", respectively;

(c) any reference to a statute shall mean the statute in force as at the date hereof and any regulation in force thereunder, unless otherwise expressly provided;

(d) the use of headings is for convenience of reference only and shall not affect the construction of this Agreement;

(e) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded. If the last day of such period is not a Business Day, the period shall end on the next Business Day;

(f) all dollar amounts are expressed in lawful currency of the United States of America, unless otherwise expressly provided; and

(g) where a notice, waiver, permit, consent, direction, authorization or instruction is to be delivered or given by or to the Purchasers herein, such notice, waiver, permit, consent, direction, authorization or instruction may be provided by or to the Purchasers' Representative on behalf of and in the name of each of the Purchasers, and the Purchasers shall be deemed to have authorized and consented to, or to have received, as the case may be, such delivery. The Purchasers' Representative may resign at any time upon notice to the Corporation and the other Purchasers, in which case all actions must be taken by and all notices must be given to, the Purchasers directly unless and until Purchasers holding a majority in interest of the Preferred Shares then held by all Purchasers shall give notice to the Corporation of a successor Purchaser Representative, which notice shall be countersigned by the person so named for such authorization to be effective.

1.3 ACCOUNTING PRINCIPLES. Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be Canadian generally accepted accounting principles which include the principles approved from time to time by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

1.4 SCHEDULES. The following are the schedules annexed hereto and incorporated by reference herein and deemed to be part of this Agreement:

Schedule 1.1(aa)	-	Purchasers and Nominees
Schedule 1.1(o)	-	Family Members
Schedule 1.1(s)	-	Material Subsidiaries
Schedule 1.1(ai)	-	Share Provisions
Schedule 4.4	-	Absence of Certain Changes
Schedule 4.6	-	Breaches, Defaults, Required Consents and Filings
Schedule 4.7	-	Options, Warrants, Etc.
Schedule 4.8	-	Litigation
Schedule 4.10	-	Liabilities
Schedule 4.19	-	Intellectual Property
Schedule 12.5(a)	-	Notices to Purchasers

ARTICLE 2

AUTHORIZATION AND SALE OF PREFERRED SHARES

2.1 AUTHORIZATION. Subject to obtaining the Consents, the Corporation has heretofore authorized the issuance and sale to the Purchasers pursuant to this Agreement of an aggregate of 4,000,000 Preferred Shares.

2.2 ISSUANCE AND SALE OF PREFERRED SHARES. Subject to the terms and conditions of this Agreement, at the time of Closing, the Corporation will issue to the Purchasers and the Purchasers will subscribe for and purchase from the Corporation the Preferred Shares in the amounts set forth opposite each Purchaser's name on SCHEDULE 1.1(AA) hereto.

2.3 PURCHASE PRICE. The aggregate consideration to be paid by the Purchasers for the Preferred Shares shall be $40,000,0000 (the "Purchase Price"), representing consideration of $10.00 per Preferred Share.

ARTICLE 3

CLOSING

3.1 CLOSING DATE. The Closing shall take place on the Closing Date. The Closing shall be held at the Time of Closing at the offices of Goodman Phillips & Vineberg, Suite 2400, 250 Yonge Street, Toronto, Ontario, or at such other place and time as may be agreed upon by the Corporation and the Purchasers' Representative in writing.

3.2 DELIVERY OF CERTIFICATES. Delivery of the share certificates representing the Preferred Shares shall be made at the Closing by the Corporation delivering to the Purchasers' Representative, against payment of the purchase price therefor, certificates representing the Preferred Shares registered in the name of the Purchasers in the amounts set forth opposite each Purchaser's name on SCHEDULE 1.1(AA) hereto or such other person disclosed in SCHEDULE 1.1(AA) hereto which shall be an affiliate of a Purchaser or a nominee of a Purchaser or such affiliate as a Purchaser may have designated in writing to the Corporation at least one Business Day prior to the Closing Date; provided that any such nominee or affiliate shall agree in writing to assume the obligations of the Purchasers hereunder as if an original signatory hereto and further provided that the Purchasers shall continue to be responsible for all of the obligations of the Purchasers hereunder.

3.3 PAYMENT OF PURCHASE PRICE. The Purchase Price shall be paid and satisfied by each Purchaser at the Time of Closing by delivery to the Corporation by wire transfer made payable to the Corporation in an aggregate amount equal to that portion of the Purchase Price set forth opposite each Purchaser's name on SCHEDULE 1.1(AA) hereto.

3.4 FURTHER ASSURANCES. From time to time following the Closing, upon the request of the Purchasers' Representative, the Corporation shall execute and

deliver, or cause to be executed and delivered, to the Purchasers such other instruments and take such other action as may be reasonably necessary to more effectively vest in the Purchasers and put the Purchasers in possession of the Preferred Shares and the Common Shares issuable upon conversion of the Preferred Shares purchased by the Purchasers hereunder. The Corporation and the Purchasers shall each use their reasonable commercial efforts to obtain as soon as practicable all Consents.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF THE CORPORATION

As an inducement to the Purchasers to enter into this Agreement and to consummate the transactions contemplated hereby, the Corporation represents and warrants to the Purchasers as follows:

4.1 ORGANIZATION AND QUALIFICATION. Each of the Corporation and its Material Subsidiaries has been incorporated and organized, and is validly existing as a corporation, and has full corporate power and authority to own its assets and conduct its businesses as now owned and conducted. Each of the Corporation and its Material Subsidiaries is duly qualified to carry on business, and is in good standing, in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities makes such qualification necessary, except where the failure to be so qualified or in good standing could not or would not reasonably be expected to, have a Material Adverse Effect. Other than as disclosed in the Public Documents or in SCHEDULE 1.1(s), the Corporation owns all of the outstanding capital stock of each of its Material Subsidiaries free and clear of all liens, encumbrances and claims.

4.2 FILINGS. Documents or information filed by the Corporation under Applicable Laws, including, without limitation, the Corporation's:

(a) 1997 Annual Report to Shareholders;

(b) proxy circular (the "Proxy Circular") relating to the Corporation's 1997 Annual Meeting of Shareholders;

(c) 1997 Annual Information Form; and

(all such filings and documents are hereinafter referred to as the "Public Filings"). The Public Filings, together with (i) the quarterly unaudited consolidated balance sheet and related consolidated statement of earnings and consolidated statement of changes in financial position of the Corporation for the three months ended May 2, 1998 attached to a press release dated June 12, 1998; (ii) the Corporation's draft financial statements for the fiscal year ended 1998; (iii) the draft dated June 10, 1998 of the Corporation's 1998 Annual Information Form; and (iv) the draft dated

June 10, 1998 of the Corporation's Management Proxy Circular (collectively, the "Public Documents") are, as of their respective dates, other than financial statements, in compliance in all material respects with such Applicable Laws and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Corporation has timely filed all documents required to be filed under the Applicable Laws, except where the failure to do so would not have a Material Adverse Effect.

4.3 FINANCIAL STATEMENTS. (a) The audited consolidated balance sheet and related consolidated statements of earnings, retained earnings and changes in financial position of the Corporation, together with the Notes to the Consolidated Financial Statements for the fiscal year ended January 31, 1998, were prepared in accordance with generally accepted accounting principles consistently applied (except where otherwise indicated) and present fairly in all material respects the consolidated financial position of the Corporation at the respective dates indicated and the results of operations and changes in financial position of the Corporation for the periods covered thereby in accordance with generally accepted accounting principles; and (b) the unaudited interim financial statements of the Corporation contained in the Public Documents present fairly in all material respects the financial position of the Corporation for the periods covered thereby in accordance with generally accepted accounting principles (except for normal year-end adjustments and the omission of footnotes).

4.4 ABSENCE OF CERTAIN CHANGES. Except as otherwise disclosed on SCHEDULE 4.4 hereto, (a) since the date of the latest balance sheet presented in the audited financial statements as at and for the year ended January 31, 1998 there has been no change in the business, properties, operations or financial condition of the Corporation and its Subsidiaries, on a consolidated basis, which would or could reasonably be expected to have a Material Adverse Effect, provided that a decline in the trading price of the Common Shares shall not be deemed to be a Material Adverse Effect if such decline is not directly attributable to a material adverse change in the business, properties, operations or financial condition of the Corporation and its Subsidiaries, on a consolidated basis, and (b) neither the Corporation nor any of its Subsidiaries has incurred or undertaken any Liabilities or obligations, direct or contingent, except for (i) the transactions contemplated by this Agreement, or (ii) contractual liabilities, including trade liabilities, incurred in the ordinary course of business and (iii) Liabilities (other than borrowed money) that would not have a Material Adverse Effect.

4.5 AUTHORITY. Subject to the filing of articles of amendment to designate the terms of the Preferred Shares contained in SCHEDULE 1.1 (ai) (the "Required Action"), the Corporation has all necessary corporate power and authority to enter into this Agreement and the other agreements, documents and instruments to be executed by the Corporation and the Purchasers in furtherance of the transactions contemplated hereby and thereby, including without limitation, the Registration

Rights Agreement (collectively, the "Transaction Documents"), and to consummate the transactions contemplated hereby and thereby.

4.6 NON-CONTRAVENTION. The execution, delivery, and performance of the Transaction Documents to which the Corporation is a party by the Corporation and the consummation of the transactions contemplated hereby and thereby by the Corporation do not and will not, after completion of all Required Action:

(a) result in a breach of any of the terms and provisions of, or constitute a default (or an event which with notice or lapse of time, or both, would constitute a default) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Corporation or any of its Subsidiaries pursuant to any material agreement, instrument, franchise, license or permit to which the Corporation or any of its Subsidiaries is a party or by which any of such corporations or their respective properties or assets may be bound, or

(b) violate any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body applicable to the Corporation or any of its Subsidiaries or any of their respective properties or assets,

other than (i) such breaches, defaults or violations that would not or could not reasonably be expected to (A) impair the ability of the Corporation to consummate and perform the transactions contemplated by this Agreement or deprive the Purchaser of the benefits under this Agreement, or (B) have a Material Adverse Effect; or (ii) as set out in SCHEDULE 4.6. The execution, delivery and performance of the Transaction Documents by the Corporation and the consummation of the transactions contemplated hereby and thereby do not and will not violate or conflict with any provision of the articles of incorporation or by-laws of the Corporation or any of its Material Subsidiaries, as currently in effect. Except for the Required Action or as set out in SCHEDULE 4.6, no consent, approval, authorization, order, registration, filing, qualification, license or permit of or with any court or any government agency or body applicable to the Corporation or any of its Material Subsidiaries or any of their respective properties or assets is required for the execution, delivery and performance of the Transaction Documents or the consummation of the transactions contemplated hereby and thereby, including the issuance, sale and delivery of the Preferred Shares to be issued, sold and delivered by the Corporation hereunder.

4.7 CAPITALIZATION. The authorized equity capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of First Preferred Shares and Second Preferred Shares. As of June 10, 1998, 64,203,428 Common Shares have been validly issued and are outstanding as fully paid and non-assessable and were issued in compliance with all applicable Securities Laws. No First Preferred or Second Preferred Shares are issued or outstanding. As of the date hereof, up to a maximum of 6,200,000 Common Shares

(vested and unvested) may be issued pursuant to outstanding stock options under the Cott Corporation Option Plan, and, other than pursuant to the Cott Corporation Option Plan, no Common Shares may be issued pursuant to incentive, service awards and profitability bonus plans of the Corporation. Except as described in the immediately preceding sentence, as disclosed in the Public Documents or as set out in SCHEDULE 4.7, there are no options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments or obligations of the Corporation or its Subsidiaries to issue or sell any shares of any capital stock of the Corporation or of any of its Subsidiaries or securities or obligations of any kind convertible into or exchangeable for any shares of capital stock of the Corporation, any of its Subsidiaries or any other person, nor are there outstanding any stock appreciation rights or phantom equity agreements, arrangements or commitments based upon the book value, income or any other attribute of the Corporation or any of its Subsidiaries other than bonus agreements, bonus arrangements or bonus commitments with the Corporation's or its Subsidiaries' officers, employees or Consultants. The holders of outstanding Common Shares are not entitled to any preemptive or other similar rights.

4.8 ACTIONS. Except as disclosed in the Public Documents or described in SCHEDULE 4.8, there is no litigation or governmental proceeding to which the Corporation or any of its Subsidiaries is a party or to which any property of the Corporation or any of its Subsidiaries is subject or which is pending or, to the knowledge of the Corporation, threatened against the Corporation or any of its Subsidiaries which based upon information currently available to the Corporation acting reasonably and in good faith could be expected to have a Material Adverse Effect.

4.9 REGISTRATION AND QUALIFICATION. Assuming the accuracy of the representations and warranties made by the Purchaser and set forth in Article 5 hereof, it is not necessary in connection with the offer, sale and delivery of the Preferred Shares to the Purchaser in the manner contemplated by this Agreement to register or qualify the Preferred Shares or the Common Shares issuable upon conversion of the Preferred Shares, under the Securities Laws.

4.10 NO LIABILITIES. Neither the Corporation nor its Material Subsidiaries has any Liabilities, except (i) as reflected or reserved against in the balance sheet of the Corporation presented in the financial statements as at and for the year ended January 31, 1998 and not heretofore discharged, (ii) as recorded and/or disclosed in the Public Documents, (iii) as disclosed in SCHEDULE 4.10,
(iv) Liabilities incurred in the ordinary course of business since January 31, 1998, (v) contractual (including trade) liabilities incurred in the ordinary course of business, (vi) Liabilities (other than for borrowed money) that would not or could not reasonably be expected to have a Material Adverse Effect.

4.11 NO DEFAULTS. Except as disclosed on SCHEDULE 4.6 or in the Public Documents:

(i) neither the Corporation nor any of its Subsidiaries is in violation or default under any provision of its certificate of incorporation, by-laws or other organization documents, or is in breach of or default with respect to any provision of any agreement, judgment, decree, order, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which it is a party or by which it or any of its properties are bound; and

(ii) there does not exist an event of default on the part of the Corporation or any such Subsidiary,

as defined in such documents which, with notice or lapse of time or both, would constitute a default, where such violation or default would or could reasonably be expected to have a Material Adverse Effect.

4.12 COMPLIANCE WITH LAW. The Corporation and each of its Subsidiaries is in compliance with all laws and regulations applicable to the operation of its respective businesses, including the Applicable Laws, except where failure so to comply would not or could not reasonably be expected to have a Material Adverse Effect and each of them has all licences, permits, orders or approvals of, and has made all required registrations with, any governmental or regulatory body that is material to the conduct of its business, except where failure so to comply would not or could not reasonably be expected to have a Material Adverse Effect, and except as disclosed in the Public Documents.

4.13 ENFORCEABILITY OF AGREEMENT. This Agreement has been, and the Transaction Documents to be executed and delivered by the Corporation pursuant hereto have been or will be, duly and validly authorized, executed and delivered by the Corporation and this Agreement is, and such Transaction Documents when so executed and delivered will be valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their terms subject to applicable bankruptcy, insolvency, winding-up, reorganization, arrangement, moratorium or other laws affecting creditors' rights generally.

4.14 THE PREFERRED SHARES. Subject to the Required Action, the Preferred Shares have been duly and validly authorized by the Corporation and the Preferred Shares, when issued, sold and delivered in accordance with this Agreement, will be duly and validly issued, fully paid and nonassessable. Subject to the Required Action, the Common Shares issuable upon conversion of the Preferred Shares have been reserved for issuance and, when issued in accordance with the terms of the Preferred Shares, will be duly and validly issued, fully paid and nonassessable, and no further approval or authority of the shareholders or the Board of Directors under the Applicable Laws will be required for such issuance of Common Shares following the Closing.

Other than pursuant to the Registration Rights Agreement, no security holder of the Corporation has any right which has not been satisfied or waived to require the

Corporation to register (or take similar action under Canadian Securities Laws) the sale of any securities owned by such security holder under the Securities Laws.

4.15 NO GENERAL SOLICITATION. None of the Corporation, its affiliates or any person acting on their behalf has solicited any offer to buy or offer to sell the Preferred Shares by means of any form or general solicitation or general advertising or in any manner involving a public offering within the meaning of the Securities Laws that would require the registration or qualification of the Preferred Shares under the Securities Laws.

4.16 PROPERTIES. The Corporation or the applicable Material Subsidiary holds its leased properties under valid and binding leases, with such exceptions as would not have a Material Adverse Effect. The Corporation owns or leases all such properties as are necessary to its operations as now conducted, other than with respect to such properties which are both (i) owned or leased by third parties and (ii) used by the Corporation for warehousing purposes.

4.17 TAXES. The Corporation and its Subsidiaries have on a timely basis filed all tax returns, information returns or designations covering any taxes in respect of the income, business or property of the Corporation and its Subsidiaries on a consolidated basis (including, without limitation, all federal, state, provincial or foreign taxes) and has paid all taxes shown as due on such tax returns, information returns or designations except where the failure to do so would result in a loss to the Corporation of not more than $2,000,000 after giving effect to all applicable reserves provided for in the Corporation's financial statements.

4.18 INSURANCE. The Corporation and its Material Subsidiaries maintain insurance of the types and in the amounts reasonably deemed by the Corporation to be adequate and reasonable for its business and that of its Material Subsidiaries against theft, damage, destruction, acts of vandalism and all other risks customarily insured against (other than product recalls), all of which insurance is in full force and effect.

4.19 INTELLECTUAL PROPERTY. Except as disclosed in SCHEDULE 4.19, the Corporation and its Subsidiaries, or to the best of the Corporation's knowledge, the Corporation's customers have sufficient, or have applied for registration of such, trademarks, trade names, patent rights, copyrights, licenses, approvals and governmental authorizations to enable the Corporation and its Subsidiaries conduct their business substantially as now conducted; and the Corporation has no knowledge of any infringement by it or its Subsidiaries of any trademark, trade name, patent, copyright, licenses, trade secret or other similar rights of others, and there is no claim being made against the Corporation or its Subsidiaries regarding trademark, trade name, patent, copyright, license, trade secret or other infringement, in any such case which could reasonably be expected to result in a loss to the Corporation of more than $2,000,000.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

As an inducement to the Corporation to enter into this Agreement and to consummate the transactions contemplated hereby, the Purchasers hereby severally represent and warrant to the Corporation as follows:

5.1 INVESTMENT. The Purchasers are acquiring the Preferred Shares and the Common Shares issuable upon conversion of the Preferred Shares for investment for their own respective account, and not with a view to any distribution thereof in violation of any applicable Securities Laws. The Purchasers understand that the Preferred Shares and such Common Shares have not been registered under the Securities Laws by reason of specific exemptions therefrom which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of the Purchaser's representations as expressed herein. The Purchasers acknowledge that they are not residents in or of the Province of Ontario.

5.2 FINANCIAL POSITION. Each of the Purchasers' financial condition and investments are such that it is in a position to hold the Preferred Shares and the Common Shares issuable upon conversion of the Preferred Shares for an indefinite period, bear the economic risk of the investment and to withstand the complete loss of the investment. Each of the Purchasers has extensive knowledge and experience in financial and business matters and has the capability to evaluate the merits and risks of the Preferred Shares and the Common Shares issuable upon conversion of the Preferred Shares. Each of the Purchasers is an "accredited investor" within the meaning of Regulation D under the Securities Act of 1933, as amended. Except as to a breach of a representation and/or warranty of which there was Actual Knowledge, nothing contained in this Section 5.2 or due diligence or investigation that has been made by or on behalf of Purchasers shall diminish or modify any of the representations and warranties if made by the Corporation herein.

5.3 HOLD. The Purchasers acknowledge that the Preferred Shares and the Common Shares issuable upon conversion of the Preferred Shares must be held as required by the Securities Laws unless subsequently registered or otherwise qualified for sale under any applicable Securities Laws or unless exemptions from such registrations or qualification are available.

5.4 ORGANIZATION OF THE PURCHASERS. Each Purchaser which is not an individual is duly organized and validly existing under the laws of the jurisdiction of its organization. Each Purchaser is purchasing the Preferred Shares as principal at an aggregate acquisition cost to each Purchaser of not less than Cdn. $150,000. Each Purchaser that is not a corporation or an individual but is a syndicate, partnership, trust or other unincorporated organization, is purchasing as principal for its own account. None of the Purchasers is a corporation or syndicate, partnership or other form of unincorporated organization incorporated or created solely to permit the purchase of the Preferred Shares by groups of individuals whose

individual share of the aggregate acquisition cost for the Preferred Shares to be purchased is less than $150,000.

5.5 AUTHORITY OF THE PURCHASERS. Each of the Purchasers has all necessary power and authority (corporate and otherwise) to execute and deliver this Agreement and the Transaction Documents to which it is a party, to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof. The execution, delivery and performance of this Agreement and the Transaction Documents by each of the Purchasers has been duly authorized and approved by each of the Purchasers and does not require any further authorization or consent of the Purchasers or their respective beneficial owners. This Agreement is the legal, valid and binding agreement of each of the Purchasers, enforceable against each of the Purchasers in accordance with its terms, subject to applicable bankruptcy, insolvency, winding-up, reorganization, moratorium or other laws affecting creditors' rights generally.

5.6 NON-CONTRAVENTION. The execution, delivery, and performance of the Transaction Documents by the Purchasers and the consummation of the transactions contemplated hereby and thereby by the Purchasers do not and will not:

(a) result in a breach of any of the terms and provisions of, or constitute a default (or an event which with notice or lapse of time, or both, would constitute a default) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Purchasers pursuant to any material agreement, instrument, franchise, license or permit to which the Purchasers or any of them is a party or by which such Purchaser may be bound, or

(b) violate any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body applicable to any of the Purchasers or any of their respective properties or assets,

other than such breaches, defaults or violations that are not reasonably expected to impair the ability of the Purchasers to consummate and perform the transactions contemplated by this Agreement or deprive the Corporation of the benefits under this Agreement. With respect to those Purchasers who are not individuals, the execution, delivery and performance of the Transaction Documents by the Purchaser and the consummation of the transactions contemplated hereby or thereby do not and will not violate or conflict with any provision of the certificate of limited partnership agreement, partnership agreement or other similar governing agreements of such Purchaser, as currently in effect. Except for the filing under Rule 13-d of the Securities Act of 1933, no consent, approval, authorization, order, registration, filing, qualification, license or permit of or with any court or any government agency or body applicable to the Purchasers or any of their properties or assets is required for the execution, delivery and performance of the Transaction

Documents or the consummation of the transactions contemplated hereby or thereby, including the purchase of the Preferred Shares hereunder.

ARTICLE 6

CONDITIONS TO THE OBLIGATIONS OF THE PARTIES

A. OBLIGATIONS OF THE PURCHASER

6.1 CONDITIONS PRECEDENT TO OBLIGATIONS OF THE PURCHASER. The obligation of the Purchasers to consummate the transactions contemplated herein shall be subject to and conditional upon the satisfaction of, or compliance with, as at the Time of Closing, each of the following conditions (which are inserted for the exclusive benefit of the Purchaser):

(a) the accuracy of the representations and warranties of the Corporation herein contained, as of the date hereof and as of the Closing Date, except where the consequence of any inaccuracy in such representations and warranties would not have a Material Adverse Effect (provided, however, that with respect to any representation or warranty of the Corporation contained in Article 4 which is already qualified with respect to a Material Adverse Effect, no further qualification, except as expressly stated below, is imposed hereby) and the Purchasers shall have received a certificate of an officer of the Corporation to such effect dated the Closing Date;

(b) the performance in all material respects by the Corporation of its obligations herein (including the covenants contained in Article 7 of this Agreement) and the Purchasers shall have received a certificate of an officer of the Corporation to such effect dated the Closing Date;

(c) the execution and delivery of the Registration Rights Agreement;

(d) receipt by the Purchasers of an opinion of counsel to the Corporation, in form and substance satisfactory to the Purchasers, acting reasonably;

(e) the filing of articles of amendment with respect to the creation of the Preferred Shares with the attributes contained in SCHEDULE 1.1(ag); and

(f) there being since the date hereof no fact or condition which would or could reasonably be expected to have a Material Adverse Effect, provided that a decline in the trading price of the Common Shares shall not be deemed to be such a Material Adverse Effect if such decline is not directly attributable to a Material Adverse Effect;

and provided further that for purposes of this Section 6.1, including, without limitation, subsection 6.1(a) hereof, Material Adverse Effect shall exclude the effect of any general economic, commodity pricing, capital markets or financial conditions.

B. OBLIGATIONS OF THE CORPORATION

6.2 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE CORPORATION. The obligation of the Corporation to issue and sell the Preferred Shares to the Purchasers in accordance herewith shall be subject to and conditional upon the satisfaction of, or compliance with, as at the Time of Closing, each of the following conditions (which are for the exclusive benefit of the Corporation):

(a) the accuracy of the representations and warranties of the Purchasers herein contained, as of the date hereof and as of the Closing Date, except to the extent any inaccuracies do not materially impair the ability of the Purchaser to consummate the transactions contemplated by this Agreement, and the Corporation shall have received a certificate of: (i) the Purchasers' Representative; or (ii) each Purchaser who is an individual or an officer of each of the Purchasers which are not individuals, to such effect dated the Closing Date;

(b) the performance in all material respects by the Purchasers of their obligations herein and the Corporation shall have received a certificate of: (i) the Purchasers' Representative; or (ii) each Purchaser who is an individual or an officer of each of the Purchasers which are not individuals, to such effect dated the Closing Date;

(c) receipt by the Corporation of an opinion of counsel to each of Purchasers in form and substance satisfactory to the Corporation, acting reasonably; and

(d) the absence of any event, actual or threatened, resulting from the announcement or contemplated completion of the transactions described herein which would or could reasonably be expected to have a Material Adverse Effect.

C. OBLIGATIONS OF EACH OF THE CORPORATION AND THE PURCHASER

6.3 CONDITIONS PRECEDENT TO THE OBLIGATIONS OF THE CORPORATION AND THE PURCHASER. The obligation of each of the Corporation and the Purchaser to consummate the transactions contemplated herein is subject to the satisfaction of, or compliance with, as at the Time of Closing, each of the following conditions (which are inserted for the benefit of each of the Purchaser and the Corporation):

(a) the transactions contemplated by the Share Purchase Agreement having been consummated;

(b) no action or proceeding, temporary restraining order, preliminary or permanent injunction or other order by any court of competent jurisdiction, governmental authority or agency or other person to prohibit or prevent consummation of the transactions contemplated herein shall be pending or threatened;

(c) the expiration, termination of the applicable waiting periods and the receipt of all Consents, approvals and waivers under the Applicable Laws; and

(d) the completion of all Required Action.

6.4 WAIVER BY PURCHASERS. If any of the conditions set forth in Sections 6.1 or 6.3 have not been fulfilled, performed or satisfied as at the Closing, the Purchasers may, by written notice to the Corporation terminate all of their obligations relating to the Closing and the Purchasers shall be released from such obligations under this Agreement. Any of such conditions may be waived in whole or in part by the Purchasers' Representative by instrument in writing given to the Corporation without prejudice to any of the Purchasers' rights of termination in the event of non-performance of any other condition, obligation or covenant in whole or in part, and without prejudice to its right to complete the transactions of purchase and sale contemplated by this Agreement and to claim for damages for breach of representation or warranty; provided that notwithstanding anything else contained herein, the Purchasers shall not be entitled to claim damages for any breach of representation or warranty where there was Actual Knowledge of such breach of representation or warranty on or prior to the date hereof.

6.5 WAIVER BY CORPORATION. If any of the conditions set forth in Sections 6.2 or 6.3 have not been fulfilled, performed or satisfied as at the Closing, the Corporation may, by written notice to the Purchaser, terminate all of its obligations relating to the Closing and the Corporation shall be released from all such obligations under this Agreement. Any of such conditions may be waived in whole or in part by the Corporation by instrument in writing to the Purchaser, without prejudice to any of the Corporations's rights of termination in the event of n on-performance of any other condition, obligation or covenant in whole or in part, and without prejudice to their right to complete the transactions of purchase and sale contemplated by this Agreement and claim damages for breach of representation, warranty or covenant.

ARTICLE 7

COVENANTS OF THE CORPORATION

As an inducement to the Purchaser to enter into this Agreement and to consummate the transactions contemplated hereby, the Corporation hereby covenants with the Purchaser as follows:

7.1 PAYMENT OF EXPENSES. Whether or not the transactions contemplated hereby are completed, the Corporation shall pay all costs and expenses incident to the performance of the obligations of the Corporation hereunder, including those in connection with (i) the issuance, transfer and delivery of the Preferred Shares or the Common Shares issuable upon conversion thereof to the Purchaser, including any transfer or similar taxes payable thereon, (ii) the cost of printing the certificates representing the Preferred Shares or the Common Shares issuable upon conversion thereof and (iii) the cost and charges of any transfer agent, registrar, trustee or fiscal paying agent. Upon closing of the transactions contemplated herein, the Corporation shall also promptly pay,
(x) all fees and expenses of PaineWebber Incorporated incurred in connection with the issuance of the Preferred Shares hereunder up to $1,000,000, and (y) all reasonable documented out-of-pocket costs and expenses, including attorneys', accountants' and consultants' fees incurred by the Purchasers in connection with the negotiation and consummation of this Agreement and the transactions contemplated hereby up to $400,000 in the aggregate for the Purchasers under this Section 7.1. The provisions of this Section 7.1 shall also apply to payment of the Purchasers expenses in the event that the Shareholder approval contemplated by Section 6.3 hereof is not obtained provided that the Purchasers are otherwise in compliance and not in breach of the terms hereof.

7.2 AVAILABILITY OF COMMON SHARES. The Corporation shall at all times reserve and keep available out of its authorized but unissued Common Shares, for the purpose of effecting the conversion of the Preferred Shares, the full number of Common Shares then issuable upon the conversion of the Preferred Shares.

7.3 TRANSACTION FEE. On the Closing Date, upon Closing, the Corporation shall pay to the Purchasers an aggregate fee equal to $900,000.

7.4 PROXY STATEMENTS; SHAREHOLDER APPROVALS. The Corporation, shall, in accordance with Applicable Laws:

(a) duly call, give notice of, convene and hold on or about July 21, 1998 a meeting of its Registered Holders for the purpose of, among other things, voting to approve the issuance of the Preferred Shares and the Common Shares issuable upon conversion thereof and shall use reasonable commercial efforts, except to the extent the Board of Directors determines in good faith, after consultation with outside counsel, that contrary action is required by the Board of Directors' fiduciary duties under Applicable Laws, to obtain shareholder approval; and

(b) except to the extent the Board of Directors determines in good faith, after consultation with outside counsel, that contrary action is required by the Board of Directors' fiduciary duties under Applicable Laws, recommend approval of the issuance of the Preferred Shares and the Common Shares issuable upon conversion thereof, and include in the proxy statement in respect of the meeting, such recommendation, and take all lawful action to solicit such approvals.

7.5 ELECTION TO BOARD OF DIRECTORS OF THE CORPORATION. The Corporation shall take all actions necessary to ensure that four representatives of the Purchasers are appointed to the Board of Directors (the "Purchasers' Directors") promptly after the consummation of the transactions contemplated herein; provided that such representatives are eligible to act on the Board of Directors pursuant to the requirements of the CBCA and are acceptable to the Board of Directors, acting reasonably (it being acknowledged and agreed that any officer or director of The Thomas H. Lee Company shall be acceptable to the Corporation). The Corporation shall not take any action to increase the size of the Board of Directors above eleven members without the written consent of the Purchasers and shall not solicit any proxies for the election of more than eleven members to the Board of Directors.

The Corporation shall also use its reasonable commercial efforts to cause the appropriate Number of Nominees to be renominated and reelected when the initial and any successive term of the Purchasers' Directors expires (subject to the Number of Nominees the Purchasers are entitled to nominate under the terms hereof, to the requirements of the CBCA and to such nominees continuing to be acceptable to the Board of Directors, acting reasonably). The Corporation shall also use its reasonable commercial efforts to cause the election to each committee of the Board of Directors that number of nominees from the Purchasers' Representatives that will result in the Purchasers having representation on each committee equivalent to the Purchasers pro rata percentage representation on the Board of Directors.

7.6 REPORTING. The Corporation will, so long as the Preferred Shares or the Common Shares issuable upon conversion thereof are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, file reports and other information with the Securities and Exchange Commission under Section 13 or 15 (d) of the Exchange Act.

7.7 PUBLIC DOCUMENTS. Not later than June 30, 1998, the Corporation shall deliver to the Purchasers true and complete copies of the Corporation's:

(a) 1998 Annual Report to Shareholders;

(b) management proxy circular relating to the Corporation's 1998 Annual and Special Meeting of Shareholders; and

(c) 1998 Annual Information Form.

The Corporation represents and warrants that such documents shall be, as of their respective dates, in compliance in all material respects with such Applicable Laws and will not, as of their respective dates, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

7.8 BUY-BACK. Subject to the CBCA, the provisions of any applicable debt covenants and obtaining approval of the stock exchanges on which the Common Shares are listed, the Corporation will use the Purchase Price, as expressed in Canadian dollars as at the Closing Date, net of any and all expenses attributable to the transaction herein contemplated, to effect "normal-course" purchases of its Common Shares on the floor of the stock exchanges where such shares may be available, as soon as practicable, having regard to the volume and price limitations applicable to such purchases as imposed by such stock exchanges. In particular, the parties acknowledge and agree that the Corporation shall not be required to make the purchases which aggregate (i) more than 2% of the Common Shares outstanding in any 30 day period and (ii) more than the greater of (A) 10% of the public float and (B) 5% of the Common Shares outstanding during any 12 month period. The parties further acknowledge and agree that the Corporation shall not be required to make such purchases where the Board of Directors of the Corporation, acting reasonably, determines that to so purchase such shares at such prices would result in a breach of its fiduciary duties to the Corporation.

7.9 APPLICATION TO EXCHANGES. To the extent that the Share Provisions contain any requirement or restriction relating to the obtaining of a regulatory consent, the Corporation agrees that it will make all necessary applications to the stock exchanges on which the Common Shares are listed to obtain such regulatory consent and will make all commercially reasonable efforts, including, without limitation, the payment of any required listing fees, to obtain such consent.

ARTICLE 8

COVENANTS OF THE PURCHASER

8.1 CERTAIN RESTRICTIONS. The Purchasers covenant with the Corporation that, without the prior written consent of the Corporation (as evidenced by the approval of a majority of the members of the Board of Directors who are independent of the Purchasers and the Family Members), for a period commencing on the Closing Date and continuing through the earlier of (i) the fifth anniversary of the Closing Date (except as expressly set forth in clause 8.1(I)), or (ii) the date upon which the Corporation shall be in default of any monetary payment obligations under any instrument of indebtedness to which the Corporation or any Subsidiary is a party involving a principal obligation of at least $50,000,000 after the expiry of any periods to remedy or cure such default, the Purchasers, and their affiliates (including, without limitation, Thomas Lee and the Thomas H. Lee Company) over which they exercise management control, singly, or jointly or in concert with any other party or as part of a group, directly or indirectly, through one or more intermediates or otherwise, will not:

(A) for a period of twelve months following the Closing Date, sell any Common Shares received upon conversion of the Preferred Shares over any stock exchange pursuant to which the Corporation is effecting a

normal course issuer bid pursuant to the requirements of Section 7.8 hereof;

(B) purchase or acquire, or offer, propose or agree to purchase or acquire, directly or indirectly, any of the Common Shares (other than by conversion of any of the Preferred Shares or receipt of Common Shares as a result of any stock dividend, stock split, recapitalization, merger or other change in the corporate or capital structure of the Corporation or any other action taken solely by the Corporation), any option (other than the option to purchase 5,000,000 (as may be adjusted) Common Shares granted to the Purchasers pursuant to the Share Purchase Agreement), warrant or other right to acquire, directly or indirectly, any Common Shares or any securities which are convertible into or exchangeable or exercisable for Common Shares (other than the exercise of options under the Share Purchase Agreement or the receipt of dividends in kind); and provided that at any time when the percentage of the outstanding Common Shares owned by the Purchaser on a fully diluted basis is less than the percentage of the outstanding Common Shares owned by such Purchaser on a fully diluted basis on the Closing Date (the "Maximum Amount") the Purchaser may purchase additional Common Shares up to the Maximum Amount;

(C) solicit, or encourage any other person to solicit, proxies or become a participant or otherwise engage in any solicitation in opposition to a recommendation of a majority of the directors of the Corporation with respect to any matter; seek to advise or influence any person with respect to the voting of any securities of the Corporation (other than pursuant to the Voting Agreement between the Purchasers and the Family Members of even date entered into in connection with the Share Purchase Agreement); or execute any written consent in lieu of a meeting of holders of securities of the Corporation or any class thereof unless requested to do so by the Corporation;

(D) initiate, propose, vote in favour of, support or otherwise solicit shareholders for the approval of one or more shareholder proposals with respect to the Corporation;

(E) knowingly transfer or agree to transfer any securities to any group or party owning in excess of 5% of the outstanding Common Shares;

(F) propose or seek to effect any form of business combination transaction with the Corporation or any affiliate thereof or any restructuring, recapitalization or other similar transaction with respect to the Corporation;

(G) seek any additional representation on the Board of Directors of the Corporation;

(H) encourage any person, firm, corporation, group or other entity to engage in any of the actions covered by clauses (B) through (G) of this Section 8.1 or make any public announcement (or make other communication with or to the Corporation or otherwise which, in the opinion of counsel to the Corporation, would require public announcement) with respect to any matter set forth in clause (B) through (G) of this Section 8.1; provided, however, that actions taken by any Purchasers' Directors, acting in his or her capacity as such a director, shall not violate any provision of this Section 8.1; and

(I) transfer, effect a short sale of, grant any option for the purchase of, or loan any Preferred Shares or Common Shares for a period of 12 months from the date of issuance of the Preferred Shares except (a) to an affiliate, (b) to a trust, family partnership or other estate planning vehicle, (c) to a financial institution pursuant to a bona fide pledge (each a "Permitted Transferee"), or (d) in a transaction approved in advance by the Board of Directors where any Person (or Persons acting jointly or in concert) acquire, directly or indirectly, beneficial ownership or control or direction over more than 50% of the outstanding voting securities (on a fully-diluted basis) of the Corporation.

Notwithstanding the foregoing, the obligations of the Purchasers under this Section 8.1 shall terminate if the number of Purchasers' nominees on the Board of Directors is less than the Number of Nominees, unless the failure to have the required Number of Nominees elected to or on the Board of Directors is due to the Purchasers' failure to nominate a nominee or nominees to the Board, vote the Preferred Shares or Common Shares owned by them in favour of such nominees or fill a vacancy created by one of its Directors with a person, who (i) meets the requirements of the CBCA, and (ii) who is acceptable to the Board of Directors, acting reasonably. The Purchasers acknowledge that they shall vote all Preferred Shares or Common Shares over which they have control for and in favour of the nominees proposed by them to the Board of Directors. The parties acknowledge and agree that the provisions of this Section 8.1 shall not bind or apply to any purchaser of Preferred Shares or Common Shares other than a purchaser under Section 8.1(I)(a) or (b).

8.2 PAYMENT OF TAXES. The Purchasers shall be responsible for and shall pay any and all Canadian withholding taxes, as and when due and payable, and shall provide evidence satisfactory to the Corporation, acting reasonably, that such payment has been made within the prescribed time, resulting from or in respect of the Preferred Shares, including, without limitation, in respect of the issuance by the Corporation of Common Shares upon conversion of Preferred Shares, the payment by the Corporation of dividends in respect of the Preferred Shares and the

redemption by the Corporation of the Preferred Shares, it being acknowledged and agreed that withholding taxes payable in respect of, among other things, cash dividends on the Preferred Shares and any proceeds from the redemption of the Preferred Shares in accordance with their terms shall be withheld at source by the Corporation or its agent and remitted to the taxation authorities having jurisdiction, and the amount of such cash dividends or proceeds of redemption received by the Purchasers shall be net of such withheld amount, in each of the foregoing cases, only to the extent subject to withholding under applicable law or the interpretation or administration thereof. The Corporation acknowledges and agrees that it shall not withhold for withholding taxes unless, in the opinion of the management of the Corporation, acting reasonably, the Corporation is required to do so by law or by the interpretation or administration thereof. The Corporation agrees that in the absence of a law or the interpretation or administration thereof, which requires it to withhold tax in connection with the reduction of the Conversion Factor (as defined in the Share Provisions) it will not so withhold.

ARTICLE 9

RESTRICTIONS ON TRANSFERABILITY OF SECURITIES

9.1 RESTRICTIVE LEGEND. Each certificate representing the Preferred Shares and any other securities issued in respect of the Preferred Shares (other than the Common Shares issued upon conversion of any Preferred Shares) upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event (each of the foregoing securities being referred to herein as "Restricted Securities"), shall (unless otherwise permitted by the provisions of Section 9.2 below) be stamped or otherwise imprinted with a legend substantially in the following form (in addition to the legend required under any applicable state securities law):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF COTT CORPORATION ("THE CORPORATION"), THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144, IF APPLICABLE, SUBJECT TO COMPLIANCE WITH ANY STATE SECURITIES LAWS, (C) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AS APPLICABLE OR (D) IN A TRANSACTION THAT DOES NOT OTHERWISE REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, IN EACH CASE, PROVIDED AN OPINION OF COUNSEL OF RECOGNIZED STANDING REASONABLY SATISFACTORY TO THE CORPORATION HAS BEEN PROVIDED TO THE CORPORATION TO THAT EFFECT."

The Corporation will promptly, upon request, remove any such legend when no longer required by the terms of this Agreement or by applicable law.

9.2 NOTICE OF PROPOSED TRANSFERS. Prior to any proposed transfer of any Restricted Securities, unless a prospectus has been filed under the Securities Laws covering the proposed transfer, the Purchaser proposing such a transfer shall give written notice to the Corporation of its intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, and shall be accompanied by either (a) a written opinion of legal counsel (who shall be reasonably satisfactory to the Corporation) addressed to the Corporation to the effect that the proposed transfer of the Restricted Securities may be effected without registration under the Securities Act or (b) a "no action" letter from the United States Securities and Exchange Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the United States Securities and Exchange Commission that action be taken with respect thereto, whereupon, in each case, such Purchaser shall be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by such Purchaser to the Corporation. Unless a registration statement has been filed under the U.S. Securities Laws covering the proposed transfer, each certificate evidencing the Restricted Securities transferred as herein provided shall bear the appropriate restrictive legend set forth in Section 9.1 above except that such certificate shall not bear such restrictive legend if, (i) in the opinion of counsel for such Purchaser, such legend is not required in order to establish compliance with any provisions of the Securities Act of 1933, or (ii) a period of at least two years has elapsed since the later of the date the Restricted Securities were acquired from the Corporation or from an affiliate of the Corporation, and such purchaser represents to the Corporation that it is not an affiliate of the Corporation and has not been an affiliate during the preceding three months and shall not become an affiliate of the Corporation without resubmitting the Restricted Securities for reimposition of the legend.

ARTICLE 10

TERMINATION

Notwithstanding anything contained herein to the contrary, this Agreement may be terminated at any time prior to the Closing Date:

(a) by the mutual written consent of the Purchasers and the Corporation; or

(b) by the Purchasers if the conditions contained in subsections 6.1 or 6.3 have not been complied with or waived as at the Closing or by the Corporation if the conditions contained in subsections 6.2 or 6.3 have not been complied with a waiver as at the Closing; provided, however, that the right to terminate this Agreement under this Section 10(b) shall not be available to any party whose

failure to fulfil any obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or before such date; or

(c) by the Purchasers or the Corporation if the Share Purchase Agreement is terminated in accordance with is terms; or

(d) by the Purchasers or the Corporation at any time after July 31, 1998 if the Closing has not occurred on or prior to such time.

In the event that this Agreement shall be terminated pursuant to this Article 10, all further obligations of the parties under this Agreement other than the obligations set forth in Article 11 and Sections 7.1 and 12.10 shall be terminated without further liability of any party to any other party, provided that nothing herein shall relieve any party from liability for its wilful breach of this Agreement.

ARTICLE 11

INDEMNIFICATION

11.1 INDEMNIFICATION BY THE CORPORATION. The Corporation hereby agrees, to the extent permitted by Applicable Laws, to indemnify, defend and hold harmless the Purchasers and, in the case of the Purchasers who are not individuals, their partners, directors and its officers, from and against all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses, including without limitation, interest, penalties and attorneys' fees and expenses (collectively, "Claims"), asserted against, resulting to, or imposed upon or incurred by the Purchaser, directly or indirectly, in connection with breach of a representation or warranty contained herein by the Corporation (other than any such breach of which there was Actual Knowledge) or any failure or omission to comply with its obligations or covenants hereunder, other than Claims arising from the misconduct of the Purchasers or their representatives, including the Purchasers' Representative.

11.2 INDEMNIFICATION BY THE PURCHASER. Each Purchaser, acting severally and not jointly, hereby agrees to indemnify, defend and hold harmless the Corporation, its directors and its officers from and against all Claims asserted against, resulting to or imposed upon or incurred by the Corporation, directly or indirectly, in connection with any breach of a representation or warranty contained herein by the Purchasers or any failure or omission to comply with its obligations or covenants hereunder including, without limitation, its obligations and covenants pursuant to Article 8, other than Claims arising from the misconduct of the Corporation or its representatives.

11.3 TERMS OF INDEMNIFICATION. The obligations and liabilities of the indemnifying party (the "Indemnifying Party") hereunder with respect to Claims by

third parties against the party to be indemnified (the "Indemnified Party") will be subject to the following terms and conditions:

(a) the indemnified party will give the indemnifying party prompt notice of any Claims asserted against, resulting to, imposed upon or incurred by the indemnified party, directly or indirectly, and the indemnifying party will undertake the defense thereof by representatives of their own choosing which are reasonably satisfactory to such indemnified party; provided that the failure of the indemnified party to give notice as provided in this Section 11.3 shall not relieve the indemnifying party of its obligations under this Article 11, except to the extent that such failure has materially and adversely affected the rights of the indemnifying party;

(b) if within a reasonable time after notice of any Claim, the indemnifying party fails to defend, the indemnified party will have the right to undertake the defense, compromise or settlement of such Claims on behalf of and for the account and at the risk of the indemnifying party, subject to the right of the indemnifying party to assume the defense of such Claim at any time prior to settlement, compromise or final determination thereof;

(c) if there is a reasonable probability that a Claim may materially and adversely affect the indemnified party other than as a result of money damages or other money payments, the indemnified party will have the right at its own expense to defend (provided that the indemnifying party shall continue to control the defense and the indemnified party shall have the right to participate in such defense), or co-defend, such Claim;

(d) the indemnifying party on one hand and the indemnified party on the other will not, without the prior written consent of the other, such consent not to be unreasonably withheld, settle or compromise any Claim or consent to entry of any judgment relating to any such Claim;

(e) with respect to any Claims asserted against the indemnified party, the indemnified party will have the right to employ one counsel of its choice in each applicable jurisdiction (if more than one jurisdiction is involved) to represent the indemnified party if, in the indemnified party's reasonable judgment, a conflict of interest between the indemnified party and the indemnifying party exists in respect of such Claims, and in that event the fees and expenses of such separate counsel shall be paid by such indemnifying party;

(f) the indemnifying party will provide the indemnified party reasonable access to all records and documents of the indemnifying party relating to any Claim, other than a Claim made by the indemnified party and/or its affiliates; and

(g) any Claim, in so far as it is related to any of the representations and warranties of the Corporation contained in this Agreement, must be made within the applicable survival period set forth in Section 12.2 below.

ARTICLE 12

MISCELLANEOUS

12.1 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein without reference to conflict of law provisions therein. All of the parties hereto hereby irrevocably attorn to the non-exclusive jurisdiction of the Courts of the Province of Ontario.

12.2 SURVIVAL. The representations and warranties contained in this Agreement shall survive for a period of two years from the Closing Date hereof; provided that the representations set forth in Sections 4.5 and 4.7 shall survive without limitation. The covenants of the parties contained in this Agreement which by their terms are intended to survive the Closing shall survive and continue in full force and effect, notwithstanding Closing, in accordance with their terms.

12.3 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof shall enure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. No assignment of this Agreement may be made by either party at any time, whether or not by operation of law, without the other party's prior written consent; except that the Purchasers may assign any of their rights hereunder to an affiliate of the Purchaser or any party indicated on SCHEDULE 1.1(AA) without the Corporation's consent provided that such affiliate or other party expressly assumes in writing all of the Purchaser's obligations hereunder as if an original signatory thereto, and provided that such assignment shall not relieve the Purchaser of its obligations hereunder.

12.4 ENTIRE AGREEMENT; AMENDMENT. This Agreement and the Transaction Documents constitute the full and entire understanding and agreement between the parties with regard to the subject hereof and thereof and supersede all prior agreements, understandings and arrangements between the parties with respect to the subject matter hereof; provided that, other than with respect to the standstill provisions contained therein, the provisions of the confidentiality agreement between the Purchaser and the Corporation dated November 13, 1997 shall remain in full force and effect. Except as expressly provided herein, neither this Agreement nor any term hereof may be amended waived, discharged or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

12.5 NOTICES, ETC. All notices, requests, demands and other communications hereunder shall be deemed to have been duly given and made, if in writing and if served by personal delivery upon the party for whom it is intended or delivered, by registered or certified mail, return receipt requested, or if sent by telecopier, upon receipt of confirmation that such transmission has been received, or if sent by telecopier after 4 p.m. on a Business Day or on a day which is not a Business Day, on the following Business Day, or

if sent by overnight courier on the following Business Day to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

(a) if to the Purchasers:

As set out in SCHEDULE 12.5(a) hereto

with a copy to:

Hutchins Wheeler & Dittmar, a Professional Corporation 101 Federal Street
Boston, MA 02110
U.S.A.

Telecopier: (619) 951-1295
Attention: James Westra

(b) if to the Corporation:

207 Queens Quay
Suite 800
Toronto, Ontario
M5J 1A7

Telecopier: (416) 203-6207
Attention: Vice-Chairman

with a copy to:

Goodman Phillips & Vineberg 250 Yonge Street, Suite 2400 Toronto, Ontario M5B 2M6

Telecopier: 416-979-1234 Attention: Stephen H. Halperin

12.6 DELAYS OR OMISSIONS. Except as expressly provided herein, no delay or omission to exercise any right, power or remedy accruing to the Corporation or the Purchasers upon any breach or default of any party under this Agreement, shall impair any such right, power or remedy of the Corporation or the Purchasers nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or

default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of the Corporation or the Purchasers of any breach or default under this Agreement, or any waiver on the part of any such party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to the Corporation or the Purchasers, shall be cumulative and not alternative.

12.7 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which may be executed by only one of the parties hereto, each of which shall be enforceable against the party actually executing such counterpart, and all of which together shall constitute one instrument.

12.8 SEVERABILITY. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provisions; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

12.9 NO PUBLIC ANNOUNCEMENT. Neither the Corporation nor any of the Purchasers shall make any press release or other public announcement concerning the transactions contemplated by this Agreement except as and to the extent that any such party shall be obligated to make any such disclosure by law and then only after consultation with the other regarding the basis of such obligation and the content of such press release or other public announcement or as the parties shall mutually agree.

12.10 REASONABLE EFFORTS. The Corporation and the Purchasers shall use all commercially reasonable efforts to consummate the transactions contemplated by this Agreement.

IN WITNESS WHEREOF, each of the undersigned has caused the foregoing Agreement to be executed under seal by one of its duly authorized officers as of the date first above written.

COTT CORPORATION

Per: /s/ Fraser Latta
Name: Fraser Latta
Title:

THOMAS H. LEE EQUITY FUND IV, L.P.

By: THL EQUITY ADVISORS IV, LLC, ITS

GENERAL PARTNER

By: /s/ C. Hunter Boll
Name: C. Hunter Boll
Title:

THOMAS H. LEE FOREIGN FUND IV, L.P.

By: THL EQUITY ADVISORS IV, LLC, ITS GENERAL PARTNER

By: /s/ C. Hunter Boll
Name: C. Hunter Boll

Title:

EXHIBIT 4.3
[LETTERHEAD OF COTT CORPORATION]

November 3, 1999

Thomas H. Lee Company
75 State Street
Boston, MA 02109

Dear Sirs:

RE: LIMITED WAIVER OF STANDSTILL PROVISIONS

Pursuant to an agreement made June 12, 1998 between Cott Corporation ("Cott") and various investors ("Purchasers") represented by Thomas H. Lee Company (collectively "THL"), THL agreed to certain limitations (the "Standstill Provisions") on its ability to purchase additional shares in the capital stock of Cott without the prior consent of the Cott board of directors.

THL has sought the consent of the Cott board of directors to purchase up to an additional 3,272,092 shares of Cott (the "Additional Shares") in open market ordinary course purchases.

This letter confirms that the Cott board of directors has consented to the acquisition of the Additional Shares by THL, upon and subject to the following terms and conditions and in consideration of THL's agreements hereinafter set forth:

1. THL will give to Cott advance written notice of any acquisition of Additional Shares pursuant to the consent herein contained.

2. If and to the extent that THL acquires Additional Shares, THL will relinquish and forego any and all voting rights attaching to an equal number of shares owned by entities controlled by members of the Pencer Family (the "Pencers") in respect of which THL currently holds voting rights, but not an option to purchase the shares to which such voting rights attach, pursuant to a "Voting Agreement" and "Option to Purchase Common Shares of Cott Corporation" both made as of July 7, 1998 between THL and the Pencers.

3. THL agrees to release Cott from any of its unsatisfied obligations under the Subscription Agreement to use the proceeds of THL's subscription for preferred shares in the capital of Cott to repurchase common shares in the capital of Cott.

4. THL will grant to the Chairman of the Board of Cott (or such other person as may from time to time be designated by the directors of Cott who are unaffiliated with THL) a proxy to vote that number of voting shares of Cott which ensure that THL will not at any time have voting rights in respect of more than 35% of the outstanding voting shares of Cott, calculated on a fully diluted basis. The proxy herein contemplated will be revocable upon 90 days advance notice to the proxyholder and to Cott, provided that THL covenants that it will not revoke the proxy if, after giving effect to such revocation, THL would beneficially own voting rights in respect of more than 35% of the outstanding Voting Stock of Cott, calculated on a fully diluted basis. THL will instruct the proxyholder (which instruction shall be irrevocable unless and until the proxy shall have been revoked) to vote the shares covered by the proxy in the same manner and percentage as those shares held by all shareholders of Cott other than THL and its affiliates. For purposes of this agreement, "fully diluted basis" at any time shall be calculated assuming that all convertible preferred shares of Cott shall have been converted into, and all vested, "in-the-money" options shall have been exercised for, the underlying common shares of Cott, and that no other potentially dilutive conversions or exercises shall have occurred. Notwithstanding the foregoing, such proxy may be revoked in connection with a change of control transaction which has been approved by the board of directors of Cott.

5. THL covenants with and in favour of Cott that it will not exercise its option (the "Pencer Options") to acquire additional common shares of Cott from the Pencers if and to the extent that after giving effect to such exercise, THL would have the power to vote or dispose of more than 35% of the outstanding voting shares of Cott calculated on a fully diluted basis. The covenant contemplated in this paragraph would not (a) affect THL's right to exercise the Pencer Option to acquire cash rather than shares of Cott; or (b) prohibit the exercise of the Pencer Option in the context of a change of control transaction approved by Cott's board of directors.

6. THL agrees that Cott shall be entitled to the benefit of, and to enforce against THL, the provisions of the Voting Agreement between THL and the Pencers which provide for a reduction of THL's voting rights if and to the extent that THL's right to vote exceeds 35% of the outstanding Cott voting shares.

We and (by your acceptance hereof) you agree to settle and execute all documentation necessary or desirable to give effect to the intention of the parties set forth herein.

Except as expressly contemplated herein, the Standstill Provisions will remain in full force and effect.

If the foregoing is acceptable to you, kindly so signify by executing and returning to the undersigned the duplicate original of this letter, whereupon this letter will constitute a legal and binding agreement between us.

Yours very truly,

COTT CORPORATION

Per: /s/ M. Halperin

ACCEPTED THIS 3rd day of November, 2000.

THOMAS H. LEE COMPANY

(on behalf of the Purchasers under the Subscription Agreement)

Per: /s/ C. Hunter Boll

EXHIBIT 4.6

DATED 20TH NOVEMBER 1997

COTT BEVERAGES LIMITED
(FORMERLY COTT UK LIMITED)

and

LLOYDS TSB BANK PLC

CREDIT AGREEMENT

(AS AMENDED ON 14TH JULY 1998 AND ON 5TH JULY 1999
AND AS AMENDED AND RESTATED ON 27TH MARCH 2000)

DENTON WILDE SAPTE
1 Fleet Place
London EC4M 7WS

Tel. 020 7246 7000
Fax. 020 7246 7777

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THIS AGREEMENT is made on 20th November 1997

BY:

(1) COTT BEVERAGES LIMITED (formerly COTT UK LIMITED), a company incorporated in England and Wales with registered number 2836071 of Citrus Grove, Side Ley, Kegworth, Derbyshire DE74 2FJ (the "BORROWER");

(2) LLOYDS TSB BANK PLC of St. George's House, 6-8 Eastcheap, London EC3M 1AE (the "BANK").

WHEREAS

(A) This Agreement sets out the terms on which the Bank has agreed to make available to the Borrower a sterling term loan facility of (pound)49,000,000, a sterling revolving loan facility of (pound)13,000,000 (incorporating an optional overdraft facility) and certain ancillary facilities of (pound)7,500,000.

(B) The facilities to be made available under this Agreement are for the respective purposes specified in Clauses 3.1, 3.2 and 3.3.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

In this Agreement (including the Recitals):

"ACCOUNTANTS' REPORT" means the report dated on or about 19th November 1997 (which for the avoidance of doubt includes the covering letter and documents referred to therein) prepared by Messrs. Coopers & Lybrand relating to the Borrower and the report dated on or about 15th September 1997 relating to the Target and its Subsidiaries, each addressed to the Bank Parties.

"ACCOUNTING PERIOD" has the meaning specified in Clause 14.1(b).

"ACCOUNTING PRINCIPLES" means the GAAP used in the Accounts of the Borrower for its Financial Year ended 31st January 1997;

"ACCOUNTS" means in relation to a Group Company, its audited accounts (which shall be consolidated in the case of the Borrower) (including all additional information and notes to the accounts) together with the relevant directors' report and auditors' report.

"ACQUISITION COSTS" means those fees, commissions, costs and expenses properly incurred by the Borrower in relation to its acquisition of the Target Shares and the Target Assets.

"ACQUISITION DOCUMENTS" means:

(a) the Share Purchase Agreement together with all other documents entered into by the Borrower in connection with the acquisition of the Target Shares;

(b) the Hive-Up Agreement together with all other documents entered into by the Borrower in connection with the acquisition of the Target Assets;

(c) the Crystal Asset Sale Agreement together with all other documents entered into by the Borrower in connection with the acquisition of certain of the Crystal Assets;

(d) the Crystal Lease Agreements together with all other documents entered into by the Borrower in connection with the lease to it of certain of the Crystal Assets;

but, for the avoidance of doubt, shall not include the Vendors' Disclosure Letter.

"ACQUISITION GOODWILL" means the net goodwill arising on the acquisition of the Target Shares, the Target Assets (but not the Crystal Assets).

"ACT" means the Companies Act 1985.

"ADVANCE" means a Term Advance or a Revolving Advance.

"AFFILIATE" means, in relation to a company, a Subsidiary or a Holding Company (as defined in section 736 of the Act) of such company and any other subsidiary of such a Holding Company.

"ANCILLARY FACILITY" means the ancillary facility referred to in Clause 6 under which Guarantees, FFE Contracts and other accommodation may be made available to the Borrower by the Bank.

"ANCILLARY LIMIT" means (pound)7,500,000 or such lower figure as the Bank may specify.

"ANCILLARY OUTSTANDINGS" means the aggregate of:

(a) the Guaranteed Amount of each Guarantee issued by the Bank;

(b) such amount calculated on a mark to market basis as the Bank may, in accordance with its then current credit policy, accord as a risk weighting to all outstanding FFE Contracts; and

(c) in relation to any other facilities or financial accommodation provided under the Ancillary Facility, such other amounts as the Bank determines fairly represents the aggregate exposure at that time of the Bank in respect of that facility or accommodation.

"AUDITORS" means, in relation to each Group Company, Coopers & Lybrand or any other firm of chartered accountants of internationally recognised standing that has been appointed as auditors of such Group Company.

"AVAILABLE ANCILLARY FACILITY" means, at any time, the Ancillary Limit less the aggregate of the Ancillary Outstandings.

"AVAILABLE REVOLVING CREDIT COMMITMENT" means, in relation to the Bank, its Revolving Credit Commitment less its Revolving Advances and the amount of the Optional Overdraft Limit.

"BANK PARTICIPANTS" means the financial institutions to whom the Bank grants sub-participation in any of the facilities provided by this Agreement.

"BANK PARTIES" means the Bank, RBS and any Bank Participant and any person to whom they transfer their interest whether by assignment, novation, sub-participation or in any other way.

"BCB" means BCB Beverages Limited, a company incorporated under the laws of the Republic of Ireland with registered number 220550.

"BCB DEBT" has the meaning given to it in Clause 14.3(n).

"BORROWING BASE" means in respect of the Borrower an amount equal to the aggregate of:

(a) an amount equal to 70 per cent. of the consolidated book value of its accounts receivable (as determined in accordance with Canadian GAAP); and

(b) an amount equal to 40 per cent. of the consolidated book value of its inventory (as determined in accordance with Canadian GAAP).

"BUSINESS DAY" means a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for business in London.

"BUSINESS PLAN" means the business plan for the Group prepared by the Management in the agreed form.

"CANADIAN GAAP" means the accounting principles, concepts, bases and policies generally adopted and accepted in Canada.

"CAPITAL EXPENDITURE" has the meaning given to that term by GAAP but shall exclude those fixed asset additions qualifying as Finance Lease Expenditure.

"CASHFLOW" means, in respect of the Group in relation to any period, the aggregate of PBIT and Depreciation charged to the profit and loss account for that period:

(a) plus the net proceeds of all fixed assets disposed of during that period including those proceeds applied in prepayment of the Term Loan in accordance with Clause 8.1.4, 8.3.1 or 8.4 (but provided that no account shall be taken for the purposes of determining Cashflow of receipts attributable to transactions in respect of which the proceeds have been paid to the credit of a Disposal Proceeds Bridging Account in accordance with Clause 14.3(b)(ii));

(b) plus any decrease, or minus any increase, in Net Working Capital during that period;

(c) plus any receipts by way of Extraordinary Items and minus any payments by way of Extraordinary Items, in each case, received or made during that period;

(d) minus any dividends paid in respect of minority interests for that period;

(e) plus any dividends received from other fixed assets investments during that period;

(f) plus income from participating interests in associated undertakings and joint ventures to the extent received in cash and minus any payment made to associated undertakings and joint ventures during that period;

(g) plus any increase or minus any decrease in provisions for liabilities and charges (including in respect of pensions) made in respect of that period to the extent included within PBIT;

(h) minus Capital Expenditure and Finance Lease Expenditure in respect of that period paid or contractually required to be paid during that period;

(i) plus realised exchange gains and minus realised exchange losses received or paid during that period to the extent not already taken account of in PBIT for that period;

(j) minus the aggregate of all corporation or other similar Taxes paid during that period;

(k) minus any amount paid or contractually required to be paid under any hire agreement, credit sale agreement, hire purchase agreement, conditional sale agreement or instalment sale and purchase agreement which is not a Finance Lease;

(l) plus any amount amortised in respect of Acquisition Costs in accordance with FRS4 and any amount written off the value attributed to Acquisition Goodwill, in each case during that period and to the extent included within PBIT;

(m) plus in respect of any period ending on or before 31st January 1999, any amounts not exceeding (pound)2,000,000 received in cash by the Borrower as the proceeds of subscription for equity share capital in the Borrower;

(n) minus (to the extent not otherwise taken into account) any restructuring costs paid by the Borrower during that period;

(o) plus any amounts received by the Borrower during that period from Cott (or any other member of the Cott Group other than a Group Company) as the proceeds of subscription by them for equity share capital in the Borrower or by way of Subordinated Loan; and

(p) minus any management charges (other than under the Retail Brands Management Agreement) paid by the Borrower or any Group Company to Cott or any other Cott Group Company (not being a Group Company).

For the purposes of paragraph (o) of this definition the (pound)10,000,000 paid by Cott to the Borrower on 30th December 1999 shall be deemed to have been received by the Borrower on 10 January 2000 or, if later, on the date the payment is applied by way of subscription for fully paid up ordinary share capital of the Borrower and for the purposes of this definition:

(i) "NET WORKING CAPITAL" means the aggregate of Current Assets (excluding all of cash at bank and cash in hand, all assets in relation to Tax and accrued interest receivable) less the aggregate of Current Liabilities (excluding moneys

due in relation to the Facilities and the Deferred Consideration and liabilities in relation to Tax, Extraordinary Items and dividends payable); and

(ii) "CURRENT ASSETS" means, in relation to the Group, the aggregate value of its assets which are treated as current assets in accordance with GAAP; and

(iii) "CURRENT LIABILITIES" means, in relation to the Group, the aggregate value of its liabilities which are treated as current liabilities in accordance with GAAP excluding any such liabilities relating to management charges (other than under the Retail Brands Management Agreement) payable by the Borrower and any other Group Company to Cott or another Cott Group Company (not being a Group Company) and excluding in respect of the Financial Year ended 31 December 2000 only any liabilities relating to any restructuring of the Borrower and its business up to the Restructuring Costs Limit relating to the Borrower's management and organisational restructuring but including any such liabilities to the extent relating to the outsourcing and/or restructuring of the Borrower's distribution facilities.

"CERTIFIED COPY" means, in relation to a document, a copy of that document bearing the endorsement "Certified a true, complete and accurate copy of the original, which has not been amended otherwise than by a document, a Certified Copy of which is attached hereto", which has been signed and dated by a duly authorised officer of the relevant company and which complies with that endorsement.

"CHANGE" means, in relation to the Bank (or any company of which the Bank is a Subsidiary), the introduction, implementation, repeal, withdrawal or change in, or in the interpretation or application of, (a) any law, regulation, practice or concession, or (b) any directive, requirement, request or guidance (whether or not having the force of law but if not having the force of law, one which applies generally to a class or category of financial institutions of which the Bank (or that company) forms part and compliance with which is in accordance with the general practice of those financial institutions) of the European Community, any central bank or any other fiscal, monetary, regulatory or other authority.

"CHANGE OF CONTROL" means the Borrower ceasing to be a wholly owned direct or indirect Subsidiary of Cott provided that, for the purpose of considering whether the Borrower is so wholly owned, no account shall be taken of any options held by any member of Management to acquire not more than 5 per cent. of the shares of any company of which the Borrower is a Subsidiary.

"COMMITMENT" means, in relation to the Bank, the aggregate of its Term Loan Commitment and its Revolving Credit Commitment.

"COMPLETION" means the completion of all of (i) the sale and purchase of the Target Shares pursuant to the Share Purchase Agreement, (ii) the sale and purchase of the Target Assets pursuant to the Hive-Up Agreement (iii) completion of the Crystal Lease Agreement and (iv) completion of the Crystal Asset Sale Agreements.

"COMPLIANCE CERTIFICATE" has the meaning given to that term in Clause 14.1(e).

"COTT" means Cott Corporation, a company incorporated under the laws of Canada.

"COTT GROUP" means Cott and each of its direct and indirect Subsidiaries; and COTT GROUP COMPANY means any one of them.

"COTT NOTES DOCUMENTS" means each indenture and prospectus in respect of the 9 3/8% $160,000,000 senior notes due 2005 and the 8 1/2% $125,000,000 senior notes due 2007 of Cott and "COTT NOTES DOCUMENT" means any of them.

"COTT SUPPLY AGREEMENT" means the agreement dated on or about 2nd January 2000 between Cott and the Borrower providing for the long term supply of concentrates.

"CRYSTAL" means Crystal Drinks Limited, a company incorporated under the laws of England and Wales with registered number 2186825.

"CRYSTAL ASSETS" means the assets sold under the terms of the Crystal Asset Sale Agreement and leased by the Crystal Lease Agreements.

"CRYSTAL ASSET SALE AGREEMENT" means the agreement dated on or about the date of this Agreement made between Crystal and the Borrower providing for the sale of the stock and work in progress of Crystal to the Borrower.

"CRYSTAL LEASE AGREEMENTS" means the master lease agreement dated on or about the date of this Agreement ("Master Lease Agreement") relating to the leasing by Crystal to the Borrower of certain of the Crystal assets and made between Crystal and the Borrower together with the Premises Lease, the Plant & Machinery Lease and the Business Assets Lease (as defined in the Master Lease Agreement).

"CRYSTAL SUBORDINATED LOAN NOTES" means the notes issued by the Borrower to Crystal and subordinated to the Bank.

"DANGEROUS MATERIALS" means any element or substance, whether consisting of gas, liquid, solid or vapour, identified by any Environmental Law to be, to have been, or to be capable of being or becoming, harmful to mankind or any living organism or damaging to the Environment.

"DEBENTURE" means the debenture dated 31st January 1994 given by the Borrower (then called Benjamin Shaw (Pontefract) Limited) to the Bank.

"DEBT" means all Indebtedness of the Borrower and the other Group Companies excluding:

(a) Indebtedness to the Vendors in respect of Deferred Consideration;

(b) Indebtedness of a Group Company to another Group Company; and

(c) Indebtedness of the Borrower to Cott or any other member of the Cott Group other than a Group Company in respect of any Subordinated Loans.

"DEFAULT" means any event specified as such in Clause 15.1.

"DEFAULT NOTICE" has the meaning given to that term in Clause 15.2.1.

"DEFERRED CONSIDERATION" means the deferred consideration paid or to be paid by the Borrower to the Vendors pursuant to clause 4 and schedule 3 of the Share Purchase Agreement.

"DEPRECIATION" has the meaning given to that term by GAAP.

"DISPOSAL" means a sale, transfer or other disposal (including by way of lease or loan) by a person of all or part of its assets, whether by one transaction or a series of transactions and whether at the same time or over a period of time.

"DISPOSAL PROCEEDS" means, in respect of a Disposal by a Group Company, the gross consideration receivable by that Group Company for that Disposal less all Taxes, costs and expenses directly incurred in respect of that Disposal.

"DISPOSAL PROCEEDS BRIDGING ACCOUNT" has the meaning given to that term in Clause 14.3(b)(ii)(y).

"DISTRIBUTION RESTRUCTURING COSTS" means any costs incurred in relation to the outsourcing and/or restructuring of the Borrower's distribution facilities.

"DORMANT SUBSIDIARY" means, on any given date, a Group Company (a) which has been dormant within the meaning of section 250(3) of the Act for the period of 12 months ending on that date and (b) in respect of which neither its assets nor its liabilities exceed in aggregate (pound)5,000 (or, in the case of Target only, whose assets do exceed (pound)5,000 where those assets consist solely of its paid up share capital and a right to repayment from the Borrower of the balance of the consideration for the Target Assets under the Hive-Up Agreement).

"DRAWDOWN DATE" means the date on which an Advance is made, or is proposed to be made.

"DRAWDOWN NOTICE" means a notice substantially in the form set out in Schedule 2.

"ENCUMBRANCE" means any mortgage, charge, assignment by way of security, pledge, hypothecation, lien, right of set-off, retention of title provision, trust or flawed asset arrangement (for the purpose of, or which has the effect of, granting security) or any other security interest of any kind whatsoever, or any agreement, whether conditional or otherwise, to create any of the same, or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased to or re-acquired or acquired by any Group Company.

"ENVIRONMENT" means all or any of the following media: air (including air within buildings or other structures and whether above or below ground); land (including buildings and any other structures or erections in, on or under it and any soil and anything below the surface of land); land covered with water; and water (including sea, ground and surface water).

"ENVIRONMENTAL LAW" means any statutory or common law, treaty, convention, directive or regulation having legal or judicial effect whether of a criminal or civil nature, concerning:

(a) pollution or contamination of the Environment;

(b) harm by pollution or contamination, whether actual or potential, to mankind and human senses, living organisms and ecological systems;

(c) the generation, manufacture, processing, distribution, use (including abuse), treatment, storage, disposal, transport or handling of Dangerous Materials; or

(d) the emission, leak, release or discharge into the Environment of noise, vibration, dust, fumes, gas, odours, smoke, steam, effluvia, heat, light, radiation (of any kind), infection, electricity or any Dangerous Material and any matter or thing capable of constituting a nuisance or an actionable tort of any kind in respect of such matters.

"ENVIRONMENTAL REPORT" means the report dated on or about 27th October 1997 prepared by Willis Corroon Group plc relating to the Borrower, Crystal and Target and addressed to the Bank Parties.

"EXCEPTIONAL ITEMS" has the meaning given to that term in FRS3, but excluding those items listed in paragraph 20 of FRS3.

"EXTRAORDINARY ITEMS" has the meaning given to that term in FRS3, but including those items listed in paragraph 20 of FRS3.

"EXTRAORDINARY PROCEEDS" means any proceeds (other than Disposal Proceeds) received in cash of any transaction otherwise than in the ordinary course of trading of a Group Company (including the proceeds of any claim for breach of warranty or contract in respect of the Acquisition Documents and any insurance proceeds not applied to reinstate property in accordance with the Security Documents).

"EXTRAORDINARY PROCEEDS ACCOUNT" has the meaning given to that term in Clause 8.4(b).

"FACILITIES" means the Term Loan Facility, the Revolving Credit Facility and the Ancillary Facility; and "FACILITY" shall be construed accordingly.

"FEES LETTER" means the letter dated the same date as this Agreement from the Bank to the Borrower relating to certain fees payable to the Bank by the Borrower in relation to this Agreement, being described on its face as the "Fees Letter".

"FFE CONTRACT" means a forward foreign exchange contract made or to be made between the Bank and the Borrower.

"FFE CONTRACT AMOUNT" means, in relation to an FFE Contract:

(a) if under that FFE Contract the Borrower is obliged to pay an amount in Sterling, that amount; and

(b) if under that FFE Contract the Borrower is obliged to pay an amount in a currency other than Sterling, the equivalent in Sterling of that amount (where the equivalent is calculated by reference to the Bank's spot rate at or about 11.00 a.m. on the day the calculation falls to be made for the purchase of Sterling with that currency).

"FINAL MATURITY DATE" means in relation to both the Term Loan Facility and the Revolving Credit Facility, 31st January 2005 (or if not a Business Day the next preceding Business Day).

"FINANCE LEASE" means any lease, hire agreement, credit sale agreement, hire purchase agreement, conditional sale agreement or instalment sale and purchase agreement which

should be treated in accordance with SSAP 21 (or any successor to SSAP 21) as a finance lease or in the same way as a finance lease.

"FINANCE LEASE EXPENDITURE" means the capital value of any asset the subject of a Finance Lease to which a Group Company is a party.

"FINANCIAL GUARANTEE" means a Guarantee being a direct credit substitute to which the Bank of England attributes a credit conversion factor of 100 per cent. for the purpose of risk asset weighting calculations in accordance with its notice "Implementation in the United Kingdom of the Solvency Ratio Directive" (BSD/1990/3) as amended, supplemented or replaced from time to time.

"FINANCIAL YEAR", in relation to a company, has the meaning given to that expression in section 223 of the Act.

"FINANCING DOCUMENTS" means this Agreement, the Fees Letter, the Interest Rate Protection Agreements, the Security Documents and the Amendment and Restatement Agreement dated 27th March 2000 between the parties hereto.

"FRS" together with a number means the financial reporting standard issued by the Accounting Standards Board for application in England and Wales and identified by reference to that number.

"GAAP" means, in relation to a company, accounting principles, concepts, bases and policies generally adopted and accepted in England and Wales.

"GROSS OPTIONAL OVERDRAFT LIMIT" means (pound)18,000,000 or such lower figure as the Bank may specify.

"GROSS OVERDRAFT OUTSTANDINGS" means all amounts outstanding by way of overdraft under the Optional Overdraft Facility.

"GROUP" means the Borrower, the Target and each of their respective Subsidiaries; and "GROUP COMPANY" means any one of them.

"GROUP TRADING AGREEMENTS" means the Cott Supply Agreement, the Retail Brands Management Agreement and the Crystal Lease Agreements.

"GUARANTEE" means any guarantee, bond, indemnity, letter of credit, documentary or other credit, or any other instrument of suretyship or payment, issued, undertaken or made or, as the case may be, proposed to be issued, undertaken or made by the Bank under the Optional Overdraft Facility.

"GUARANTEED AMOUNT" means, in relation to a Guarantee, the maximum aggregate amount of the actual and contingent liabilities of the Bank under that Guarantee.

"HALF YEAR" means each period from and including 1st February to and including 31st July and each period from and including 1st August to and including 31st January.

"HERO IP LICENCE" means the trade mark Licence dated on or about the date of this Agreement between Hero AG and the Borrower relating to certain trade marks of Hero AG.

"HERO LICENCE" means the licence dated on or about the date of this Agreement between Target and the Borrower in respect of the use by the Borrower of the property at Unit 16, Trent Lane, Castle Donington.

"HIVE-UP AGREEMENT" means the sale and purchase agreement dated on or about the date of this Agreement the date of this Agreement relating to the sale by Target and the purchase by the Borrower of the Target Assets and made between Target and the Borrower.

"INDEBTEDNESS" means, in relation to a person, its obligation (whether present or future, actual or contingent, as principal or surety) for the payment or repayment of money (whether in respect of interest, principal or otherwise) incurred in respect of:

(a) moneys borrowed or raised;

(b) any bond, note, loan stock, debenture or similar instrument;

(c) any acceptance credit, bill discounting, note purchase, factoring or documentary credit facility;

(d) the supply of any goods or services which is more than 45 days past the expiry of the period customarily allowed by the relative supplier after the due date;

(e) any Finance Lease;

(f) any guarantee, bond, stand-by letter of credit or other similar instrument issued in connection with the performance of contracts;

(g) any interest rate or currency swap agreement or any other hedging or derivatives instrument or agreement (calculated, in the case of a swap agreement, on a net basis);

(h) any arrangement pursuant to which any asset sold or otherwise disposed of by that person is or may be leased to or re-acquired by a Group Company (whether following the exercise of an option or otherwise); or

(i) any guarantee, indemnity or similar insurance against financial loss given in respect of the obligation of any person.

"INFORMATION PACKAGE" means:

(a) the Accountants' Report;

(b) the Legal Due Diligence Report;

(c) the Market Report;

(d) the Business Plan;

(e) the Valuation;

(f) the Environmental Report; and

(g) the Original Accounts.

"INSTALMENT" has the meaning given to that term in Clause 8.1.

"INSTALMENT REPAYMENT DATE" has the meaning given to that term in Clause 8.1.

"INTELLECTUAL PROPERTY RIGHTS" means all patents, trade marks, service marks, trade names, design rights, copyright (including rights in computer software and moral rights and in published and unpublished work), titles, rights to know-how and other intellectual property rights, in each case whether registered or unregistered and including applications for the grant of any of the foregoing and all rights or forms of protection having equivalent or similar effect to any of the foregoing which may subsist anywhere in the world.

"INTEREST DATE" means the last day of an Interest Period.

"INTEREST PERIOD" means each period determined in accordance with Clause 7 for the purpose of calculating interest on Advances or overdue amounts.

"INTEREST RATE PROTECTION AGREEMENTS" means each agreement entered into or to be entered into by the Borrower with the Bank for the purpose of hedging the Borrower's interest rate liabilities in relation to all or any part of the Term Loan.

"LEGAL DUE DILIGENCE REPORT" means the report entitled "Legal Due Diligence Report" dated on or about the date of this Agreement prepared by Messrs. Hammond Suddards and addressed to the Bank Parties.

"LENDING OFFICE" means, in relation to the Bank, its office at 6-8 Eastcheap, London EC3M 1AE or such other office in the United Kingdom through which the Bank's Commitment is maintained.

"LIBOR" means, in respect of an Advance or other sum and in respect of a particular Interest Period:

(a) the rate of the offered quotation for Sterling deposits for a period comparable to that Interest Period which appears on the display designated as "Page 3750" on the Telerate Service (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of prime banks for Sterling) at or about 11.00
a.m. on the first day of that Interest Period);

(b) if no such offered quotation appears on "Page 3750" on the Telerate Service, the arithmetic mean (rounded upwards to 4 decimal places) of the rates per annum (as quoted to the Bank at its request) at which each Reference Bank was offering deposits in Sterling in an amount comparable with that Advance or other sum, as the case may be, to leading banks in the London interbank market for a period equal to that Interest Period at or about 11.00 a.m. on the first day of that Interest Period.

"LISTING" means the admission of any of the Borrower's shares to the Official List of the London Stock Exchange Limited or any other recognised investment exchange (as defined in section 207 of the Financial Services Act 1986) and their respective share dealing markets.

"LOANS" means the Term Loan and the Revolving Loan; and "LOAN" shall be construed accordingly.

"MANAGEMENT" means Neil Thompson, Gary Saunders, Brian Mackie and Chris Birrell.

"MANAGEMENT ACCOUNTS" has the meaning given to that term in Clause 14.1(b).

"MANDATORY COST RATE" means the rate determined in accordance with Schedule 4.

"MARGIN" means, subject to Clause 7.2, 2.00 per cent. per annum.

"MARKET REPORT" means the market due diligence reports prepared by OC&C Strategy Consultants:

(a) dated 27th October 1997 and 13th November 1997 addressed to the Bank Parties; and

(b) dated 15th September 1997 addressed to the Borrower,

each in respect of the Target.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the ability of any Group Company to comply with its obligations under any Financing Document or (b) the business, financial condition or assets of the Group taken as a whole.

"NET PROFIT" means, in relation to any period, the consolidated profit of the Group for that period (including, for the avoidance of doubt, Exceptional Items and Extraordinary Items) after Taxation and Total Debt Costs and not taking into account any management charges (other than under the Retail Brands Management Agreement) up to (pound)1,000,000 per annum (pro rata for any other period) payable by the Borrower or any other Group Company to Cott or any other member of the Cott Group (not being a Group Company).

"OPERATING BUDGET" means, in relation to the Group and the period starting not later than the date of this Agreement and ending on 31st January 1998, the Business Plan, and in relation to each successive 12 month period thereafter during the Security Period:

(a) a projected balance sheet;

(b) a projected profit and loss account;

(c) a projected cash flow statement; and

(d) projected covenant calculations relating to each financial undertaking contained in Clause 14.4,

relative to each such period and on a month by month basis and with the Management's commentary drawing on the performance in the previous period.

"OPTIONAL OVERDRAFT FACILITY" means the optional overdraft facility referred to in Clause 6 under which overdrafts may be made available by the Bank to the Borrower.

"OPTIONAL OVERDRAFT LIMIT" means (pound)13,000,000 or such lower figure as the Bank may specify.

"ORIGINAL ACCOUNTS" means:

(a) the Accounts of the Borrower for its Financial Year ended 31st January 1997; and

(b) the Accounts of the Target for its Financial Year ended 31st December 1996.

"OVERDRAFT OUTSTANDINGS" means all amounts outstanding by way of overdraft under the Optional Overdraft Facility (net of any credit balance on any account of the Borrower with the Bank to the extent that such credit balance is freely available to be set off by the Bank against liabilities owed to the Bank by the Borrower).

"PARENT LOAN" means a loan of (pound)4,000,000 from the Borrower to Cott Retail Brands Limited.

"PARTICIPATION AGREEMENT" means an agreement which the Bank may enter into granting participation in the facilities provided by this Agreement to other banks.

"PARTY" means a party to this Agreement.

"PBIT" means, in relation to any period, the consolidated profit of the Group for that period (including, for the avoidance of doubt, Exceptional Items) before Taxation and Total Debt Costs, but taking into account, for the avoidance of doubt, all restructuring costs and credits including any Distribution Restructuring Costs but excluding:

(a) all restructuring costs and credits charged in the Financial Year ended 31 December 1999 and all restructuring costs (other than any Distribution Restructuring Costs) up to the Restructuring Costs Limit incurred in the Financial Year ended 31 December 2000 only;

(b) profit attributable to minority interests;

(c) Extraordinary Items;

(d) any profit or loss arising on the disposal of fixed assets;

(e) any amount amortised in respect of Acquisition Costs in accordance with FRS4;

(f) amounts written off the value of investments;

(g) amounts written off the value attributed to Acquisition Goodwill;

(h) income from participating interests in associated undertakings and income from any other fixed asset investment;

(i) realised and unrealised exchange gains and losses; and

(j) all management charges (other than under the Retail Brands Management Agreement) up to (pound)1,647,000 in respect of the year ending 31 December 1999 and up to (pound)1,000,000 per annum (pro rata for any other period) thereafter

payable by the Borrower and any other Group Company to Cott or any other members of the Cott Group (not being a Group Company).

"PBITDA" means, in relation to any period, the aggregate of:

(a) PBIT;

(b) Depreciation charged to the consolidated profit and loss account of the Group; and

(c) amounts written off the value of Acquisition Goodwill and any amount amortised in respect of Acquisition Costs to the extent charged to the consolidated profit and loss account of the Group in accordance with FRS 4.

"PERMITTED ENCUMBRANCE" means:

(a) any Encumbrance created under the Financing Documents;

(b) any right of set-off or lien, in each case arising by operation of law;

(c) any retention of title to goods supplied to the Borrower in the ordinary course of its trading activities;

(d) any right of set-off over credit balances on bank accounts of Group Companies arising in the ordinary course of the banking arrangements of the Group;

(e) any agreement entered into by the Borrower in the ordinary course of its trading activities to sell or otherwise dispose of any asset on terms whereby that asset is or may be leased to or re-acquired or acquired by a Group Company;

(f) any Encumbrance over an asset of a company which becomes a Subsidiary of the Borrower (other than by reason of its incorporation) after the date of this Agreement, being an Encumbrance which is in existence at the time at which that company becomes such a Subsidiary but only if
(i) that Encumbrance was not created in contemplation of that company becoming such a Subsidiary, (ii) the principal amount secured by that Encumbrance has not been and shall not be increased and (iii) that Encumbrance is discharged within 6 months of the date on which that company became such a Subsidiary;

(g) any Encumbrance over an asset acquired by the Borrower after the date of this Agreement and subject to which that asset is acquired but only if (i) that Encumbrance was not created in contemplation of its acquisition by that company, (ii) the amount secured by that Encumbrance has not been increased in contemplation of, or since the date of, its acquisition by that company and (iii) that Encumbrance is discharged within 6 months of the date of its acquisition by that company.

"PERMITTED INDEBTEDNESS" means:

(a) Indebtedness under any Financing Document;

(b) Indebtedness existing at the date of this Agreement between Group Companies;

(c) Indebtedness under any Finance Lease permitted under Clause 14.4.1(f);

(d) Indebtedness (subject to Clause 14.3(f)) of any Group Company to a Cott Group Company;

(e) Indebtedness of any Group Company to the extent it is the subject of a Guarantee;

(f) Indebtedness in respect of Deferred Consideration; and

(g) three forward contracts entered into by Target and in existence on the date of this Agreement for values of $850,000, DM459,177 and DM300,000.

"POST RESTRUCTURING PBIT" means, in relation to any period, PBIT but calculated on the basis that all restructuring costs are taken into account and included in calculating such PBIT and including in the calculation of PBIT any amounts amortised in respect of Acquisition Costs in accordance with FRS4 and amounts written off the value attributed to Acquisition Goodwill.

"POTENTIAL DEFAULT" means an event or omission which, with the giving of any notice, the lapse of time, the determination of materiality or the satisfaction of any other condition under Clause 15.1, would be a Default.

"PROPERTIES" means all freehold and leasehold properties listed in Schedule 7.

"QUALIFYING BANK" means an institution which is a bank for the purposes of section 349 of the Income and Corporation Taxes Act 1988.

"QUARTER" means each period of 3 months ending on a Quarter Date.

"QUARTER DATE" means each 31st March, 30th June, 30th September and 31st December.

"QUARTERLY ACCOUNTING PERIOD" means the three Accounting Periods ending on or about a Quarter Date.

"RBS" means The Royal Bank of Scotland PLC.

"REFERENCE BANKS" means the Bank and RBS and/or such other bank or banks which represent the Bank Participants as may be agreed between the Bank and the Borrower from time to time.

"RESERVATIONS" means the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court, the limitation of enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors, the time barring of claims under the Limitation Act 1980, the possibility that an undertaking to assume liability for or to indemnify against non-payment of United Kingdom stamp duty may be void, defences of set-off or counterclaim and similar principles.

"RESTRUCTURING COSTS LIMIT" means (pound)1,300,000 less any amount by which actual restructuring costs and credits for the Financial Year ended 31 December 1999 on a net basis are less than (pound)534,000 in credit.

"RETAIL BRANDS MANAGEMENT AGREEMENT" means the management agreement dated on or about the date of this Agreement between the Borrower, Cott Europe Trading Limited and Cott Retail Brands Limited.

"RETENTION" has the meaning given to that term in the Share Purchase Agreement.

"REVOLVING ADVANCE" means an advance made or to be made to the Borrower under the Revolving Credit Facility or, as the case may be, the outstanding principal amount of any such advance.

"REVOLVING CREDIT COMMITMENT" means, in relation to the Bank,
(pound)13,000,000.

"REVOLVING CREDIT COMMITMENT PERIOD" means the period from and including the date of this Agreement to but excluding the Final Maturity Date.

"REVOLVING CREDIT FACILITY" means the Sterling revolving loan facility referred to in Clause 2.1.1(b).

"REVOLVING CREDIT FACILITY LIMIT" means, subject to Clause 9,(pound)13,000,000.

"REVOLVING LOAN" means, at any time, all Revolving Advances at that time.

"ROYAL CROWN" means Royal Crown Cola Corporation.

"ROYAL CROWN CONTRACT" means the agreement whose terms are set out in a letter dated 28th January 1994 from Royal Crown to Cott and BCB International Limited.

"SALE" means the sale of the whole of the issued share capital of the Borrower to a single purchaser or to one or more purchasers as part of a single transaction.

"SECURITY DOCUMENTS" means:

(a) the Debenture; and

(b) any guarantee and any document creating security executed and delivered after the date of this Agreement as security for any of the obligations and liabilities of the Borrower and the other Group Companies under any Financing Document.

"SECURITY PERIOD" means the period starting on the date of this Agreement and ending on the date on which all of the obligations and liabilities of the Group Companies under each Financing Document are discharged in full, and the Bank has no continuing obligation in relation to the Facilities.

"SHARE PURCHASE AGREEMENT" means the sale and purchase agreement dated on or before the date of this Agreement relating to the sale and purchase of the Target Shares and the Target Debt and made between the Vendors and the Borrower.

"SSAP" together with a number means the statement of standard accounting practice issued by the Institute of Chartered Accountants for application in England and Wales and identified by reference to that number.

"SUBORDINATED LOANS" means any non-interest bearing subordinated loans to the extent permitted by the Cott Notes Documents and made by Cott (or any other member of the Cott Group other than a Group Company) to the Borrower on terms approved by the Bank in writing.

"SUBSIDIARY" means a subsidiary within the meaning of Section 736 of the Act.

"TANGIBLE NET WORTH" means, on any date, the aggregate amount of the paid up share capital of the Borrower as at that date including amounts standing to the credit of the share premium account and any capital redemption reserves plus or minus, as the case may be, the aggregate amount standing in the Borrower's capital and revenue reserves (on a consolidated basis) as at that date:

(a) adjusted as may be appropriate to take account of any variation in that share capital account and share premium account since the date to which such accounts shall have been made up;

(b) deducting any amounts attributable to any intangible asset included as an asset in the Borrower's latest consolidated balance sheet excluding amounts attributable to Acquisition Goodwill;

(c) excluding any capital accounts or reserves derived from any writing up of book value of any assets of any Group Company above historic cost less accumulated Depreciation at any time after Completion;

(d) adding back any diminution due to the writing off of Acquisition Goodwill;

(e) excluding any minority interest arising on consolidation;

(f) including exchange gains and losses arising on consolidation accounted for through reserves in accordance with SSAP 20;

(g) adding back any finance or issue costs arising from the transactions contemplated by the Transaction Documents to which any Group Company is a party, in accordance with FRS4, to the extent that they have been written off against either the capital or revenue reserves; and

(h) adding or deducting, as the case may be, any credit or any debit balance on the Borrower's consolidated profit and loss account (but not to the extent that the same arises as a result of any Extraordinary Items) attributable to the period in relation to which the calculation falls to be made;

(i) deducting any amount set aside for Tax or deferred Tax;

(j) adding an amount equal to the cumulative interest charged from completion to the Borrower's consolidated profit and loss account in respect of the Deferred Consideration as at that date (before and after payment of the Deferred Consideration); and

(k) including any amount equal to the principal amount of any Subordinated Loans;

in each case, without double counting.

"TARGET" means Hero Drinks Group (UK) Limited, a company incorporated under the laws of England and Wales with registered number 340485.

"TARGET ASSETS" means the Assets (as defined in the Hive-Up Agreement).

"TARGET DEBT" means the Existing Group Loan Stock as defined in the Share Purchase Agreement.

"TARGET SHARES" means all of the issued share capital of the Target.

"TARGET SUBORDINATED LOAN NOTES" means the notes issued by the Borrower to Target and subordinated to the Bank.

"TAXES" includes all present and future taxes, charges, imposts, duties, levies, deductions, withholdings or fees of any kind whatsoever, or any amount payable on account of or as security for any of the foregoing, by whomsoever on whomsoever and wherever imposed, levied, collected, withheld or assessed, together with any penalties, additions, fines, surcharges or interest relating thereto; and "TAX" and "TAXATION" shall be construed accordingly.

"TERM ADVANCE" means the advance made or to be made to the Borrower under the Term Loan Facility or, as the case may be, the outstanding principal amount of that advance, and each advance into which a Term Advance is split pursuant to Clause 7.3.4.

"TERM LOAN" means, at any time, the aggregate of all Term Advances outstanding at that time.

"TERM LOAN COMMITMENT" means, in relation to the Bank, (pound)49,000,000.

"TERM LOAN FACILITY" means the term loan facility referred to in Clause 2.1.1(a).

"TOTAL DEBT COSTS" means, in relation to any period, all interest, commissions, periodic fees and other financing charges payable (including any premium payable in respect of interest rate protection agreements) by the Group Companies during that period (including the interest element payable under any Finance Lease) less any interest receivable in respect of cash balances, less any sums receivable or plus any sums payable by the Borrower under any interest rate protection agreement of whatever description during that period and for the avoidance of doubt excluding (i) any fees and commission paid in relation to the acquisition of the Target Shares, the Target Debt and/or the Target Assets and (ii) any amounts amortised on finance costs arising from the acquisition of the Target Shares and/or the Target Assets in accordance with FRS4 and (iii) any interest charged to the profit and loss account (but not paid in cash) in respect of the Deferred Consideration.

"TOTAL FUNDING COSTS" means, in relation to any period, the aggregate of:

(a) Total Debt Costs for that period;

(b) all scheduled payments of Deferred Consideration falling due during that period;

(c) all scheduled repayments of the Term Loan and all repayments and/or prepayments of the Term Loan required to be made under Clause 8 falling due

during that period (including in respect of the relevant period the amount paid on 30th April 1999);

(d) in respect of the Financial Year ended 31st December 2000 only, the
(pound)10,000,000 prepayment made on 30th December 1999 which for this purpose shall be treated as having been made on 10th January 2000; and

(e) the capital element of all rentals or, as the case may be, other payments payable in that period under any Finance Lease entered into by any Group Company.

"TRANSACTION DOCUMENTS" means, in relation to a Group Company, each of the following documents to which it is a party: the Financing Documents, the Group Trading Agreements and the Acquisition Documents.

"2005 INDENTURE" means the indenture dated as of 27 June 1995 executed by Cott in respect of certain 9-3/8% senior notes due 2005.

"VALUATION" means the valuation report prepared by King Sturge & Co. dated 29th October 1997 in respect of the Properties numbered 1, 2, 3 and 4 in Schedule 7 below and addressed to the Bank Parties.

"VAT" means value added tax as provided for in the Value Added Tax Act 1994 and legislation (or purported legislation and whether delegated or otherwise) supplemental to that Act or in any primary or secondary legislation promulgated by the European Community or any official body or agency of the European Community, and any tax similar or equivalent to value added tax imposed by any country other than the United Kingdom and any similar or turnover Tax replacing or introduced in addition to any of the same.

"VAT GROUP" means, in respect of a person, its "group" within the meaning of section 43 of the Value Added Tax Act 1994.

"VENDOR COLLATERAL ACCOUNT" means the Borrower's account with the Bank entitled "LTSB plc re Cott Beverages Ltd".

"VENDORS" means Renshaw Scott Limited and Hero AG.

"VENDORS' DISCLOSURE LETTER" has the meaning given to the term "Disclosure Letter" in the Share Purchase Agreement.

"VIRGIN SUPPLY AGREEMENT" means the sourcing agreement made between Cott and the Virgin Cola Company Limited dated 28th October 1994 under which the Borrower is classified as a "Cott Related Party".

1.2 HEADINGS

The headings in this Agreement are for convenience only and shall be ignored in construing this Agreement.

1.3 INTERPRETATION

1.3.1 In this Agreement (unless otherwise provided):

(a) words importing the singular shall include the plural and vice versa;

(b) references to Clauses and Schedules are to be construed as references to the clauses of, and schedules to, this Agreement;

(c) references to any Financing Document or any other document shall be construed as references to that Financing Document or that other document, as amended, varied, novated or supplemented, as the case may be;

(d) references to any statute or statutory provision include any statute or statutory provision which amends, extends, consolidates or replaces the same, or which has been amended, extended, consolidated or replaced by the same, and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;

(e) references to a document being "IN THE AGREED FORM" means that document the form and content of which has been approved by the Bank;

(f) references to "ASSETS" shall include revenues and the right to revenues and property and rights of every kind, present, future and contingent and whether tangible or intangible (including uncalled share capital);

(g) the words "INCLUDING" and "IN PARTICULAR" shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any foregoing words;

(h) the words "OTHER" and "OTHERWISE" shall not be construed ejusdem generis with any foregoing words where a wider construction is possible;

(i) references to a "PERSON" shall be construed so as to include that person's assigns, transferees or successors in title and shall be construed as including references to an individual, firm, partnership, joint venture, company, corporation, unincorporated body of persons or any state or any agency of a state;

(j) where there is a reference in this Agreement to any amount, limit or threshold specified in Sterling, in ascertaining whether or not that amount, limit or threshold has been attained, broken or achieved, as the case may be, a non-Sterling amount shall be counted on the basis of the equivalent in Sterling of that amount using the Bank's relevant spot rate of exchange;

(k) accounting terms shall be construed so as to be consistent with GAAP; and

(l) references to time are to London time.

1.3.2 For the purposes of Clause 7.2 (Margin Ratchet) and Clause 14.4 (financial undertakings) and the related definitions, the (pound)10,000,000 paid by Cott to the Borrower on 30th December 1999 shall be deemed to have been received by the Borrower on 10th January 2000 or, if later, on the date the payment is applied by way of subscription for fully paid up ordinary share capital of the Borrower (but without prejudice to any Default which shall occur by virtue of Clause 15.1(u) (New Capital Injection)).

2. FACILITIES

2.1.1 Subject to the terms of this Agreement the Bank agrees to make the following facilities available to the Borrower:

(a) a Sterling term loan facility in the maximum principal amount of(pound)49,000,000;

(b) a Sterling revolving loan facility in the maximum principal amount of(pound)13,000,000 incorporating an optional overdraft facility; and

(c) the Ancillary Facility in the maximum principal amount of(pound)7,500,000.

2.1.2 Notwithstanding any other term of this Agreement:

(a) the Term Loan shall not, at any time, exceed the Term Loan Commitment; and

(b) the aggregate of (i) all Revolving Advances and (ii) the Overdraft Outstandings shall not, at any time, exceed the Revolving Credit Commitment.

(c) the aggregate of all Ancillary Outstandings shall not, at any time, exceed the Ancillary Limit.

3. PURPOSE

3.1 PURPOSE OF THE TERM LOAN FACILITY

The proceeds of the Term Loan Facility shall only be used to pay amounts required to be paid by the Borrower in connection with the acquisition of the Target namely:

(a) the consideration payable to the Vendors by the Borrower for the Target Shares and the Target Debt purchased by it pursuant to the Share Purchase Agreement; and

(b) the Acquisition Costs.

3.2 PURPOSE OF THE REVOLVING CREDIT FACILITY

3.2.1 The proceeds of Revolving Advances shall only be used:

(a) to fund the working capital requirements of the Borrower from time to time (and, for the avoidance of doubt, not (i) to make prepayments of the Term Loan, (ii) to finance the making of any loan to any Cott Group Company or (iii) to finance the payment of any dividend or other distribution in respect of the Borrower's share capital);

(b) to repay maturing Revolving Advances; and

(c) to enable the Borrower to comply with its obligations under any of Clauses 15.2.2, 15.2.3 and 15.2.4 following demand by the Bank.

3.2.2 The Optional Overdraft Facility shall only be used for the purposes specified in Clause 3.2.1(a).

3.3 PURPOSE OF ANCILLARY FACILITY

The Ancillary Facility shall only be used for the purposes specified in Clause 3.2.1(a) and, in the case of FFE Contracts, for the purpose of hedging against foreign exchange rate exposure arising in the ordinary course of trading by the Borrower.

3.4 UNDERTAKING BY THE BORROWER

The Borrower undertakes that it will only utilise the Facilities as permitted by this Clause 3.

3.5 NO LIABILITY

The Bank shall not be concerned as to the use or application of the proceeds of the Advances or the use or applications of amounts made available under any Facility.

4. CONDITIONS PRECEDENT

4.1 CONDITIONS PRECEDENT

Notwithstanding any other term of this Agreement, the Bank shall not be under any obligation to make the Facilities available to the Borrower unless it has notified the Borrower that all the conditions set out in Schedule 1 have been satisfied on or prior to 21st November 1997.

4.2 CONFIRMATION OF SATISFACTION

The Bank shall, at the request of the Borrower, certify whether or not any one or more of the conditions set out in Schedule 1 have been satisfied or, as the case may be, waived.

5. TERM LOAN FACILITY AND REVOLVING CREDIT FACILITY

5.1 DRAWDOWN OF TERM LOAN FACILITY

Subject to the other terms of this Agreement, the Term Loan Facility shall be drawn down in one Term Advance of (pound)49,000,000 at Completion when requested by the Borrower by means of a Drawdown Notice in accordance with Clause 5.4.

5.2 UTILISATION OF REVOLVING CREDIT FACILITY

5.2.1 Subject to the other terms of this Agreement, Revolving Advances shall be made to the Borrower at any time during the Revolving Credit Commitment Period when requested by the Borrower by means of a Drawdown Notice in accordance with Clause 5.4. At close of business on the last day of the Revolving Credit Commitment Period the Revolving Credit Facility shall cease to be available for utilisation.

5.2.2 No utilisation of the Revolving Credit Facility may be made unless the Term Advance has been made.

5.2.3 The following limitations apply to Revolving Advances:

(a) the Drawdown Date of a Revolving Advance shall be a Business Day during the Revolving Credit Commitment Period;

(b) the principal amount of a Revolving Advance shall be:

(i) a minimum amount of(pound)250,000 and an integral multiple of(pound)50,000; or

(ii) the amount of the Available Revolving Credit Facility;

(c) no Revolving Advance shall be made if the making of that Revolving Advance would result in the aggregate of all Revolving Advances exceeding the Revolving Credit Facility Limit; and

(d) no more than 5 Revolving Advances may be outstanding at any one time.

5.2.4 The Borrower shall ensure that for a period of at least 10 successive days in each of its Financial Years there are no Revolving Advances and no Overdraft Outstandings outstanding (on a net basis in relation to any net facilities).

5.2.5 Without prejudice to Clause 15, if the Bank gives notice to the Borrower at any time to cancel the Revolving Credit Facility pursuant to this Clause 5.2.5, the Revolving Credit Facility Limit shall (except to the extent the Bank specifies any smaller reductions and/or later dates in writing (in which case such smaller reductions and/or later dates shall apply)) be automatically reduced by the amount set out in Column 1 below at 11.00 a.m. on the date set out opposite such amount in Column 2 below:-

Column 1 (Amount of Reduction)	Column 2 (Date)
(pound)5,000,000	45th day after notice given to Borrower
(pound)5,000,000	90th day after notice given to Borrower
Amount of the Revolving Credit Facility Limit	120th day after notice given to Borrower

For the avoidance of doubt, Clause 9.1.2 shall apply in respect of any such cancellation.

5.3 CONDITIONS TO EACH ADVANCE

5.3.1 Subject to Clause 5.3.2, the obligation of the Bank to make an Advance is subject to the conditions that on the date on which the relevant Drawdown Notice is given and on the relevant Drawdown Date:

(a) the representations and warranties in Clause 13 to be repeated on those dates are correct and will be correct immediately after the Advance is made; and

(b) no Default or Potential Default has occurred and is continuing or would occur on the making of the Advance.

5.3.2 In respect of a Revolving Advance to be made for the sole purpose of repaying an outstanding Revolving Advance (or an amount of Overdraft Outstanding) in a matching amount, the Revolving Advance shall be made, notwithstanding the occurrence and continuation of a Default or a Potential Default or any of the representations and warranties to be repeated not being correct, unless the Bank shall have served a Default Notice.

5.4 DRAWDOWN NOTICE

5.4.1 Whenever the Borrower wishes to draw down an Advance, it shall give a duly completed Drawdown Notice to the Bank to be received not later than 11.00 a.m. on the first Business Day before that Drawdown Date.

5.4.2 A Drawdown Notice shall be irrevocable and the Borrower shall be obliged to borrow in accordance with its terms.

6. THE OPTIONAL OVERDRAFT FACILITY AND THE ANCILLARY FACILITY

6.1 NATURE OF FACILITIES

6.1.1 The Optional Overdraft Facility forms part of the Revolving Credit Facility and, subject to the terms of this Agreement, shall be available for utilisation by the Borrower, provided that, without prejudice to the continued operation of the Revolving Credit Facility, the Optional Overdraft Facility may be terminated and cancelled by the Bank at any time.

6.1.2 The Optional Overdraft Facility shall be made available by the Bank in a maximum amount equal to the Optional Overdraft Limit. Prior to the Optional Overdraft Facility being terminated, the Bank shall not transfer or assign any of its Revolving Credit Commitment if the relevant transfer or assignment would result in it ceasing to have a Revolving Credit Commitment at least equal to the Optional Overdraft Limit.

6.1.3 The Ancillary Facility shall be subject to the terms of this Agreement and a separate facility letter agreed between the Borrower and the Bank which may be varied and amended from time to time.

6.1.4 The Ancillary Facility shall be made available by the Bank in a maximum amount equal to the Ancillary Limit.

6.1.5 Each of the Optional Overdraft Facility and the Ancillary Facility shall cease to be available on the Final Maturity Date for the Revolving Credit Facility or such earlier date on which it is cancelled in accordance with the terms of this Agreement.

6.1.6 The Borrower shall complete such mandate and other like documents in respect of the Optional Overdraft Facility and the Ancillary Facility as the Bank may reasonably require.

6.1.7 The Bank may specify sub-limits from time to time at its discretion on the different types of accommodation available under the Ancillary Facility.

6.2 UTILISATION OF OPTIONAL OVERDRAFT FACILITY

6.2.1 Subject to the terms of this Agreement, the Bank agrees to make the Optional Overdraft Facility available on a revolving basis to the Borrower to be utilised on any Business Day

by way of overdraft on usual banking terms including a term that amounts outstanding by way of overdraft are repayable on demand.

6.2.2 No utilisation of the Optional Overdraft Facility under Clause 6.2.1 shall be made if it would result in:

(a) the aggregate of (i) all Revolving Advances and (ii) the Overdraft Outstandings exceeding the Revolving Credit Facility Limit;

(b) the Overdraft Outstandings exceeding the Optional Overdraft Limit; or

(c) the Gross Overdraft Outstandings exceeding the Gross Optional Overdraft Limit.

6.2.3 For the avoidance of doubt, the Bank may, without liability, return cheques unpaid if the payment of those cheques would result in a breach of Clause 6.2.2.

6.3 UTILISATION OF ANCILLARY FACILITY

6.3.1 Subject to the terms of this Agreement, the Bank agrees to make available the Ancillary Facility on a revolving basis to the Borrower to be utilised on any Business Day:

(a) by way of issue of Guarantees up to an aggregate maximum face amount of(pound)1,000,000;

(b) by way of FFE Contracts;

(c) by way of such other facilities or financial accommodation as the

Bank and the Borrower may agree.

6.3.2 No utilisation of the Ancillary Facility under Clause 6.3.1 shall be made if it would result in the Ancillary Outstandings exceeding the Ancillary Limit.

6.3.3 For the avoidance of doubt, Interest Rate Protection Agreements shall not be and shall not be deemed to be part of the Ancillary Facilities.

6.4 FFE CONTRACTS

6.4.1 An FFE Contract shall:

(a) be on the usual terms of the Bank;

(b) be of a duration of not more than 12 months;

(c) be on terms that the Bank shall have no obligation to make payments under it at any time after the Final Maturity Date unless the Bank (in its sole discretion and upon such terms as it requires) agrees otherwise; and

(d) only be entered into on a Business Day.

6.4.2 All obligations and liabilities owing to the Bank under or in respect of an FFE Contract shall be deemed to be obligations and liabilities owing to the Bank under this Agreement.

6.5.1 The Bank shall not be obliged to issue any Guarantee unless it has approved the form of the proposed Guarantee.

6.5.2 No Guarantee shall be issued under which a claim could be made at a time after the Final Maturity Date unless the Bank (in its sole discretion and upon such terms as it requires) agrees otherwise.

6.5.3 Each Guarantee shall be denominated in Sterling and shall state on its face the maximum amount payable under it and its expiry date.

6.5.4 A Guarantee shall only be issued by the Bank on a Business Day.

6.6 COUNTER INDEMNITY FROM THE BORROWER

6.6.1 The Borrower shall:

(a) indemnify the Bank and keep the Bank indemnified from and against all actions, suits, proceedings, claims, demands, liabilities, damages, costs, expenses, losses and charges in relation to or arising out of any Guarantee issued on its behalf; and

(b) pay to the Bank on demand the amount of all payments made (whether directly or by way of set-off, counterclaim or otherwise) and all losses, costs and expenses suffered or incurred by the Bank under or by reason of each such Guarantee.

6.6.2 The Bank is irrevocably authorised by the Borrower to comply with the terms of any demand served or purporting to be served on the Bank pursuant to any Guarantee without any reference to, or further authority from, the Borrower and without any enquiry into the justification for that demand or its validity. Any payment which the Bank shall make in accordance or purporting to be in accordance with such a demand shall be binding on the Borrower and be accepted by the Borrower as conclusive and binding evidence that the Bank was liable to comply with the terms of such demand and was liable to do so in the manner and for the amount in which the Bank effected such compliance.

6.6.3 The liability of the Borrower under this Clause 6.6 shall not be discharged, lessened or impaired by any time being given or by anything being done or other circumstance whatsoever which, but for this provision, would or might operate to exonerate or discharge the Borrower.

6.6.4 The indemnity contained in this Clause 6.6 shall constitute and be a continuing security to the Bank and shall extend to each Guarantee as it may be varied, modified, amended or extended.

6.7 INTEREST ON PAYMENTS

The Borrower shall pay interest on the amount of each payment, loss, cost and expense made, suffered or incurred by the Bank under or by reason of any Guarantee issued on its behalf from and including the date upon which such payment, loss, cost or expense is made, suffered or incurred up to and including the date upon which payment or reimbursement of such amount is demanded from the Borrower. The amount of such

interest shall be calculated in accordance with Clause 7.4. For the avoidance of doubt, interest on sums demanded under Clause 6.6 shall also accrue in accordance with Clause 7.4.

7. INTEREST

7.1 INTEREST RATE

Interest shall accrue on each Advance from and including the relevant Drawdown Date to but excluding the date the Advance is repaid at the rate

determined by the Bank to be the aggregate of:

(a) the Margin;

(b) LIBOR; and

(c) the Mandatory Cost Rate.

7.2 MARGIN RATCHET

7.2.1 In respect of each Quarter beginning after 31st December 1999, the Margin shall reduce or increase in accordance with the other provisions of this Clause 7.2, provided that the Margin shall at no time be greater than 2.00 per cent. per annum or less than 1.25 per cent. per annum.

7.2.2 In this Clause 7.2, "RELEVANT FINANCIAL PERIOD" means, in relation to a Quarter, the 12 month period ending on the Quarter Date falling immediately before the beginning of that Quarter.

7.2.3 Subject to the other provisions of this Clause 7.2, in respect of a Quarter, the Margin shall be 1.75 per cent. per annum if the ratio of Debt: Post Restructuring PBIT for the Relevant Financial Period is less than 3.25:1.

7.2.4 Subject to the other provisions of this Clause 7.2, in respect of a Quarter, the Margin shall be 1.5 per cent. per annum if the ratio of Debt: Post Restructuring PBIT for the Relevant Financial Period is less than 2.75:1.

7.2.5 Subject to the other provisions of this Clause 7.2, in respect of a Quarter, the Margin shall be 1.25 per cent. per annum if the ratio of Debt: Post Restructuring PBIT for the Relevant Financial Period is less than 2.50:1.

7.2.6 In relation to a Quarter, for the purpose of this Clause 7.2, any reduction or increase in the Margin shall be determined on the day immediately following receipt by the Bank of the Management Accounts for the Accounting Period ending on or about the Quarter Date occurring at the end of that Quarter. Any reduction or increase shall, subject to Clause 7.2.8, take effect on the fifth Business Day following receipt by the Bank of those Management Accounts. If the Borrower does not deliver the relevant Management Accounts to the Bank in accordance with the terms of Clause 14.1(b), the Margin shall, as from the date immediately following the last date on which such Management Accounts should have been delivered to the Bank pursuant to Clause 14.1(b) (other than where such non-delivery is beyond the control of the Borrower) until the date once such Management Accounts have been so delivered, be reinstated to 2.00 per cent. per annum.

7.2.7 Where in respect of any Quarter, the Margin has been adjusted on the basis of Management Accounts and the next Accounts delivered to the Bank show that such adjustment should not have been made, the said adjustment shall be cancelled on the next Interest Date to occur after delivery of those Accounts to the Bank and the Borrower and the Bank shall promptly make such payments as may be necessary to put themselves in the position they would have been in if the correct adjustment had originally been made as shown by reference to the Accounts.

7.2.8 Notwithstanding any other term of this Clause 7.2, if a Default has occurred and is continuing, the Margin shall be 2.00 per cent. per annum and any decrease which would otherwise have applied shall not take effect unless and until such Default ceases to be continuing or is waived in writing by the Bank.

7.2.9 Notwithstanding any other term of this Clause 7.2, the maximum reduction in the Margin from one Quarter to the next Quarter shall be 0.25 per cent. per annum.

7.2.10 For the avoidance of doubt, if in respect of any Quarter of the Borrower, none of the conditions set out in Clause 7.2.3 to 7.2.6 (inclusive) are satisfied in relation to the Relevant Financial Period, the Margin for that Quarter shall be 2.00 per cent. per annum.

7.3 INTEREST PERIODS

7.3.1 Interest payable on each Advance shall be calculated by reference to Interest Periods of 1, 3 or 6 months duration (or such other Interest Period as the Bank, may allow) as selected by the Borrower in accordance with this Clause 7.3 provided that each Interest Period ending on or before 30th April 1998 shall be of one month's duration.

7.3.2 The Borrower shall select an Interest Period for a Revolving Advance in the relevant Drawdown Notice. The Borrower may select an Interest Period for a Term Advance in either the Drawdown Notice (in the case of the first Interest Period for that Advance) or (in the case of any subsequent Interest Period for that Advance) by notice received by the Bank no later than 3 Business Days before the commencement of that Interest Period.

7.3.3 In respect of Term Advances, interest shall be calculated by reference to successive Interest Periods. The first Interest Period for a Term Advance shall begin on the Drawdown Date of that Advance. Each succeeding Interest Period for that Advance shall begin on the Interest Date of the previous Interest Period.

7.3.4 The Borrower may, by notice to the Bank at least 3 Business Days before an Interest Date relating to a Term Advance, elect that that Term Advance be split into two or more Term Advances of at least (pound)1,000,000 each (and being multiples of (pound)500,000) or such lesser amount equal to the amount of the Instalment falling due on the next Instalment Repayment Date. Any such notice shall specify the Interest Periods applicable to those Term Advances and shall take effect in accordance with its terms from that Interest Date, provided that there shall not be more than 5 Term Advances outstanding at any one time.

7.3.5 Subject to the other terms of this Agreement, if the Interest Periods for two or more Term Advances end on the same day those Term Advances shall be deemed to be a single Term Advance from that day.

7.3.6 If the Borrower fails to select an Interest Period for an Advance in accordance with Clause 7.3.2, that Interest Period shall, subject to the other provisions of this Clause 7, be 3 months.

7.3.7 If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

7.3.8 If an Interest Period begins on the last Business Day in a calendar month or on a Business Day for which there is no numerically corresponding day in the calendar month in which that Interest Period is to end, it shall end on the last Business Day in that later calendar month.

7.3.9 In respect of Term Advances, the Borrower shall select such Interest Periods to ensure that, on each Instalment Repayment Date, there are Term Advances with an Interest Period ending on that Instalment Repayment Date which are, in aggregate, at least equal to the Instalment due on that Instalment Repayment Date.

7.3.10 If an Interest Period for an Advance would otherwise extend beyond the Final Maturity Date, it shall be shortened so that it ends on the Final Maturity Date.

7.4 DEFAULT INTEREST

7.4.1 If the Borrower fails to pay any amount payable under any Financing Document on the due date, it shall pay default interest on the overdue amount from the due date to the date of actual payment calculated by reference to successive Interest Periods (each of such duration as the Bank may select and the first beginning on the relevant due date) at the rate per annum being the aggregate of (a) 2 per cent. per annum, (b) the Margin, (c) LIBOR and (d) the Mandatory Cost Rate.

7.4.2 So long as the overdue amount remains unpaid, the default interest rate shall be recalculated in accordance with the provisions of this Clause 7.4 on the last day of each such Interest Period and any unpaid interest shall be compounded at the end of each Interest Period.

7.5 INTEREST, COMMISSION AND FEES UNDER THE OPTIONAL OVERDRAFT FACILITY AND ANCILLARY FACILITY

7.5.1 Interest on all amounts outstanding by way of overdraft under the Optional Overdraft Facility shall accrue at the rate per annum which is

the aggregate of:

(a) the Margin; and

(b) the most recently published base rate of the Bank.

7.5.2 Interest under Clause 7.5.1 on amounts outstanding by way of overdraft shall be paid by the Borrower to the Bank on the Bank's usual quarterly charging days and the Final Maturity Date.

7.5.3 In respect of each Guarantee, the Borrower shall pay a commission to the Bank on the Guaranteed Amount of that Guarantee at a rate per annum equal to the Margin. Such commission shall be paid in advance in accordance with the Bank's usual practice.

7.5.4 In respect of each FFE Contract, the Borrower shall pay fees and commissions to the Bank in accordance with the Bank's usual charging scales as notified to the Borrower from time to time for entering into forward foreign exchange contracts.

7.5.5 The Bank may debit all interest, fees and commissions payable by the Borrower under this Clause 7.5 to any account held by the Borrower with the Bank.

7.6 CALCULATION AND PAYMENT OF INTEREST

7.6.1 At the beginning of each Interest Period, the Bank shall notify the Borrower of the duration of the Interest Period and the rate and amount of interest payable for the Interest Period (but in the case of any default interest calculated under Clause 7.4, any such notification need not be made more frequently than weekly).

7.6.2 Interest due from the Borrower under this Agreement shall:

(a) accrue from day to day at the rate calculated under this Clause 7;

(b) except as otherwise provided in this Agreement, be paid by the Borrower to the Bank in arrear on the last day of each Interest Period, provided that for any Interest Period which is for longer than 3 months, the Borrower shall pay interest 3 monthly in arrear during that Interest Period;

(c) be calculated on the basis of the actual number of days elapsed and a 365 day year; and

(d) be payable both before and after judgment.

8. REPAYMENT AND PREPAYMENT

8.1 REPAYMENT OF TERM LOAN

8.1.1 The Borrower shall repay the Term Loan by payment to the Bank on or up to 45 days before each date set out in Column 1 of Part I of Schedule 5 (each date being an "INSTALMENT REPAYMENT DATE") of the amount (each an "INSTALMENT") set out in Column 2 of Part I of Schedule 5 opposite the relevant Instalment Repayment Date (so that the Term Loan is repaid in full on or before the Final Maturity Date).

8.1.2 The Borrower shall make additional repayments ("PERFORMANCE REPAYMENTS") of the Term Loan on the dates and subject to the conditions specified in Part II of Schedule 5 provided that if the relevant date is not an Interest Date of the Term Loan the Borrower shall procure that:-

(a) the relevant Performance Repayment is made on the next Interest Date relating to the Term Loan and to the extent that the Performance Repayment exceeds (after repayment of any Instalment which is repayable on such Interest Date) the amount of the Term Advance(s) whose Interest Date(s) expire on that date, the next succeeding Interest Date(s)); and

(b) pending any such Performance Repayment, an amount equal to the required Performance Repayment is credited to a bank account ("Proceeds Account") held with the Bank.

8.1.3 Each Performance Repayment shall be applied against unpaid Instalments in inverse order to maturity and the Borrower authorises the Bank to apply relevant amounts standing to the

credit of the Proceeds Account in fulfilment of the Borrower's obligations under Clause 8.1.2.

8.1.4 The Borrower shall on or before 31st May 1999 prepay all or part of one or more Term Advances, equal in aggregate to:

(a) in the event that the Required Disposal takes place on or before 31st May 1999, the sum of (pound)3,500,000 minus the amount (if a lesser figure) of Disposal Proceeds in respect of the Required Disposal applied in prepayment (or credited to a Proceeds Account in accordance with Clause 8.3.1(b)) of the Term Loan pursuant to Clause 8.3.1 on or before 31st May 1999; or

(b) in the event that the Required Disposal does not take place on or before 31st May 1999, (pound)2,500,000,

where "REQUIRED DISPOSAL" means a sale of the Property numbered 1 in Schedule 7.

8.1.5 The Borrower shall immediately on receipt pay 50% of the net proceeds of its legal claim relating to the benzene contamination which occurred in 1998 to the Bank in prepayment of the Term Loan and the balance shall be paid into the Borrower's current account with the Bank.

8.1.6 Each prepayment pursuant to Clause 8.1.4 shall be applied against unpaid Instalments in inverse order to maturity and each prepayment pursuant to Clause 8.1.5 shall be applied against unpaid Instalments pro rata.

8.2 REPAYMENT OF REVOLVING ADVANCES

8.2.1 Subject to Clause 8.2.3, each Revolving Advance shall be repaid in full on the Interest Date of the Interest Period relating to that Revolving Advance.

8.2.2 Subject to the terms of this Agreement, any amounts repaid under Clause 8.2.1 may be re-borrowed.

8.2.3 If all or part of an existing Revolving Advance made to the Borrower is to be repaid from the proceeds of all or part of a new Revolving Advance to be made to the Borrower, then, as between the Bank and the Borrower, the amount to be repaid by the Borrower shall be set off against the amount to be advanced by the Bank in relation to the new Revolving Advance and the party to whom the smaller amount is to be paid shall pay to the other party a sum equal to the difference between the two amounts.

8.2.4 Subject to Clauses 8, 10 and 11 the Borrower may not prepay any Revolving Advance before the end of its Interest Period.

8.3 MANDATORY PREPAYMENT OF DISPOSAL PROCEEDS

8.3.1 The Borrower shall procure that:

(a) the Disposal Proceeds of any Disposal (other than those set out in Clause 14.3(b)) made by a Group Company are applied in prepayment of the Term Loan on the next Interest Date relating to the Term Loan (and to the extent that the Disposal Proceeds exceed (after repayment of any Instalment which is

repayable on such Interest Date) the amount of the Term Advance(s) whose Interest Date(s) expire on that date, the next succeeding Interest Date(s)); and

(b) pending any such prepayment, the relevant Disposal Proceeds are credited to the Proceeds Account.

8.3.2 The Borrower authorises the Bank to apply relevant amounts standing to the credit of the Proceeds Account in fulfilment of the Borrower's obligations under Clause 8.3.1(a).

8.4 MANDATORY PREPAYMENT OF EXTRAORDINARY PROCEEDS

The Borrower shall procure that:

(a) all Extraordinary Proceeds of Group Companies are applied in repayment of the Term Loan on each Interest Date for a Term Advance immediately following each date on which the relevant Extraordinary Proceeds are received by a Group Company (and to the extent that the Extraordinary Proceeds exceed (after repayment of any Instalment which is repayable on such Interest Date) the amount of the Term Advance(s) whose Interest Date(s) expire on that date, the next succeeding Interest Date(s)) provided that, for the purposes of this Clause 8.4 no account shall be taken, during any Financial Year of the Borrower, of Extraordinary Proceeds received by the Borrower in that Financial Year which do not exceed(pound)50,000; and

(b) pending any such prepayment, the relevant Extraordinary Proceeds are credited to a bank account (an "EXTRAORDINARY PROCEEDS ACCOUNT") held with the Bank.

8.5 MANDATORY PREPAYMENT ON CHANGE OF CONTROL, SALE OR LISTING

8.5.1 Notwithstanding Clauses 8.1 and 8.2, if so required by the Bank, on any date a Sale or a Listing occurs or the date falling 30 days after any

Change of Control occurs (each a "PREPAYMENT DATE"):

(a) the Term Loan shall be repaid in full;

(b) all Revolving Advances shall be repaid in full; and

(c) any amount outstanding by way of overdraft under the Optional Overdraft Facility shall be repaid in full; and

(d) the Bank's obligations under this Agreement shall be terminated

and its Commitments shall be cancelled.

8.5.2 On a Prepayment Date, the Borrower shall in respect of each Guarantee issued on its behalf:

(a) use its reasonable endeavours to procure the release of the Bank from each such Guarantee; and

(b) without prejudice to paragraph (a) above, pay to the credit of such account as the Bank shall stipulate an amount equal to the Guaranteed Amount of that

Guarantee and charge such account in favour of the Bank in such manner and on such terms as the Bank may stipulate.

8.5.3 On a Prepayment Date, each outstanding FFE Contract shall, if the Bank so specifies, be terminated and closed out. Upon such termination and close-out, the Bank shall determine in good faith the applicable closing gain or loss payable by or to it for the outstanding FFE Contracts, calculated by reference to the netting of the respective amounts in each currency which the Bank is contracted to deliver and receive under all such FFE Contracts. Any amount payable to the Bank or to the Borrower in respect of the FFE Contracts pursuant to this Clause 8.5.3 shall, subject to all rights of set-off, be immediately due and payable upon such termination and close-out.

8.5.4 The Borrower shall give the Bank at least 30 days' prior notice of the date upon which a Sale or Listing is proposed to occur and shall notify the Bank as soon as the Borrower becomes aware that a Change of Control is proposed to occur.

8.5.5 Any prepayment shall be made together with accrued interest on the amount prepaid and any amounts payable under Clause 22.1.

8.6 VOLUNTARY PREPAYMENT OF TERM LOAN

8.6.1 The Borrower may, by giving the Bank not less than 5 Business Days' prior written notice, prepay the whole or part (but if in part, in a minimum amount of (pound)1,000,000 and an integral multiple of (pound)500,000) of any Term Advance at any time, but subject always to Clause 22.

8.6.2 Any notice of prepayment shall be irrevocable, shall specify the date on which the prepayment is to be made and the amount of the prepayment, and shall oblige the Borrower to make that prepayment.

8.6.3 Any prepayment shall be made together with accrued interest on the amount prepaid and any amounts payable under Clause 22.1.

8.7 NO RE-BORROWING OF TERM LOAN

Any amount repaid or prepaid in relation to the Term Loan may not be re-borrowed and shall reduce rateably the Bank's Term Loan Commitment.

8.8 APPLICATION OF PREPAYMENTS

Each prepayment of the Term Loan under this Clause 8 shall be applied against the unpaid Instalments pro rata (other than repayment of an Instalment made up to 45 days before the relevant Instalment Repayment Date).

9. CANCELLATION OF REVOLVING CREDIT FACILITY AND ANCILLARY FACILITY

9.1 CANCELLATION OF REVOLVING CREDIT FACILITY

9.1.1 The Borrower may, by giving the Bank not less than 5 Business Days' prior written notice, cancel all or part of the Available Revolving Credit Facility, including any unutilised part

of the Optional Overdraft Facility (but if in part, in a minimum amount of (pound)1,000,000 and an integral multiple of (pound)500,000).

9.1.2 The Borrower may not utilise any part of the Revolving Credit Facility which has been cancelled. Any cancellation of the Revolving Credit Facility shall reduce the Bank's Revolving Credit Commitment rateably and shall reduce the Revolving Credit Facility Limit by the aggregate amount so cancelled. Any cancellation of the Optional Overdraft Facility shall reduce the Optional Overdraft Limit by the aggregate amount so cancelled. Any amount cancelled may not be reinstated.

9.2 CANCELLATION OF ANCILLARY FACILITY

The Borrower may, by giving the Bank not less than 5 Business Days' prior written notice, cancel all or part of the Available Ancillary Facility and the Ancillary Limit shall be reduced accordingly. Any amount cancelled may not be reinstated.

9.3 NOTICE

Any notice of cancellation shall be irrevocable and shall specify the date on which the cancellation shall take effect and the amount of the cancellation.

9.4 LIMITATION

The Borrower may not cancel all or part of the Revolving Credit Facility or the Ancillary Facility except as expressly provided in this Agreement.

10. CHANGES IN CIRCUMSTANCES

10.1 ILLEGALITY

10.1.1 If it is or becomes illegal for the Bank to maintain all or part of its Commitment in all or any part of the Facilities, then:

(a) the Bank shall notify the Borrower; and

(b) (i) the Commitment of the Bank shall be cancelled immediately; and

(ii) the Borrower shall prepay to the Bank all Advances (together with accrued interest on the amount prepaid and all other amounts owing to that Bank under this Agreement) within 5 Business Days of demand by the Bank (or, if permitted by the relevant law, on the last day of the Interest Period of the relevant Advances).

Any such prepayment under paragraph (ii) above shall be subject to Clause 22.

10.1.2 If it is or becomes illegal for the Bank to issue or leave outstanding any Guarantee, the Ancillary Facility shall cease to be available for the issue of Guarantees and the Borrower shall use their best endeavours to procure the release of each Guarantee outstanding at such time.

10.2 INCREASED COSTS

10.2.1 If, after the date of this Agreement, a Change occurs which causes an Increased Cost (as defined in Clause 10.2.3) to the Bank (or any company of which the Bank is a Subsidiary) then the Borrower shall pay (as additional interest) to the Bank within 5 Business Days of demand all amounts which the Bank certifies to be necessary to compensate it (or any company of which that Bank is a Subsidiary) for the Increased Cost.

10.2.2 Any demand made under Clause 10.2.1 shall set out in reasonable detail so far as is practicable the basis of computation of the Increased Cost.

10.2.3 In this Clause 10.2:

"INCREASED COST" means any cost to, or reduction in the amount payable to, or reduction in the return on capital or regulatory capital achieved by, the Bank (or any company of which the Bank is a Subsidiary) to the extent that it arises, directly or indirectly, as a result of the Change and is attributable to the Commitment of the Bank or the funding of any Advance including:

(a) any Tax Liability (other than Tax on Overall Net Income) incurred by the Bank;

(b) any changes in the basis or timing of Taxation of the Bank in relation to its Commitment or Participation in the Facilities or to the funding of any Advance;

(c) the cost to the Bank (or any company of which the Bank is a Subsidiary) of complying with, or the reduction in the amount payable to or reduction in the return on capital or regulatory capital achieved by the Bank (or any company of which the Bank is a Subsidiary) as a result of complying with, any capital adequacy or similar requirements howsoever arising, including as a result of an increase in the amount of capital to be allocated to any Facility or of a change to the weighting of the Bank's Commitment; and

(d) the cost to the Bank of complying with any reserve, cash ratio, special deposit or liquidity requirements (or any other similar requirements).

"TAX LIABILITY" means, in respect of any person:

(a) any liability or any increase in the liability of that person to make any payment of or in respect of Tax;

(b) the loss of any relief, allowance, deduction or credit in respect of Tax which would otherwise have been available to that person;

(c) the setting off against income, profits or gains or against any Tax liability of any relief, allowance, deduction or credit in respect of Tax which would otherwise have been available to that person; and

(d) the loss or setting off against any Tax liability of a right to repayment of Tax which would otherwise have been available to that person.

For the purposes of this definition of "Tax Liability", any question of whether or not any relief, allowance, deduction, credit or right to repayment of Tax has been lost or set off,

and if so, the date on which that loss or set-off took place, shall be conclusively determined by the relevant person's auditors.

"TAX ON OVERALL NET INCOME" means, in relation to the Bank, Tax (other than Tax deducted or withheld from any payment) imposed on the net profits of the Bank by the jurisdiction in which its Lending Office or its head office is situated.

10.2.4 The Borrower shall not be obliged to make a payment in respect of an Increased Cost under this Clause 10.2 if and to the extent that the Increased Cost has been compensated for by the payment of Mandatory Cost Rate or the operation of Clause 11.8 or would have been so compensated but for the operation of Clause 11.8.3.

10.2.5 If the Borrower is required to pay any amount to the Bank under this Clause 10.2, then, without prejudice to that obligation and so long as the circumstances giving rise to the relevant Increased Cost are continuing and subject to the Borrower giving the Bank not less than 5 Business Days' prior written notice (which shall be irrevocable), the Borrower may prepay all, but not part, of the Bank's Commitment together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 22.1. On any such prepayment the Commitment of the Bank shall be automatically cancelled.

10.3 MARKET DISRUPTION

10.3.1 If, in relation to an Advance and a particular Interest Period the Bank determines that, because of circumstances affecting the London interbank market generally, reasonable and adequate means do not exist for ascertaining LIBOR for that Advance for that Interest Period the Bank shall promptly notify the Borrower of that event (such notice being a "MARKET DISRUPTION NOTICE").

10.3.2 If a market disruption notice applies to a proposed Advance, that Advance shall not be made. Instead, the Bank and the Borrower shall immediately enter into negotiations for a period of not more than 30 days with a view to agreeing a substitute basis for calculating the interest rate for the Advance or for funding the Advance. Any substitute basis agreed by the Bank and the Borrower shall take effect in accordance with its terms and be binding on all the Parties.

10.3.3 If a market disruption notice applies to an outstanding Term Advance, then:

(a) the Bank and the Borrower shall immediately enter into negotiations for a period of not more that 30 days with a view to agreeing a substitute basis for calculating the rate of interest for the Advance or for funding the Advance;

(b) any substitute basis agreed under Clause 10.3.3(a) by the Bank and the Borrower shall take effect in accordance with its terms and be binding on all the Parties;

(c) if no substitute basis is agreed under Clause 10.3.3(a), then, subject to Clause 10.3.4, the Bank shall certify before the last day of the Interest Period to which the market disruption notice relates a substitute basis for maintaining the Advance which shall reflect the cost to the Bank of funding the Advance from whatever sources it selects plus the Margin and Mandatory Cost Rate; and

(d) each substitute basis so certified shall be binding on the Borrower and the Bank and treated as part of this Agreement.

10.3.4 If no substitute basis is agreed under Clause 10.3.3(a), then, so long as the circumstances giving rise to the market disruption notice continue and subject to the Borrower giving the Bank not less than 5 Business Days' prior written notice (which shall be irrevocable), the Borrower may prepay the Advance to which the market disruption notice applies together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 22.

10.4 MITIGATION

10.4.1 If any circumstances arise in respect of the Bank which would, or upon the giving of notice would, result in the operation of Clause 10.1, 10.2, 10.3 or 11.8 to the detriment of the Borrower, then the Bank shall:

(a) promptly upon becoming aware of those circumstances and their results, notify the Borrower; and

(b) in consultation with the Borrower, take all such steps as it determines are reasonably open to it to mitigate the effects of those circumstances (including consulting with the Borrower with a view to transferring some or all of its rights and obligations under this Agreement to another bank or other financial institution acceptable to the Borrower) in a manner which will avoid the circumstances in question and on terms acceptable to the Borrower and the Bank,

provided that the Bank shall not be obliged to take any steps which in its opinion would or might have an adverse effect on its business or financial condition or the management of its Tax affairs or cause it to incur any material costs or expenses.

10.4.2 Nothing in this Clause 10.4 shall limit, reduce, affect or otherwise

qualify the rights of the Bank or the obligations of the Borrower under Clauses 10.1, 10.2, 10.3 and 11.8.

10.5 CERTIFICATES

The certificate or notification of the Bank as to any of the matters referred to in this Clause 10 shall be in reasonable detail and shall be conclusive and binding on the Borrower except for any manifest error.

11. PAYMENTS

11.1 PLACE AND TIME

All payments to be made by the Borrower in relation to this Agreement shall be made to the Bank's account (number 0002727) at Treasury Division, Faryners House, PO Box 545, 25 Monument Street, London EC3R 3BP (sort code 30-15-57) quoting reference "Loans Admin re: Cott Beverages Ltd" or such other account at such office or bank in London as the Bank may notify the Borrower for this purpose, provided that all payments to be made by the Borrower to the Bank in relation to the Optional Overdraft Facility or the Ancillary Facility shall be made in accordance with usual procedures for the operation of the Optional Overdraft Facility or, as the case may be, the Ancillary Facility.

11.2 FUNDS

All payments to the Bank under this Agreement shall be made for value on the due date in freely transferable and readily available funds.

11.3 BUSINESS DAYS

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment shall instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

11.4 CURRENCY

All payments relating to costs, losses, expenses or Taxes shall be made in the currency in which the relative costs, losses, expenses or Taxes were incurred. Any other amount payable under this Agreement shall, except as otherwise provided, be made in Sterling.

11.5 ACCOUNTS AS EVIDENCE

The Bank shall maintain in accordance with its usual practice an account which shall, as between the Borrower and the Bank, be prima facie evidence of the amounts from time to time advanced by, owing to, paid and repaid to the Bank under this Agreement.

11.6 PARTIAL PAYMENTS

11.6.1 If the Bank receives a payment insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, the Bank shall apply that payment towards the obligations of the Borrower in the following order:

(a) first, in or towards payment pro rata of any accrued interest due by the Borrower but unpaid under this Agreement;

(b) second, in or towards payment pro rata of any principal due by the Borrower but unpaid under this Agreement; and

(c) third, in or towards payment pro rata of any other sum due by the Borrower but unpaid under the Financing Documents.

11.6.2 Clauses 11.6.1 shall override any appropriation made by the Borrower.

11.7 SET-OFF AND COUNTERCLAIM

All payments by the Borrower under this Agreement shall be made without set-off or counterclaim.

11.8 GROSSING-UP

11.8.1 Subject to Clause 11.8.2, all sums payable to the Bank pursuant to or in connection with any Financing Document shall be paid in full free and clear of all deductions or withholdings whatsoever except only as may be required by law.

11.8.2 If any deduction or withholding is required by law in respect of any payment due from the Borrower to the Bank pursuant to or in connection with any Financing Document, the Borrower shall:

(a) ensure or procure that the deduction or withholding is made and that it does not exceed the minimum legal requirement therefor;

(b) pay, or procure the payment of, the full amount deducted or withheld to the relevant Taxation or other authority in accordance with the applicable law;

(c) increase the payment in respect of which the deduction or withholding is required so that the net amount received by the payee (which expression when used in this Clause 11.8.2 shall mean the Bank) after the deduction or withholding (and after taking account of any further deduction or withholding which is required to be made as a consequence of the increase) shall be equal to the amount which the payee would have been entitled to receive in the absence of any requirement to make any deduction or withholding; and

(d) promptly deliver or procure the delivery to the relative payee of receipts evidencing each deduction or withholding which has been made.

11.8.3 The Borrower shall not be required to pay an additional amount under this Clause 11.8 if the payment in respect of which the deduction or withholding is required is a payment of interest on an Advance and:

(a) at the time that Advance was made, the Bank was not a Qualifying Bank otherwise than as a consequence of a Change occurring after the date of this Agreement (and the obligation to deduct or withhold would not have arisen if that Advance had been made by a Qualifying Bank); or

(b) at the time when the interest is paid, the Bank is not beneficially entitled to it or, being beneficially entitled to it, the Bank is not within the charge to United Kingdom corporation tax as respects it otherwise than as a consequence of a Change occurring after the date of this Agreement (and the obligation to deduct or withhold would not have arisen if the Bank had been beneficially entitled to the interest and had been within the charge to United Kingdom corporation tax as respects it).

11.8.4 If the Bank determines, in its absolute discretion, that it has received, realised, utilised and retained a Tax benefit by reason of any deduction or withholding in respect of which the Borrower has made an increased payment under this Clause 11.8, the Bank shall pay to the Borrower (to the extent that that Bank can do so without prejudicing the amount of the benefit or repayment and the right of the Bank to obtain any other benefit, relief or allowance which may be available to it) such amount, if any, as the Bank, in its absolute discretion shall determine, will leave the Bank in no worse position than it would have been in if the deduction or withholding had not been required, provided that:

(a) the Bank shall have an absolute discretion as to the time at which and the order and manner in which it realises or utilises any Tax benefit and shall not be obliged to arrange its business or its Tax affairs in any particular way in order to be eligible for any credit or refund or similar benefit;

(b) the Bank shall not be obliged to disclose any information regarding its business, Tax affairs or Tax computations;

(c) if the Bank has made a payment to the Borrower pursuant to this Clause 11.8.4 on account of any Tax benefit and it subsequently transpires that the Bank did not receive that Tax benefit, or received a lesser Tax benefit, the Borrower shall, on demand, pay to the Bank such sum as the Bank may determine as being necessary to restore its after-tax position to that which it would have been had no adjustment under this Clause 11.8.4 been made. Any sums payable by the Borrower to the Bank under this Clause 11.8.4 shall be subject to Clause 17.6.

11.8.5 The Bank shall not be obliged to make any payment under Clause 11.8.4 if, by doing so, it would contravene the terms of any applicable law or any notice, direction or requirement of any governmental or regulatory authority (whether or not having the force of law).

11.8.6 If the Borrower is required to make an increased payment for the account of the Bank under Clause 11.8.3, then, without prejudice to that obligation and so long as such requirement exists and subject to the Borrower giving the Bank not less than 5 Business Days' prior written notice (which shall be irrevocable), the Borrower may prepay all, but not part, of the Advances together with accrued interest on the amount prepaid. Any such prepayment shall be subject to Clause 22 (Indemnities). On any such prepayment the Commitment of the Bank shall be automatically cancelled.

12. SECURITY

12.1 SECURITY DOCUMENTS

The obligations and liabilities of the Borrower to the Bank under the Financing Documents shall be secured by the interests and rights granted in favour of the Bank under the Security Documents.

12.2 INTEREST RATE PROTECTION AGREEMENTS

All obligations and liabilities of the Borrower to the Bank under or in connection with any Interest Rate Protection Agreement shall be treated, for all purposes (other than Clause 11.7), as obligations and liabilities incurred under this Agreement and, for the avoidance of doubt, the Borrower's obligations and liabilities under any Interest Rate Protection Agreement shall be secured obligations and liabilities under the Debenture ranking pari passu with the obligations of the Borrower under this Agreement.

12.3 RELEASE OF SECURITY ON DISPOSALS

In respect of any Disposal made by a Group Company which falls within paragraphs (i) to (v) of Clause 14.3(b) the Bank shall on the completion of that Disposal release, at the cost and expense of the Borrower, from the Security Documents, the assets which are the subject of that Disposal.

12.4 VENDOR COLLATERAL ACCOUNT

The Bank shall on or before 31 January 2000 and provided that no Default or Potential Default has then occurred and is continuing release from the Vendor Collateral Account to the Borrower's current account with the Bank any amounts standing to the credit of the Vendor Collateral Account and such account shall thereupon be closed.

13. REPRESENTATIONS AND WARRANTIES

13.1 REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Bank that:

(a) STATUS: each Group Company is a limited company duly incorporated under the laws of England and Wales, and it possesses the capacity to sue and be sued in its own name and has the power to carry on its business and to own its property and other assets;

(b) POWERS AND AUTHORITY: each Group Company has power to execute, deliver and perform its obligations under the Transaction Documents to which it is party and to carry out the transactions contemplated by those documents and all necessary corporate, shareholder and other action has been or will be taken to authorise the execution, delivery and performance of the same;

(c) BINDING OBLIGATIONS: subject to the Reservations, the obligations of each Group Company under the Transaction Documents to which it is party constitute its legal, valid, binding and enforceable obligations;

(d) CONTRAVENTIONS: the execution, delivery and performance by each Group Company of the Transaction Documents to which it is party does not:

(i) contravene any applicable law or regulation or any order of any governmental or other official authority, body or agency or any judgment, order or decree of any court having jurisdiction over it;

(ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, (x) any agreement or other instrument to which it is a party or any licence or other authorisation to which it is subject or by which it or any of its property is bound or (y) any Cott Notes Document; or

(iii) contravene or conflict with the provisions of its memorandum and articles of association;

(e) INSOLVENCY: no Group Company has taken any action nor have any steps been taken or legal proceedings been started or threatened against it for winding-up, dissolution or re-organisation, the enforcement of any Encumbrance over its assets or for the appointment of a receiver, administrative receiver, or administrator, trustee or similar officer of it or of any of its assets;

(f) NO DEFAULT: no Group Company is (nor would be with any of the giving of notice, the lapse of time, the determination of materiality, or the satisfaction of any other condition) in breach of or in default under any agreement to which it is a party or which is binding on it or any of its assets;

(g) LITIGATION: no action, litigation, arbitration or administrative proceeding has been commenced, or, to the best of the Borrower's information, knowledge and belief, is pending or threatened, against any Group Company which, if decided

adversely, would result in an award or judgment being made against the relevant Group Company for an amount in excess of (pound)250,000 nor is there subsisting any unsatisfied judgment or award given against any of them by any court, arbitrator or other body;

(h) ACCOUNTS:

(i) the Original Accounts and each of the latest Accounts of the Group Companies required to be delivered under Clause 14.1(a) is prepared in accordance with GAAP and gives a true and fair view of the financial position of the relevant company as at the date to which they were prepared and for the Financial Year of that company then ended; and

(ii) each of the latest set of Management Accounts required to be delivered under Clause 14.1(b) shows with reasonable accuracy the financial position of each of the Group Companies during the period to which it relates;

(i) ENCUMBRANCES: no Encumbrance other than a Permitted Encumbrance exists over all or any part of the assets of any Group Company;

(j) NO ENCUMBRANCES CREATED: the execution of the Transaction Documents by the Borrower and the exercise of each of its rights and the performance of each of its obligations under the Transaction Documents will not result in the creation of, or any obligation to create, any Encumbrance over or in respect of any of its assets;

(k) AUTHORISATIONS: other than registrations at the Land Registry, the giving of notice in respect of any contracts being assigned, the stamping of the Acquisition Documents and the filing of the statutory declarations referred to in paragraph 1(d) in Schedule 1, all authorisations, approvals, licences, consents, filings, registrations, payment of duties or taxes and notarisations required:

(i) for the conduct of the business, trade and ordinary activities of each Group Company;

(ii) for the performance and discharge of the obligations of the Group Companies under the Transaction Documents; and

(iii) in connection with the execution, delivery, validity, enforceability or admissibility in evidence of the Transaction Documents,

are in full force and effect;

(l) TAXES: each Group Company has complied in all material respects with all Taxation laws in all jurisdictions in which it is subject to Taxation and has paid all Taxes due and payable by it and no claims are being asserted against it in respect of Taxes except for assessments in relation to the ordinary course of its business or claims contested in good faith and in respect of which adequate provision has been made and disclosed in the latest Accounts or other information delivered to the Bank under this Agreement;

(m) INFORMATION PACKAGE: to the best of the Borrower's information, knowledge and belief:

(i) the factual information contained in the Information Package was, at the date of the relevant report or document, true and accurate in all material respects and not misleading in any material respect, there are no other facts the omission of which would make any fact or statement in the Information Package misleading in any material respect and nothing has occurred which would render any fact or statement in the Information Package untrue or misleading in any material respect; and

(ii) all estimates, forecasts and projections contained or referred to in the Information Package, and all assumptions and presumptions upon the basis of which the same were made, were fair and reasonable at the time they were made, and nothing has occurred since the date the same were made which would necessitate a material revision to any of those estimates, forecasts or projections in order for them to be fair and reasonable;

(n) ACCOUNTING REFERENCE DATE: the accounting reference date of each Group Company is 31st December (or, if not a Saturday, the nearest Saturday thereto);

(o) CERTIFICATES OF TITLE: the factual information contained in the certificates of title referred to in paragraph 2(d) in Schedule 1 is at the respective dates of those certificates of title, true and accurate in all material respects;

(p) CORPORATE STRUCTURE: immediately prior to Completion the Borrower has and has had no Subsidiaries (other than Cott Beverages Limited (now called Cott UK Limited) a Dormant Subsidiary) and:

(i) the details of the Target and its Subsidiaries set out in Schedule 3 are accurate and complete in all respects;

(ii) the Target has no Subsidiaries other than those companies, relevant details of which are set out in Part II of Schedule 3; and

(iii) each company listed in Part II of Schedule 3 is a Dormant Subsidiary;

(q) DISCLOSURES: there is no disclosure made in the Vendors' Disclosure Letter or any other disclosure to the Acquisition Documents which has or may have a material adverse effect on any of the information, prospects, estimates, forecasts and projections contained or referred to in the Information Package;

(r) STATUTORY DECLARATIONS: each of the directors of Target has properly made the statutory declarations required to be made by him under section 155 of the Act and has otherwise procured compliance with all the relevant provisions of the Act in relation to the lawful giving of financial assistance directly or indirectly for the purpose of reducing or discharging the Borrower's liability incurred in connection with its acquisition of the Target Shares;

(s) ENVIRONMENTAL: save as disclosed in the Environmental Report, each Group Company has and has at all times complied with all applicable laws including all Environmental Law, every consent, authorisation, licence or approval required under or pursuant to any Environmental Law by each Group Company in connection with the conduct of its business and the ownership, use, exploitation or occupation of its assets has been obtained and is in full force and effect, there has been no default in the observance of the conditions and restrictions (if any) imposed in, or in connection with, any of the same, and no circumstances have arisen (i) which would entitle any person to revoke, suspend, amend, vary, withdraw or refuse to amend any of the same or (ii) which might give rise to a claim against any Group Company the cost of meeting which could reasonably be expected to exceed (pound)250,000;

(t) INTELLECTUAL PROPERTY:

(i) each Group Company owns or has the legal right to use all of the Intellectual Property Rights which are material to the conduct of its business or are required by it in order for it to carry on its business in all material respects;

(ii) the operations of each Group Company do not infringe, or are not likely to infringe, any Intellectual Property rights held by any third party which infringement has or might reasonably be expected to have a Material Adverse Effect;

(iii) no claim has been made in writing by any third party which alleges any infringing act or process which would fall within paragraph (ii) above or which otherwise disputes the right of any Group Company to use any Intellectual Property Rights relating to that company's business the unfavourable outcome of which dispute has or might reasonably be expected to have a Material Adverse Effect and no Group Company is aware of any circumstances (including any act or omission to act) reasonably likely to give rise to such a claim;

(iv) there exists no actual or threatened infringement by any third party of any Intellectual Property Rights relating to the business of any Group Company or any event likely to constitute such an infringement where such an infringement or threatened infringement has or might reasonably be expected to have a Material Adverse Effect;

(v) all Intellectual Property Rights owned by it and which are material to the conduct of the business of the Group are subsisting and no act has been done or omitted to be done and no event has occurred or is likely to occur which may render any registered Intellectual Property Rights subject to revocation, compulsory licence, cancellation or amendment the absence of which Intellectual Property Rights has or might reasonably be expected to have a Material Adverse Effect;

(u) TITLE TO ASSETS: each Group Company had on the respective dates of the Original Accounts good and marketable title to or valid leases of substantially all its assets which are reflected in the Original Accounts;

(v) NO MATERIAL ADVERSE CHANGE: since 15th September 1997 no event has occurred which has had or could be reasonably expected to have a Material Adverse Effect;

(w) MANAGEMENT FEES: the only management fees payable by the Borrower are payable under the Retail Brands Management Agreement and to Cott at a reasonable commercial rate for goods and services supplied; and

(x) GROUP TRADING AGREEMENTS: the Group Trading Agreements are the only agreements between the Borrower and other members of the Cott Group which are necessary or desirable to allow the Borrower to carry on its business as presently carried on and as envisaged by the Business Plan; and

(y) INTER-COMPANY DEBT: the inter-company debt due from Cott to the

Borrower of the (pound)4,000,000 was paid in full by Cott to the Borrower on or before 30th April 1999.

13.2 REPETITION

The representations and warranties set out in Clause 13.1 shall survive the execution of this Agreement and shall be deemed to be repeated as follows:

(a) each of the said representations and warranties shall be deemed to be repeated on the first Drawdown Date; and

(b) each of the said representations and warranties (other than those made under Clauses 13.1(e), (f), (g), (j), (m), (q), (r), (s), and (v) inclusive) shall be repeated on each Drawdown Date (other than the first Drawdown Date) and each Interest Date,

in each case, as if made with reference to the facts existing at the time of repetition.

14. UNDERTAKINGS

14.1 INFORMATION UNDERTAKINGS

The Borrower undertakes that during the Security Period it shall, unless the Bank otherwise agrees:

(a) ANNUAL ACCOUNTS: as soon as the same become available (and in any event within 120 days after the end of each of its Financial Years), deliver to the Bank the Accounts for each such Financial Year of each Group Company together with:

(i) the unconsolidated profit and loss account, balance sheet and cashflow for the Borrower for each such Financial Year; and

(ii) a copy of the management letter (if any) addressed by the auditors to the directors of each such company in connection with its auditing of the relevant Accounts as soon as reasonably practicable after receipt of the letter by such company;

(b) MANAGEMENT ACCOUNTS: as soon as the same become available (and in any event within 30 days or, prior to 31st March 1998, 45 days after the end of each successive accounting period (none of which shall be more than 5 weeks in duration) (each an "ACCOUNTING PERIOD") during each of its Financial Years, deliver to the Bank the management accounts (the "MANAGEMENT ACCOUNTS") of each Group Company (and together with, in the case of the Borrower, its consolidated management accounts) for (x) each such Accounting Period and (y) the period ("AGGREGATE ACCOUNTING PERIOD") from and including 1st January in that Financial Year to and including the last day of that Accounting Period and in such a form as is acceptable to the Bank (acting reasonably) so as to disclose with reasonable accuracy the financial position of the Group or, as the case may be, of the Borrower and which shall include the following information in respect of each such Accounting Period and Aggregate Accounting Period:

(i) a statement of profit and loss;

(ii) a balance sheet; and

(iii) a cashflow statement,

together with a comparison, where appropriate, of all such information with the estimates, forecasts and projections in the relevant Operating Budget (or any replacement or substitution made therefor) in relation to each such Accounting Period and Aggregate Accounting Period including an analysis justifying any variations therefrom and, if necessary, revised estimates, forecasts and projections. The Management Accounts shall when delivered to the Bank be certified by 2 directors of the Borrower as providing a true and fair view of the financial position of the Borrower and the Group as at the end of the relevant Accounting Period and Aggregate Accounting Period.

(c) OPERATING BUDGETS:

(i) provide to the Bank (in a format acceptable to the Bank (acting reasonably)) an Operating Budget for each Financial Year of the Borrower during the Security Period, prior to (or, in the case of each Financial Year of the Borrower other than that ending 31st January 1999, 3 days prior to) the start of each such Financial Year, together with a comparison of the information, estimates, forecasts and projections contained therein with any relevant information, estimates, forecasts and projections contained in the Accountants' Report and the Business Plan including an analysis justifying any variations therefrom; and

(ii) if the Borrower shall determine that any of the estimates, forecasts or projections made in relation to any of its Financial Years should be different from those set out in the then current Operating Budget (or any substitution therefor subsequently made and agreed by the Bank), provide to the Bank revised estimates, forecasts or projections in respect of any part of each such Financial Year and such revised estimates, forecasts or projections shall apply immediately following their approval by the boards of directors of the relevant company and the Borrower;

(d) OTHER INFORMATION: notify the Bank at least 30 days prior to making any loan permitted under Clause 14.3(f)(ii) and, promptly following the Bank's request, provide to the Bank such other information, estimates, forecasts or projections in relation to any Group Company and any of their respective businesses, assets, financial condition, ownership or prospects as the Bank may reasonably require;

(e) COMPLIANCE CERTIFICATES: provide to the Bank within 30 days or, prior to 31st March 1998, 45 days of each Quarterly Accounting Period a certificate (a "COMPLIANCE CERTIFICATE") executed by 2 Directors of the Borrower under the authority of its board of directors, certifying that in relation to the twelve month period ending on the last day of that Quarterly Accounting Period (or if shorter, the period starting on the date of this Agreement and ending on the last day of that Quarterly Accounting period) all the undertakings on the part of the Borrower under this Agreement are for the time being complied with and including calculations relating to the financial undertakings set out in Clause 14.4.1:
(For the purpose of this Clause 14.1(e), the calculations shall (other than in respect of the financial undertaking set out in Clause 14.4.1(g)) be made by reference to the Management Accounts prepared for the period in relation to which the relevant Compliance Certificate is to be given and, in relation to a Compliance Certificate given in relation to each Financial Year, the Borrower shall use reasonable endeavours to procure that the Auditors shall, if they are so satisfied, confirm when delivering the relevant Accounts, in a confirmation addressed to the Bank that the calculations contained in the relevant certificate are in their opinion, based on the Accounts, fair and reasonable, provided that if there have been any breaches of those undertakings at any time during the period to which that certificate relates then the Borrower shall include in that certificate relevant details of all those breaches);

(f) GAAP: ensure that all Accounts and other financial information submitted to the Bank have been prepared in accordance with GAAP; and

(g) DEFAULT, LITIGATION, ETC: promptly, upon becoming aware of the same, notify the Bank of:

(i) any Default or Potential Default;

(ii) any litigation, arbitration or administrative proceeding commenced against any Group Company involving a potential liability of any Group Company exceeding (pound)250,000;

(iii) any Encumbrance (other than a Permitted Encumbrance) attaching to any of the assets of any Group Company;

(iv) any notice, order, direction, requisition, permission or other like matter whatsoever issued by any landlord or any competent local or government authority or department to any Group Company relating to any Property the effect of which could reasonably be expected adversely to affect the use of that Property by a Group Company;

(v) any occurrence relating to a Group Company (including any third party claim or liability) which could reasonably be expected to have a Material Adverse Effect; and

(vi) any breach by a Cott Group Company of, or event of default howsoever described arising under, any Cott Notes Document.

14.2 POSITIVE UNDERTAKINGS

The Borrower undertakes that during the Security Period it shall, and it shall procure that each Group Company shall, unless the Bank otherwise agrees:

(a) PAY TAXES: pay and discharge all Taxes and governmental charges payable by or assessed upon it prior to the date on which the same become overdue unless, and only to the extent that, such Taxes and charges shall be contested in good faith by appropriate proceedings, pending determination of which payment may lawfully be withheld, and there shall (if the Auditors so advise) be set aside adequate reserves with respect to any such Taxes or charges so contested in accordance with GAAP;

(b) INSURANCE: comply with all its obligations relating to insurances contained in the Security Documents;

(c) AUTHORISATIONS: obtain, maintain and comply with the terms of any authorisation, approval, licence, consent, exemption, clearance, filing or registration:

(i) which are material and are required for the conduct of its business, trade and ordinary activities; and

(ii) required to enable it to perform its obligations under, or for the validity, enforceability or admissibility in evidence of, any Financing Document;

(d) ACCESS: upon reasonable notice being given to the Borrower by the Bank, permit the Bank and any person (being an accountant, auditor, solicitor, valuer or other professional adviser of the Bank) authorised by the Bank to have, at all reasonable times during normal business hours, access to the property, premises and accounting books and records of any Group Company and to the officers of any Group Company and the Management;

(e) FURTHER DOCUMENTS: at the request of the Bank, do or procure the doing of all such things and execute or procure the execution of all such documents as are, in the opinion of the Bank, necessary or desirable to ensure that the Bank (i) obtains all its rights and benefits under the Financing Documents and (ii) to ensure that the Borrower's obligations to the Bank under this Agreement are secured on all the Borrower's assets (including executing legal mortgages) and (iii) obtains a legal mortgage over the land and property numbered 3 and 4 in Schedule 7 to secure the Borrower's obligations in respect of the Term Loan Facility provided, for the avoidance of doubt, that the Borrower shall not be required to do anything which would constitute a breach of the Cott Notes Documents;

(f) DELIVERY OF DECLARATIONS, ETC: within any relevant period laid down in any applicable statute, law or regulation make all necessary declarations and deliver all necessary forms and documents required to be delivered to, filed with or registered with any United Kingdom governmental, statutory or other body or agency by it in connection with the Transaction Documents and any of the transactions contemplated under the Transaction Documents;

(g) HEDGING: within 30 days of the date of this Agreement enter into such interest rate protection agreements with the Bank as may be stipulated by the Bank and comply with and discharge its obligations and liabilities under those agreements (save that, the Borrower may close out the (pound)10,000,000 interest rate cap (strike price 8%) due to mature 31st January 2001);

(h) COMPLIANCE WITH ENVIRONMENTAL LAW: comply in all material respects with Environmental Law and implement the recommendations and proposals contained in the Environmental Report substantially within the time periods specified in that report, or if no such time periods are specified, as soon as reasonably practicable and address the category A/B and B issues as recommended in the Report within 6 months from Completion (unless the Bank agrees to the Borrower doing something other than take the recommended action);

(i) DANGEROUS MATERIALS: ensure that all Dangerous Materials treated, kept and stored, produced, manufactured, generated, refined or used from, in, upon, or under any of the real property owned by any Group Company are held and kept upon such real property in such a manner and up to such standards as they would be kept by a prudent company carrying on the same trade as that Group Company;

(j) COMPLIANCE WITH SECTION 151 OF THE ACT: comply in all respects with sections 151 to 158 inclusive of the Act, including in relation to the execution of the Security Documents and the payment of amounts due under this Agreement;

(k) AUDITORS' CONFIRMATION: use all reasonable endeavours to procure that, within 10 Business Days of the date of appointment as auditors of the Borrower, the relevant accountants deliver to the Bank a letter from such newly appointed auditors confirming that they are aware of the provisions of Clauses 1, 7.2 and 14.4.1 of this Agreement;

(l) DORMANT COMPANIES: procure that none of the companies set out in Part II of Schedule 3 cease being a Dormant Subsidiary, other than as a result of a liquidation of any such company which would not be a Default, and do not acquire any assets and do not assume any liabilities and use its reasonable endeavours to procure that neither Target's assets nor its liabilities exceed in aggregate (pound)5,000 as soon as reasonably practicable after the date of this Agreement;

(m) TRANSMISSION BANKING BUSINESS: ensure that all transmission banking business of the Group in the United Kingdom shall be transferred to the Bank within 90 days of Completion and be maintained with the Bank throughout the Security Period;

(n) PROTECTION OF RIGHTS UNDER THE ACQUISITION DOCUMENTS: take all reasonable and practical steps to preserve and enforce its rights arising under any Acquisition Document and notify the Bank of any breach by any party, or any claim by any party under, any Acquisition Document;

(o) INTELLECTUAL PROPERTY RIGHTS: take all necessary action to protect, maintain and keep in full force and effect all the rights and benefits of each Group Company in relation to Intellectual Property Rights and notify the Bank of any infringement by any third party of the Intellectual Property Rights of any Group Company and any claim by any third party against any Group Company in relation to any infringement or alleged infringement of Intellectual Property Rights;

(p) SUB-PARTICIPATION: provide at its own cost such information and assistance (including presentations and site visits) as the Bank Parties reasonably require in connection with the grant of participation in the Facilities (or some of them) pursuant to the Participation Agreement and enter into direct contractual arrangements with Bank Participants to put them in the same position as they would have been in had the Facilities been syndicated and the Bank Participants been members of the syndicate PROVIDED THAT nothing in this Clause shall require a Group Company to enter into any arrangement which would represent a breach of the Cott Notes Documents;

(q) EMPLOYMENT CONTRACTS: in the case of the Borrower only, maintain in place a deed of restrictive covenants with each of the Management on terms approved by the Bank and on or before 31 March 2000 enter into a deed of restrictive covenants with Neil Thompson and Gary Saunders on terms approved by the Bank, in each case such approval not to be unreasonably withheld or delayed;

(r) CHANGE OF MANAGEMENT: notify the Bank if any of the Management ceases to be employed by the Borrower and appoint a replacement approved by the Bank (such approval not to be unreasonably withheld or delayed) within 180 days of such cessation unless the Bank is satisfied that a replacement is unnecessary;

(s) HIVE-UP AGREEMENT: at or immediately after Completion enter into the Hive-Up Agreement and, as soon as possible afterwards, do what is necessary to vest title to the Target Assets in the Borrower;

(t) PROPERTY ASSIGNMENT: use its reasonable endeavours to procure the consent of the landlord of the leasehold property at Unit 16, Trent Lane, Castle Donington to the assignment of the property to the Borrower within 60 days of Completion and shall (within ten working days of the issue of such consent) complete the assignment to the Borrower;

(u) SYSTEMS: as soon as reasonably possible (and in a time scale to assist sub-participation by the Bank it being recognised that item (i) is likely to take 6 months) (i) put in place a business and system disaster recovery plan for its information technology and systems, (ii) agree an action plan to deal with year 2000 issues and nominate a board member to be responsible for that, and
(iii) appoint a team to look into the EMU issue and nominate a board member to be responsible for that;

(v) FURTHER DUE DILIGENCE: the Borrower will employ at its own cost Coopers & Lybrand to carry out further financial due diligence (on terms agreed between the Bank and Coopers & Lybrand following consultation with the Borrower) in relation to forecasts and sensitivities to assist in sub-participation of the Facilities;

(w) MARKET REPORT: use its reasonable endeavours to procure that OC&C Strategy Consultants address the report referred to in paragraph (ii) of the definition of "Market Report" to the Bank Parties;

(x) FEATHERSTONE DISPOSAL: in the case of the Borrower only, use its utmost endeavours to procure a Disposal of the Property numbered 1 in Schedule 7 on or before 31st May 1999 and comply with its obligation under 14.1(c)(ii) to produce a revised Operating Budget within 30 days of that Disposal; and

(y) YEAR 2000 COMPLIANCE: procure that on or before 30th September

1999 the computer systems and production equipment of each Group Company are compliant with Year 2000 Conformity (within the meaning of British Standards Institute document PD 2000-1:1998) save to the extent any failure to be so compliant could not reasonably be expected to have a Material Adverse Effect.

14.3 NEGATIVE UNDERTAKINGS

The Borrower undertakes that during the Security Period it shall not, and it shall procure that no Group Company shall, unless the Bank otherwise agrees:

(a) NEGATIVE PLEDGE: create or permit to subsist any Encumbrance over any of its assets other than Permitted Encumbrances;

(b) DISPOSAL OF ASSETS: dispose of any of the Target Shares or make any other Disposal other than a disposal of an asset:

(i) in the ordinary course of its trading activities on arms' length terms; or

(ii) where the proceeds of the Disposal are used within:

(x) 3 months; or

(y) where the relevant Disposal Proceeds are paid to the credit of a bank account (a "DISPOSAL PROCEEDS BRIDGING ACCOUNT") held with the Bank pending their application as specified in this Clause 14.3(b)(ii), 6 months,

of that Disposal for the purchase of an asset to replace directly the asset the subject of that Disposal; or

(iii) a Disposal of an asset which is obsolete for the purpose for which such an asset is normally utilised where the aggregate value of the assets so disposed in any Financial Year of the Borrower does not exceed (pound)250,000; or

(iv) a Disposal of cash on terms not otherwise prohibited by this Agreement; or

(v) a Disposal on arm's length terms where the aggregate value of the assets the subject of a Disposal by Group Companies other than in accordance with paragraphs (i) to (iv) above in any Financial Year of the Borrower does not exceed (pound)250,000,

(for the purposes of this Clause 14.3(b), the value of any asset shall be the greater of its book value and the consideration received for it);

(c) CHANGE OF BUSINESS: make any substantial change to the general nature or scope of the business of the Group as a whole from that carried on at the date of this Agreement;

(d) MERGERS: enter into any amalgamation, demerger, merger or reconstruction or any joint venture or partnership agreement;

(e) FEES: pay any fees or commissions to any person other than (i) on open market terms and for the purpose of and in the ordinary course of its trade or (ii) fees incurred under any Transaction Document;

(f) LOANS: make any loans or grant any credit to or for the benefit of any person, other than:

(i) amounts of credit allowed by the relevant company in the normal course of its trading activities; or

(ii) loans made on arms length terms by a Group Company to a Cott Group Company (all the terms of which are set out in writing and signed by both parties); or

(iii) loans made by a Group Company to its employees where such loans do not, when aggregated with all such loans made by all Group Companies, exceed (pound)25,000 at any time;

(g) INDEBTEDNESS: incur or permit to subsist any Indebtedness other than Permitted Indebtedness;

(h) ACQUISITIONS: acquire any business of, or shares or securities of, any company;

(i) INCORPORATION OF SUBSIDIARIES: incorporate any company as its Subsidiary;

(j) PAYMENTS OF DEFERRED CONSIDERATION: in respect of the Borrower only, pay, prepay or purchase all or any part of the Deferred Consideration provided that the Borrower may (i) make scheduled payments of the Deferred Consideration and (ii) pay interest, if any, on the Deferred Consideration in accordance with the terms of the Share Purchase Agreement (as in force at the date of this Agreement), so long as:

(A) no sum is due and unpaid under this Agreement;

(B) no Default or Potential Default has occurred and is continuing;

(C) the making of such scheduled payment or repayment or the payment of such interest will not in the period of 6 months immediately following the making of such payment or repayment (as the case may be) result in a breach of any of the financial undertakings contained in Clause 14.4.1 and 2 directors of the Borrower have issued a certificate to the Bank to that effect; and

(D) the Borrower shall have delivered to the Bank one or more Compliance Certificates required under this Agreement in relation to the period in respect of which such payment or repayment (as the case may be) is to be paid (including the provision of any applicable Auditor's confirmation);

(k) VAT GROUP: permit:

(i) any person (other than a Group Company) to become a part of the Borrower's VAT Group; or

(ii) any Group Company to have any VAT liability in respect of any person who is not a Group Company (other than where the liability of that person relates to a VAT liability of a Group Company);

(l) VARIATION OF TRANSACTION DOCUMENTS: permit or effect any variations, novations or amendments to: (i) the Acquisition Documents, (ii) the Cott Notes Documents, or (iii) the Group Trading Agreements (and the Bank must give consent unless, in its reasonable opinion, such variation, novation or amendment would (or would be likely) to be adverse to the interests of any Group Company or Bank Party);

(m) OPERATING LEASE PAYMENTS: other than under leases of real property, make a payment under any hire agreement, credit sale agreement, hire purchase agreement, conditional sale agreement or instalment sale and purchase agreement which is not a Finance Lease if the aggregate of all such payments made by the Group Companies, in any Financial Year of the Borrower, will exceed (pound)1,300,000;

(n) COTT SUPPLY AGREEMENT: do or omit to do anything which would cause or might give rise to a breach by the Borrower or Cott of the Cott Supply Agreement or by Cott or BCB International Limited or BCB of the Royal Crown Contract or make any payment to BCB or any other Cott Group Company in respect of the amount of (pound)2,000,000 owed by the Borrower and outstanding as at 1st April 1999 in respect of the supply of cola or non-cola concentrate (the "BCB DEBT") provided that the Borrower may, so long as there is no sum due and unpaid under this Agreement and no Default or Potential Default has occurred and is continuing make payment of:

(i) up to (pound)1,000,000 of the BCB Debt at any time 15 days or more after the Borrower has delivered to the Bank the Management Accounts for the Period starting on 1st January 2000 and ending on 30 June 2000 provided that such Management Accounts show that PBIT for that period is equal to or greater than
(pound)3,556,000; and

(ii) the balance of the BCB Debt at any time 15 days or more after the Borrower has delivered to the Bank the Management Accounts for the period starting on 1st January 2000 and ending on 30th September 2000 provided that such Management Accounts show PBIT for that period is equal to or greater than (pound)6,380,000

(o) ROYAL CROWN EXCLUSIVITY: do or omit to do anything which would entitle Royal Crown Cola Corporation to supply any cola or non-cola concentrates to a person who is not a Cott Group Company;

(p) COTT NOTES DOCUMENTS: not do or suffer anything to be done or omitted to be done which would give rise to any breach of the terms of any Cott Notes Documents;

(q) GROUP TRADING AGREEMENTS: not do anything which might cause the Group Trading Agreements to be terminated and not pay any management or similar fees to a company in the Cott Group other than:

(i) under the Retail Brands Management Agreement; and

(ii) to Cott at a reasonable commercial rate for goods or services supplied but not exceeding (pound) 1,647,000 in the Financial Year ending on or about 31 December 1999 and (pound)1,000,000 in any Financial Year thereafter

provided always that no Group Company may pay any management, consultancy or similar fees to any Cott Group Company in any Financial Year except to the extent (but subject always to a maximum payment in respect of such fees of (pound)572,000 in the Financial Year ending 31st December 1999; (pound)1,075,000 in the Financial Year ending 31st December 2000 and (pound)1,000,000 in any subsequent Financial Year) that Cott or another Cott Group Company (not being a Group Company) has, in the case of the Financial Year ending 31st December 2000, during that Financial Year first paid at least (pound)1,647,000 (in addition to the (pound)10,000,000 referred to in Clause 15.1(u)) to the Borrower (which sum of at least (pound)1,647,000 shall be paid to the Borrower on or before 29th March 2000) and, in the case of any subsequent Financial Year, has during that Financial Year first paid an amount at least equal to the aggregate of such management, consultancy and similar fees to the Borrower in any case by way of either:

(iii) subscription for fully paid up ordinary share capital of the Borrower; or

(iv) to the extent permitted to do so under the Cott Notes Documents, Subordinated Loan (on terms approved by the Bank in writing); and

(r) VIRGIN SUPPLY AGREEMENT: permit or effect any variations, novations or amendments to the Virgin Supply Agreement which might adversely affect the interests of the Group.

14.4 FINANCIAL UNDERTAKINGS

14.4.1 The Borrower undertakes to ensure that during the Security Period, unless the Bank otherwise agrees:

(a) PBIT TO TOTAL DEBT COSTS

the ratio of PBIT to Total Debt Costs for each period referred to in Column A below shall not be less than the ratio set out in Column B below opposite that period:

COLUMN A PERIOD	COLUMN B RATIO
The four Quarterly Accounting Periods ending on or about 31.12.99	0.80:1
The four Quarterly Accounting Periods ending on or about 31.3.00	0.825:1
The four Quarterly Accounting Periods ending on or about 30.6.00	1.375:1
The four Quarterly Accounting Periods ending on or about 30.9.00	1.85:1
The four Quarterly Accounting Periods ending on or about 31.12.00	2.00:1
The four Quarterly Accounting Periods ending on or about 31.3.01	2.25:1
The four Quarterly Accounting Periods ending on or about 30.6.01	2.50:1
The four Quarterly Accounting Periods ending on or about 30.9.01	2.75:1
The four Quarterly Accounting Periods ending on or about 31.12.01	3.00:1
The four Quarterly Accounting Periods ending on or about 31.3.02	3.00:1
The four Quarterly Accounting Periods ending on or about 30.6.02	3.00:1
The four Quarterly Accounting Periods ending on or about 30.9.02	3.00:1
The four Quarterly Accounting Periods ending on or about 31.12.02	3.00:1
The four Quarterly Accounting Periods ending on or about 31.3.03	3.00:1
The four Quarterly Accounting Periods ending on or about 30.6.03	3.00:1
The four Quarterly Accounting Periods ending on or about 30.9.03	3.00:1
The four Quarterly Accounting Periods ending on or about 31.12.03	3.00:1
The four Quarterly Accounting Periods ending on or about 31.3.04	3.00:1
The four Quarterly Accounting Periods ending on or about 30.6.04	3.00:1
The four Quarterly Accounting Periods ending on or about 30.9.04	3.00:1
The four Quarterly Accounting Periods ending on or about 31.12.04	3.00:1

(b) CASHFLOW TO TOTAL FUNDING COSTS

the ratio of Cashflow to Total Funding Costs for each period referred to in Column A below shall not be less than the ratio set out in Column B below opposite that period:

COLUMN A PERIOD	COLUMN B RATIO
The four Quarterly Accounting Periods ending on or about 31.12.99	0.70:1
The four Quarterly Accounting Periods ending on or about 31.3.00	0.93:1
The four Quarterly Accounting Periods ending on or about 30.6.00	0.83:1
The four Quarterly Accounting Periods ending on or about 30.9.00	1.00:1
The four Quarterly Accounting Periods ending on or about 31.12.00	1.00:1
The four Quarterly Accounting Periods ending on or about 31.3.01	1.00:1
The four Quarterly Accounting Periods ending on or about 30.6.01	1.00:1
The four Quarterly Accounting Periods ending on or about 30.9.01	1.00:1
The four Quarterly Accounting Periods ending on or about 31.12.01	1.00:1
The four Quarterly Accounting Periods ending on or about 31.3.02	1.00:1
The four Quarterly Accounting Periods ending on or about 30.6.02	1.00:1
The four Quarterly Accounting Periods ending on or about 30.9.02	1.00:1
The four Quarterly Accounting Periods ending on or about 31.12.02	1.00:1
The four Quarterly Accounting Periods ending on or about 31.3.03	1.00:1
The four Quarterly Accounting Periods ending on or about 30.6.03	1.00:1
The four Quarterly Accounting Periods ending on or about 30.9.03	1.00:1
The four Quarterly Accounting Periods ending on or about 31.12.03	1.00:1
The four Quarterly Accounting Periods ending on or about 31.3.04	1.00:1
The four Quarterly Accounting Periods ending on or about 30.6.04	1.00:1
The four Quarterly Accounting Periods ending on or about 30.9.04	1.00:1
The four Quarterly Accounting Periods ending on or about 31.12.04	1.00:1

(c) MINIMUM TANGIBLE NET WORTH

(i) Tangible Net Worth shall not at any time during each period referred to in Column A below be less than the amount set out opposite that period in Column B below:

COLUMN A PERIOD	COLUMN B AMOUNT
	((POUND)000)
The Quarterly Accounting Period ending on or about 31.12.99	27,000
The Quarterly Accounting Period ending on or about 31.3.00	36,500
The Quarterly Accounting Period ending on or about 30.6.00	38,500
The Quarterly Accounting Period ending on or about 30.9.00	39,250
The Quarterly Accounting Period ending on or about 31.12.00	39,750

COLUMN A PERIOD	COLUMN B AMOUNT
	((POUND)000)
The Quarterly Accounting Period ending on or about 31.3.01	39,750 + Y
The Quarterly Accounting Period ending on or about 30.6.01	39,750 + Y
The Quarterly Accounting Period ending on or about 30.9.01	39,750 + Y
The Quarterly Accounting Period ending on or about 31.12.01	39,750 + Y
The Quarterly Accounting Period ending on or about 31.3.02	39,750 + Y
The Quarterly Accounting Period ending on or about 30.6.02	39,750 + Y
The Quarterly Accounting Period ending on or about 30.9.02	39,750 + Y
The Quarterly Accounting Period ending on or about 31.12.02	39,750 + Y
The Quarterly Accounting Period ending on or about 31.3.03	39,750 + Y
The Quarterly Accounting Period ending on or about 30.6.03	39,750 + Y
The Quarterly Accounting Period ending on or about 30.9.03	39,750 + Y
The Quarterly Accounting Period ending on or about 31.12.03	39,750 + Y
The Quarterly Accounting Period ending on or about 31.3.04	39,750 + Y
The Quarterly Accounting Period ending on or about 30.6.04	39,750 + Y
The Quarterly Accounting Period ending on or about 30.9.04	39,750 + Y
The Quarterly Accounting Period ending on or about 31.12.04	39,750 + Y

where Y equals 75% of the Net Profit of the Group for the whole of the period from 31st December 2000 to the relevant testing date within the relevant Quarterly Accounting Period provided always that in respect of any Quarterly Account Period if Y would have a value less than zero then Y shall and shall be deemed to be zero and if Y would have a value less than the value (if any) attributed to Y in the previous Quarterly Accounting Period Y shall and shall be deemed to have the same value.

(d) PBIT

PBIT for the Quarterly Accounting Period ending on or about 31st March 1999 shall be not less than (pound)539,000

(e) NET CASH OUTFLOW

Net Cash Outflow for the Quarterly Accounting Period ending on or about 31st March 1999 and the two Quarterly Accounting Periods ending on or about 30th June 1999 shall be not greater than, respectively, (pound)13,000,000 and (pound)9,500,000 (where "NET CASH OUTFLOW" IS The amount by which Total Funding Costs (expressed as a positive amount) exceeds Cashflow (whether a positive or negative amount)).

(f) CAPITAL EXPENDITURE AND FINANCE LEASE EXPENDITURE

no Group Company shall incur any Capital Expenditure or Finance Lease Expenditure if it would result in the aggregate Capital Expenditure and Finance Lease Expenditure incurred by the Group Companies in any period set out in Column A below exceeding the amount set out opposite such period in Column B below:

COLUMN A PERIOD	COLUMN B AMOUNT ((POUND)000)
Closing to 31.1.99	6,000
12 months to 31.1.00	6,000
12 months to 31.1.01	6,000
12 months to 31.1.02	6,000
12 months to 31.1.03	6,000
12 months to 31.1.04	6,000
12 months to 31.1.05	6,000

provided that, if in respect of a period referred to in Column A above, the Group incurs Capital Expenditure and Finance Lease Expenditure in aggregate less than the amount set opposite such period in Column B above, the difference being "ADDITIONAL AVAILABLE EXPENDITURE", the amount set out in Column B above opposite the next succeeding period shall be deemed to be increased by the amount of the Additional Available Expenditure up to a maximum of 25 per cent. of the amount set opposite the preceding period.

(g) BORROWING BASE

the aggregate of (i) all Revolving Advances, (ii) the Overdraft Outstandings and (iii) the Ancillary Outstandings shall not at any time exceed the Borrowing Base at that time.

(h) COTT BORROWING BASE

the Indebtedness of Cott and its Restricted Subsidiaries of the type referred to in section 4.03(i) of the 2005 Indenture does not exceed the limits specified in that section (for the purposes of this Clause 14.4.1(h) the terms "INDEBTEDNESS" and "RESTRICTED SUBSIDIARIES" have the meanings specified in the 2005 Indenture).

(i) ADJUSTMENTS

(a) if the Parent Loan is written off (in whole or in part) then the amount written off shall:

(i) be added to Tangible Net Worth for the purpose of testing the minimum Tangible Net Worth covenant; and

(ii) (if it is written off through the profit and loss account) be added to PBIT for the period in which that happens.

(b) for the purpose of testing the Tangible Net Worth Covenant, the outstanding nominal amount of the Crystal Subordinated Loan

Notes shall be added to Tangible Net Worth during the period of 60 days from Completion.

14.4.2 (a) If the directors of any Group Company determine at any time during the Security Period that the accounting reference date of that Group Company has or should be changed or any of the accounting principles applied in the preparation of any of the Accounts and the Management Accounts shall be different from the Accounting Principles, or if as a result of the introduction or implementation of any SSAP or FRS or any change in any of them or in any applicable law such accounting principles are required to be changed, the Borrower shall promptly give notice to the Bank of that change, determination or requirement.

(b) If the Bank believes that the financial undertakings set out in this Clause 14.4 need to be amended as a result of any such change, determination or requirement or as a result of the Required Disposal (as defined in Clause 8.1.4), the Borrower shall negotiate with the Bank in good faith to amend the existing financial undertakings so as to provide the Bank with substantially the same protections as the financial undertakings set out in this Clause 14.4 (but which are not materially more onerous).

(c) If the Borrower and the Bank cannot agree such amended financial undertakings within 30 days of that notice, the Borrower and the Bank shall jointly nominate a firm of chartered accountants to settle the amended financial undertakings, or in default of such nomination the Bank shall request the President for the time being of the Institute of Chartered Accountants in England and Wales to nominate a firm of chartered accountants for that purpose. Such accountants shall act as experts and not arbitrators and their decision shall be final and binding on the Parties. The costs of such accountants shall be paid by the Borrower.

14.4.3 The calculation of ratios and other amounts under this Clause 14.4 shall be made by the Bank by reference to the latest Accounts, Management Accounts and other financial information of the Group Companies (or, in relation to Clause 14.4.1(h), Cott Group Companies) for the Financial Year of the Borrower, or other period in relation to which the calculation falls to be made. Each determination of the Bank under this Clause 14.4 shall be conclusive and binding on the Borrower except for any manifest error.

15. DEFAULT

15.1 DEFAULT

Each of the following shall be a Default:

(a) NON-PAYMENT: subject to Clause 15.2.5, the Borrower does not pay on the due date any amount payable by it under this Agreement at the place at and in the currency and funds in which it is expressed to be payable unless the failure to pay such amount is due solely to administrative or technical delays in the transmission of funds which are not the fault of that the Borrower and such amount is paid within 2 Business Days after its due date for payment; or

(b) OTHER DEFAULTS: a Group Company breaches any of its obligations under any Financing Document (other than the obligations referred to in Clause 15.1(a)) and, if that breach is capable of remedy, it is not remedied within 5 Business Days after notice of that breach has been given by the Bank to the Borrower; or

(c) BREACH OF REPRESENTATION OR WARRANTY: any representation, warranty or statement made or deemed to be repeated by a Group Company under any Financing Document or in any document delivered by or on behalf of a Group Company under or in connection with any Financing Document is incorrect when made or deemed to have been repeated; or

(d) UNLAWFULNESS, INVALIDITY OR REPUDIATION: it is unlawful for a Group Company to perform or comply with, or a Group Company repudiates, any of its obligations under any Financing Document or the Debenture is invalid or any Cott Group Company contests the validity of the Debenture; or

(e) CROSS-DEFAULT: any Indebtedness of all or any Cott Group Companies in excess of, in aggregate,(pound)3,000,000:

(i) is not paid when due or within any originally applicable grace period; or

(ii) is declared to be or otherwise becomes due and payable prior to its specified maturity,

or any creditor of all or any of Cott Group Companies becomes entitled to declare any such Indebtedness due and payable prior to its specified maturity; or

(f) DEFAULT TO BANK PARTICIPANT: the Borrower fails to fully observe and perform its obligations under any agreement between it and a Bank Participant (which relates to this Facility); or

(g) ATTACHMENT OR DISTRESS: a creditor or encumbrancer attaches or takes possession of, or a distress, execution, sequestration or other process is levied or enforced upon or sued out against, any of the assets of any Group Company (having a value of at least (pound)5,000) and such process is not discharged within 14 days; or

(h) ENFORCEMENT OF SECURITY: any Encumbrance over any of the assets of any Group Company becomes enforceable; or

(i) INABILITY TO PAY DEBTS: any Group Company (other than a Dormant Subsidiary):

(i) suspends payment of its debts or is unable or admits its inability to pay its debts as they fall due; or

(ii) begins negotiations with any creditor with a view to the readjustment or rescheduling of any of its Indebtedness; or

(iii) proposes or enters into any composition or other arrangement for the benefit of its creditors generally or any class of creditors; or

(j) INSOLVENCY PROCEEDINGS: any person takes any action or any legal proceedings are started or other steps taken (including the presentation of a petition) for:

(i) any Group Company (other than a Dormant Subsidiary) to be adjudicated or found insolvent; or

(ii) the winding-up or dissolution of any Group Company other than (A) in respect of a Dormant Subsidiary, (B) in connection with a solvent reconstruction, the terms of which have been previously approved in writing by the Bank, or (C) a winding-up petition which is proved to the satisfaction of the Bank to be frivolous or vexatious and which is, in any event, discharged within 14 days of its presentation and before it is advertised provided always that no Advances shall be made at any time after any winding up petition has been presented and remains undischarged; or

(iii) the appointment of a trustee, receiver, administrative receiver or similar officer in respect of any Group Company or any of its assets; or

(k) ADJUDICATION OR APPOINTMENT: any adjudication, order or appointment is made under or in relation to any of the proceedings referred to in Clause 15.1(j); or

(l) ADMINISTRATION ORDER: an application is made to the court for an administration order under the Insolvency Act 1986 with respect to any Group Company (other than a Dormant Subsidiary); or

(m) ANALOGOUS PROCEEDINGS: any event occurs or proceeding is taken with respect to any Group Company (other than a Dormant Subsidiary) in any jurisdiction to which it is subject which has an effect equivalent or similar to any of the events mentioned in Clause 15.1(g), (i), (j), (k) or (l); or

(n) CESSATION OF BUSINESS: any Group Company (other than a Dormant Subsidiary) suspends, ceases or threatens to suspend or cease to carry on all or a substantial part of its business; or

(o) COTT SUPPLY AGREEMENT: The Royal Crown Contract or the Cott Supply Agreement is terminated or notice of termination of the Royal Crown Contract or the Cott Supply Agreement is given by either party thereto or any material variation or alteration is made to the terms of the Royal Crown Contract or the Cott Supply Agreement other than where (in the case of a termination or notice of termination) the Bank has previously approved alternative arrangements for the supply to the Group of cola and non-cola concentrates or (in the case of a material variation or alteration) the variation or alteration has been previously approved by the Bank; or

(p) MATERIAL ADVERSE CHANGE: any event or series of events occur which, in the opinion of the Bank, has or could reasonably be expected to have a Material Adverse Effect; or

(q) AMENDMENT OF ARTICLES OF THE BORROWER: the Borrower, without the prior written consent of the Bank, amends any of its articles of association;

(r) REDEMPTION OF SHARES BY THE BORROWER: the Borrower, without the prior written consent of the Bank, makes any redemption of any of its shares, purchases any of its shares or otherwise reduces its issued share capital; or

(s) ADDITIONAL CAPITAL: within 60 days of Completion the ordinary share capital of the Borrower is not increased by an amount equal to the nominal amount of the Crystal Subordinated Loan Notes and the Crystal Subordinated Loan Notes are not redeemed;

(t) FURTHER ADDITIONAL CAPITAL: the paid up ordinary issued share capital of the Borrower is not increased by each of:

(i) (pound)1,000,000 on or before 31st May 1999; and

(ii) an amount equal to (x) the amount which the Borrower is required to apply in repayment of the Term Loan pursuant to Clause 8.1.4 less (y) the amount (if any) of Disposal Proceeds in respect of the Required Disposal (as defined in Clause 8.1.4) applied in repayment of the Term Loan pursuant to Clause 8.1.4; and

(u) NEW CAPITAL INJECTION: the (pound)10,000,000 paid by Cott to the Borrower on 30th DecembeR 1999 has not on or prior to 29th February 2000 been applied by way of either:

(a) subscription for fully paid up ordinary share capital of the Borrower; or

(b) to the extent permitted to do so under the Cott Notes Documents, Subordinated Loan (on terms approved by the Bank in writing).

15.2 ACCELERATION, ETC.

15.2.1 If a Default occurs and remains unremedied the Bank may by notice (a "DEFAULT NOTICE") to the Borrower cancel the Facilities and require the Borrower immediately to repay each Loan together with accrued interest and all other sums payable under this Agreement, whereupon they shall become immediately due and payable. Upon the service of any Default Notice the Bank's obligations under this Agreement shall be terminated and its Commitment shall be cancelled.

15.2.2 Immediately upon the Bank either serving a Default Notice or making demand, the Borrower shall in respect of each Guarantee issued on its behalf:

(a) use its reasonable endeavours to procure the release of the Bank from that Guarantee; and

(b) without prejudice to paragraph (a) above, pay to the credit of such account as the Bank shall stipulate an amount equal to the Guaranteed Amount of that Guarantee and charge such account in favour of the Bank, in such manner and on such terms as the Bank may stipulate.

15.2.3 Immediately upon the Bank either serving a Default Notice or making demand, each outstanding FFE Contract shall be, if so specified by the Bank, terminated and closed out. Upon such termination and close-out, the Bank shall determine in good faith the applicable closing gain or loss payable by or to it for the outstanding FFE Contracts, calculated by reference to the netting of the respective amounts in each currency which the Bank is contracted to deliver and receive under all such FFE Contracts. Any amount payable to the Bank or to the Borrower in respect of the FFE Contracts pursuant to this Clause 15.2.3 shall, subject to all rights of set-off, be immediately due and payable.

15.2.4 Immediately upon the Bank either serving a Default Notice or making demand, the Bank shall:

(a) make demand on each overdraft made available under the Optional Overdraft Facility; and

(b) terminate all facilities or financial accommodation made available by it under the Ancillary Facility (and which are not referred to in Clauses 15.2.2 and 15.2.3),

whereupon any moneys owing to the Bank shall be immediately due and payable and the Bank may apply any credit balance on any account of the Borrower with the Bank against any liability owed to the Bank by the Borrower (to the extent that any such credit balance is freely available to be set off in this manner).

15.2.5 If the Bank makes a demand under any overdraft provided under the Optional Overdraft Facility or any facility or financial accommodation provided under the Ancillary Facility, that demand shall not be a Default for the purposes of Clause 15.1(a), and the Bank shall not take any steps to enforce the Security Documents in respect of that demand if (a) that demand is satisfied in full within 5 Business Days of the date of that demand and (b) no other Default has occurred and is continuing during that period. For the avoidance of doubt, if any other Default has occurred, the Bank may exercise all its rights under this Clause 15 and may enforce the Security Documents, in respect of the amount so demanded by the Bank.

16. SET-OFF

The Bank may set off any matured obligation owed by the Borrower under any Financing Document against any obligation (whether or not matured) owed by the Bank to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at the relevant spot rate of exchange of the Bank for the purpose of the set-off.

17. FEES AND EXPENSES

17.1 EXPENSES

The Borrower shall on demand (x) reimburse the Bank for its own account at such reasonable daily and/or hourly rates as the Bank shall from time to time reasonably determine for the cost of utilising its management time and/or other resources and (y) pay all expenses incurred by the Bank (including legal, valuation and accounting fees but, in

relation to paragraphs (a) and (c) below, only to the extent the same are reasonable in amount), and any VAT on those expenses in each case in connection with:

(a) the negotiation, preparation and execution of the Financing Documents and the other documents contemplated by the Financing Documents;

(b) the sub-participation of the Facilities;

(c) the granting of any release, waiver or consent or in connection with any amendment or variation of any Financing Document; and

(d) enforcing, perfecting, protecting or preserving (or attempting so

to do) any of their rights, or in suing for or recovering any sum due from the Borrower or any other person under any Financing Document, or in investigating any possible Default.

17.2 ARRANGEMENT

The Borrower shall pay to the Bank arrangement and agency fees in accordance with the terms of the Fees Letter. For the avoidance of doubt, all liabilities and obligations of the Borrower under the Fees Letter shall be deemed to be incurred under this Agreement and shall be secured by the Security Documents.

17.3 COMMITMENT FEES

17.3.1 The Borrower shall pay a commitment fee in Sterling to the Bank at the rate of 0.75 per cent. per annum on the Term Loan Commitment less the aggregate of all Term Advances. This commitment fee shall be calculated on a day-to-day basis and a 365 day year in respect of the period from the date of this Agreement to full drawdown of the Term Advance and shall be paid on the last day of that period or on any earlier date on which the Term Loan Commitment equals zero.

17.3.2 The Borrower shall pay a commitment fee in Sterling to the Bank at the

rate of 0.75 per cent. per annum (or, if lower at a rate equal to half the Margin from time to time) on the Revolving Credit Commitment less the aggregate of all Revolving Advances and the Overdraft Outstandings. The commitment fee shall be calculated on a day-to-day basis and a 365 day year in respect of the Revolving Credit Commitment Period and shall be payable in arrear on each Quarter Date and also on the last day of the Revolving Credit Commitment Period or on any earlier date on which the Revolving Credit Commitment equals zero.

17.4 DOCUMENTARY TAXES INDEMNITY

All stamp, documentary, registration or other like duties or Taxes, including any penalties, additions, fines, surcharges or interest relating to those duties and Taxes, which are imposed or chargeable on or in connection with any Financing Document shall be paid by the Borrower. The Bank shall be entitled but not obliged to pay any such duties or Taxes (whether or not they are its primary responsibility). If the Bank does so the Borrower shall on demand indemnify the Bank against those duties and Taxes and against any costs and expenses incurred by the Bank in discharging them.

17.5 VAT

17.5.1 All payments made by the Borrower under the Financing Documents are calculated without regard to VAT. If any such payment constitutes the whole or any part of the consideration for a taxable or deemed taxable supply (whether that supply is taxable pursuant to the exercise of an option or otherwise) by the Bank, the amount of that payment shall be increased by an amount equal to the amount of VAT which is chargeable in respect of the taxable supply in question.

17.5.2 No payment or other consideration to be made or furnished to the Borrower

by the Bank pursuant to or in connection with any Financing Document or any transaction or document contemplated in any Financing Document may be increased or added to by reference to (or as a result of any increase in the rate of) any VAT which shall be or may become chargeable in respect of any taxable supply.

17.6 INDEMNITY PAYMENTS

Where in any Financing Document the Borrower has an obligation to indemnify or reimburse the Bank in respect of any loss or payment, the calculation of the amount payable by way of indemnity or reimbursement shall take account of the likely Tax treatment in the hands of the Bank (as determined by the relevant party's auditors) of the amount payable by way of indemnity or reimbursement and of the loss or payment in respect of which that amount is payable.

17.7 DEBITING AUTHORITY

The Borrower authorises the Bank to debit from the Borrower's current account all fees and expenses arising from time to time under this Agreement.

18. AMENDMENTS AND WAIVERS

18.1 WRITING

18.1.1 Any term of any Financing Document may be amended or waived with the written agreement of the Borrower and the Bank.

18.2 NO IMPLIED WAIVERS; REMEDIES CUMULATIVE

The rights of the Bank under the Financing Documents:

(a) may be exercised as often as necessary;

(b) are cumulative and not exclusive of its rights under the general law; and

(c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

19. MISCELLANEOUS

19.1 SEVERANCE

If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not effect:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

19.2 COUNTERPARTS

This Agreement may be executed in any number of counterparts and this shall have the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

19.3 PUBLICITY

The Borrower shall not commission or authorise any press or media publicity in relation to this transaction and its financing without first consulting the Bank and if using the name of a Bank Party, such name shall only be used in such manner as the relevant Party may reasonably require. All costs of any agreed publicity shall be for the account of the Borrower.

19.4 EURO

If Sterling is, or is to be replaced by the Euro, the Bank may notify the Borrower of any amendments to this Agreement, the other Financing Documents or any other document entered into pursuant to this Agreement it reasonably considers necessary in order to ensure (i) that the terms of this Agreement or any other such document reflect market practice at such time with regard to the introduction of monetary union within the European Community and/or to reflect market practice applicable to the Euro (including any rate applicable as LIBOR); and (ii) insofar as reasonably possible and without prejudice to market practice at such time, that the Parties shall be left in no worse position than they might otherwise have been in had the event mentioned in this Clause not occurred. Any such amendments shall take effect as and when specified by the Bank in such notice and shall thereupon be and become binding on all Parties.

20. NOTICES

20.1 METHOD

Each notice or other communication to be given under this Agreement shall be given in writing in English and, unless otherwise provided, shall be made by telex, fax or letter.

20.2 DELIVERY

Any notice or other communication to be given by one Party to another under this Agreement shall (unless one Party has by 10 Business Days' notice to the other Party

specified another address) be given to that other Party, at the respective addresses given in Clause 20.3.

20.3 ADDRESSES

The address, telex number, answerback and fax number of the Borrower and the Bank are:

(A) the Borrower:

Citrus Grove
Side Ley
Kegworth DE74 2FJ

Attention: Finance Director Fax: 01509 674683

(B) the Bank:

Lloyds TSB Bank Plc
Bank House
Wine Street
Bristol
BS1 2AN

Attention: Loans Administration

Fax: 0117 923 3367

with a copy to:

Lloyds TSB Bank Plc
St. George's House
PO Box 787
6-8 Eastcheap
London

EC3M 1AE

Attention: Capital Markets
Fax: 0171 661 4677

20.4 DEEMED RECEIPT

20.4.1 Any notice or other communication given by the Bank shall be deemed to have been received:

(a) if sent by telex with the relevant answerback appearing at the beginning and end of the telex, on the day on which transmitted;

(b) if sent by fax, with a confirmed receipt of transmission from the receiving machine, on the day on which transmitted;

(c) in the case of a written notice given by hand, on the day of actual delivery; and

(d) if posted, on the second Business Day following the day on which it was despatched by first class mail postage prepaid,

provided that a notice given in accordance with the above but received on a day which is not a Business Day or after normal business hours in the place of receipt shall only be deemed to have been received on the next Business Day.

20.4.2 Any notice or other communication given to the Bank shall be deemed to have been given only on actual receipt.

21. ASSIGNMENTS AND TRANSFERS

21.1 BENEFIT OF AGREEMENT

This Agreement shall be binding upon and enure to the benefit of each Party and its successors and assigns.

21.2 ASSIGNMENTS AND TRANSFERS BY THE BORROWER

The Borrower shall not be entitled to assign or transfer any of its rights or obligations under this Agreement.

21.3 ASSIGNMENTS BY THE BANK

The Bank may assign any of its rights and benefits under the Financing Documents to a Qualifying Bank.

21.4 TRANSFERS BY THE BANK

The Bank may transfer, in accordance with this Clause 21.4, any of its rights and obligations under the Financing Documents subject (unless the transfer is to an Affiliate of a Bank) to the prior consent of the Borrower, not to be unreasonably withheld or delayed.

21.5 GRANT OF PARTICIPATIONS

It is intended that the Bank will grant participations in all or some of the Facilities to a number of banks and financial institutions. The Borrower agrees to co-operate with the Bank in granting those participations and to enter into the Participation Agreement (or such other documents as the Bank reasonably requires) to put the Borrower, the Bank and any Bank Participants in the same position they would have been in (as near as possible) had this Agreement been a syndicated facility, the Bank been the facility agent and the Bank Participants been banks or bank transferees under such a syndicated facility. It is intended to enable Bank Participants to transfer their participations in a manner similar to the transfer of commitments and participations under a syndicated facility.

21.6 DISCLOSURE

The Bank (and any Bank Participant) may disclose information about the Borrower and this Facility to anyone to whom it intends to transfer or sub-participate its rights under this Facility.

22. INDEMNITIES

22.1 BREAKAGE COSTS INDEMNITY

The Borrower shall indemnify the Bank on demand against any loss or expense (including any loss of Margin or any other loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under this Agreement, any amount repaid or prepaid under this Agreement or any Advance) which the Bank has sustained or incurred as a consequence of:

(a) an Advance not being made following the service of a Drawdown Notice (except as a result of the failure of the Bank to comply with its obligations under this Agreement);

(b) the failure of the Borrower to make payment on the due date of any sum due under this Agreement;

(c) the occurrence of any Default or the operation of Clause 15.2; or

(d) any prepayment or repayment of (i) a Revolving Advance otherwise than on the last day of the Interest Period in relation to that Advance or (ii) a Term Advance otherwise than on an Interest Date relative to that Advance.

22.2 CURRENCY INDEMNITY

22.2.1 Any payment made to or for the account of or received by the Bank in respect of any moneys or liabilities due, arising or incurred by the Borrower to the Bank in a currency (the "CURRENCY OF PAYMENT") other than the currency in which the payment should have been made under this Agreement (the "CURRENCY OF OBLIGATION") in whatever circumstances (including as a result of a judgment against the Borrower) and for whatever reason shall constitute a discharge to the Borrower only to the extent of the Currency of Obligation amount which the Bank is able on the date of receipt of such payment (or if such date of receipt is not a Business Day, on the next succeeding Business Day) to purchase with the Currency of Payment amount at its spot rate of exchange (as conclusively determined by the Bank) in the London foreign exchange market.

22.2.2 If the amount of the Currency of Obligation which the Bank is so able to purchase falls short of the amount originally due to the Bank under this Agreement, then the relevant Borrower shall immediately on demand indemnify the Bank against any loss or damage arising as a result of that shortfall by paying to the Bank that amount in the Currency of Obligation certified by the Bank as necessary so to indemnify it.

22.3 TRANSACTION INDEMNITY

22.3.1 The Borrower agrees to indemnify and hold the Bank and its directors, officers and agents (the "INDEMNIFIED PARTIES") harmless from and against any and all claims, damages, liabilities, taxes, costs and expenses (including reasonable and proper legal fees, travel and other expenses and disbursements) which may be incurred by or asserted against any Indemnified Party in connection with or arising out of any investigation, litigation or proceedings relating to this Agreement or the financing of the acquisition of the Target Shares and/or the Target Assets (except for any arising out of such Indemnified Party's gross negligence or wilful default) whether or not the Indemnified Parties are parties thereto, and will pay all costs and expenses of the Indemnified Parties (including all

reasonable and proper legal fees, expenses and disbursements) incurred or sustained by the Indemnified Parties in connection with the same whether or not the Facilities are utilised or the acquisition of the Target Shares and/or the Target Assets is completed.

22.3.2 Any Indemnified Party that proposes to assert the right to be indemnified under this Clause 22.3 will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim is to be made against the Borrower under this Clause 22.3 notify the Borrower of the commencement of such action, suit or proceeding, enclosing a copy of all papers served, but the omission so to notify the Borrower of any such action, suit or proceeding shall not relieve the Borrower from any liability that it may have to any Indemnified Party unless the Borrower is effectively precluded from exercising any of its material rights to contest such claim as a result of such omission to notify.

22.3.3 In case any such action, suit or proceeding shall be brought against any Indemnified Party and notification has been made to the Borrower of the commencement thereof, the Borrower shall be entitled to participate in such action, suit or proceeding.

22.4 GENERAL

22.4.1 The indemnities in this Clause 22 shall constitute separate and independent obligations from the other obligations contained in this Agreement, shall give rise to separate and independent causes of action, shall apply irrespective of any indulgence granted from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due under this Agreement or under any such judgment or order.

22.4.2 The certificate of the Bank as to the amount of any loss or damage sustained or incurred by it shall be conclusive and binding on the Borrower except for any manifest error.

23. LAW

This Agreement is governed by and shall be construed in accordance with English law.

IN WITNESS the Parties have caused this Agreement to be duly executed on the date set out above.

THE BORROWER

SIGNED by	)	
BRIAN R MACKIE	)	*/s/ B R MACKIE*
for and on behalf of	)	
COTT UK LIMITED	)	
(now called COTT BEVERAGES LIMITED)	)	
	)	

THE BANK

SIGNED by	)	
PETER J CANNON	)	*/s/ P J CANNON*
for and on behalf of	)	
LLOYDS BANK PLC	)	
(now called LLOYDS TSB BANK PLC)		

EXHIBIT 10.1

TERMINATION AGREEMENT

TERMINATION AGREEMENT ("Agreement") made the first day of November, 1999 by and among PREMIUM BEVERAGE PACKERS, INC., a Pennsylvania corporation having an address of 1090 Spring Street, Reading, Pennsylvania 19610 ("Premium"), JEFFREY D. HETTINGER, an adult individual having an address of 1090 Spring Street, Reading, Pennsylvania 19610 ("Hettinger"), COTT BEVERAGES USA, INC., a Georgia corporation having an address of 5405 Cypress Center Drive, Suite 100, Tampa, Florida 33609 ("Cott USA"), and COTT CORPORATION, a Canadian corporation having an address of 207 Queen's Quay Way, Suite 340, Toronto, Ontario M5J 1A7 (Cott Canada").

WHEREAS, Premium, Cott USA and Cott Canada executed an Asset Purchase Agreement dated February 11, 1997 (the "Purchase Agreement"), wherein, among other things, Premium agreed to sell to Cott USA various assets used by Premium in the business of manufacturing, bottling, distributing and selling Private Label Beverage products;

WHEREAS, closing under the Purchase Agreement occurred on February 11, 1997, effective January 27, 1997;

WHEREAS, in conjunction with the Purchase Agreement (i) Premium and Cott USA executed a Contract Packing Agreement dated February 11, 1997 (the "Contract Packing Agreement"), (ii) Hettinger, Cott USA and Cott Canada executed a Non-Competition and Confidentiality Agreement dated February 11, 1997 (the "Hettinger Non-Competition Agreement"), (iii) Premium, Cott USA and Cott Canada executed a Non-Competition and Confidentiality Agreement dated February 11, 1997 (the "Premium Non-Competition Agreement"), and (iv) Hettinger, Premium and Cott USA executed a Stock and Asset Purchase Option dated February 11, 1997 (the "Option Agreement");

WHEREAS, various transactions under the Purchase Agreement were to be performed after its execution, including, without limitation, Cott USA's payment of the portion of the purchase price known as the Additional Amount;

WHEREAS, the parties desire to (i) provide for a fixed, lump sum payment by Cott USA to Premium in lieu of future payments of the Additional Amount, (ii) reconcile various amounts owed among them, (iii) terminate the Purchase Agreement, (iv) amend and restate the Option Agreement, (v) amend and restate the Contract Packing Agreement, (vi) amend the Hettinger Non-Competition Agreement and the Premium Non-Competition Agreement, and (vii) grant releases to each other; and

WHEREAS, the parties have reached an agreement concerning the foregoing matters and desire to set forth their agreement in writing.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, and intending to be legally bound, the parties agree as follows:

1. Defined Terms. All defined terms used in this Agreement and not defined in this Agreement shall have the meanings given to those terms in the Purchase Agreement.

2. Lump Sum Payment by Cott USA to Premium; Provision of Equipment, Improvements and Services. In lieu of further payments of the Additional Amount, Cott USA agrees as follows:

(a) upon the execution of this Agreement, Cott USA shall pay Premium the amount of $25,000,000 in immediately available United States Dollars ("Immediately Available Funds") by wire transfer to a bank account or accounts designated by Premium in accordance with wiring instructions furnished by Premium to Cott USA.;

(b) pursuant to and in accordance with the Amended and Restated Contract Packing Agreement referenced in Section 5 below, Cott USA shall pay Premium the amount of $ * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] in equipment, improvements and services.

3. Reconciliation of Amounts Owed . Upon the execution of this Agreement, Premium shall pay Cott USA the amount of $ * [CONFIDENTIAL TREATMENT HAS BEEN

REQUESTED] in Immediately Available Funds by wire transfer to a bank account or accounts designated by Cott USA in accordance with wiring instructions furnished by Cott USA to Premium. This payment constitutes a reconciliation of amounts payable under the Purchase Agreement and the Contract Packing Agreement, which amounts are particularly described in the attached Exhibit "A".

4. Termination of Duties, Liabilities and Obligations Under Purchase Agreement. Effective the date of this Agreement, Premium and Cott USA agree that each of them shall have no further duties, liabilities or obligations to the other under the Purchase Agreement, except for and excluding the following duties, liabilities and obligations, which shall survive in full force and effect (collectively, the "Surviving Obligations"):

(a) the duties, liabilities and obligations set forth in Sections 2.2, 4.2, 5.10 and Articles 10 and 12 of the Purchase Agreement;

(b) the obligation of Premium under Subsection 8.1(a) of the Purchase Agreement to indemnify Cott USA for a breach of Sections 2.2, 4.2 and 5.10 of the Purchase Agreement (no other duties, liabilities or obligations arising under Subsection 8.1(a) of the Purchase Agreement shall survive);

(c) the duties, liabilities and obligations set forth in Subsections 8.1(b), 8.1(d), 8.1(e), 8.1(f), 8.1(g) and Section 8.3 of the Purchase Agreement.; and

(d) the duties, liabilities and obligations set forth in Subsection 8.1(c), provided that Premium shall have no indemnification obligation with respect to breaches under the contracts referenced in such Subsection which occurred (i) after February 11, 1997 in the case of oral contracts and written contracts for which consents to assignment were not obtained prior to the date hereof, (ii) after the third party to such contract gave its written consent to the assignment of the contract to Cott USA, in the case of written contracts for which consents were obtained after closing and prior to the date hereof.

5. Amendment and Restatement of Contract Packing Agreement. Upon the execution of this Agreement, Premium and Cott USA shall execute and deliver an Amended and Restated Contract Packing Agreement in the form of Exhibit "B" attached hereto.

6. Amendment of Hettinger Non-Competition Agreement and Premium Non-Competition Agreement. Upon the execution of this Agreement (i) Hettinger, Cott USA and Cott Canada shall execute and deliver a First Amendment to Non-Competition and Confidentiality Agreement in the form of Exhibit "C" attached hereto which amends the Hettinger Non-Competition Agreement, and (ii) Premium, Cott USA and Cott Canada shall execute and deliver a First Amendment to Non-Competition and Confidentiality Agreement in the form of Exhibit "D" attached hereto which amends the Premium Non-Competition Agreement.

7. Amendment and Restatement of Option Agreement. Upon the execution of this Agreement, Hettinger, Premium and Cott USA shall execute and deliver an Amended and Restated Stock and Asset Purchase Option in the form of Exhibit "E" attached hereto.

8. Intellectual Property. Cott USA agrees that Premium and its affiliates, successors and assigns shall have the perpetual and irrevocable right to use all Intellectual Property sold to Cott USA under the Purchase Agreement to the extent that the Premium Non-Competition Agreement does not prohibit Premium from manufacturing, distributing or marketing the products and services relating to such Intellectual Property.

9. Releases.

(a) Premium and Hettinger (collectively, the "Premium Releasing Parties") hereby, except as provided below, remise, release and forever discharge Cott USA and Cott Canada and their respective officers, directors, employees, agents, contractors, affiliates, successors and assigns (collectively, the "Cott Released Parties") of and from all, and all manner of, actions, causes of action, suits, debts, dues, accounts, covenants, promises, contracts, agreements, duties, obligations, liabilities, judgments, claims and demands whatsoever, known and unknown, at law or in equity, which against the Cott Released Parties (or any of them) the

Premium Releasing Parties (or any of them) ever had, now have, or hereafter can, shall or may have, for or by reason of any cause, matter, thing, fact or circumstance existing as of the date of this Agreement, including without limitation, any obligations relating to the Additional Amount, provided that the foregoing release shall not apply to (i) actions, causes of action, suits, debts, dues, accounts, covenants, promises, contracts, agreements, duties, obligations, liabilities, judgments, claims and demands set forth in or arising under (A) this Agreement, and (B) the Amended and Restated Contract Packing Agreement, (C) the Hettinger Non-Competition Agreement, as amended on the date hereof, (D) the Premium Non-Competition Agreement, as amended on the date hereof, and (E) the Amended and Restated Stock and Asset Purchase Option, but only if based upon an act, omission, event, cause, matter, thing, fact or circumstance which arises after, and does not exist on, the date of this Agreement, (ii) Cott USA's obligations to Premium under the Contract Packing Agreement or otherwise with respect to trade mark infringement claims by third parties against Premium for products manufactured and packaged by Premium pursuant to and in accordance with the provisions of the Contract Packing Agreement, (iii) the obligations of the parties under the Contract Packing Agreement to reconcile Premium's inventory of raw materials supplied by Cott USA, and (iv) the Surviving Obligations.

(b) Cott USA and Cott Canada (collectively, the "Cott Releasing Parties") hereby, except as provided below, remise, release and forever discharge Premium and Hettinger and their respective officers, directors, employees, agents, contractors, affiliates, heirs, personal representatives, successors and assigns (collectively, the "Premium Released Parties") of and from all, and all manner of, actions, causes of action, suits, debts, dues, accounts, covenants, promises, contracts, agreements, duties, obligations, liabilities, judgments, claims and demands whatsoever, known and unknown, at law or in equity, which against the Premium Released Parties (or any of them) the Cott Releasing Parties (or any of them) ever had, now have, or hereafter can, shall or may have, for or by reason of any cause, matter, thing, fact or circumstance existing as of the date of this Agreement, provided that the foregoing release shall not apply to
(i) actions, causes of action, suits, debts, dues, accounts, covenants, promises, contracts, agreements, duties, obligations, liabilities, judgments, claims and demands set forth in or arising under (A) this Agreement, and (B) the Amended and Restated Contract Packing Agreement, (C) the Hettinger Non-Competition Agreement, as amended on the date hereof, (D) the Premium Non-Competition Agreement, as amended on the date hereof, and (E) the Amended

and Restated Stock and Asset Purchase Option, but only if based upon an act, omission, event, cause, matter, thing, fact or circumstance which arises after, and does not exist on, the date of this Agreement, (ii) Premium's obligations to Cott USA under the Contract Packing Agreement or otherwise with respect to claims against Cott USA and/or its Affiliates and all customers of Cott USA and/or its Affiliates and their respective employees, officers, directors, agents, shareholders, successors and assigns relating to the manufacture, warehousing, handling or distribution of any products by or on behalf of Premium which involve products manufactured and packaged by Premium under the Contract Packing Agreement, (iii) the obligations of the parties under the Contract Packing Agreement to reconcile Premium's inventory of raw materials supplied by Cott USA, and (iv) the Surviving Obligations.

10. General Contract Provisions. This Agreement shall be construed under and governed by the internal, domestic laws (but not the law of conflict of laws) of the Commonwealth of Pennsylvania. Each party submits itself to the non-exclusive jurisdiction of the Court of Common Pleas of Berks County, Pennsylvania and the United States District Court for the Eastern District of Pennsylvania, in any suit filed therein which relates in any way to this Agreement or any of the agreements referenced herein. This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, personal representatives, successors and assigns. This Agreement sets forth the entire understanding and agreement among the parties with respect to the matters addressed herein and supersedes all prior understandings and agreements, both oral and written, among the parties with respect to such matters. This Agreement may be modified only by means of a written agreement executed by the party alleged to be bound by the modification, and this Agreement may not be modified by any oral agreement or course of dealings among any of the parties. The foregoing WHEREAS clauses and the Exhibits attached to this Agreement are integral and substantive parts of this Agreement and are incorporated into this Agreement by reference.

IN WITNESS WHEREOF, the parties have executed and delivered this Termination Agreement on the day and year first above written.

Attest:

/S/ Michele K. Hettinger
Title: Asst. Secretary

Witness:

/S/ Ernest Choquette

Attest:

/S/ Stephen Bloom

Title:

Attest:

/S/ Mark Halperin
Title:

PREMIUM BEVERAGE PACKERS, INC.

By: /S/ Jeffrey D. Hettinger
Title: President

/S/ Jeffrey D. Hettinger
JEFFREY D. HETTINGER

COTT BEVERAGES USA, INC.

By: /S/ P. Richardson /S/ Mark Halperin
Title: Exec VP. SVP & Secy

COTT CORPORATION

By: /S/ P. Richardson
Title: Exec VP

EXHIBIT A
- [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]

EXHIBIT 10.2

SALE AND PURCHASE AGREEMENT

THIS AGREEMENT is made on 20th November 1997.

BETWEEN:

(1) THE PERSONS whose names and addresses are set out in column 1 of Schedule 1 ("the Vendors").

(2) COTT UK LIMITED (Company No:2836071) whose registered office is at 5 Princes Gate, London, SW7 1QJ ("the Purchaser").

(3) COTT CORPORATION a corporation incorporated under the laws of Canada under company number 010776-0 having its principal place of business at 207 Queen's Quay West, Suite 800, Toronto, Ontario, Canada M5J 1A7 ("the Parent").

IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement, unless the context otherwise requires, the following words and expressions shall bear the following meanings:

"`A' SHARES"	means the twenty five thousand (25,000) issued "A" Ordinary Shares of 10 pence each in the capital of the Company fully paid or credited as fully paid.
"ADJUSTED NET ASSETS"	means the amount at the Completion Date by which the fixed and current assets of the Group Companies as shown in the Completion Balance Sheet exceeds the aggregate of the liabilities (being the actual, contingent and prospective liabilities so far as they can be quantified whether current or not, as shown therein but excluding the Existing Group Loan Stock) as agreed or determined pursuant to Clause 5 of this Agreement.
"APPROPRIATE MANNER"	means as agreed by the parties, negotiating in good faith either in person or through their nominated advisors or, in default of such agreement within 20 Business Days of commencement of such negotiations, as determined by an Expert nominated at any time thereafter on the request of the Vendors or the Purchaser (as the case may be) and in accordance with Clause 16.

"ASSOCIATE"	means in respect of any person ("the first person") any person which is a connected person (as defined in Section 839 ICTA) of the first person, or which is an associated company of the first person within the meaning of Section 416 ICTA but as if in sub-section (2) of that Section there was substituted for the words "the greater part" wherever they appear the words "twenty five per cent or more".
"`B' SHARES"	means the two hundred and twenty one thousand, four hundred and sixty nine (221,469) issued "B" Ordinary Shares of 10 pence each in the capital of the Company, fully paid or credited as fully paid.
"BUSINESS DAY"	means any day other than Saturdays, Sundays and bank holidays during which clearing banks are open for business in the City of London.
"CA 1985"	means the Companies Act 1985.
"CA 1989"	means the Companies Act 1989.
"COMPANIES ACTS"	means CA 1985 and CA 1989 and the former Companies Acts (within the meaning of Section 735(1) CA 1985).
"COMPANY"	means Hero Drinks Group (UK) Limited brief details of which are set out in Part 1 of Schedule 2.
"COMPANY INTELLECTUAL PROPERTY RIGHTS"	means all Intellectual Property Rights (whether or not registered or registerable), which are used in the carrying on of the business of the Company in the manner in which it is carried on as at the date of this Agreement, other than the Registered Company Intellectual Property Rights and any intellectual property rights licensed to the Company by Hero or otherwise owned by Hero.
"COMPLETION"	means completion of the sale and purchase of the Shares in accordance with Clause 7.
"COMPLETION BALANCE SHEET"	means the balance sheet of the Company as at the close of business on the Completion Date to be prepared in accordance with Clause 5.
"COMPLETION DATE"	means the date hereof.
"`C' SHARES"	means the seven hundred and fifty-three thousand, five hundred and thirty-one (753,531) issued "C" Ordinary Shares of 10 pence each in the capital of the Company fully paid or credited as fully paid.

"CONSIDERATION"	means the consideration payable by the Purchaser for the Shares representing the aggregate of the Initial Consideration and the Further Consideration (subject to any adjustment provided for in this Agreement).
"CRYSTAL DRINKS"	means Crystal Drinks Limited (Company No 2186825).
"DISCLOSURE LETTER"	means the letter of even date herewith in the Agreed Form from the Vendors to the Purchaser disclosing exceptions to the Warranties.
"DISCLOSED DOCUMENTS"	means the documents referred to in the list of documents in the Agreed Form annexed to the Disclosure Letter.
"EBIT"	has the meaning provided in paragraph 5 of Schedule 3.
"ENVIRONMENT" and "POLLUTION OF THE ENVIRONMENT"	have the meanings attributed to them by s.1 of the Environmental Protection Act 1990.
"ENVIRONMENTAL LAW"	means all laws, regulations, codes of practice, circulars, guidance notes (statutory or otherwise) and the like from time to time (whether in the United Kingdom or elsewhere) concerning the protection of human health or the environment or the conditions of the work place or the generation, transportation, storage, treatment or disposal of any hazardous material, including, for the avoidance of doubt, the Contaminated Land Regime under Part IIA Environmental Protection Act 1990 and guidance pursuant thereto.
"EXISTING GROUP LOAN STOCK"	the Loan Stock in the nominal amount of (pound)29,600,000 owing from the Company to Renshaw Scott Limited, constituted by a loan stock instrument dated 19 November 1997.
"EXPERT"	means an independent firm of chartered accountants agreed upon by the Vendors and the Purchaser or, failing such agreement within 14 days of request by any party to this Agreement nominated by the Institute of Chartered Accountants in England and Wales.
"FA"	means Finance Act.
"THE FINAL SALARY SCHEME"	means the Hero Drinks Group Retirement and Death Benefits Scheme established by a preliminary trust deed dated 24 March 1972.
"FURTHER CONSIDERATION"	means the further consideration payable for the Shares as defined in paragraph 1 of Schedule 3.

"GROUP COMPANIES"	means the Company and the companies, brief details of which are set out in Schedule 2 and "Group Company" means any one of such companies.
"GROUP PERSONAL PENSION PLAN"	means each of the personal pension policies effected with National Provident to which the Company contributes in relation to employees of the Company collectively known as the Hero Drinks Group (UK) Limited Group Personal Pension Plan.
"HAZARDOUS MATERIAL"	means any natural or artificial substance (whether in solid or liquid form or in the form of a gas or vapour and whether alone or in combination with any other substance) capable of causing harm to man or any other living organism supported by the environment, or damaging the environment or public health or welfare including but not limited to any controlled, special, hazardous, toxic or dangerous waste.
"HERO"	means Hero brief details of which are set out in Schedule 1.
"HOLDING COMPANY"	means a holding company as defined in Section 736 CA 1985 (as supplemented by Section 736A CA 1985).
"ICTA"	means the Income and Corporation Taxes Act 1988.
"INITIAL CONSIDERATION"	means the initial consideration amount to be paid to the Vendors or into the Retention Account on Completion by or on behalf of the Purchaser in respect of the purchase of the Shares (being a payment on account of the Consideration in the sum of (pound)17,400,000 (seventeen million, four hundred thousand pounds)), such payment to be satisfied in the manner specified in Clause 4.2.
"3I LOAN"	means loans totalling in aggregate (pound)1,494,000 formerly owed to 3i plc by the Company which loans have been repaid by the Company prior to the date of this Agreement.
"3I PENALTY"	means the amount of any penalty imposed on the Company by 3i plc on account of the early repayment of the 3i loan.

"INTELLECTUAL PROPERTY RIGHTS"	means all patents, trade marks, service marks, registered designs, utility models, design rights, copyright (including copyright in computer software), semi-conductor topography rights, inventions, trade secrets and other confidential information, know-how, business or trade names and all other intellectual and industrial property and rights of a similar or corresponding nature in any part of the world, whether registered or not or capable of registration or not and including the right to apply for and all applications for any of the foregoing rights and the right to sue for past infringements of any of the foregoing rights.
"INTELLECTUAL PROPERTY LICENCE"	means the licence to be entered into at Completion between Hero (1) and the Purchaser (2) relating to the use of certain trade marks owned by Hero in the Agreed Form.
"LAST ACCOUNTS"	means the audited balance sheet of the Company as at the Last Accounts Date and the audited profit and loss account of the Company made up to the Last Accounts Date and (in each case) the auditor's and the directors' reports and notes thereon.
"LAST ACCOUNTS DATE"	means 31 December 1996.
"MANAGEMENT ACCOUNTS"	means the unaudited balance sheet and profit and loss account of the Company for the 10 month period ended 31 October 1997.
"NET ASSET THRESHOLD"	means the sum of (pound)37,896,000 (thirty seven million eight hundred and ninety six thousand pounds) less the amount of the 3i Penalty.
"NEW COTT"	the combined group of companies comprising (i) the Purchaser (ii) Crystal Drinks and (iii) the Group Companies together representing all the trading activities of the Purchaser's Group in the United Kingdom following Completion.
"PENSION SCHEMES"	means the Final Salary Scheme and the Group Personal Pension Plan.
"PHI SCHEME"	means the permanent health insurance scheme insured with Sun Life of Canada under policy number 74297-GPH.
"PLANNING ACTS"	means the Town and Country Planning Act 1990, the Planning (Listed Buildings and Conservation Areas) Act 1990, the Planning (Consequential Provisions) Act 1990, the Planning (Hazardous Substances) Act 1990 and the Planning (Compensation) Act 1991, and any other statute or subordinate legislation relating to town and country planning.

"PRE-COMPLETION DIVIDEND"	means the dividend of (pound)4,800,000 (four million eight hundred thousand pounds) paid by the Company prior to the date of this Agreement.
"PROPERTIES"	means the Properties of the Group Companies briefly described in Part 1 of Schedule 6 (and for the purpose of the Warranties relating to environmental matters includes all plant, equipment, machinery, storage vessels, pipes, cables and associated apparatus present at, upon, in or underneath the Properties).
"PURCHASER'S ACCOUNTANTS"	means Coopers & Lybrand of 1 Embankment Place, London, WC2N 6NN.
"PURCHASER'S GROUP"	means the Purchaser, its holding companies and the subsidiaries and the subsidiary undertakings from time to time of such holding companies, all of them, and each of them as the context admits.
"PURCHASER'S SOLICITORS"	means Hammond Suddards, of 2 Park Lane, Leeds, West Yorkshire, LS3 1ES.
"REGISTERED COMPANY INTELLECTUAL PROPERTY RIGHTS"	means those registered Intellectual Property Rights and applications for registered Intellectual Property Rights listed in Schedule 10.
"REORGANISATION"	means the reorganisation of New Cott involving (a) the transfer of the export business of the Purchaser to Cott Europe Trading Limited (b) the transfer of the business, assets and liabilities of the Company to the Purchaser (c) the grant of a long lease of the fixed assets of Crystal Drinks to the Purchaser comprising its premises, plant and machinery and industrial property rights, together with an option in favour of the Purchaser to purchase certain of such assets, and (d) the transfer of the stock and work in progress of Crystal Drinks to the Purchaser.
"THE RETENTION"	means the sum of (pound)1,900,000 (one million nine hundred thousand pounds) to be retained by the Purchaser out of the Initial Consideration and to be dealt with in accordance with Clause 4.4.
"THE RETENTION ACCOUNT"	means an interest bearing account in the joint names of the Purchaser's Solicitors and the Vendors' Solicitors with Lloyds Bank PLC of 6 Park Row, Leeds, West Yorkshire.
"THE RETENTION DATE"	means the date which is seven (7) days after the date of agreement or determination of the Adjusted Net Assets pursuant to the terms of this Agreement.

"SECURITY INTEREST"	means any mortgage, charge, assignment or assignation by way of security, guarantee, indemnity, debenture, hypothecation, pledge, declaration of trust, lien, right of set off or combination of accounts, or other interest in the nature of security whatsoever, howsoever created or arising.
"SPECIFIC DISCLOSED DOCUMENTS"	means the Disclosed Documents which are referred to in the text of the Disclosure Letter other than solely by operation of paragraphs 3.2, 3.3 or 3.5 of the Disclosure Letter.
"THE SHARES"	means the "A" Shares, the "B" Shares and the "C" Shares to be sold by the Vendors in the numbers set out opposite their respective names in column 2 of Schedule 1.
"SUBSIDIARY"	means a subsidiary as defined in Section 736 CA 1985 (as supplemented by Section 736A CA 1985).
"TARGET EARNINGS"	has the meaning provided in paragraph 4 of Schedule 3.
"TAXATION"	has the meaning provided the Tax Deed and "Tax" shall be construed accordingly.
"TAXATION AUTHORITY"	has the meaning provided in the Tax Deed.
"TAX DEED"	means the Deed in the form set out in Schedule 5.
"TAXATION STATUTES"	includes statutes (and all regulations and arrangements whatsoever made thereunder) whether of the United Kingdom or elsewhere, enacted before the date of this Agreement, providing for or imposing any Taxation.
"TAXATION WARRANTIES"	means the Warranties contained in paragraph 3 of Schedule 4.
"TCGA"	means the Taxation of Chargeable Gains Act 1992.
"THE VENDORS' ACCOUNTANTS"	means Coopers & Lybrand of Cumberland House, 35 Park Row, Nottingham, NG1 6FY.
"VENDORS' GROUP"	means the Vendors, any holding company of either of the Vendors and the subsidiaries and subsidiary undertakings (from time to time of such holding companies, all of them and each of them as the context admits), other than the Group Companies.
"THE VENDORS' SOLICITORS"	means Ashurst Morris Crisp of Broadwalk House, 5 Solicitors Appold Street, London, EC2A 2HA.
"THE WARRANTIES"	means the warranties set out in Schedule 4.

1.2 "UNDERTAKING", "SUBSIDIARY UNDERTAKING", "PARENT UNDERTAKING" and "PARTICIPATING INTEREST" each bear the meanings ascribed to them in CA 1989.

1.3 References to any statute, or to any statutory provision, statutory instrument, order or regulation made thereunder, includes that statute, provision, instrument, order or regulation as amended, modified, consolidated, re-enacted, or replaced from time to time, whether before or after the date of this Agreement and also includes any previous statute, statutory provision, instrument, order or regulation, amended, modified, consolidated, or re-enacted by such statute, provision, instrument, order or regulation.

1.4 All references to a statutory provision shall be construed as including references to all statutory instruments or orders, regulations or other subordinate legislation made pursuant to that statutory provision.

1.5 Unless the context otherwise requires, references to the singular include the plural, references to any gender include all other genders, and references to "persons" shall include individuals, bodies corporate, unincorporated associations, professions, businesses and partnerships.

1.6 Clause headings are for information only and shall not affect the construction of this Agreement.

1.7 The Schedules to this Agreement shall for all purposes form part of this Agreement.

1.8 Each agreement, undertaking, covenant, and warranty by the Vendors shall be deemed for all purposes to be made or given jointly and severally.

1.9 References to the "Agreed Form" mean in the form agreed in writing between the Vendors' Solicitors and the Purchaser's Solicitors prior to signature of this Agreement.

2. SALE AND PURCHASE

2.1 Subject to the terms and conditions of this Agreement, the Vendors shall sell and the Purchaser shall purchase the Shares, together with all accrued benefits and rights attaching or accruing to the Shares (including all dividends declared) on or after the date of this Agreement.

2.2 The Vendors jointly and severally covenant with the Purchaser as follows:

2.2.1 that each of the Vendors has the right to sell and transfer those Shares set out opposite its name in column 2 of Schedule 1 in accordance with the terms of this Agreement;

2.2.2 that the Shares are sold free from any liens, charges and encumbrances (whether monetary or not and including any lien which the Vendors might otherwise have, whenever arising, for unpaid amounts of Consideration payable under this

Agreement in respect of the Shares) and from all other rights exercisable by third parties.

3. PRE-EMPTION RIGHTS WAIVER

The Vendors waive all rights of pre-emption (if any) over the Shares to which they may be entitled under the Articles of Association of the Company, or otherwise, in relation to the sale and purchase of the Shares pursuant to this Agreement.

4. CONSIDERATION AND EXISTING GROUP LOAN STOCK

4.1 The Consideration for the Shares shall be determined and satisfied in accordance with the provisions of Clause 4 and Schedule 3 of this Agreement and shall be subject to adjustment in accordance with the provisions of Clause 5 and Schedule 3 of this Agreement.

4.2 On Completion the Purchaser will pay, on account of the Consideration, an amount equal to the Initial Consideration which will be satisfied:

4.2.1 as to the sum of (pound)17,400,000 (seventeen million, four hundred thousand pounds), less the amount of the Retention, by payment in cash by the Purchaser at Completion; and

4.2.2 as to the amount of the Retention, by payment in cash by the Purchaser at Completion into the Retention Account.

4.3 The Vendors shall be entitled to the Initial Consideration in the amounts set opposite their names in column 4 of Schedule 1, such Initial Consideration to be apportioned pro rata between that part of the Consideration payable pursuant to Clause 4.2.1 and the Retention, and to the Further Consideration in the proportions set out in column 3 of Schedule 1.

4.4 The provisions of this Clause 4.4 shall apply to the Retention:

4.4.1 Subject to the provisions of Clause 4.4.2, in the event that on the Retention Date the Adjusted Net Assets of the Group Companies as agreed or determined pursuant to Clause 5 of this Agreement shall be:

(a) equal to or greater than the Net Asset Threshold, there shall be paid on the Retention Date to the Vendors' Solicitors the Retention;

(b) less than the Net Asset Threshold, but the shortfall is less than the Retention, the Purchaser shall be entitled to be paid for its own use and benefit from the Retention an amount equivalent to any such shortfall below the Net Asset Threshold, and there shall be paid on the Retention Date to the Vendors' Solicitors any balance of the Retention; and

(c) less than the Net Asset Threshold, but the shortfall is more than the amount of the Retention, the Purchaser shall be entitled to be paid for its own use the entire amount of the Retention in part satisfaction of the obligations of the Vendors under Clause 6.2, but without prejudice to the obligations of the Vendors to indemnify the Purchaser for any further shortfall in the amount of the Net Asset Threshold pursuant to Clause 6.2.

4.4.2 All payments of capital to be made pursuant to Clause 4.4.1 shall be made on the basis that a pro rata portion of all interest earned on such amount in the Retention Account shall also be made to the relevant payee. The Vendors and the Purchaser shall instruct the Vendors' Solicitors and the Purchaser's Solicitors to sign any withdrawal form or other document to give effect to the terms of this Clause 4.4

4.5 On Completion the Vendors shall procure the transfer to the Purchaser or a company nominated by the Purchaser, of the benefit of the Existing Group Loan Stock in consideration for the payment of cash to Renshaw Scott Limited in the sum of (pound)29,600,000 (twenty nine million six hundred thousand pounds).

5. COMPLETION BALANCE SHEET

5.1 The Purchaser shall procure that within thirty (30) days after the date of Completion, the Company and the Vendors' Accountants will prepare a draft Completion Balance Sheet and a draft statement of the Adjusted Net Assets of the Company and submit the same for approval to the Vendors, the Purchaser and the Purchaser's Accountants.

5.2 The Completion Balance Sheet shall be prepared:

5.2.1 on the basis of the historical cost convention as modified by the revaluation of certain fixed assets;

5.2.2 using the specific accounting policies specified in Schedule 10 and (subject to the provisions of Schedule 10) generally accepted United Kingdom accounting principles (including all relevant Statements of Standard Accounting Practice issued by the Accounting Standards Committee, Financial Reporting Standards issued by the Accounting Standards Board, and any applicable pronouncements of the Urgent Issues Task Force of the Accounting Standard Board); and

5.2.3 subject to the preceding provisions of this Clause 5.2, in a manner consistent with the procedures and policies, bases and methods of valuation adopted in the preparation of the Last Accounts.

5.3 Within thirty (30) days of receipt by the Vendors, the Purchaser and the Purchaser's Accountants of the draft Completion Balance Sheet, the Purchaser and the Vendors will inform each other in writing whether or not in their opinion the draft Completion Balance Sheet complies with the requirements of this Clause 5 and whether they agree with the draft statement of Adjusted Net Assets and, if not, shall specify in writing, so far as they are then reasonably able so to do, the amount and nature of any item which they do not

accept. If both parties confirm in writing that they accept the draft Completion Balance Sheet and the draft statement of Adjusted Net Assets, or if both parties fail to inform the other party within thirty
(30) days of receipt of the draft Completion Balance Sheet whether or not they accept that the draft Completion Balance Sheet complies with the requirements of this Clause 5, such draft shall be the Completion Balance Sheet, and the Adjusted Net Assets shall be determined by reference to it.

5.4 If either the Purchaser or the Vendors informs the other party, in accordance with Clause 5.3, that it does not accept that the draft Completion Balance Sheet and the draft statement of Adjusted Net Assets complies with the requirements of this Clause 5, the Purchaser and the Vendors will hold discussions in good faith with a view to agreeing the Completion Balance Sheet and the draft statement of Adjusted Net Assets and the amount of the draft Adjusted Net Assets. If such agreement is reached, and is confirmed in writing by the parties, it shall be final and binding on the parties but without prejudice to the Purchaser's right to claim under the Warranties, the Tax Deed, or otherwise in respect of any matter under this Agreement.

5.5 Any dispute about the Completion Balance Sheet or the draft statement of Adjusted Net Assets which remains unresolved sixty (60) days after receipt by the Vendors, the Purchaser and the Purchaser's Accountants of the draft Completion Balance Sheet shall (unless otherwise agreed in writing by the parties prior to the expiry of such period) be determined by an Expert.

5.6 In the event that no referral to an Expert is made, all costs incurred by the Vendors in reviewing and agreeing the Completion Balance Sheet, or the draft statement of Adjusted Net Assets, shall be borne by the Vendors and all such costs incurred by the Purchaser shall be borne by the Purchaser.

5.7 Each party will co-operate fully with the other and, if applicable, with the Expert appointed under Clause 5.5 (including giving all reasonable access to records, information, and to personnel) with a view to enabling the draft Completion Balance Sheet and the draft statement of Adjusted Net Assets to be prepared and subsequently discussed and, if applicable, with a view to enabling any Expert to make any determination required by Clause 5.5, and in particular the Purchaser shall procure that the Group Companies shall permit the Vendors and their advisers (and, if applicable, the Expert) to have access to, and (where reasonable) to take copies of any records or information belonging to the Company. The parties have procured a physical stock take of the stock of the Company prior to Completion which was attended by representatives of the Vendors and the Purchaser and the Vendors' Accountants and the Purchaser's Accountants.

5.8 The Vendors shall keep confidential any such records or information belonging to the Company and shall not make use of the same save for the purposes of this Clause 5, and shall not disclose the same to any other person firm or company (other than any Expert or any Taxation Authority to the extent required) except to the extent that such person firm or company needs to know such information for the purposes of this Clause 5 and then

only upon terms that such person firm or company is bound by the terms of this Clause 5.8.

6. ADJUSTED NET ASSETS

6.1 It is hereby agreed between the Vendors and the Purchaser that if the Adjusted Net Assets as shown by the Completion Balance Sheet as agreed or determined pursuant to Clause 5 are less than the Net Asset Threshold, then the Vendors shall be jointly and severally liable to pay to the Purchaser (pound)1 (one pound) for every (pound)1 (one pound) of such shortfall, together with, where such amount exceeds the amount of the Retention, interest on the amount of such excess at the rate of 2 per cent above the Base Rate of Lloyd's Bank plc from time to time and, where such amount is equal to or less than the amount of the Retention, interest at the rate payable in respect of the sum in the Retention Account from time to time in each case from the Completion Date to the date the amount of any such shortfall falls due for payment under Clause 6.2, and any such payment shall be treated as a pro rata reduction of the Initial Consideration.

6.2 The Vendors jointly and severally undertake to the Purchaser that if, and to the extent that, their obligations under Clause 6.1 are not satisfied by the release to the Purchaser of all or part of the Retention pursuant to Clause 4.4, then the Vendors shall pay the amount of the shortfall in Adjusted Net Assets referred to in Clause 6.1 (less the amount of the Retention) to the Purchaser in cash within seven (7) days after the Retention Date, and failing payment in full within such period of seven (7) days the amount of such shortfall shall be capitalised and aggregated with the interest accrued under Clause 6.1 (if any) and such total amount shall bear interest from the Retention Date until the date of actual payment at the rate of four (4) per cent per annum above the base rate of Lloyds Bank plc from time to time calculated on a daily basis.

7. COMPLETION

7.1 Completion shall take place at the London offices of the Purchaser's Solicitors immediately after the signing of this Agreement when the events set out in Clauses 7.2 to 7.7 shall occur.

7.2 At Completion the Vendors shall deliver to the Purchaser's Solicitors:

7.2.1 duly completed and executed transfers of the Shares in favour of the Purchaser or as it directs together with a power of attorney from each Vendor in the agreed form enabling the Purchaser to vote the Shares pending its registration as shareholder;

7.2.2 the certificates for the Shares;

7.2.3 duly completed and signed transfers in favour of the Purchaser (or as it may direct) of all shares of the Group Companies (other than the Company) not registered in the name of the Company and/or any other Group Company together with the relative share certificates;

7.2.4 the Tax Deed duly executed by the Vendors;

7.2.5 the resignations of each of the directors and the secretary of each Group Company from their respective offices in each Group Company, with a written acknowledgement under seal expressed to be subject to English Law from each of them in such form as the Purchaser requires that he has no claim against any Group Company on any grounds whatsoever in respect of their positions as directors and secretary;

7.2.6 a letter in the Agreed Form from the existing auditors of the Company confirming that had they resigned at Completion they would have had no outstanding claims of any kind against the Company and confirming that had they so resigned there would have been no circumstances connected with their ceasing to hold office which they consider should be brought to the attention of the members or creditors of the Company;

7.2.7 evidence satisfactory to the Purchaser that all charges, debentures and other Security Interests and all guarantees affecting each Group Company (including without limitation Security Interests in favour of 3i plc) have been discharged in full; and

7.2.8 a letter of release in Agreed Form duly executed by Hero and Renshaw Scott Limited for itself and as duly authorised agent for each of its Associates confirming that with effect from Completion no sums are owed by any Group Company to Hero or any of its Associates on any account whatsoever except in relation to monies owing to the Vendors or any of their Associates in relation to inter company trading in the ordinary course of business.

7.3 At Completion the following items in Clauses 7.3.1 to 7.3.8 and 7.3.10 shall be delivered or made available to the Purchaser by the Vendors, and the Purchaser shall procure the delivery of the items in 7.3.9 and 7.3.11:

7.3.1 the Certificate of Incorporation (and, where relevant, on Change of Name) of each Group Company (other than copies of the Certificate of Incorporation of the Company in respect of which constructive delivery shall be given);

7.3.2 the minute books of each Group Company duly made up to Completion;

7.3.3 the register of members and other statutory registers of each Group Company duly made up to Completion;

7.3.4 the common seal of the Company and constructive delivery shall be given of the common seals of all other Group Companies;

7.3.5 all unissued share certificates of each Group Company;

7.3.6 the title deeds relating to each of the Properties together with the statutory declaration in relation to the property at Sawley;

7.3.7 constructive delivery of all books, accounts and documents of record and all other documents in the possession or control of any of the Vendors in connection with each Group Company all complete and up to date;

7.3.8 all bank statements of all bank accounts of each Group Company as at a date not more than three Business Days prior to Completion;

7.3.9 new bank mandates to be given by each Group Company;

7.3.10 constructive delivery of all the current cheque books, paying in books and unused cheques of each Group Company; and

7.3.11 a written special resolution of the Company in the Agreed Form (i) effecting changes to its memorandum of association so as to confer, inter alia, an express power to give financial assistance (ii) approving certain transactions for the purpose of Chapter VI CA 1985 and (iii) changing the name of the Company to exclude reference to the word "Hero".

7.4 At Completion the Vendors shall and shall procure that their respective Associates shall pay all monies then owing by them to each Group Company, including, for the avoidance of doubt, all management charges (save for monies owing in relation to inter company trading in the ordinary course of business) whether due for payment or not and that all guarantees, indemnities or other obligation given by each Group Company for or on behalf of the Vendors or their Associates are cancelled without liability on the part of each Group Company.

7.5 On Completion the Vendors and the Purchaser shall procure that the Intellectual Property Licence is entered into.

7.6 At Completion the Vendors shall deliver to the Purchaser a duly executed instrument of transfer of the Existing Group Loan Stock together with the relevant stock certificate.

7.7 At Completion a Board Meeting of each Group Company shall be duly convened and held at which, with effect from Completion:

7.7.1 the transfers referred to in Clauses 7.2.1 and 7.2.3 (as the case may be) shall (subject to stamping) be registered;

7.7.2 such persons as the Purchaser may nominate shall be appointed as additional directors and as the secretary of each Group Company and the resignations referred to in Clause 7.2.5 shall be submitted and accepted;

7.7.3 all authorities to the bankers of each Group Company relating to bank accounts shall be revoked and new authorities to such persons as the Purchaser may nominate shall be given to operate the same; and

7.7.4 the registered offices of each Group Company shall be changed to such address as the Purchaser shall stipulate.

7.8 Upon completion of the matters specified in Clauses 7.2 to 7.7:

7.8.1 the Purchaser will by telegraphic transfer (1) pay the sum referred to in Clause 4.5 to Renshaw Scott Limited and (ii) pay the sum referred to in Clause 4.2.1 and the sum of (pound)9013.70 to the Vendors' Solicitors (whose receipt shall be an absolute discharge to the Purchaser); and

7.8.2 the Purchaser will pay the amount of the Retention by telegraphic transfer into the Retention Account.

7.9 The Purchaser may in its absolute discretion waive any requirement contained in Clauses 7.2 to 7.7 inclusive but shall not be obliged to complete the purchase of any of the Shares unless the purchase of all the Shares is completed in accordance with such Clauses and this Agreement.

8. WARRANTIES

8.1 The Vendors to the extent and subject as set out in this Clause 8, warrant to the Purchaser that the Warranties are, and at Completion will be, true and accurate in all respects.

8.2 Each of the Warranties (other than those referred to in paragraph 1 of Schedule 7 in respect of which no qualification is accepted except as expressly set out therein) is given subject to the matters fairly disclosed in the Disclosure Letter or the Disclosed Documents but none of the Warranties is otherwise subject to any qualification whatever other than as expressly set out in Schedule 7. No letter, document or other communication shall be deemed to constitute a disclosure for the purposes of the Warranties unless the contents of the same are fairly disclosed in the Disclosure Letter or the Disclosed Documents.

8.3 Each Warranty in respect of "the Company" shall be deemed to be a Warranty of the Vendors given in respect of the Company and each other Group Company and (unless the context or subject matter otherwise requires) the expression "the Company" in Schedule 4 shall be construed accordingly.

8.4 Save in respect of matters related to the Environment or Environmental Law, in relation to which only Warranty 8.3 shall apply, each of the Warranties is without prejudice to any other Warranty and, except where expressly stated, no Clause contained in this Agreement governs or limits the extent or application of any other Clause and the Warranties shall not in any respect be extinguished or affected by Completion.

8.5 Save as expressly provided in Schedule 7, the rights and remedies of the Purchaser in respect of any breach of the Warranties shall not be affected by completion of the purchase of the Shares, by any investigation made by or on behalf of the Purchaser into the affairs of any Group Company, by any failure to exercise or delay in exercising any right or remedy, or by any other event or matter whatsoever, except in circumstances where a specific written waiver has been duly signed by the Purchaser relating to such breach.

8.6 None of the information supplied by or on behalf of any Group Company or of its professional advisers prior to the date of this Agreement to any of the Vendors or their directors, employees, agents, representatives or advisers in connection with the Warranties or the contents of the Disclosure Letter, or otherwise in relation to the business or affairs of any Group Company, shall be deemed a representation, warranty or guarantee of its accuracy by the relevant Group Company to the Vendors and shall not constitute a defence to any claim by the Purchaser under the Warranties or under the Tax Deed, and the Vendors waive any and all claims which they might otherwise have against any Group Company and their respective officers employees and advisers.

8.7 Notwithstanding any rule of law or equity to the contrary, any release, waiver or compromise or any other arrangement of any kind whatsoever to which the Purchaser may agree or effect in relation to one of the Vendors in connection with this Agreement or the Tax Deed, and in particular, but without limitation, in connection with any of the Warranties, shall not affect the rights and remedies of the Purchaser as regards any other of the Vendors.

8.8 Each of the Vendors undertakes, in relation to any Warranty which refers to the knowledge, information, belief or awareness of a Vendor or any similar expression, that such Vendor has made, due and careful enquiry into the subject matter of that Warranty (including where applicable, of David Monk, Robert Winterflood, Robert Lamb, William Taylor, John Wood or Paul Pallant but not otherwise of any officers or employees of the Company) and each of them acknowledges that the knowledge, information, belief or awareness of one of the Vendors shall be attributable to the others of them.

8.9 The provisions of Schedule 7 shall have effect to limit the liability of the Vendors under the Warranties.

8.10 The Purchaser acknowledges that the Vendors have entered into this Agreement in reliance upon the warranties contained in Schedule 12 Part 1 to the extent that the Further Consideration is in part dependent upon the financial performance of New Cott and accordingly, warrants to each of the Vendors individually in the terms of Schedule 12 Part 1 ("the Purchaser's Warranties").

8.11 Each of the Purchaser's Warranties is without prejudice to any of the other warranties in such Schedule and the Purchaser's Warranties shall not in any respect be extinguished or affected by Completion.

8.12 Subject to the provisions of Schedule 12 Part II, the rights and remedies of the Vendors in respect of any breach of the Purchaser's Warranties shall not be affected by any failure to exercise or delay in exercising any right or remedy.

9. RESTRICTIONS ON THE VENDORS

9.1 In this Clause:

"BUSINESS"	means all and any trades or other commercial activities of the Company which as at the Completion Date the Company shall carry on with a view to profit or which the Company shall as at the Completion Date have determined to carry on with a view to profit in the immediate or foreseeable future;

"CONFIDENTIAL BUSINESS

INFORMATION" means all or any information relating to:

(i) the business methods, corporate plans, management systems, finances, new business opportunities or development projects of the Company;

(ii) the marketing or sales of any past or present or future product or service of the Company; or

any trade secrets or other information relating to the provision of any product or service of the Company to which the Company attaches confidentiality or in respect of which it holds an obligation of confidentiality to any third party;

"CUSTOMER"	means any person who or which shall at the date of Completion be in negotiation with the Company for the provision of Restricted Services or to whom the Company has provided Restricted Services during the period of two (2) years prior to the date of Completion;
"MATERIAL INTEREST"	means: (i) the holding of any position as director, officer, employee, consultant, partner, principal or agent; (ii) the direct or indirect control or ownership (whether jointly or alone) of any shares or debentures or any voting rights attached to them; or the direct or indirect provision of any financial assistance or support.
"PURCHASER'S GROUP"	means the Purchaser and each of its Subsidiaries;
"RESTRICTED AREA"	means England, Wales, Scotland, Northern Ireland, the Republic of Ireland, the Channel Isles and the Isle of

Man;

"RESTRICTED SERVICES" means the manufacture and/or distribution of carbonated soft drinks; alcoholic soft drinks and bottled or packaged flavoured water; the operation of vending machines and products for injection and blow moulding equipment, and the manufacture and/or sale of plastic moulded parts and containers;

and covenants given in respect of "the Company" shall be deemed to be given separately in respect of the Company and each other Group Company and (unless the context or subject matter otherwise requires) the expression "the Company" in this Clause 9 shall be construed accordingly.

9.2 Each of the Vendors hereby covenants with the Purchaser that without the prior written consent of the Purchaser:

9.2.1 it will not for a period of five (5) years after the date of Completion hold any Material Interest in any business (other than the Purchaser or the Company or any company which may acquire the Purchaser or the Company) which provides Restricted Services in competition with the Business in the Restricted Area;

9.2.2 it will not for a period of five (5) years after the date of Completion hold any Material Interest in any person, firm or company carrying on business in the Restricted Area which requires or might reasonably be expected by the Company or, following the Reorganisation, the Purchaser; to require it to disclose or make use of any Confidential Business Information in order properly to discharge its duties or to further the interest of such person, firm or company;

9.2.3 it will not at any time after the date of Completion disclose or permit there to be disclosed (save as authorised by the Purchaser or required by law), any Confidential Business Information, nor will it at any time after Completion otherwise make use of any Confidential Business Information for its own benefit, or for the benefit of others, or in any way to the detriment of the Company or, following the Reorganisation, the Purchaser;

9.2.4 it will not for a period of two (2) years after Completion solicit or entice away or seek to entice away any person who is, and was immediately prior to the date of Completion, employed by the Company in a senior capacity provided that this Clause 9.2.4 shall not apply to persons who leave the employment of the Company of their own volition, no such solicitation or enticement having taken place;

9.2.5 it will not for a period of five (5) years after the date of Completion within the Restricted Area and in respect of Restricted Services directly or indirectly:

(a) solicit the custom of, or orders from; or

(b) accept orders from;

any person who at any time during the two (2) years immediately preceding Completion was a client or customer of the Company in respect of Restricted Services;

9.2.6 it will not for a period of five (5) years after the date of Completion interfere with or seek to interfere with the continuance of supplies to the Company (or the terms relating to such supplies) from any suppliers who have been supplying components, materials or services to the Company at any time during the two (2) years immediately preceding Completion; or

9.2.7 if it shall have obtained trade secrets or other confidential information belonging to any third party under an agreement which contained restrictions on disclosure, it will not at any time infringe such restrictions.

9.3 Nothing in Clause 9.2 shall prevent the Vendors or any of their Subsidiaries from carrying on anywhere in the world any business (other than any business which provides Restricted Services in competition with the Business in the Restricted Area) carried on by them (i) at the date of Completion or (ii) or at any time during the period of one year prior to Completion.

9.4 Subject to the terms of Clause 9.5, there shall not be a breach of Clause 9.2, if either of the Vendors or their Subsidiaries acquires the whole or any part of the share capital or business of a company or group of companies (the "Acquired Business") which carries on the Restricted Services in the Restricted Area if the Restricted Services in the Restricted Area comprise less than ten (10) per cent of the turnover of the Acquired Business at the date of completion of such acquisition but in such event the Vendors shall:

9.4.1 use all reasonable endeavours to dispose of that part of the Acquired Business which so competes within six months of the date of completion of such acquisition to an unconnected third party; and

9.4.2 shall in any event complete any such disposal within twelve months of the date of such acquisition to an unconnected third party.

9.5 Notwithstanding the terms of Clause 9.4, the Vendors or their Subsidiaries shall be at liberty to acquire an Acquired Business on or after the fourth anniversary of Completion which carries on the Restricted Services in the Restricted Area where the Restricted Services in the Restricted Area comprise less than ten (10) per cent of the turnover of the Acquired Business at the date of completion of such acquisition in which event the provisions of Clause 9.4 shall not apply.

9.6 The parties agree that the restrictions contained in Clause 9.2.3 shall not apply if and to the extent that the Confidential Business Information concerned has ceased to be confidential or come into the public domain (other than as a result of breach of any obligation of confidence under this Agreement by the Vendors), nor if the Vendors are

required to disclose the Confidential Business Information by any applicable law, government order, regulation or court.

9.7 Each Vendor shall procure that all companies and businesses directly or indirectly owned or controlled by such Vendor shall be bound by and observe the provisions of this Clause as if they were parties covenanting with the Purchaser.

9.8 Each Vendor acknowledges that the Purchaser is accepting the benefit of the covenants contained in this Clause both on its own behalf and on behalf of its Subsidiaries with the intention that the Purchaser may claim against any or all of the Vendors on behalf of any such Subsidiary for loss sustained by that Subsidiary as a result of any breach of the covenants contained in this Clause.

9.9 Nothing in this Clause 9 shall preclude any Vendor from being the owner for investment purposes only of not more than three (3) per cent of the equity share capital of any company listed on the Official Lists of the London Stock Exchange or the Irish Stock Exchange or the Alternative Investment Market of the London Stock Exchange or the Developing Companies Market of the Irish Stock Exchange.

9.10 The restrictions contained in this Clause 9 are considered reasonable by the Vendors in all respects but if any of those restrictions shall be held to be void in the circumstances where it would be valid if some part were deleted the parties agree that such restrictions shall apply with such deletion as may be necessary to make it valid and effective.

9.11 The provisions of Clauses 9.2.1 to 9.2.7 (inclusive) are separate and severable and shall be enforceable accordingly.

9.12 The parties acknowledge that pursuant to the Reorganisation the business, assets and liabilities of the Company will be transferred to the Purchaser immediately after Completion and the Vendors acknowledge that such transfer shall not operate to, nor shall be construed so as to prejudice the enforceability of the provisions of this Clause 9.

10. POST COMPLETION PROVISIONS

With effect from Completion, and save as otherwise agreed or provided in this Agreement, all arrangements made by the Vendors or any of their Associates relating to the provision of management, administration, computer services, insurance, personnel, purchasing, accounting, legal or similar services in relation to each Group Company (in so far as they have been provided to date) shall cease without further liability on the part of any party (save to the extent that any accrued liabilities are provided for in the Completion Balance Sheet) but without prejudice to any rights of the Purchaser under the Warranties or the Tax Deed.

11. POST COMPLETION UNDERTAKINGS

11.1 For the purposes of this Clause 11, the expression the "RESTRICTED PERIOD" shall mean (i) the period commencing on the Completion Date and ending on 31 January 2003 or (ii)

the date upon which the obligations of the Purchaser in relation to payment of the Further Consideration are satisfied in full (whichever is the earlier).

11.2 The Parent acknowledges the interest of the Vendors in New Cott earning the profits which it is fairly able to do, calculated in accordance with the terms of Schedule 3 during the Restricted Period; and undertakes by exercise of its rights by virtue of its shareholding in, and by means of any representation on the board of directors of, the Purchaser and any other member of the Purchaser's Group to procure (so far as it is properly able to procure) that during the Restricted Period:

11.2.1 each member of New Cott will act in the best interests of their respective shareholders and will take all reasonable and appropriate steps (consistent with the proper and prudent management and operation of the business affairs of each member of New Cott) to maintain and develop their respective businesses and to further the reputation and commercial interests of each member of New Cott;

11.2.2 None of the members of New Cott shall, during the Restricted Period, enter into any scheme, transaction, agreement or arrangement (i) which has no proper commercial purpose and which might reasonably be regarded as designed to prejudice, manipulate or otherwise adversely affect the Vendors' entitlement to any Further Consideration or (ii) which might reasonably be regarded as (aa) calculated materially to damage the reputation or best commercial interests of New Cott taken as a whole and (bb) likely to adversely affect the payment of the Further Consideration.

11.2.3 There shall be no disposal by any direct or indirect holding company of the Purchaser of all or a controlling interest in (i) the share capital of any member of New Cott (a "Share Sale") (but excluding for these purposes any disposal of any share capital or any interest in any share capital in the Parent) or (ii) the business or all or substantially all of the assets of any member of New Cott (whether by a single transaction or a series of connected transactions) (an "Asset Sale") unless:

(a) any such disposal is to another member of the Purchaser's Group in which event the Parent shall remain liable for the performance of its obligations under this Clause 11; or

(b) in the case of any proposed disposal to any person, firm or company other than a member of the Purchaser's Group (a "Third Party Disposal") the Parent has satisfied itself (after due and careful enquiry and mindful of the Vendors' interest in the Further Consideration) that the ultimate holding company (if any) of such acquirer, or the acquirer (as the case may be) might reasonably be considered to be capable of meeting the obligations to be assumed by it pursuant to Clause 11.2.3(c) or 11.2.3(d) (as the case may require):

(c) in the case of a Third Party Disposal, if such disposal is a Share Sale, on completion of such Share Sale the parties hereto and thereto shall enter

into a deed of novation pursuant to which (aa) the ultimate holding company of such acquirer or the acquirer, as the case may be, shall covenant to perform the obligations on the part of the Parent contained in Clauses 11.1 to 11.2.4 inclusive, mutatis mutandis, (but not otherwise) and (bb) the Parent shall with effect from the date of such deed of novation be released from any obligation under this Agreement (but not in respect of any antecedent breach which may have arisen prior to the date of such deed of novation); or

(d) in the case of a Third Party Disposal, if such disposal is an Asset Sale, upon Completion of such Asset Sale involving the assumption by the acquiring party under the relevant Asset Sale agreement of the obligations of the Purchaser in respect of the Further Consideration, the parties hereto and thereto shall enter into a deed of novation pursuant to which (aa) the ultimate holding company of such acquirer or the acquirer, as the case may be, shall covenant (i) to perform the obligations on the part of the Parent contained in Clauses 11.1 to 11.2.4 inclusive, mutatis mutandis, (but not otherwise) and (ii) to perform all the obligations on the part of the Purchaser in relation to the Further Consideration and in particular the terms of Schedule 3 and (bb) the Parent shall with effect from the date of such deed of novation be released from any obligation under this Agreement (but not in respect of any antecedent breach which may have arisen prior to the date of such deed of novation).

11.2.4 Save where advice is received from a licensed insolvency practitioner that the directors of a member of New Cott are under a duty to cease trading, no petition for the winding up of any member of New Cott shall be presented by any such member, nor shall any resolution for the voluntary winding up of any member of New Cott be proposed, nor shall any member of New Cott request or procure the appointment of any receiver or administrative receiver over the whole or any part of the assets or undertaking of any member of New Cott Provided that no such consent shall be required for any such winding up as part of a solvent amalgamation or reconstruction of any member of New Cott involving the transfer of all or substantially all the assets of New Cott to another member of the Purchaser's Group together with the assumption of the obligations of the Purchaser in relation to the Further Consideration.

11.2.5 For as long as the relevant member of New Cott remains a member of the Purchaser's Group, all transactions between that member of New Cott and any other member of the Purchaser's Group shall be carried out on an arms length basis and on usual commercial terms and in particular (but without limitation) no management charge or other similar charge or expense shall be charged to that member of New Cott by any other member of the Purchaser's Group save for arm's length charges representing fair and proper value for goods or services actually provided or supplied by a member of the Purchaser's Group to the member of New Cott provided that nothing in this Clause 11.2.5 shall require any member of New Cott to purchase concentrates from BCB Beverages Limited or

any other member of the Purchaser's Group on terms which are substantially different from the terms which from time to time exist in relation to such purchase arrangements between members of the Purchaser's Group, the parties hereto acknowledging that concentrate is an unusual product for which market comparisons are difficult to obtain.

11.3 In the event that a member of New Cott shall, in the course of carrying on its business, require goods or services of a type or kind which any member of the Purchaser's Group is able to supply or provide, then the Parent shall at the request of such member of New Cott and for so long as the relevant member of New Cott remains a member of the Purchaser's Group, use its reasonable endeavours to procure that such goods or services are supplied to such member of New Cott on terms and conditions which are not materially different from those offered by the relevant member of the Purchaser's Group to any of its customers who may contract for the same on a comparable basis provided that nothing in this Clause 11.3 shall require the Parent to procure that such member of New Cott purchases concentrates from BCB Beverages Limited or any other member of the Purchaser's Group on terms which are substantially different from the terms which exist from time to time in relation to such arrangements, the parties hereto acknowledging that concentrate is an unusual product for which market comparisons are difficult to obtain.

11.4 In the event that any member of New Cott shall, in the course of carrying on its business, require goods or services of a type or kind which is the same as or similar to goods or services which are at the relevant time supplied or provided to any member of the Purchaser's Group by any third party (other than a member of the Purchaser's Group), then the Parent for so long as the relevant member of New Cott remains a member of the Purchaser's Group, shall at the request of such member of New Cott use its reasonable endeavours to procure that such goods or services are supplied or provided to such member of New Cott on terms which are not materially different taken as whole from those on which such goods or services are supplied or provided to the relevant member of the Purchaser's Group.

11.5 In the event that any member of the Purchaser's Group shall, in the course of carrying on its business, require goods or services of a type or kind which any member of New Cott is able to supply or provide, then the Parent for so long as the relevant member of New Cott remains a member of the Purchaser's Group, shall use reasonable endeavours to procure that such member shall obtain such goods or services from such member of New Cott provided always that such member of New Cott is able to supply or provide such goods or services on terms which, taken as a whole, are not materially different from those on which such goods or services can be obtained by such member from a third party.

11.6 The Purchaser shall use its reasonable endeavours to procure that:

11.6.1 there is prepared and delivered to each of the Vendors within 45 days of the end of each quarter, management accounts for that quarter;

11.6.2 there is delivered to each of the Vendors within three months after the end of each financial period of New Cott, audited financial statements of New Cott for the financial period then ended;

11.6.3 the Vendors are given such financial and other information and documentation as they may reasonably and properly request in order to enable the Vendors to monitor the performance of New Cott.

11.7 Save as required by law or by the requirement of any recognised Stock Exchange or to the extent that the same comes into the public domain (other than through any act or omission of the Vendors or either of them) each of the Vendors shall keep confidential all such information as is supplied to it pursuant to Clause 11.6 and Schedule 3, shall not make use of the same save for the purpose of monitoring the performance of New Cott and in relation to the agreement or determination of the Further Consideration pursuant to Schedule 3, and shall not disclose the same to any other person, firm or company (including any professional adviser) except to the extent that such person, firm or company requires such information for the purposes set out in this Clause 11.7 and in such case only upon terms that such person, firm or company is bound by the terms of this Clause 11.7.

11.8 The parties agree that:

11.8.1 the provisions of this Clause 11 shall not apply to the Reorganisation;

11.8.2 nothing in this Clause 11 shall prevent the Purchaser from disposing of such of the business, assets and undertaking of the Company as relate to the operation of the Company's business from the premises at Sawley free from any obligation under this Clause 11, but without prejudice to the provisions of paragraph 4(c) of Schedule 3.

11.9 For the avoidance of doubt, nothing in this Agreement shall impose upon the Parent or any person to whom any obligations of the Parent are novated pursuant to this Clause 11, any obligation to provide any financial support (whether by way of guarantee, financial accommodation or investment) to any member of New Cott or otherwise.

11.10 Notwithstanding any other provision of this Agreement, the Purchaser shall be at liberty at any time during the Restricted Period to terminate any obligation in relation to the Further Consideration by payment to the Vendors of a sum representing the maximum amount of the Further Consideration which may become payable pursuant to Schedule 3 namely (pound)20,500,000 (twenty million five hundred thousand pounds) together with any additional sums due under paragraph 10 of Schedule 3 (less all payments of Further Consideration made up to the date of such payment) appropriately discounted for accelerated receipt and the amount of such discount shall be agreed or determined in the Appropriate Manner. Any such payment shall be made in full and final satisfaction of any obligation of the Purchaser under this Agreement in relation to the Further Consideration, and the Purchaser's Warranties and the provisions of Clause 11 (other than this Clause 11.10) shall cease to have effect.

11.11 Any breach of the terms of Clauses 11.2 to 11.5 of this Clause 11 shall be compensated for by means of an appropriate adjustment under paragraph 5.2(e) of Schedule 3.

12. SPECIFIC INDEMNITIES

12.1 The Vendors jointly and severally undertake to indemnify and keep indemnified the Purchaser and each Group Company from and against all losses, liabilities, reasonable costs, claims and expenses suffered or incurred by the Purchaser and/or any Group Company and arising directly from any of the matters described in Schedule 8 less any amount relating thereto which is provided for in the Completion Balance Sheet ("Claims").

12.2 In the event that a Claim is made, the Purchaser shall:

(a) as soon as reasonably possible and in any event within 60 days of facts coming to the knowledge of the Purchaser or the relevant Group Company which might reasonably be regarded as confirming that liability will arise in relation to the relevant Group Company or the Purchaser give written notice thereof to the Vendors together with such details of the subject matter of the Claim as is then in the possession of the Purchaser or the relevant Group Company and shall thereafter as soon as reasonably possible provide to the Vendors such further information relating to the Claim as from time to time comes to its attention;

(b) not make any admission of liability to, or agreement or compromise with a person or persons in relation to such Claim without the prior written consent of the Vendors such consent not to be unreasonably withheld or delayed; and

(c) if the Vendors shall indemnify and secure the Purchaser's Group to its reasonable satisfaction against all Claims, take such action as the Vendors may reasonably request to avoid, dispute, defend, appeal, compromise or settle such Claims.

12.3 For the avoidance of doubt:

12.3.1 save as provided in Clause 12.3.2 below, none of the provisions of this Agreement which limit the liability of the Vendors (other than paragraph 2.6 of Schedule 7) shall operate to limit the liability of the Vendors under the terms of Clause 12.1;

12.3.2 any failure by the Purchaser to comply with the provisions of Clause 12.2 shall only release the Vendors from any obligations under Clause 12.1 if and to the extent that such failure has given rise to a liability to make a payment or has increased the amount of any payment under Clause 12.1 which, but for such failure, would otherwise have been avoided or mitigated; and

12.3.3 nothing in this Clause 12 shall oblige the Purchaser or the Company to provide to the Vendors any paper, letter, record note or document which is subject to legal privilege;

12.4 Any sum due to be paid under Clause 12 shall be paid within 7 (seven) days of settlement of a claim or its final determination by a court of competent jurisdiction and failing payment within such period the sum outstanding shall bear interest at the rate which represents 4 (four) per cent above the Base Rate of Lloyds Bank plc from the date of such settlement or final determination.

13. GENERAL

13.1 Subject to Clause 13.2, this Agreement shall be binding upon and enure for the benefit of the successors in title of the parties but shall not be assignable by any party or its successors without the written consent of the other save that the Purchaser may without such consent assign all or any part of the benefit of this Agreement and of the Tax Deed to any other member of the Purchaser's Group provided that in the event that any such assignee ceases to be a member of the Purchaser's Group the Purchaser shall procure that any benefits so assigned shall be re-assigned back to the Purchaser forthwith.

13.2 Notwithstanding any other provisions in this Agreement or any of the other agreements entered into by the Vendors and the Purchaser under or in connection with this Agreement (all together the "Acquisition Agreements") the Purchaser:

(a) may grant security over or assign by way of security all or any of its rights under any of the Acquisition Agreements (the "Rights") for the purposes of or in connection with the financing (whether in whole or in part) by the Purchaser of:

(i) the acquisition contemplated by this Agreement; or

(ii) any of its, or its Subsidiaries' working capital or other requirements; and

(b) its liquidator or administrator, or any receiver or other person or entity appointed to enforce of such security may enter into any other assignments or transfers of any of the Rights.

13.3 The Vendors shall execute and perform all such further acts, deeds or assurances as may be required for effectively vesting the Shares in the Purchaser. Each of the Vendors shall following Completion provide such information as to each Group Company, its business and its affairs as the Purchaser shall reasonably and by prior notice specify save that nothing in this Clause shall operate to enable the Purchaser to obtain access to any documents or information to which the Purchaser or the relevant Group Company would not otherwise be entitled to at law that would prejudice the defence by the Vendors of any

claims made by the Purchaser under the Warranties, the Tax Deed or the indemnities set out in Clause 12.

13.4 Any sums due to the Vendors pursuant to this Agreement may be paid to the Vendors' Solicitors, by way of transfer into the client account of the Vendors' Solicitors, whose receipt shall constitute a full discharge of the Purchaser's obligations to make such payment and the Purchaser shall not be concerned with the application of any such amount between the Vendors.

13.5 The provisions of this Agreement insofar as the same shall not have been performed at Completion shall remain in full force and effect notwithstanding Completion.

13.6 No delay or omission by the Purchaser in exercising any right, power or remedy shall operate as a waiver thereof, and any single or partial exercise thereof shall not preclude any other or further exercise thereof or the exercise of any right, power or other remedy. The rights and remedies of the Purchaser hereunder are cumulative and not exclusive of any right or remedy provided by law.

13.7 No party shall disclose the making of this Agreement nor its terms nor any other agreement referred to in this Agreement (except those matters set out in the press release in the Agreed Form) and each of the Vendors and the Purchaser shall procure that no member of the Vendor's Group or the Purchaser's Group respectively shall make any such disclosure without the prior consent of the other party unless disclosure is:

(a) to any Taxation Authority;

(b) to its professional advisors, financiers or bankers;

(c) to any director, officer or other employee of any member of the Vendor's Group or the Purchaser's Group to the extent that it is necessary to make such disclosure for the proper performance of their duties;

(d) required by law or by the rules of the Toronto Stock Exchange, the Montreal Exchange, NASDAQ, the Basle Stock Exchange, the Zurich Stock Exchange, the Securities Commission of Canada or any other regulatory body;

Provided that this Clause 13.7 does not apply to announcements, communications or circulars made or sent by the Purchaser or by any Group Company after Completion to customers, clients or suppliers of any Group Company to the extent that it informs them of the Purchaser's acquisition of the Group Companies or to any announcements containing only information which has become generally available.

13.8 No provision of this Agreement or of any agreement or arrangement of which this Agreement forms part, by virtue of which this Agreement or the agreement or arrangement of which it forms part is subject to registration under the Restrictive Trade Practices Act 1976 shall take effect until the day after the day on which particulars of this

Agreement, or the agreement or arrangement of which it forms part, (as the case may be) have been furnished to the Director General of Fair Trading pursuant to Section 24 of the said Act.

13.9 All expenses incurred by or on behalf of the parties, including all fees of agents, representatives, solicitors, accountants and actuaries employed by any of them in connection with the negotiation, preparation or execution of this Agreement shall be borne solely by the party who incurred the liability and there shall be no liability in respect of them upon any Group Company.

14. RIGHTS OF SET-OFF

14.1 In the event that prior to the expiry of (i) the sixth anniversary of Completion in the case of the Tax Deed or the Tax Warranties or (ii) the second anniversary of Completion in the case of the Warranties (other than the Tax Warranties) ("the Set-Off Expiry Date") the Purchaser shall have given notice to the Vendors of a Claim or Claims under the Warranties, and/or the Tax Deed then the following provisions shall at the sole option of the Purchaser apply:

(a) to the extent that any such Claim or Claims shall have been settled (in accordance with Clause 14.2) but shall not have been paid by or on behalf of the Vendors prior to the Set-Off Expiry Date, the Purchaser shall be entitled (but not obliged) to treat its obligations hereunder to satisfy the Further Consideration (if and to the extent not then already satisfied) as being reduced pro tanto by the amount to the extent settled of such Claim or Claims;

(b) to the extent that any such Claim or Claims shall not have been settled then on receipt by the Purchaser prior to the Set-Off Expiry Date of an opinion of a Queen's Counsel (instructed in accordance with Clause 14.4) to the effect that, on the balance of probabilities, the Purchaser will recover in respect of such Claim or Claims, and that the amount of any such Claim or Claims is a reasonable estimate of the amount which will be payable by the Vendors, the Purchaser shall be entitled to set-off the amount claimed by the Purchaser thereto against the Further Consideration, provided that such amount is placed on deposit in the joint names of the Purchaser and the Vendors on the date on which, but for the exercise of such right of set off, such amount would otherwise have fallen due for payment to the Vendors, pending settlement of the Claim. Following settlement of the Claim if the amount upon deposit exceeds the amount of the settlement, the excess together with the interest accrued in the joint deposit account which relates to such excess in respect of the period from the Set-off Expiry Date down to the date of payment, shall be released from the joint deposit account and paid to the Vendors within seven days of such settlement and the balance of any such interest shall be released to the Purchaser.

14.2 A Claim shall be regarded as settled for the purposes of Clause 14.1 if either:

(a) the Vendors and the Purchaser (or their respective solicitors) shall so agree in writing; or

(b) a Court has awarded judgment in respect of the Claim and no right of appeal lies in respect of such judgment or the parties are debarred whether by passage of time or otherwise from exercising any such right of appeal.

14.3 For the avoidance of doubt nothing contained in Clause 14.2 shall prejudice the right of the Purchaser to make any Claim against the Vendors under the Warranties or the Tax Deed, nor shall any amount placed on deposit in accordance with Clause 14.1(b) be taken as limiting the amount of any lawful claim under the Warranties or the Tax Deed.

14.4 The selection of the Queen's Counsel for the purposes of Clause 14.1(b) shall be made by the Purchaser after agreement with the Vendors and failing agreement within fourteen days of notification by the Purchaser of its selection on the application of either the Purchaser or the Vendors by the Chairman of the Bar Council. The Queen's Counsel shall be instructed by the Purchaser's Solicitors. The Purchaser shall supply to the Vendors a copy of such instructions to Counsel and the Vendor shall have the right to make written representations to Counsel.

14.5 If the opinion of the Queen's Counsel is required by the Purchaser and such Queen's Counsel decides that on the balance of probabilities the Purchaser will recover in respect of the Claim or Claims, the costs of such Queen's Counsel shall be borne equally by the Purchaser and the Vendors. If the Queen's Counsel decides that on the balance of probabilities the Purchaser will not so recover, the costs of such Queen's Counsel shall be borne by the Purchaser.

14.6 The Purchaser shall in addition be entitled to set off against the Further Consideration the amount of any sum agreed or determined to be payable pursuant to (i) Clause 6.2 of this Agreement or (ii) Clause 12 of this Agreement to the extent that any such sum still remains unpaid.

14.7 Other than as provided in Clauses 14.1 to 14.6 inclusive, all amounts paid by the Purchaser to the Vendors under this Agreement shall be paid by the Purchaser on the due date without regard to any right of set-off to which it would, but for this Clause 14, be entitled and except as set out in this Clause 14, the Purchaser hereby irrevocably waives any such right of set-off. For the avoidance of doubt nothing in this Clause 14 shall be taken to prohibit the Purchaser from exercising any right of counterclaim.

15. PENSION ARRANGEMENTS

Upon transfer of the employment of the employees of the Company to the

Purchaser pursuant to the Reorganisation, Hero agrees and declares that it will render such assistance as it is able to provide in connection with the execution by the trustees for the time being of the Final

Salary Scheme of all such deeds and documents as the Purchaser may reasonably require to substitute it as principal employer of such pension scheme in place of the Company.

16. EXPERTS

Any Expert appointed pursuant to this Agreement shall act as expert not as arbitrator and in the absence of manifest error his decisions (both as to the manner in which his determination is to be made arid as to the subject matter of its determination) shall be final and binding on the parties but without prejudice to the Purchaser's right to claim under the Warranties, the Tax Deed or otherwise in respect of any matter. The parties to this Agreement shall provide any Expert with such documents in their possession and such information as he may require. Any Expert shall be entitled to such costs and expenses as are determined by him, acting in good faith, to be fair and appropriate which shall be borne between the parties hereto in such proportions as he may determine or, in default of such determination, equally between the Vendors and the Purchaser.

17. NOTICES

17.1 Any notice to be given hereunder shall be in writing and delivered by hand or by first class recorded delivery post or by facsimile letter addressed and sent to the party to be served (in the case of the Vendors) at the address given herein and (in the case of the Purchaser) at its registered office for the time being. Any notice to be given to the Parent shall be addressed to the Corporate Secretary.

17.2 Notice delivered by hand shall be deemed to have been served at the time of actual delivery.

17.3 Notice sent by post shall be deemed to have been served at the expiry of 5 Business Days after posting.

17.4 Notices sent by facsimile shall be deemed to have been served on production of a transmission report from the machine which sent the facsimile indicating that the facsimile was sent in its entirety to the facsimile number of the recipient. Provided that in the event that such facsimile is received after 4pm (local time) on any Business Day it shall be deemed served on the Business Day following such date of transmission.

18. PROPER LAW

18.1 This Agreement shall be governed by, and construed in accordance with, English Law.

18.2 All of the parties irrevocably agree for the benefit of the other parties that the Courts of England are to have jurisdiction to hear and determine any suit, action or proceeding arising out of or in connection with this Agreement and, for that purpose, irrevocably submit to the jurisdiction of such Courts.

18.3 All of the parties irrevocably waive any objection which they may at any time have to the nomination of the Courts of England as the forum to hear and determine any suit, action

or proceedings arising out of or in connection with this Agreement and agrees that they shall not claim that any such Court is an inconvenient or inappropriate forum.

18.4 Each Vendor hereby irrevocably authorises and appoints the Vendors' Solicitors at their London office (or such other firm of solicitors at an office in England as it may by written notice to the Purchaser select) to accept service of all legal process arising out of or in connection with this Agreement and service on such person shall be deemed to be service on the relevant Vendor.

19. ENTIRE AGREEMENT

19.1 The parties acknowledge and agree:

(a) this Agreement together with any other documents referred to in this Agreement (together the "Transaction Documents") constitute the entire and only agreement between the parties relating to the subject matter of the Transaction Documents;

(b) none of the parties have been induced to enter into any Transaction Document in reliance upon, nor have they been given, any warranty, representation, statement, assurance, covenant, agreement, undertaking, indemnity or commitment of any nature whatsoever other than as are expressly set out in the Transaction Documents and, to the extent that any such party has been so induced such party unconditionally and irrevocably waives any claims, rights or remedies which any of them might otherwise have had in relation thereto;

(c) no party has any right to rescind or terminate any Transaction Documents either for breach of contract or for negligent or innocent misrepresentation or otherwise;

(d) (same as expressly provided herein) the rights and remedies of each party shall be restricted to a claim for damages or equitable remedies (other than rescission).

PROVIDED THAT the provisions of this Clause 19 shall not exclude any liability which any of the parties would otherwise have to any other party or any right which any of them may have to rescind this Agreement in respect of any statements made fraudulently by any of them prior to the execution of this Agreement or any rights which any of them may have in respect of fraudulent concealment or deliberate non disclosure.

19.2 This Agreement may be varied only by a document signed by each of the parties and expressly referring to this Agreement.

AS WITNESS the hands of the parties hereto or their duly authorised representatives on the date shown on the first page.

SIGNED by David Monk)
AS ATTORNEY)
AND ON BEHALF OF HERO)
in the presence of:)
Robert Ogilvy Watson
Solicitor
5 Appard Street
London EC2A 2HA

/s/ David Monk

/s/ Robert Ogilvy Watson

SIGNED by David Monk)
AS ATTORNEY)
AND ON BEHALF OF)
RENSHAW SCOTT)
LIMITED in the presence of:)
Robert Ogilvy Watson)
Solicitor)
5 Appard Street
London EC2A 2HA

/s/ David Monk

/s/ Robert Ogilvy Watson

SIGNED by Brian Mackie for)
and on behalf of COTT UK)
LIMITED in presence of:)
Ian Greenfield
2 Park Lane
Leeds, LS3 1ES

/s/ Brian Mackie

/s/ Ian Greenfield

SIGNED by Simon Lester for)
and on behalf of COTT UK)
LIMITED in presence of:)
Ian Greenfield
2 Park Lane
Leeds, LS3 1ES

/s/ Simon Lester

/s/ Ian Greenfield

EXHIBIT 10.3

December 21, 1998

Mr. Robert Anderson

Vice President, Proprietary Products

Wal-Mart Stores, Inc.

702 SW 8th Street

Bentonville, Arkansas

72716 - 0139

Dear Bob:

SUBJECT: SUPPLY CONTRACT

This is our agreement (the "Agreement") concerning the supply of Products by Cott to Wal-Mart.

1. TERM - THE TERM OF THIS AGREEMENT SHALL BE * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] OR UNTIL TERMINATED BY MUTUAL AGREEMENT OF THE PARTIES OR OTHERWISE IN ACCORDANCE WITH THE PROVISIONS OF THIS AGREEMENT ("TERM").

2. SCOPE -

(A) Cott will, throughout the Term, be the supplier of Products to Wal-Mart, but Wal-Mart shall, subject to the terms and conditions of this Agreement, have the right to source Products from other suppliers (provided that Wal-Mart shall not produce any of the Products for itself). Subject to what is otherwise agreed by the parties from time to time regarding forecasting and purchase order lead times, Cott will supply Products as and when ordered by Wal-Mart. Some of the Soft Drinks are produced from Wal-Mart Controlled Concentrates, and the balance of the Soft Drinks are produced from concentrates supplied by Cott. However, if Wal-Mart issues a termination notice pursuant to clause 6(d) below its new supplier shall (to the extent that Wal-Mart is entitled to transfer portions of its requirements for production of Products during the Notice Period, as hereinafter defined) not be entitled to utilize Cott supplied concentrates.

(B) Except to the extent that any stores when acquired by Wal-Mart are contractually obligated to purchase Soft Drinks from other suppliers, if Wal-Mart wishes to introduce a new Soft Drink flavor or to change a Soft Drink flavor being produced by Cott, Wal-Mart may do so and have such Soft Drink produced by another manufacturer for the Program, so long as Wal-Mart shall have first given Cott 30 days from receipt of written notice from Wal-Mart to formulate a flavor, together with service, pricing and product quality, acceptable to Wal-Mart, acting reasonably and in good faith (it being acknowledged and agreed by Wal-Mart that service, pricing and product quality which is consistent with that of the other equivalent Products then being supplied by Cott under this Agreement shall be deemed to be acceptable to Wal-Mart). If Cott is able to do so, Cott shall provide such Soft Drinks to Wal-Mart in accordance with this Agreement. If Cott is unable to do so, Wal-Mart shall be free to engage a third party to provide such Soft Drinks for the Program.

(c) Cott may supply Soft Drinks or other products to competitors of Wal-Mart, including under other retailer brands. * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] Cott will not supply any colas or clear sparkling flavored waters with the same specifications and flavors as the Products to any other customers in the USA ("Cott's Exclusivity Obligation"). All intellectual property rights in all concentrates and formulations used by Cott in the production of the Products are and shall remain the sole property of Cott.

(d) Cott will provide Wal-Mart with a letter from * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] by which * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] will agree to provide * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]

3. PRICING; TERMS; FORMATS -

(a) Pricing throughout the Term will be as agreed by Cott and Wal-Mart from time to time.

(b) Prices are exclusive of Levies and Wal-Mart shall continue to be responsible for, and shall pay, those Levies for which it is currently responsible as well as any future Levies which are imposed on it by any applicable authority or which are ultimately recoverable from consumers.

4. * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] Manufacturing Option -

(a) If Wal-Mart does not accept (i) a * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] proposed by Cott at any time during the Term, or (ii) * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] at any time during the Term, Wal-Mart will notify Cott that it wishes [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]. Wal-Mart shall be deemed to have accepted any * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] to which it does not object in writing within 30 days of being notified of the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] and, in the absence of a * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] being proposed by Cott, Wal-Mart may not notify Cott pursuant to clause 4(a)(ii) above more frequently than once in any 12 month period.

(b) If Wal-Mart notifies Cott in accordance with either of clauses 4(a)(i) or 4(a)(ii), * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] will be asked to provide Wal-Mart with * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] to cover the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] and * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] (other than * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]), plus the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]. If (i) the overall * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] proposed by the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] selected by Wal-Mart to * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED], after taking into account all relevant terms (and excluding the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]), is * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED], and (ii) the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] is able to * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED], then Cott will (unless it * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] 90 days after

Wal-Mart notifies Cott of * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]) use such * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] as its * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] on terms and conditions for forecasting, ordering, supply and payment which are reasonably acceptable to all parties.

(c) If pursuant to clause 4(b) Cott engages a * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] as its * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED], Cott will continue to use its * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] for the *
[CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] of the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED], and will adjust its * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] accordingly to reflect the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] of * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] and * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] and * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] charged by * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]. The price payable to Cott for * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] will be $* [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] / 12 oz. equivalent case (subject to changes in - [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] from time to time).

5. INTELLECTUAL PROPERTY - Wal-Mart will indemnify, defend and hold harmless Cott from and against all claims, damages and costs (including reasonable attorneys' fees), to the extent they result from any action alleging that Wal-Mart's trademarks or trade dress used in connection with the Program infringe such party's rights.

6. DEFAULT; TERMINATION -

(A) If either party commits a Material Breach of this Agreement which is not rectified within 30 days after receipt of notice of the Material Breach, or if the Material Breach is not capable of being rectified within such 30 day period, if steps to rectify the Material Breach are not commenced within the 30 day period and thereafter pursued to completion within an additional 30 day period:
(i) the other party may terminate this Agreement (without prejudice to its other rights and remedies that may be available under this Agreement and under applicable law), or (ii) in the case of a Material Breach by Cott, Wal-Mart may by notice to Cott trigger the Third Party Manufacturing Option.

(b) Notwithstanding anything to the contrary contained in this Agreement, Cott is not obligated to provide any * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] to Wal-Mart (or to any * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] for the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] of * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]), other than pursuant to the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] Manufacturing Option, and Wal-Mart shall not use any concentrates supplied by Cott (nor allow them to be used) for * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] exept pursuant to the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] Manufacturing Option.

(C) If this Agreement is terminated by Cott pursuant to clause 6(a), Wal-Mart shall reimburse Cott, for the Termination Costs.

(d) In addition to its rights under Section 6(a) above, Wal-Mart may terminate this Agreement at any time so long as it gives Cott * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] years prior written notice (the "Notice Period") of its intention to terminate. * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] At the end of the Notice Period Wal-Mart shall reimburse Cott for the Termination Costs. It is understood and agreed that Cott's obligations with respect to the * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] Manufacturing Option shall be of no further force or effect upon the issuance by Wal-Mart of the termination notice pursuant to this clause 6(d). Finally, Wal-Mart agrees that if it exercises its termination right pursuant to this clause 6(d) Cott will (i) not be required to produce any Products for Wal-Mart during the Notice Period using concentrates other than those used by Cott prior to the issuance by Wal-Mart of the termination notice and (ii) be relieved of Cott's Exclusivity Obligation 1.5 years after the issuance by Wal-Mart of the termination notice pursuant to this clause 6(d).

7. FORCE MAJEURE -

(A) The performance by each party of its obligations shall be excused for so long as and to the extent that such performance is prevented, hindered or delayed by Force Majeure.

(B) If Cott is unable to supply Products either directly or through others due to Force Majeure, Wal-Mart may trigger the Third Party Manufacturing Option for the period of the Force Majeure (and Cott agrees to reimburse Wal-Mart for any reasonable additional costs incurred by Wal-Mart to obtain such supplies of Products during such period of Force Majeure).

8. GENERAL -

(A) This Agreement inures to the benefit of and is binding upon the parties hereto and their respective successors and assigns. Wal-Mart acknowledges and agrees that Cott may have any of the Soft Drinks produced by third party co-packers.

(B) This Agreement, together with the Wal-Mart Vendor Agreement in effect from time to time as agreed by the parties (which covers payment terms, insurance and indemnification provisions), constitutes the entire agreement between the parties with respect to the subject matter hereof. In the event of any conflict or inconsistency between the terms of this Agreement and the Wal-Mart Vendor Agreement or any Wal-Mart purchase order, the terms of this Agreement shall take precedence. This Agreement may only be amended by a writing signed by both parties.

(C) This Agreement is governed by and construed in accordance with the laws of the State of Arkansas, without regard to the internal law of the State of Arkansas regarding conflicts of laws. The parties mutually (i) consent and submit to the jurisdiction of the federal and state courts for Benton County, Arkansas, and agree that any action, suit or proceeding concerning this Agreement shall be brought only in federal or state courts for Benton County, Arkansas and (ii) acknowledge and agree that they will not raise, in connection with any such suits, actions or proceedings brought in any federal or state court for Benton County, Arkansas, any defense or objection based upon lack of personal jurisdiction, improper venue, inconvenience of forum. Each party shall bear its own costs in connection with any litigation, including without limitation, its attorneys fees, without regard to the party that is the prevailing party. The parties acknowledge that they have read and understand the provisions of this paragraph and agree willingly with its terms.

9. NOTICES - Any notices pursuant to this Agreement shall be given in writing and sent by recognized national overnight courier for next business day delivery or by pre-paid registered or certified mail, return receipt requested to the addresses specified below (or to such other address of which notice is given). Notices shall be deemed to have been received on the third business day after the date of mailing or the next business day if sent by courier:

If to Wal-Mart, at:	If to Cott, at:
Wal-Mart Stores, Inc. 702 SW 8th Street Bentonville, Arkansas 72716-0139	Cott Beverages USA, Inc. 1011 NW J Street, Suite D Bentonville, Arkansas 72712
Attention: VP, Private Brands (Food)	Attention: VP/GM, Wal-Mart Team
	With a copy to: Cott - Legal Department 800 - 207 Queen's Quay West Toronto, Ontario, Canada M5J 1A7

If the foregoing is in accordance with your understanding, please sign and date the enclosed copy of this letter and return it to the undersigned within 2 weeks, whereupon this letter agreement shall constitute a binding agreement between us in accordance with its terms.

Sincerely,

COTT BEVERAGES USA, INC.

BY: /s/ Frank E. Weise III
NAME: Frank E. Weise, III
TITLE: Chief Executive Officer
Authorized Signing Officer

Acknowledged and agreed to by:

WAL-MART STORES, INC.

BY: /s/ Robert A. Anderson *Date: 12/22/98*
NAME: ROBERT A. ANDERSON
TITLE:VP Private Brands
Authorized Signing Officer

GLOSSARY

"Cott" means Cott Beverages USA, Inc.

"Force Majeure" means any cause(s) beyond a party's reasonable control, which cannot be overcome by reasonable diligence, including without limitation, war, labor disputes, civil disorders, governmental acts, epidemics, quarantines, embargoes, fires, earthquakes, storms, or acts of God. Force Majeure shall not operate so as to enable Wal-Mart to delay making any payments which it is otherwise obligated to make under this Agreement.

"Levies" means any and all present and future taxes, deposits and environmental and recycling levies and charges (including without limitation the California CRV and PRCC) which are imposed or charged in connection with the production, sale and/or recycling of soft drinks or soft drink packaging.

"Material Breach" means (a) Cott's failure to procure the concentrates for the Products in accordance with the agreed Product specifications; (b) Cott's failure to maintain in stock service levels of at least 95% on average over any three (3) calendar month period (i.e. February through April; May through July; August through October; or November through January) of any year; (c) valid damage claims caused by Cott which average more than 1% of total gross sales over any three (3) calendar month period (i.e. February through April; May through July; August through October; or November through January) of any year;
(d) valid product quality issues of a material nature caused by Cott in contents, containers, packaging or otherwise, average more than 1% of shipments over any three (3) calendar month period (i.e. February through April; May through July; August through October; or November through January) of any year, as identified by Wal-Mart quality assurance labs acting reasonably and in good faith; and/or (e) a failure of either party to perform a material provision of this Agreement, other than those provisions which are addressed in paragraphs
(a) through (d) of this definition.

"Products" means Soft Drinks which are intended for the Program.

"Program" means any retailer brand soft drink program operated by Wal-Mart in its present and future USA stores, other than Sam's Clubs stores.

"Soft Drinks" means all non-alcoholic carbonated beverages and includes, without limitation, clear sparkling flavored water beverages.

"Termination Costs" means the costs incurred by Cott for any unused raw and packaging materials and full goods inventories intended to be used by or for Wal-Mart, whether in the possession of Cott, its suppliers, co-packers or otherwise, existing at the effective date of termination, up to a maximum of three (3) months worth, in the case of raw and packaging materials, and three
(3) months worth, in the case of finished goods. The three (3) month ceiling will be calculated on the basis of the average monthly case sales by Cott to Wal-Mart over the immediately preceding twelve (12) month period for each of the Products.

"* [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] Manufacturing Option" means the procedure described in clause 4 of the Agreement.

"Wal-Mart" means Wal-Mart Stores, Inc.

"Wal-Mart Controlled Concentrates" means concentrates used to produce those Products which are identified with an asterisk on Exhibit "A".

EXHIBIT "A"

Product * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] supplied by Cott to Wal-Mart

Carbonated Soft Drinks	New Age Beverages
Cola *	Black Cherry *
Diet Cola *	White Grape *
CF Diet Cola *	Kiwi Strawberry *
Dr Thunder *	Peach *
Diet Dr Thunder *	Raspberry *
Twist Up *	Strawberry *
Diet Twist Up *	Tropical *
Root Beer *	Cranberry *
Mountain Lightning *	Key Lime *
Grape *	Strawberry Banana *
Raspberry *	Mango Peach *
Grapefruit *	Blackberry Apple *
Orange *	

***Indicates Wal-Mart Controlled Concentrates**

* [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]

EXHIBIT 10.4
ROYAL CROWN COLA CO.
1000 CORPORATE DRIVE
FT. LAUDERDALE, FL 33334

January 28, 1994

Mr. Fraser Latta
Vice Chairman & Chief Operating Officer
Cott Corporation
6526 Viscount Road
Mississauga, Ontario

Mr. Ed Szczepanowski
Vice President
BCB International Limited
Chancery House
High Street
Bridgetown, Barbados
West Indies

RE: RCC/Cott Supply Agreement

Gentlemen:

Reference is made to the Concentrate Sales Agreement between Royal Crown Cola Co. ('RCC') and Cott Corporation ('Cott') which commenced June 1, 1991 (the 'Supply Agreement'). This letter outlines the terms and conditions upon which (i) RCC will assign its rights under the Supply Agreement to BCB International Limited ('BCB'), a wholly owned subsidiary of Cott, and (ii) RCC will enter into a new concentrate supply agreement (the 'New Supply Agreement') with BCB. Cott and all of its present and future subsidiaries and affiliates are hereinafter collectively referred to as the 'Cott Group.'

1. ASSIGNMENT OF EXISTING RCC RIGHTS. RCC will assign to BCB all of RCC's rights and obligations under the Supply Agreement, in exchange for BCB agreeing to enter into this New Supply Agreement and for the payment to RCC of $ * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] upon execution of the New Supply Agreement. This assignment is to be effective as of the effective date of the New Supply Agreement and Cott hereby consents to this assignment.

2. PRODUCTS AND SCOPE. RCC will manufacture and sell to BCB, and BCB will purchase, from RCC, all of the Cott Group's worldwide requirements for cola concentrates, or cola emulsions used in the production of concentrates, which concentrates and emulsions are used in the production of private label and Cott Group proprietary label carbonated soft drinks ('CSDs'), which CSDs will be sold to consumers in bottles, cans or other containers (collectively 'PL Cola Concentrates') and will be produced, bottled or sold by or on behalf of the Cott Group. Wherever possible, BCB will use commercially reasonable efforts to purchase all of the Cott Group's worldwide requirements for non-cola concentrates, or non-cola emulsions used in the production of concentrates, which concentrates and emulsions are used in the production of private label and Cott Group proprietary label CSDs, which CSDs will be sold to consumers in bottles, cans or other containers (collectively 'PL Non-Cola Concentrates' and, together with PL Cola Concentrates, 'PL Concentrates') and will be produced, bottled or sold by or on behalf of the Cott Group. BCB agrees that during calendar 1995 and each year thereafter, at least 75% of the Cott Group's

aggregate worldwide requirements for PL Concentrates will be purchased from RCC. On or prior to March 31, 1996 and on or prior to March 31 of each year thereafter, the Cott Group will deliver a statement based on internal case sales data of the Cott Group, certified as having been derived from such internal sales data by the independent auditors of the Cott Group, as to whether such 75% requirement was met during the immediately preceding year. RCC may, at its request and at its costs, conduct an audit of such case sales data. If the Cott Group fails to satisfy the foregoing 75% requirement in any year, RCC will be permitted to sell PL Concentrates to other customers, but BCB will continue to be obligated to buy all of the Cott Group's requirements for PL Cola Concentrates exclusively from RCC and to use commercially reasonable efforts to purchase, wherever possible, all of the Cott Group's requirements for PL Non-Cola Concentrates exclusively from RCC. Subject to paragraph 6 hereof, in the event that the Cott Group purchases any PL Cola Concentrates from anyone other than RCC and the Cott Group fails to cure such breach within 15 days after notice from RCC, RCC, in addition to all of its other rights and remedies under the New Supply Agreement and applicable law, shall have the right to terminate the New Supply Agreement upon thirty (30) days written notice and to pursue all of its rights and remedies under applicable law against the Cott Group for breach of contract.

3. USE OF NAME. The Cott Group may advise its customers and other interested parties that its PL Concentrates are made by RCC. However, the Cott Group may not state or imply that any particular formula is RC Cola, Diet-Rite, or any other branded product of RCC. The Cott Group shall not, and the Cott Group shall cause its customers not to, use any of RCC's trademarks or RCC's name in any way in connection with the production, labeling, advertising, display or marketing of the private label and proprietary label CSDs produced or sold by or on behalf of the Cott Group.

4. OWNERSHIP OF FORMULAE. RCC will be the developer, formulator and supplier of all PL Concentrates for CSDs which will be produced, bottled or sold by or on behalf of the Cott Group and which are subject to the terms of the New Supply Agreement. All rights and title to all formulae developed after the date of the New Supply Agreement, whether developed by RCC, the Cott Group or jointly by RCC and the Cott Group, shall belong exclusively to RCC. Formulae designed by the Cott Group prior to the effective date of the New Supply Agreement shall continue to belong to the Cott Group. Formulae designed by RCC prior to the effective date of the New Supply Agreement shall continue to belong to RCC. Formulae designed by RCC and Cott jointly prior to the effective date of the New Supply Agreement shall continue to be jointly owned. Exhibits B and C hereto identify the '800' and '900' Series products, the formulae for which are owned by the Cott Group, and the '200,' '300,' '400,' and '500' Series products, the formulae for which are owned by RCC. During the term of the New Supply Agreement and any renewals thereof RCC agrees not to utilize any of the formulae supplied to BCB for any other purpose without the written consent of BCB. Upon termination of the New Supply Agreement because one party has elected not to renew under Paragraph 10 hereof, formulae developed by the non-electing party, formulae developed by the electing party which are in use at the time and formulae developed by both parties jointly shall belong to the non-electing party. Upon termination of the New Supply Agreement as a result of a breach or failure to perform by one party, formulae developed by the non-breaching party, formulae developed by the breaching party which are in use at the time and formulae developed by both parties jointly shall belong to the non-breaching party.

5. PERFORMANCE MINIMUMS. Except as provided in the immediately succeeding

sentence, RCC will agree not to sell PL Concentrates to anyone in the world other than BCB. In the event that BCB fails in any calendar year to purchase PL Concentrates from RCC which equal or exceed 100 million 12 ounce case equivalents ('Cases') RCC may by written notice to BCB by April 30 of the following year elect to sell PL Cola Concentrates and/or PL Non-Cola Concentrates to other customers. If the volume purchased by BCB from RCC during any calendar year declines by 20% or more in comparison to the immediately preceding year for two consecutive years, RCC may by written notice to BCB by April 30 of the year immediately following the second year in which BCB failed to purchase the minimum volumes required, elect to sell PL Cola Concentrates and/or PL Non-Cola Concentrates to other customers. If RCC elects to sell PL Cola Concentrates to other customers, BCB may, by written notice to RCC within 90 days after receipt of RCC's election, elect to purchase PL Cola Concentrates from suppliers other than RCC, in which case RCC shall continue to be obligated to supply PL Cola Concentrates to BCB under the terms and conditions of the New Supply Agreement. If RCC elects to sell PL Non-Cola Concentrates to other customers, BCB may, by written notice to RCC within 90 days after receipt of RCC's election, elect to purchase PL Non-Cola Concentrates from suppliers other than RCC, in which case RCC shall continue to be obligated to supply PL Non-Cola Concentrates to BCB under the terms and conditions of the New Supply Agreement.

6. ACQUISITIONS.

6.1 In the event that the Cott Group acquires a business, whether through an acquisition of stock or assets or some other form of transaction, that purchases concentrates from a source other than RCC as a result of contractual obligations and/or commercial relationships not evidenced by contractual obligations, then notwithstanding the provisions of paragraph 2, (i) the acquired business shall be permitted to continue to purchase concentrates from the same non-RCC sources to the extent that it is contractually obligated to do so or for a period of twelve (12) months after the date of acquisition of such business by the Cott Group and (ii) in the case of a commercial relationship not evidenced by a contractual obligation, the acquired business shall be permitted to continue to purchase concentrates a from the same non-RCC source for a period not exceeding twelve (12) months after the date of acquisition of such business by the Cott Group. Concentrates purchased by the acquired business from non-RCC sources pursuant to the preceding sentence shall not be included in the calculations of the 75% test under Paragraph 2 for a period of twelve (12) months after the date of acquisition of such business by the Cott Group.

6.2 Anything in paragraph 6.1 notwithstanding, (a), wherever possible, the Cott Group shall use commercially reasonable efforts to cause the acquired business to cease purchasing cola and non-cola concentrates from sources other than RCC as soon as possible, (b) the acquired business shall not be permitted to sell cola concentrates manufactured by sources other than RCC or CSDs made from cola concentrates manufactured by sources other than RCC to any customers other than the customers it served at the time of its acquisition by the Cott Group, (c) the Cott Group shall use commercially reasonable efforts to cause the acquired business to cease selling non-cola concentrates manufactured by sources other than RCC or CSDs made from non-cola concentrates manufactured by sources other than RCC to any customers other than the customers it served at the time of its acquisition by the Cott Group and (d) the Cott Group shall not renew or extend or permit the renewal or extension of any contractual obligation of an acquired business to purchase cola concentrates from a source other than RCC.

6.3 RCC will work with BCB to supply to the acquired business concentrates or emulsions of a quality and taste similar to those which the acquired business

purchased from sources other than RCC (hereinafter 'Replacement Concentrates'). The prices for Replacement Concentrates will be equal to the cost of ingredients, packaging and freight of $ * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] per Case plus $ * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] per Case. On the third anniversary of the effective date of the New Supply Agreement and on every third anniversary thereafter, the $ * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] per Case rate shall be adjusted proportionately in accordance with the adjustments to the prices set forth in Exhibit A. Thus, if the prices in Exhibit A are increased 10%, then the $ * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] per Case rate for Replacement Concentrates shall increase to $ *
[CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]. Replacement Concentrates shall be omitted from the calculations of the 75% test under Paragraph 2.

6.4 Except as provided by the terms of the New Supply Agreement, in no event will the Cott Group engage in the business of manufacturing or selling concentrates or branded CSDs without RCC's prior written consent. For purposes of this paragraph, branded CSDs refers to CSDs which are marketed, distributed and priced in substantially the same manner as the products produced by the two major cola companies. In the event that the Cott Group wishes to acquire a company or business that is engaged in the business of manufacturing or selling concentrates or branded CSDs in competition with RCC (a 'Cott Restricted Business'), then the Cott Group shall discontinue the Cott Restricted Business or sell the Cott Restricted Business to a third party not affiliated with the Cott Group within 12 months after the Cott Group acquires the Cott Restricted Business. RCC shall have a right of first refusal to purchase the Cott Restricted Business.

6.5 In the event that RCC acquires a company or business that sells PL Concentrates to customers other than the Cott Group, then notwithstanding the provisions of paragraph 5, (i) the acquired entity shall be permitted to continue to sell PL Concentrates to customers other than the Cott Group to the extent that it is contractually obligated to do so and (ii) in the case of commercial relationships not evidenced by a contractual obligation, the acquired entity shall be permitted to sell PL Concentrates to customers other than the Cott Group for a period not exceeding twelve (12) months from the date of the acquisition of such entity by RCC. Notwithstanding the foregoing, (a) wherever possible RCC will use commercially reasonable efforts to cause the acquired entity to cease selling PL Concentrates to customers other than the Cott Group as soon as possible (b) the acquired entity shall not be permitted to sell PL Concentrates to any customers other than the customers it served at the time of its acquisition by RCC (c) RCC shall not extend or permit the renewal of any contractual obligation pursuant to which the acquired entity sells PL Concentrates to customers other than the Cott Group, and (d) RCC will not undertake any improvement or changes to the PL Concentrates being manufactured by the acquired entity for sale to customers other than the Cott Group. For greater certainty, RCC will not supply its concentrates or emulsions to the acquired entity except for sale to the Cott Group.

6.6 The Cott Group will, wherever possible, use commercially reasonable efforts to purchase PL Concentrates from the acquired entity in a quantity such that the acquired entity's sales do not decline as a result of curtailing its sales of PL Concentrates to customers other than the Cott Group. This paragraph will not obligate the Cott Group to increase the minimum purchase requirements contained in paragraph 5 hereof.

6.7 In no event will RCC engage in the business of marketing private label CSDs to retailers without the Cott Group's prior written consent. In the event that RCC wishes to acquire a company or business that is engaged in the business of marketing private label CSDs to retailers (an 'RCC Restricted Business'), then RCC shall discontinue the RCC Restricted Business or sell the RCC Restricted Business to a third party not affiliated with RCC within 12 months after RCC acquires the RCC Restricted Business. The Cott Group shall have a right of first refusal to purchase the RCC Restricted Business.

7. FIGHTER BRANDS. RCC agrees to work with BCB to supply PL Concentrates to BCB to meet the demands of BCB's customers for 'fighter brands.' The prices for such fighter brands shall be negotiated in good faith. RCC agrees that it will not develop a new brand with a full line of low-priced flavors which is specifically designed for the warehouse retail distribution system.

8. RCC PERFORMANCE OBLIGATIONS.

(a) The PL Concentrates sold by RCC shall comply in all material respects with all applicable laws, rules and regulations, including the Federal Food, Drug and Cosmetic Act, at the time of shipment. All PL Concentrates sold by RCC shall be merchantable and fit for the intended purpose at the time of shipment and shall be designed to meet the specifications of the customers of the Cott Group. In the event that RCC's quality control personnel and BCB's representatives agree that any PL Concentrates sold by RCC do not meet the foregoing standards, RCC's liability shall be limited to the replacement of the PL Concentrates and the finished goods made from such defective PL Concentrates and the reimbursement of costs throughout the supply chain caused by a recall of products made from such defective PL Concentrates in a fashion consistent with the policy followed by RCC with respect to a recall of product made from defective branded concentrate. RCC shall also be responsible for claims by third parties resulting solely from PL Concentrates proven to be defective. RCC shall not be responsible for defective PL Concentrates produced by the Barbados Facility unless RCC's quality control personnel and BCB's representatives mutually determine in good faith that the emulsions from which such PL Concentrates were produced were defective.

(b) BCB agrees to furnish RCC with its projected requirements for PL Concentrates for each calendar year by not later than December 1 of the preceding calendar year. BCB shall deliver updated projections of its requirements for PL Concentrates for the next 12 months on or before March 1, June 1, and September 1 of each year. All such projections shall specify, on a month by month basis, BCB's requirements for each flavor or product. BCB shall also (a) deliver monthly reports to RCC on BCB's actual sales for the preceding month and (b) notify RCC as soon as possible of any significant business developments which would be likely to cause changes in its projected requirements. RCC will agree to deliver PL Concentrates as ordered by BCB, provided that the volumes actually ordered by BCB do not exceed the amounts specified in BCB's most recent projections, and RCC will use commercially reasonable efforts to fill orders by BCB for amounts in excess of such projections. RCC shall accord the same priority to BCB's orders that it accords to the orders of RCC's franchises for RCC's branded concentrates. In the event that RCC repeatedly fails to deliver the volumes ordered by BCB in timely fashion, provided that such volumes do not exceed the amounts specified in BCB's most recent projections, and such repeated failures are reasonably determined by the Cott Group to have had, or may reasonably be expected to have in the future a material adverse effect on the Cott Group's financial condition or results of operations, then BCB may notify RCC in writing of such failures.

RCC shall have the right to demonstrate that the Cott Group's expectations of a future material adverse effect are unreasonable. If, during the first 365 days after RCC receives such written notice, deliveries by RCC continue to be untimely or in amounts substantially less than the amounts ordered by BCB, provided that the volumes ordered by BCB do not exceed the amounts specified in BCB's most recent projections, and the Cott Group reasonably determines that such failures by RCC continue to have had, or may reasonably be expected to have in the future, a material adverse effect on the Cott Group's financial condition or results of operation, then the Cott Group may, by written notice, elect to terminate the New Supply Agreement without prejudice to the Cott Group's other legal rights and remedies arising out of such breach. RCC shall not be responsible for failing to fill orders (i) for amounts in excess of the amounts specified in the projections or (ii) to the extent that such failure resulted from RCC's inability to obtain raw materials because BCB did not give RCC sufficient advance notice of a change in BCB's requirements.

9. PRICING AND PAYMENT. The price structure shall be as set forth in Exhibit A. BCB shall make all payments to RCC within 30 days of shipment from RCC's production center.

10. TERM. The effective date of the New Supply Agreement shall be January 1, 1994 and the initial term of the New Supply Agreement shall be twenty-one years. The parties agree to negotiate in good faith the terms of an extension to the New Supply Agreement during the nineteenth year of the effective date of the New Supply Agreement. If the parties have not agreed to the terms of an extension by the twentieth anniversary of the effective date of the New Supply Agreement, then the term of the New Supply Agreement shall be extended for six years, and the terms and conditions of the extended agreement shall be the same as the terms and conditions of the New Supply Agreement. The New Supply Agreement will be subject to similar six-year extensions as follows: at the end of the fifth year of each extended term, the parties agree to negotiate in good faith the terms of another extension to the New Supply Agreement. If the parties have not agreed to the terms of an extension within six months after the fifth anniversary of the current extension, then the New Supply Agreement will automatically be extended for an additional six years on the same terms and conditions. Such six-year extensions shall continue successively notwithstanding the failure of the parties during any such extension to agree upon the terms and conditions of another extension. Notwithstanding the foregoing, either party may, at its election, refuse to agree to any extension of the New Supply Agreement, in which case Paragraph 4 hereof shall apply to determine ownership of formulae.

11. HIRING. The Cott Group and RCC agree not to solicit for hire key employees from each other's organizations.

12. NEW INTERNATIONAL ACTIVITIES. RCC acknowledges that it presently supplies the Cott Group with PL Concentrates in Canada and the United States. RCC further acknowledges that Cott, through BCB, is actively pursuing the sale of private label beverages in countries outside of Canada and the United States. In order to enhance this activity, and to satisfy its obligation under paragraph one (1) of this letter BCB is contemplating the use of an emulsifying finishing facility (the 'International Facility') in a location outside the United States or Canada. BCB expects to acquire or construct the International Facility or to obtain the use of the International Facility through a lease, license, tolling or other arrangement through a third party. RCC will cooperate with BCB with respect to the International Facility, on the understanding that RCC, on behalf

of BCB, controls and directs 100% of the supply of all concentrate emulsions manufactured by RCC and sent to the International Facility. The prices for the emulsions sold by RCC to BCB shall result in the operating profit per Case, determined in accordance with generally accepted accounting principles, earned by RCC being equal to the operating profit per Case earned by RCC on PL Concentrates manufactured at RCC's Columbus, Georgia facility as of December 31, 1993. The Cott Group will indemnify RCC against any duties, fees or taxes (including withholding, gross receipts, value added, income or other type of taxes) imposed by the government of the country in which the International Facility is located that are attributable to the activities contemplated by the New Supply Agreement. RCC will not bear any development and construction costs relating to the International Facility. BCB agrees to retain the services of an employee or employees of RCC or its subsidiaries to occupy the positions of plant manager and other key positions (as required) of the International Facility.

13. QUALITY CONTROL SERVICES. RCC will provide quality control services at the same level as provided with respect to RCC's own branded products, including the provision of technical support to the Cott Group's bottling and canning locations, including the International Facility, provided, however, that RCC will not be responsible for the selection, testing or approval of container closures and other packaging materials for the finished CSDs. In consideration of such services, during each year of the first ten years of the operation of the International Facility, BCB will pay to RCC a fee of $ * [CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]. Such fee will be payable upon the commencement of operations of the International Facility and on each of the first *
[CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] anniversaries thereof.

14. GUARANTY. Cott will guarantee all of BCB's obligations under the New Supply Agreement.

15. USE OF RCC BOTTLERS. Cott agrees to use commercially reasonable efforts to cause the private label and proprietary label CSDs produced in North America in bottles, cans or other containers by the Cott Group to be bottled by RCC's franchisees wherever possible, provided, however, that the Cott Group shall be relieved of such obligation to the extent that a franchisee does not have the physical or technical capability to meet Cott's requirements on the most cost-effective basis, as determined by Cott in its sole discretion.

16. FOUNTAIN SYRUP. During the period January 1, 1994 through December 31, 1995, RCC will manufacture and sell to BCB, and BCB will purchase, all of the Cott Group's worldwide requirements for cola concentrates or cola emulsions used in the production of cola concentrates used in the production of private label and Cott Group proprietary label fountain syrup (collectively 'PL Cola Fountain Syrup') produced or sold by or on behalf of the Cott Group. Wherever possible, BCB will during such two-year period use commercially reasonable efforts to purchase all of the Cott Group's worldwide requirements for non-cola concentrates or non-cola emulsions used in the production of concentrate used in the production of private label and Cott Group proprietary label fountain syrup (collectively 'PL Non-Cola Fountain Syrup' and, together with PL Cola Fountain Syrup, 'PL Fountain Syrup') produced or sold by or on behalf of the Cott Group. BCB agrees that during 1995, at least 75% of the Cott Group's aggregate worldwide requirements for PL Fountain Syrup will be purchased from RCC. During this two-year period, RCC will not sell PL Fountain Syrup to customers other than the Cott Group. The pricing for the PL Fountain Syrup will be $ *
[CONFIDENTIAL TREATMENT HAS BEEN REQUESTED] per Case for regular

colas and diet colas, with diet colas adjusted for any differences in costs of ingredients and direct packaging. Such costs and prices will be reviewed quarterly and adjusted by the same mechanisms as are set forth in Exhibit A. Additionally, RCC will provide PL Fountain Syrup packing to Cott at a rate competitive with the rate charged by other national fountain syrup packers.

If Cott commits to developing the sales in the fountain syrup segment during this two-year period, then Cott and RCC will negotiate appropriate performance minimums for PL Fountain Syrup and PL Fountain Syrup will be made subject to the New Supply Agreement. If the parties are unable to agree on appropriate performance minimums for PL Fountain Syrup, then PL Fountain Syrup will not be subject to the New Supply Agreement and the parties will have no obligations to each other with respect to PL Fountain Syrup. If the Cott Group decides during the two-year period not to pursue the development of sales in the PL Fountain Syrup segment, then BCB will so advise RCC on behalf of itself and the Cott Group. RCC will be free to sell PL Fountain Syrup to other customers if the Cott Group decides not to pursue sales in the fountain syrup segment.

17. MISCELLANEOUS. All references herein to '$' or 'dollars' are references to United States dollars. All references herein to the Cott Group shall be deemed to be references to each member of the Cott Group and to all members of the Cott Group collectively. RCC shall have the right to utilize the foreign sales corporation provisions of the Internal Revenue Code and to assign its rights and obligations under the New Supply Agreement, provided that RCC fully guarantees the assignee's obligations thereunder.

The foregoing is a binding contractual obligation of each of RCC and Cottand BCB. The parties intent to execute and deliver a definitive New Supply Agreement, but until a definitive New Supply Agreement is executed, this letter agreement shall be deemed a binding agreement.

Very truly yours,

ROYAL CROWN COLA CO.

By: /s/ John C. Carson
John C. Carson, President

Accepted and agreed:
COTT CORPORATION

BY: /s/ Fraser Latta
Fraser Latta
Vice Chairman & COO

BCB INTERNATIONAL LIMITED

BY: /s/ Ed Szczepanowski
Ed Szczepanowski
Vice President

RCC/COTT SUPPLY AGREEMENT -- EXHIBIT A

[CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]

RCC/COTT SUPPLY AGREEMENT -- SCHEDULE B

[CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]

RCC/COTT SUPPLY AGREEMENT -- SCHEDULE C

[CONFIDENTIAL TREATMENT HAS BEEN REQUESTED]

EXHIBIT 10.5

EMPLOYMENT AGREEMENT

THIS AGREEMENT made this 11th day of June, 1998.

B E T W E E N:

COTT CORPORATION,
a corporation incorporated under the laws of Canada

(hereinafter referred to as the "Corporation")

OF THE FIRST PART

- and -

FRANK E. WEISE III,
of the Town of Haverford, in the State of Pennsylvania

(hereinafter referred to as the "Executive")

OF THE SECOND PART

WHEREAS the Corporation and the Executive have agreed to enter into this Employment Agreement to formalize in writing the terms and conditions reached between them governing the Executive's employment;

NOW THEREFORE in consideration of the covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties hereto agree as follows:

ARTICLE 1 - COMMENCEMENT AND TERM

1.1 TERM. Subject to earlier termination in accordance with Article 5 hereof, the term of this Agreement shall commence on June 1, 1998 and shall continue for a maximum term ending on January 31, 2002 (the "Term"). The Term shall renew automatically for consecutive periods of one (1) year each, unless one party gives notice to the other that it does not wish to renew the then current Term (a "Notice of Non-Renewal"). To be effective, such Notice of Non-Renewal must be received by the receiving party not later than one hundred and eighty (180) days prior to the end of the relevant Term. In the event that a Notice of Non-Renewal is delivered, this Agreement and the employment of the Executive shall automatically end at the expiry of the then relevant Term without further obligation by the Corporation (except for the provisions of Articles 4 and 5 which shall continue in accordance with their terms).

ARTICLE 2 - EMPLOYMENT

2.1 POSITION. Subject to the terms and conditions hereof, the Executive shall be employed by the Corporation in the office of President and Chief Executive Officer of the Corporation and shall perform such duties and exercise such powers and responsibilities of such office as are set forth in the Statement of Responsibilities - Chief Executive Officer attached hereto which has been approved by the board of directors, as are contained in the by-laws of the Corporation and as are otherwise prescribed or specified from time to time by the board of directors of the Corporation. The Executive shall also be appointed as a director of the Corporation as soon as practicable following execution hereof.

2.2 RESPONSIBILITIES. The Executive agrees to devote substantially all of his business time and attention to the business and affairs of the Corporation, to discharge the responsibilities assigned to the Executive, and to use the Executive's best efforts to perform faithfully and efficiently such responsibilities. Other than for the Corporation and any of its subsidiary or related entities, or for directorships held by the Executive at the time of execution of this Agreement, the Executive shall not serve as a director or in a similar function with any other entities for the first 18 months of the Term but, thereafter, the Executive shall be entitled to serve as a director on external boards of directors, subject to the prior written approval of the Corporation. Anything herein to the contrary notwithstanding, nothing shall preclude the Executive from (i) serving on the boards of directors of a reasonable number of trade associations and/or charitable organizations, (ii) engaging in charitable activities and community affairs, and (iii) managing his personal investments and affairs, provided that any or all of the foregoing activities do not materially interfere with the proper performance of his duties and responsibilities as the Corporation's President and Chief Executive Officer.

ARTICLE 3 - REMUNERATION

3.1 SALARY. During the Term, the Corporation shall pay the Executive a base salary (the "Base Salary") to be fixed by the board of directors of the Corporation from time to time, payable monthly in arrears. The Base Salary shall be not less than $425,000 per annum and shall be reviewed no less frequently than annually for increase in the discretion of the board of directors, it being understood that there is no mutual expectation of the parties that Base Salary will be increased during the period ending January 31, 2002.

3.2 BONUSES. The Executive shall be entitled to an annual performance-based bonus (the "Bonus") with a target of one hundred percent (100%) of his Base Salary as determined by the board of directors or a committee thereof, such Bonus to be based on the achievement of specific objectives to be established and mutually agreed upon on an annual basis. For the fiscal year ending January 31, 1999, the Corporation shall pay the Executive a bonus in the amount of $175,000. Bonuses shall be earned and payable only upon completion of the relevant fiscal year and provided the Executive shall continue to be actively and continuously employed for the full duration thereof, unless otherwise provided in Article 5.

3.3 BENEFITS AND PERQUISITES.

(a) The Executive shall be entitled to participate in all of the Corporation's group insurance benefit plans, currently including basic medical, extended health, dental, long term disability, travel and accident insurance. All plans are governed by their terms.

(b) The Corporation shall provide the Executive with supplemental disability benefits which would pay the Executive, in the event of his termination for Disability (as defined in Section 5.1(c)), an amount equal to the sum of 60% of his Base Salary less the amount of any disability benefits provided under the Corporation's long-term disability plans. In the event that the Executive is totally or partially disabled and is not terminated for Disability, the Corporation shall ensure that he continue to receive all remuneration provided for under this Article 3.

(c) The Executive shall have the use of a leased automobile or an automobile allowance, provided the cost to the Corporation shall not exceed a monthly amount of $1,000.

(d) The Executive is not entitled to any other benefit or perquisite other than as specifically set out in this Agreement or agreed to in writing by the Corporation.

The Executive understands and acknowledges that the perquisites contemplated by this Section 3.3 shall be recorded as taxable benefits within the meaning of the Income Tax Act (Canada) and will have comparable treatment under the United States Internal Revenue Code.

3.4 VACATION. The Executive shall be entitled to five weeks' vacation with pay annually. Such vacation shall be taken at a time or times acceptable to the Corporation having regard to its operations. Accumulated vacation may not be carried except with the written approval of the Corporation.

3.5 EXPENSES.

(a) Consistent with its corporate policies as established from time-to-time, the Corporation agrees to reimburse the Executive for all expenses reasonably incurred in connection with the performance of his duties upon being provided with proper vouchers or receipts.

(b) The Corporation agrees to reimburse to the Executive for legal and accounting expenses incurred in the negotiation and documentation of his employment arrangements with the Corporation to a maximum amount of $15,000 (such legal fees to be paid within 90 days).

(c) Although the Corporation's principal executive offices are located in the Toronto, Ontario area, the Executive shall be under no obligation to relocate his personal residence to the Toronto area. The Corporation shall provide and maintain for the Executive suitable rental accommodations in the Toronto area mutually acceptable

to the Corporation and the Executive acting reasonably, and pay any costs associated with the Executive's weekly commuting from Toronto to the Executive's residences in Vero Beach and/or Philadelphia. The Executive's spouse shall be entitled to make 12 round trips per year from her residence to Toronto at Corporation's expense.

3.6 SHARE OPTION.

(a) Effective on the date of this Agreement but conditional on the Executive complying with the provisions of subparagraph 3.6(b) below, the Corporation will grant and the Executive will accept an irrevocable option (the "Option") to purchase 1,300,000 common shares in the capital of the Corporation (the "Optioned Shares") at a price to be fixed by the Corporation's board of directors but equal to the closing share price on The Toronto Stock Exchange on the date prior to the public announcement of this Agreement. The Option may be exercised on a cumulative basis in respect of one-sixth (1/6) of the total Optioned Shares commencing on the sixth monthly anniversary of the date of grant, and thereafter in respect of one-thirtieth (1/30) the total unvested Optioned Shares on each of the next 30 monthly anniversaries of this Agreement. The Option shall expire in respect of Optioned Shares not theretofore acquired thereunder or in respect of which rights shall not otherwise have terminated on the seventh annual anniversary of the date of grant.

(b) As a condition precedent of the exercise of the Option (or any portion thereof), Subject to regulatory approval (which the Corporation undertakes to seek), the Corporation agrees to issue and sell to the Executive 100,000 previously unissued common shares in its capital stock (the "Issued Shares"), which will be issued as fully paid and non-assessable at an issue price (the "Issue Price") equal to the closing market price on The Toronto Stock Exchange on the date prior to the first public announcement of the Executive's employment hereunder against cash payment by the Executive of an amount equal to 100,000 times the Issue Price. If such regulatory approval is not received the Executive agrees to purchase on the open market 200,000 previously issued common shares in the Corporation within 30 days of this Agreement (less the number of such shares held by the Executive on the date of this Agreement) and to hold at least that number of shares (as adjusted to reflect subdivisions, consolidations or other share capital reorganizations) at the time of each exercise of the Option, if the Executive is still an employee of the Corporation at the time of such exercise, failing which the Option shall not be exercisable in respect of the then unexercised portion thereof. If the Executive is required to purchase common shares in the open market at a price in excess of the Issue Price, the Corporation will reimburse the excess amount to the Executive (grossed up to provide the Executive with an effective after-tax cost on the purchased shares equal to the Issue Price). The Executive shall maintain no less than 200,000 common shares in the Corporation (adjusted as aforesaid) for the duration of his employment with the Corporation and shall provide evidence of the shares held by him as may be required by the Corporation from time-to-time.

(c) The Executive covenants that he will comply with all applicable securities laws and the Corporation's Insider Trading Policy and Insider Reporting Procedures (copies of which have been provided to the Executive) in respect of the Optioned Shares issued to the Executive and other shares of the Corporation acquired by the Executive.

(d) All of the Executive's rights in respect of the Option in the Optioned Shares shall be governed by the terms and conditions set out in the Restated 1986 Common Share Option Plan of the Corporation as amended through September 4, 1997, as it may be amended from time to time, a copy of which has been provided to the Executive, the provisions of which are incorporated into this Agreement by reference.

(e) The Executive understands that the Issued Shares have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act") or any applicable state securities laws and that the contemplated sale is being made in reliance on a private placement exemption under the 1933 Act.

(f) The Executive has had access to such information concerning the Corporation as he has considered necessary in connection with its investment decision to acquire the Issued Shares and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Issued Shares and is able to bear the economic risks of such investment.

(g) The Executive is an Accredited Investor as confirmed in the Accredited Investor Questionnaire attached hereto as Exhibit A and is acquiring the Issued Shares for his own account, and not with a view to any resale, distribution or other disposition of the Issued Shares in violation of the United States securities laws or applicable state securities laws.

(h) The Executive understands that if he decides to offer, sell or other-wise transfer any of the Issued Shares, such Shares may be offered, sold or otherwise transferred only, (i) to the Corporation, (ii) outside the United States in accordance with Rule 904 of Regulation S under the 1933 Act, or (iii) inside the United States in accordance with the exemption from registration under the 1933 Act provided by Rule 144 thereunder, if available, or (iv) pursuant to an effective registration statement, and that the certificate representing the Issued Shares will bear a legend to the foregoing effect.

ARTICLE 4 - COVENANTS OF THE PARTIES

4.1 CONFIDENTIALITY.

(a) The Executive acknowledges that in the course of carrying out, performing and fulfilling his obligations to the Corporation hereunder, the Executive will have access to and will be entrusted with information that would reasonably be considered confidential to the Corporation or its Affiliates, the disclosure of which to competitors of the Corporation or its Affiliates or to the general public, will be highly detrimental to the best interests of the Corporation or its Affiliates. Such information includes, without limitation, trade secrets, know-how, marketing plans and techniques, cost figures, client lists, software, and information relating to employees, suppliers, customers and persons in contractual relationship with the Corporation. Except as may be required in the course of carrying out his duties hereunder, the Executive covenants and agrees that he will not disclose, for the duration of this Agreement or at any time thereafter, any of such information to any person, other than to the directors, officers, employees or agents of the Corporation that have a need to know such information, nor shall the Executive use or exploit, directly or indirectly, such information for any purpose other than for the purposes of the Corporation (subject to his rights and obligations under
Section 3.6), nor will he disclose nor use for any purpose, other than for those of the Corporation or its Affiliates or any other information which he may acquire during his employment with respect to the business

and affairs of the Corporation or its Affiliates. Notwithstanding all of the foregoing, the Executive shall be entitled to disclose such information if required pursuant to a subpoena or order issued by a court, arbitrator or governmental body, agency or official, provided that the Executive shall first have:

(i) notified the Corporation;

(ii) consulted with the Corporation on the advisability of taking steps to resist such requirements;

(iii) if the disclosure is required or deemed advisable, cooperate with the Corporation in an attempt to obtain an order or other assurance that such information will be accorded confidential treatment.

(b) For the purposes of this Agreement, "Affiliate" shall mean, with respect to any person or entity (herein the "first party"), any other person or entity that directs or indirectly controls, or is controlled by, or is under common control with, such first party. The term "control" as used herein (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to: (i) vote 50% or more of the outstanding voting securities of such person or entity, or (ii) otherwise direct or significantly influence the management or policies of such person or entity by contract or otherwise.

4.2 INVENTIONS. The Executive acknowledges and agrees that all right, title and interest in and to any information, trade secrets, advances, discoveries, improvements, research materials and data bases made or conceived by the Executive prior to or during his employment relating to the business or affairs of the Corporation, shall belong to the Corporation. In connection with the foregoing, the Executive agrees to execute any assignments and/or acknowledgements as may be requested by the board of directors from time to time.

4.3 CORPORATE OPPORTUNITIES. Any business opportunities related to the business of the Corporation which become known to the Executive during his employment hereunder must be fully disclosed and made available to the Corporation by the Executive, and the Executive agrees not to take or attempt to take any action if the result would be to divert from the Corporation any opportunity which is within the scope of its business.

4.4 RESTRICTIVE COVENANTS

(a) The Executive will not at any time, without the prior written consent of the Corporation, during the Term of this Agreement or for a period of 24 months after the termination of this Agreement or the Executive's employment (regardless of the reason for such termination), either individually or in partnership, jointly or in conjunction with any other person or persons, firm, association, syndicate, company or corporation, whether as agent, shareholder, employee, consultant, or in any manner whatsoever, directly or indirectly:

(i) anywhere in the Territory, engage in, carry on or otherwise have any interest in, advise, lend money to, guarantee the debts or obligations of, permit the Executive's name to be used in connection with any business which is competitive to the Business or which provides the same or substantially similar services as the Business;

(ii) for the purpose of competing with any business of the Corporation, solicit, interfere with, accept any business from or render any services to anyone who is a client or a prospective client of the Corporation or any Affiliate at the time Executive ceased to be employed by the Corporation or who was a client during the 12 months immediately preceding such time;

(iii) solicit or offer employment to any person employed or engaged by the Corporation or any Affiliate at the time the Executive ceased to be employed by the Corporation or who was an employee or during the 12 month period immediately preceding such time.

(b) For the purposes of this Agreement:

(i) "Territory" shall mean Canada, the United States and the United Kingdom;

(ii) "Business" shall mean the business of manufacturing, selling and distributing non-alcoholic beverages.

(c) Nothing in this Agreement, shall prohibit or restrict the Executive from holding or becoming beneficially interested in up to one (1%) percent of any class of securities in any corporation provided that such class of securities are listed on a recognized stock exchange in Canada or the United States.

4.5 GENERAL PROVISIONS

(a) The Executive acknowledges and agrees that in the event of a breach of the covenants, provisions and restrictions in this Article 4, the Corporation's remedy in the form of monetary damages will be inadequate and that the Corporation shall be and is hereby authorized and entitled, in addition to all other rights and remedies available to it, to apply for and obtain from a court of competent jurisdiction interim and permanent injunctive relief and an accounting of all profits and benefits arising out of such breach.

(b) The parties acknowledge that the restrictions in this Article 4 are reasonable in all of the circumstances and the Executive acknowledges that the operation of restrictions contained in this Article 4 may seriously constrain his freedom to seek other remunerative employment. If any of the restrictions are determined to be unenforceable as going beyond what is reasonable in the circumstances for the protection of the interests of the Corporation but would be valid, for example, if the scope of their time periods or geographic areas were limited, the parties consent to the

court making such modifications as may be required and such restrictions shall apply with such modifications as may be necessary to make them valid and effective.

(c) Each and every provision of these Sections 4.1, 4.2, 4.3, 4.4 and 4.5 shall survive the termination of this Agreement or the Executive's employment hereunder (regardless of the reason or such termination).

ARTICLE 5 - TERMINATION OF EMPLOYMENT

5.1 TERMINATION BY THE CORPORATION FOR JUST CAUSE, DISABILITY OR DEATH OR NON-RENEWAL OF TERM

(a) The Corporation may terminate this Agreement and the Executive's employment hereunder without payment of any compensation either by way of anticipated earnings or damages of any kind at any time for Just Cause, Disability or death of the Executive, or at the expiry of the term subsequent to the delivery of a Notice of Non-Renewal.

(b) "Just Cause" shall mean:

(i) misconduct or dishonesty in the discharge of his duties hereunder;

(ii) theft or misappropriation of the Corporation's property;

(iii) alcoholism or addiction to a substance which materially impairs the Executive's ability to perform his duties hereunder;

(iv) breach of fiduciary duties;

(v) incompetence or gross negligence in the performance of the Executive's duties; or

(vi) the Executive commits a material breach of this Agreement and fails to remedy same, after notice from the Corporation, within a period which is reasonable in the circumstances.

(c) For the purposes of this Agreement, "Disability" shall have occurred if the Executive has been unable due to illness, disease, or mental or physical disability (in the opinion of a qualified medical practitioner who is satisfactory to the Executive and the Corporation acting reasonably), to fulfil his obligations hereunder either for any consecutive six (6) month period or for any period of 9 months (whether or not consecutive) in any consecutive 12 month period, or the Executive has been declared by a court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs.

If the Executive and the Corporation cannot agree on a qualified medical practitioner, each party shall select a medical practitioner, and the two practitioners shall select a third who shall be the approved medical practitioner for this purpose.

5.2 TERMINATION BY THE EMPLOYER WITHOUT CAUSE. If the Executive's employment is terminated by the Corporation for any reason other than for Just Cause, Disability or death of the Executive, or expiry of the Term subsequent to the delivery of a Notice of Non-Renewal, then the following provisions shall apply:

(a) The Corporation shall pay forthwith to the Executive or as he may direct, a lump sum amount equal to the greater of:

(i) the Base Salary and the Bonus, calculated as the average of the Bonuses paid or payable to the Executive in respect of the most recent two completed fiscal years (except, in the event that two fiscal years have not been completed as of the date of termination, in which case the most recent Bonus shall be utilized, and that the Bonus payable in respect of the fiscal year ending January 31, 1999 shall be pro-rated) for the balance of the Term; or

(ii) 24 months' Base Salary and Bonus (based on the average of the Bonuses paid or payable to the Executive in respect of the most recent two completed fiscal years except, in the event that two fiscal years have not been completed as of the date of termination, in which case the most recent Bonus shall be utilized, and the Bonus payable in respect of the fiscal year ending January 31, 1999 shall be pro-rated); and

(iii) apro rated Bonus for the year in which Executive's termination occurs (calculated on the same basis as indicated in Section 5.2(a)(i) above).

(b) The Corporation shall, to the extent it may do so legally and in compliance with the Corporation's benefit plans in existence from time to time, continue all group insurance benefits at a level equivalent to those provided to the Executive immediately prior to the termination for a period until the date which is the latest of:

(i) the expiry of the Term; or

(ii) 24 months following the date of termination.

provided that, (a) the benefits contemplated by this sub-paragraph shall terminate on the date the Executive obtains alternate employment providing comparable benefits; and (b) if the Corporation cannot continue any particular group insurance benefit, the Corporation shall reimburse the Executive for any expenses incurred by the Executive to replace such group insurance benefit.

5.3 TERMINATION BY THE EXECUTIVE FOR GOOD REASON.

(a) The Executive may terminate this Agreement at any time for Good Reason upon the occurrence, without the express written consent of the Executive, of any of the following:

(i) a reduction in the Executive's then current Base Salary or target award opportunity under the Corporation's annual bonus plan or long-term performance incentive or the termination or material reduction of any employee benefit or perquisite enjoyed by him (other than as part of an across-the-board reduction applicable to all executive officers of the Corporation);

(ii) the failure to elect or reelect the Executive to any of the positions described in Section 2.1 above (other than the position of director of the Corporation) or removal of him from any such position;

(iii) a material diminution in the Executive's duties or the assignment to the Executive of duties which are materially inconsistent with his duties or which materially impair the Executive's ability to function as the President and Chief Executive Officer of the Corporation;

(iv) the failure to continue the Executive's participation in any incentive compensation plan unless a plan providing a substantially similar opportunity is substituted;

(v) the failure of the Corporation to obtain the assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of the Corporation within 15 days after a written request to that effect by the Executive following a merger, consolidation, sale or similar transaction, unless the Executive shall have received the opinion of counsel to the Corporation that such transaction does not have an adverse legal affect on the rights of the Executive hereunder;

which, in any of the foregoing events, has not been remedied or cured by the Corporation within a reasonable period after notice from the Executive.

(b) In the event Executive terminates this Agreement for Good Reason, he shall be entitled to the same payments and benefits as provided in Section 5.2 above.

5.4 TERMINATION UPON A CHANGE OF CONTROL.

(a) If, following a Change in Control, the Executive's employment is terminated without Just Cause or the Executive terminates his employment for Good Reason, the Executive shall be entitled to the payments and benefits provided in this Section 5.4. Also, immediately following a Change in Control, all amounts, entitlements or benefits in which Executive is not vested shall become fully vested. The Executive may terminate his employment at any time for Good Reason upon the occurrence of a Change of Control by providing written notice to the Corporation within six months of the occurrence of such Change of Control and the effective date of such termination and the termination of the Executive's employment shall be 30 days from the date of such written notice.

(b) For the purposes of this Agreement, a "Change of Control" shall mean: (i) the occurrence, at any time during the Term of any person or group of persons acting jointly or in concert acquiring more than 50% of the outstanding voting shares in the Corporation, whether by way of takeover bid, merger, amalgamation or otherwise; (ii) a sale by the Corporation of all or substantially all of the Corporation's undertaking and assets; or (iii) the voluntary liquidation, dissolution or winding-up of the Corporation, in connection with which a distribution is made to the holders of the Corporation's common shares.

(c) In the event of termination of the Executive's employment pursuant to this Section 5.3, then the following provisions shall apply:

(i) The Corporation shall pay forthwith to the Executive or as he may direct, a lump sum amount equal to 36 months Basic Salary plus the average of the Bonuses paid or payable to the Executive in respect of the most recent two completed fiscal years (except in the event that two fiscal years have not been completed as of the date of termination, in which case the most recent Bonus shall be utilized, and further, it is recognized that the Bonus payable in respect of the fiscal year ending January 31, 1999 shall be pro-rated); and

(ii) The Corporation shall continue, to the extent it may do so legally and in compliance with the Corporation's benefit plans in existence from time to time, all group and insurance benefits at a level equivalent to those provided to those provided to the Executive immediately prior to the termination for a period of 36 months following the date of termination, provided that, if the Corporation cannot continue any particular group insurance benefit, the Corporation shall reimburse the Executive for any expenses incurred by the Executive to replace such group insurance benefit.

(iii)In the event that the termination of the Executive's employment is for one of the reasons set forth in this
Section 5.4 and the aggregate of all payments or benefits made or provided to the Executive under this
Section 5.4 and under all other plans and programs of the Corporation (the "Aggregate Payment") is determined to constitute a Parachute Payment, as such term is defined in Section 280G(b)(2) of the United States Internal Revenue Code, the Corporation shall pay to the Executive, prior to the time any excise tax imposed by
Section 4999 of the Internal Revenue Code ("Excise Tax") is payable with respect to such Aggregate Payment, an additional amount which, after the imposition of all income and excise taxes thereon, is equal to the Excise Tax on the Aggregate Payment. The determination of whether the Aggregate Payment constitutes a Parachute Payment and, if so, the amount to be paid to the Executive and the time of payment pursuant to this 5.4(c)(iii) shall be made by an independent auditor (the "Auditor") jointly selected by the Corporation and the Executive and paid by the Corporation. The Auditor shall be a

nationally recognized United States public accounting firm which has not, during the two years preceding the date of its selection, acted in any way on behalf of the Corporation or any Affiliate thereof. If the Executive and the Corporation cannot agree on the firm to serve as the Auditor, then the Executive and the Corporation shall each select one accounting firm and those two firms shall jointly select the accounting firm to serve as the Auditor.

(iv) In the event of any termination of employment under this Article 5, the Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due to the Executive under this Agreement on account of any remuneration attributable to any subsequent employment that he may obtain except as specifically provided in this Article 5.

(v) Nature of Payments. Any amounts due under this Article 5 are in the nature of severance payments considered to be reasonable by the Corporation and are not in the nature of a penalty.

5.5 VOLUNTARY RESIGNATION. In the event the Executive wishes to resign his employment voluntarily, he shall provide six months' notice in writing to the Corporation. The Corporation may waive such notice in whole or in part by paying the Executive's Base Salary and continuing his group benefits and perquisites to the effective date of resignation.

5.6 PAYMENT TO DATE OF TERMINATION. Regardless of the reasons for the termination, the Corporation shall make payment to the Executive to the effective date of termination for all Base Salary, any accrued but unpaid vacation entitlements, any earned but unpaid Bonus and any other amounts earned, accrued or owing to the Executive but not yet paid as well as other or additional benefits in accordance with applicable plans or programs of the Corporation.

5.7 RETURN OF PROPERTY. Upon any termination of this Agreement, the Executive shall forthwith deliver or caused to be delivered to the Corporation all books, documents, computer disks and diskettes and other electronic data, effects, money, securities or other property belonging to the Corporation or for which the Corporation is liable to others, which are in the possession, charge, control or custody of the Executive.

5.8 RELEASE. The Executive acknowledges and agrees that the payments pursuant to this Article shall be in full satisfaction of all terms of termination of his employment, including termination pay and severance pay pursuant to the Employment Standards Act (Ontario) as amended from time to time. Except as otherwise provided in this Article, the Executive shall not be entitled to any further termination payments, damages or compensation whatsoever. As a condition precedent to any payment pursuant to this Article, the Executive agrees to deliver to the Corporation prior to any such payment, a full and final release from all actions or claims in connection therewith in favour of the Corporation, its affiliates, subsidiaries, directors, officers, employees and agents, in a form reasonably satisfactory to the Corporation.

5.9 SET-OFF. Upon termination, howsoever caused, the Executive authorizes the Corporation to deduct from any payment due to him pursuant to this Agreement, any amounts owed to the Corporation howsoever caused, including by reason of purchases, advances, loans, or in recompense for damages to or lawful property and equipment. This provision shall be applied so as not to conflict with any applicable legislation.

5.10 PROVINCIAL LEGISLATION. All payments made and notice given pursuant to this Article 5 shall include notice of termination and severance pay as defined in the Employment Standards Act (Ontario) as it may from time to time be amended, the provisions of which are deemed to be incorporated into this Agreement and shall prevail to the extent greater.

ARTICLE 6 - DIRECTORS AND OFFICERS

6.1 RESIGNATION. If the Executive is a director or officer at the relevant time, the Executive agrees that after termination of his employment with the Corporation he will tender his resignation from any position he may hold as an officer or director of the Corporation or any of its affiliated or related companies.

6.2 INSURANCE. The Corporation shall maintain such directors' and officers' liability insurance for the benefit of the Executive in accordance with corporate policies and as generally provided to the directors of the Corporation.

6.3 INDEMNIFICATION. The Corporation agrees that, if the Executive is made a party, or is threatened to be made a party, to any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "Proceeding"), by reason of the fact that he is or was a director, officer or employee of the Corporation or is or was serving at the request of the Corporation as a director, officer, member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether or not the basis of such Proceeding is the Executive's alleged action in an official capacity while serving as a director, officer, member, employee or agent, the Executive shall be indemnified and held harmless by the Corporation to the fullest extent legally permitted or authorized by the Corporation's certificate of incorporation or bylaws or resolutions of the Corporation's Board of Directors or, if greater, by the laws of the Province of Ontario, and the Federal Laws of Canada applicable to the Corporation, against all cost, expense, liability, and loss (including, without limitation, attorney's fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Executive in connection therewith, and such indemnification shall continue as to the Executive even if he has ceased to be a director, member, employee or agent of the Corporation or other entity and shall inure to the benefit of the Executive's heirs, executors and administrators. The Corporation shall advance to the Executive all reasonable costs and expenses incurred by him in connection with a Proceeding within 20 days after receipt by the Corporation of a written request for such advance. Such request shall include an undertaking by the Executive to repay the amount of such advance if it shall ultimately be determined that he is not entitled to be indemnified against such costs and expenses.

ARTICLE 7 - ARBITRATION

7.1 All matters in difference between the parties in relation to this Agreement, shall be referred to the arbitration of a single arbitrator, if the parties agree upon one, otherwise to three arbitrators, one to be appointed by the Corporation and one to be appointed by the Executive and a third to be chosen by the first two arbitrators named before they enter upon the business of arbitration. The arbitration shall be conducted in accordance with the Arbitrations Act (Ontario) as it may from time to time be amended. The award and determination of the arbitrator or arbitrators or any of two of three arbitrators shall be binding upon the parties and their respective heirs, executors, administrators and assigns.

ARTICLE 8 - CONTRACT PROVISIONS

8.1 HEADINGS. The headings of the Articles and paragraphs herein are inserted for convenience of reference only and shall not affect the meaning or construction hereof.

8.2 INDEPENDENT ADVICE. The Corporation and the Executive acknowledge and agree that they have each obtained independent legal advice in connection with this Agreement and they further acknowledge and agree that they have read, understand and agree with all of the terms hereof and that they are executing this Agreement voluntarily and in good faith.

8.3 GENDER. Words denoting any gender include both genders.

8.4 GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Each of the parties hereby irrevocably attorns to the jurisdiction of the courts of the Province of Ontario with respect to any matters arising out of this Agreement.

8.5 ENTIRE AGREEMENT. This Agreement, together with the plans and documents referred to herein, constitutes and expresses the whole agreement of the parties hereto with reference to any of the matters or things herein provided for or herein before discussed or mentioned with reference to such employment of the Executive. All promises, representations, collateral agreements and understandings not expressly incorporated in this Agreement are hereby superseded by this Agreement.

8.6 SEVERABILITY. If any provision contained herein is determined to be void or unenforceable in whole or in part, it shall not be deemed to affect or impair the validity of any other provision herein and each such provision is deemed to be separate and distinct.

8.7 NOTICE. Any notice required or permitted to be given under this Agreement shall be in writing and shall be properly given if personally delivered, delivered by facsimile transmission (with confirmation of receipt) or mailed by prepaid registered mail addressed as follows:

(a) in the case of the Corporation:

Cott Corporation
207 Queen's Quay West Suite 800
Toronto, Ontario
M5J 1A7

Attention: Chairman

(b) in the case of the Executive:

to the last address of the Executive in the records of the Corporation and its subsidiaries

or to such other address as the parties may from time to time specify by notice given in accordance herewith. Any notice so given shall be conclusively deemed to have been given or made on the day of delivery, if personally delivered, or if delivered by facsimile transmission or mailed as aforesaid, upon the date shown on the facsimile confirmation of receipt or on the postal return receipt as the date upon which the envelope containing such notice was actually received by the addressee.

8.8 SUCCESSORS. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective personal or legal representatives, heirs, executors, administrators, successors and assigns.

8.9 TAXES. All payments under this Agreement shall be subject to withholding of such amounts, if any, relating to tax or other payroll deductions as the Corporation may reasonably determine and should withhold pursuant to any applicable law or regulation.

8.10 CURRENCY. All dollar amounts set forth or referred to in this Agreement refer to U.S. currency.

8.11 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

COTT CORPORATION

Per: /s/ Fraser D. Latta

I have authority to bind the Corporation

SIGNED, SEALED & DELIVERED in the presence of

Paul K. Henderson

/s/ Frank E. Weise
FRANK E. WEISE III

EXHIBIT A

ACCREDITED INVESTOR QUESTIONNAIRE

The undersigned, as a purchaser of Common Shares (collectively the "Securities") of Cott Corporation (the "Corporation"), has represented that the undersigned is an "accredited investor" as defined in Rule 501 of Regulation D promulgated under the Securities Act of 1933, as amended (the "1933 Act"). The undersigned has indicated below the categories which it, he or she satisfies, or if he or she is purchasing for the account of another accredited investor, which such accredited investor satisfies.

The undersigned understands that the Corporation is relying on this information in determining to sell securities to the undersigned in a manner exempt from the registration requirements of the 1933 Act and applicable state securities laws.

(a) ACCREDITED INVESTOR STATUS

The undersigned represents and warrants that he is [CHECK EACH **APPLICABLE ITEM]:**

(a) A bank, as defined in Section 3(a)(2) of the 1933 Act, or savings and loan association or other institution as defined in Section 3(a)(5)(A) of the 1933 Act, whether acting in its individual or fiduciary capacity.

(b) A broker or dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended.

(c) An insurance company (as defined in Section 2(13) of the 1933 Act).

(d) An investment company registered under the United States Investment Company Act of 1940 (the "1940 Act").

(e) A business development company (as defined in Section 2(a)(48) of the 1940 Act).

(f) A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the United States Small Business Investment Act of 1958.

(g) A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of U.S. $5,000,000.

(h) An employee benefit plan within the meaning of the United States Employee Retirement Income Security Act of 1974 ("ERISA") (1) whose investment decision is made by a plan fiduciary as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association,

insurance company or registered investment advisor, or (2) having total assets in excess of U.S. $5,000,000, or (3) if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

(i) A private business development company (as defined in
Section 202(a)(22) of the United States Investment Advisers Act of 1940).

(j) An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, having total assets in excess of U.S. $5,000,000.

(k) A director or executive officer of the Company.

(l) A natural person with individual net worth, or joint net worth with his spouse, at the time of purchase in excess of U.S. $1,000,000.

(m) A natural person with an individual income in excess of U.S. $200,000 in each of the last two years or joint income with his spouse in excess of U.S. $300,000 in each of those years, and who reasonably expects to reach the same income level in the current year.

(n) A trust, with total assets in excess of U.S. $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in section Rule 506 (b)(2)(ii) of the 1933 Act.

(o) An entity in which all of the equity owners are accredited investors.

As used in this questionnaire, the term "net worth" means the excess of total assets over total liabilities. In computing net worth for the purpose of paragraph (1) above, the principal residence of the investor must be valued at cost, including cost of improvements, or at recently appraised value by an institutional lender making a secured loan, net of encumbrances. In determining income, an investor should add to adjusted gross income any amount attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

IN WITNESS WHEREOF, the undersigned has executed this Questionnaire as of the day of June ___, 1998.

Signature

/s/ Frank E. Weise, III

Printed or Typed Name

FRANK E. WEISE, III

Social Security or Taxpayer I.D. Number

COTT CORPORATION

STATEMENT OF RESPONSIBILITIES

- CHIEF EXECUTIVE OFFICER -

The Chief Executive Officer of Cott Corporation (the "Corporation") shall be responsible for directing the Corporation with the objective of providing maximum profit and return on invested capital, establishing short-term and long-term objectives, plans, performance standards and policies subject to the approval of the Board of Directors. To that end, the Chief Executive Officer will be ultimately responsible for:

- Preparing, at least annually, a statement of objectives, plans, performance standards and policies for the Corporation, which shall be reviewed by the Human Resources, Compensation and Corporate Governance Committee and shall be approved by the Board of Directors.

- Ensuring that the Corporation's material operating plans, performance standards and policies are uniformly understood and properly interpreted and administered by subordinates.

- Presenting proposed operating and capital expenditure budgets for review and approval by the Board of Directors.

- Directing all investigations and negotiations pertaining to material acquisitions or dispositions, mergers and joint ventures.

- Representing the Corporation as appropriate in its relationship with major customers, suppliers, competitors, commercial and investment bankers, investment analysts, the media, security holders, government agencies, professional associations, unions, employees and the public generally.

- Analyzing the operating results of the Corporation and its principal divisions relative to established objectives and taking appropriate steps to correct unsatisfactory conditions.

- Making recommendations to the Human Resources, Compensation and Corporate Governance Committee as regards Senior Officer succession planning and compensation.

- Insuring the adequacy and soundness of the Corporation's financial structure and reviewing projections of working capital requirements.

- Delegating any or all of the above-noted responsibilities and maintaining ultimate supervisory responsibility to ensure that they are performed.

EXHIBIT 10.6

August 28th, 1998

PERSONAL AND CONFIDENTIAL

Mr. David Bluestein
25 Wild Turkey Court
Ridgefield, Connecticut
06877

Dear David:

I am very pleased to offer you the position of President, Cott Beverages U.S.A. Inc., effective September 14th, 1998. This position will report directly to the C.E.O. of Cott Corporation and will be based at the corporate offices located at 5650 Whitesville Road, Suite 201, Columbus GA 31904207. This offer is conditional upon receiving the approval of the Board of Directors of Cott which will meet on September 14th, 1998.

While this letter will outline some of the terms and conditions of your employment with Cott Corporation, please note that this is not a contract of employment or a promise of employment for any specific term.

Your starting base salary will be U.S.$350,000.00 per annum paid semi-monthly. You will be provided with a car allowance of U.S. $14,300 per annum, also paid semi-monthly. Performance and salary are reviewed on an annual basis in April. You will be provided with an initial grant of 200,000 stock options which include your current fiscal year grant. The strike price will be equal to the closing price of Cott Common Shares on the Toronto Stock Exchange on the last day on which such shares are traded immediately before your first day of employment. In addition, you will be considered for annual option grants beginning with our next fiscal year, along with other senior executives.

In addition to the options granted, you will, within 30 days of your start date with Cott, purchase 50,000 shares of the Corporation in your own name.

In 1998 you are entitled to four (4) weeks of paid vacation, pro-rated for the percentage of 1998 during which you will be employed by Cott, up to a maximum of 20 working days. Regular annual entitlement of four (4) weeks vacation will commence in 1999. You are encouraged to take your vacation in the calendar year in which it is earned. All earned vacation must be taken by December 31st of the year following the one in which it is earned otherwise it may be forfeited. If you should leave the Company, the value of any unearned vacation time taken by you will be deducted from your final pay.

You will be entitled to participate in the bonus plan as it currently exists effective your first day of employment. This plan would entitle you to a bonus of up to 100% of your fiscal salary, dependent upon Cott's financial performance. This plan is subject to change annually at the sole discretion of Cott. For the first year only, you will be guaranteed a bonus of 100%. In addition, you will also be paid a bonus of 160,000 U.S. to compensate you for that portion of the bonus you have earned for the period ending September 30, 1998 which is not paid to you by your previous employer. This will be paid to you on the latter of: signing of this letter by you and your first day of employment.

On the first of the month following 30 days of employment, you will be eligible for the Cott Beverages USA Benefit Program. Our Benefits Program includes medical, dental, short term and long term disability, and life insurance benefits. Note that there is a provision in our medical plan that limits the amount payable for a pre-existing illness. Employee contributions are required for our health insurance plans.

In addition, on the first day of a quarter following at least three months of employment, you will be eligible to participate in Cott's 401 (k) Savings and Retirement Plan.

Details on Cott's benefits will be sent to you under separate cover for your perusal. Additional information can be provided to you as you become eligible.

To enable you to work in Canada you will require a work authorization from Canada Immigration before entering Canada. Please contact Alison Eacock at 416-203-3898 ext. 312 so that you can begin this process immediately.

In the event that your employment is terminated by Cott for any reason other than just cause, Cott will provide you with a severance package equal to 24 months base salary, bonus, car allowance and benefits (excluding long and short term disability coverage and the out-of-country benefits). This payment will be inclusive of any amounts to which you would otherwise be entitled at law and no other compensation or payments will be made to you in such event. In addition, the payment will be subject to your signing a release in form and content satisfactory to Cott at such time.

Finally, upon the commencement of your employment you will be required to sign a confidentiality and non-competition covenant in favour of the Corporation on the terms and conditions set out in Appendix I to this letter.

David, I am excited about having you join us. You have a lot to contribute to our company. I know that you can look forward to joining a dynamic and exciting organization.

Yours very truly,

/s/ Frank E. Weise, III

Frank E. Weise, III
President and Chief Executive Officer

FEW:ae

c.c.

I accept this offer and the terms identified herein.

/s/ David Bluestein	
---	---
David Bluestein	*Date*

EXHIBIT 10.7

October 7, 1997

Mark Benadiba
25 Parkwood Avenue
Toronto, Ontario
M4V 2W9

Dear Mark:

RE: EMPLOYMENT AND RELATED ARRANGEMENTS

This letter contains the terms and conditions upon which you have agreed to remain in the full-time employment of Cott Corporation ("Cott") as Co-Chief Operating Officer. This letter, once accepted by you, is intended to and shall constitute a binding legal agreement, enforceable by and against each of us in accordance with its terms.

1. BASE COMPENSATION. Your base salary shall be the annualized amount of $425,000. Your base salary shall be payable in the same manner and at the same intervals as the other senior officers of Cott. Provided that you remain in the full-time employment of Cott, your base salary will be reviewed in April, 1998 and at the end of every twelve month period thereafter, and may be increased in respect of any such twelve month period by the CEO, with the advice and consent of the Human Resources, Compensation and Corporate Governance Committee of the Board. Base salary increases will be dependent, in general, upon a variety of factors, including rates of increase of other senior executive officers of Cott, rates of increase and salary levels of other executives in comparable North American industrial corporations, rates of inflation and other relevant criteria.

2. BONUS COMPENSATION. You shall be entitled to an annual bonus of up to 50% of your base salary in respect of any fiscal year, payable within 30 days following the release by Cott of its year end results for such fiscal year. The bonus amount, if any, will be based on achievable and measurable criteria which we shall mutually agree upon within 60 days following your acceptance of this letter and which, provided that you remain in the full-time employment of Cott, shall be reviewed in April of each year, commencing 1998. It is intended that such criteria will enable you to earn as much in the way of bonus compensation as the other Co-Chief Operating Officer, provided that the bonus criteria for you and the other Co-Chief Operating Officer will be specific to your respective functions. You acknowledge that your bonus compensation, if any, need not necessarily be equal to that paid, if any, to the other Co-Chief Operating Officer. If you employment terminates prior to the end of a fiscal year, any bonus earned in respect of that year shall be pro-rated accordingly.

3. EMPLOYEE BENEFITS AND PERQUISITES. You shall be entitled to any and all benefits and perquisites which are from time to time available to other senior officers of Cott, excluding the CEO.

4. STOCK OPTIONS. In addition to the options to purchase 185,000 common shares of Cott which you currently hold (the "Existing Options"), you will receive options to purchase

a further 115,000 common shares (the "New Options") at a price per share of $14.10, being the market price for shares of Cott at the close of trading on September 3, 1997. The New Options shall be subject to and governed by the terms and conditions of Cott's existing Employee Stock Option Plan, including vesting, provided that:

(A) all unvested Existing Options and New Options (collectively, the "Options") shall immediately vest upon a Change of Control (as hereinafter defined);

(B) if, prior to the second anniversary of the date on which a Chief Executive Officer is named to replace Gerald N. Pencer ("GNP") (such date being hereinafter described as the "CEO Replacement Date") your employment is terminated by Cott without cause or if your position, title, duties, responsibilities and/or reporting is changed in any material respect, or if you voluntarily leave the employment of Cott for Good Reason (as hereinafter defined), all unvested Existing Options shall immediately vest;

(all of (a) and (b) being subject to regulatory approval which Cott shall use reasonable commercial efforts to obtain, failing which the equivalent after tax value of any unvested Options shall be paid to you within 30 days following the later of the date on which you are or would otherwise be required to sell the Options or the date on which you notify Cott in writing that you would have elected to dispose of such Options if there is no requirement to do so); and

(C) if you voluntarily leave the employment of Cott other than for Good Reason or if your employment is terminated by Cott for cause or as a result of your death, all unvested Existing Options shall immediately terminate and shall cease to have any further force or effect.

For the purposes of this letter, "Change of Control" shall occur if:

(I) any shareholder or group of shareholders (other than GNP) acting jointly or in concert beneficially acquires in any transaction or series of transactions ownership or control or direction over more voting shares in the capital of Cott than GNP, provided such shareholder or group beneficially owns or has control or direction over at least 20% of such voting shares at the time of any determination; or

(II) a majority of the individuals who serve as directors of Cott at the commencement of any 18 month period are replaced except by replacement directors who become directors at the initiative of the management of Cott pursuant to a management proxy solicitation or otherwise.

5. TERMINATION PAYMENTS.

(A) If within either of the two year periods following the CEO Replacement Date or a Change of Control your employment is terminated by Cott without cause other than by reason of your death or if your position, title, duties, responsibilities and/or reporting is changed in any material respect, or if you voluntarily leave the employment of Cott for Good Reason, Cott shall pay you, within 30 days following the date of termination or change, as the case may be, an amount equal to two times your base salary and bonuses paid to you and cash value of your benefits and perquisites during the most recently completed twelve calendar months prior to the date of termination.

(B) If at the end of either of the two year periods following the CEO Replacement Date or Change of Control, you voluntarily leave the employment of Cott other than for Good Reason, Cott shall pay you, within 30 days following the end of such two year period, an amount equal to your base salary and bonuses paid to you and cash value of your benefits and perquisites during the most recently completed twelve calendar months prior to the end of such period.

If you receive any of the termination payments contemplated by this paragraph 5, you shall not otherwise be entitled to any other payments, compensation or damages whatsoever resulting from the termination of your employment.

6. CAUSE. Whenever used in this letter, "cause" means:

(A) the willful and continued failure by you substantially to perform your duties with Cott (other than any such failure resulting from your incapacity due to physical or mental illness or any such actual or anticipated failure resulting from termination by you for Good Reason) after a written demand for substantial performance is delivered to you by the board of directors of Cott (the "Board"), which demand specifically identifies the manner the Board believes that you have not substantially performed your duties and you failed to correct such failure to perform your duties within 30 days after such written demand is delivered to you; or

(B) the willful engaging by you in conduct that is demonstrably and materially injurious to Cott, monetarily or otherwise, and no act or failure to act on your part shall be deemed "willful" unless done, or admitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interests of Cott.

"Good Reason" shall mean the occurrence, without your express written consent, any of the following:

(A) Inconsistent Duties - a meaningful and detrimental alteration in your position of in the nature or status of your responsibilities from those currently in effect;

(B) Reduction in Remuneration - a reduction by Cott in your annual base salary or a material adverse change in the methodology of determining whether a bonus is payable;

(C) Relocation - the relocation of the office of Cott where you are currently employed to a location that is more than 50 miles away from such location, or Cott requiring you to be based more than 50 miles away from such location (except for required travel on Cott's business to an extent substantially consistent with your customary business travel obligations in the ordinary course of business); and

(D) Benefits and Perquisites - the failure of Cott to continue to provide you, in all material respects, with benefits and perquisites which are from time to time available to other senior officers of Cott, excluding the CEO.

7. ENTIRE AGREEMENT. This agreement constitutes the entire agreement between you and Cott relative to the subject matter hereof.

8. GOVERNING LAW. The agreement resulting from your acceptance of this letter shall be governed by and construed in accordance with the laws of the Province of Ontario and federal laws of Canada applicable therein.

9. NOTICES. Wherever notice is required or desired to be given hereunder, it shall be deemed given when physically delivered to Cott (Attention: The Secretary) at its address on this letter (or at such other place as Cott may notify you from time to time) and if to you at your principle residence at the time of the giving of such notice.

10. In the event of termination, Cott will pay for 5 months of professional outplacement services at a maximum of $50,000.

If the foregoing accurately sets forth the terms of our understanding relative to the subject matter hereof, please so signify by signing and returning to the undersigned a duplicate original of this letter.

Yours very truly,

COTT CORPORATION

Per: /s/ Fraser Latta

ACCEPTED AND AGREED TO THIS
27 day of October, 1997.

/s/ Mark Benadiba

Mark Benadiba

COTT CORPORATION
800-207 Queen's Quay West
Toronto, Ontario
M5J 1A7

PRIVATE & CONFIDENTIAL December 19, 1997

Mark Benadiba
25 Parkwood Avenue
Toronto, Ontario
M4V 2W9

Dear Mark:

Reference is hereby made to a certain letter agreement between yourself and Cott Corporation dated October 7, 1997 (the "Agreement"), and in particular to
Section 5 thereof.

This will confirm that the reference to "the cash value of your benefits" contained in Section 5 of the Agreement is intended to mean the cash value of what it would have cost you to purchase benefits for yourself and your family (other than through a group plan) which are equal to those benefits provided for you and your family by Cott Corporation during the relevant period.

In all other respects the terms of the Agreement shall continue to apply.

Yours very truly,

COTT CORPORATION

Per: /s/ Colin J. Adair

Colin J. Adair
Chairman of the Human Resources, Compensation and Corporate Governance Committee

May 1, 1998

Fraser Latta
Vice Chairman
Cott Corporation
207 Queen's Quay W, Suite 800
Toronto, Ontario
M5J 1A7

Dear Fraser:

RE: EMPLOYMENT AGREEMENT

In reviewing my October 7, 1997 Employment Agreement, I noticed that while subsection 4(a) dealing with my options to all of the options, subsections 4(b) and 4(c) only refer to my original 185,000 options but not the additional 115,000 new options. It is my understanding that it was the intention that those two subsections should refer to all of my options and not just the 185,000 options.

In addition, my interpretation of subsection 5(a) is that, in the circumstances mentioned in that subsection, I would receive two times my base salary, two times bonuses paid to me and two times the cash value of my benefits and perquisites during the most recently completed twelve calendar months prior to the date of my termination.

I would appreciate it if you would sign below to confirm those two provisions of my Employment Agreement.

Regards,

/s/ Mark Benadiba

Mark Benadiba
COO, North America

The foregoing is agreed to this 1st day of May, 1998.

COTT CORPORATION

By: /s/ Fraser Latta
Fraser Latta
Vice Chairman

September 14, 1998

Mark Benadiba
25 Parkwood Avenue
Toronto, Ontario
M4V 2W9

Dear Mark:

RE: EMPLOYMENT AND RELATED ARRANGEMENTS

This letter confirms our agreement concerning certain amendments to your agreement dated October 7, 1997, as modified by a letter dated December 19, 1997 and as further modified by an agreement dated May 1, 1998 (collectively, the "Original Agreement").

Pursuant to the Original Agreement, your current position is that of Co-Chief Operating Officer of Cott Corporation, with responsibility for our North American business. This confirms that we have agreed that, effective today, your title is changed to Executive Vice President Cott Corporation and that you will be the President of Cott Canada. In that role, you will have responsibility for all aspects of Cott's Canadian beverage business and will report directly to the President and Chief Executive Officer of Cott Corporation.

In addition to the above change in title, we have agreed to the following changes to the Original Agreement:

1. BASE COMPENSATION - Your base compensation will be increased to $450,000 per annum.

2. BONUS COMPENSATION - Your annual bonus entitled will be increased such that you will now have the ability to earn up to 100% of your base salary as bonus, rather than 50%. The second to last and third to last sentences of clause 2 of the Original Agreement, which refer to the other Co-Chief Operating Officer of Cott Corporation, are of no further force or effect.

3. EXISTING STOCK OPTIONS - This will confirm that all of your Existing Options and New Options (as defined in the Original Agreement) have, as a result of a Change of Control (also as defined in the Original Agreement) having occurred, have fully vested. Pursuant to the terms of the Cott Corporation Common Share Option Plan, in the event that your employment is terminated other than as a result of your death you will have 60 days from the last day of your employment in which to exercise such Existing Options and New Options. We agree to use our best efforts to obtain regulatory approval to a change to the Existing Options and New Options such that in the event that a termination payment is payable to you pursuant to clause 5 of the Original Agreement you will have a period of

12 months from the date you cease to be an employee in which to exercise any or all of the Existing Options and New Options. Unless and until such regulatory approval is obtained the exercise of any such options following your ceasing to be an employee shall continue to be governed by the terms of our Common Share Option Plan.

4. NEW STOCK OPTION GRANT - I am pleased to advise you that the Human Resources and Compensation Committee of the Board has approved the grant to you of an additional 50,000 options, vesting over 3 years at 30%, 30% and 40%. Additional paper work will be provided to you shortly with respect to these options. This new grant of stock options is subject to you signing a confidentiality agreement in the form attached.

5. GENERAL - In all other respects, the terms and conditions of the Original Agreement shall remain in full force and effect, unamended.

Mark, I am thrilled that you have agreed to stay on with me and the rest of the "Cott Power" team as we face the challenges of the future. I am confident that we will be successful.

If I have accurately stated the terms of our agreement, please sign and return the enclosed duplicate original of this letter, along with the signed confidentiality agreement.

Yours very truly,

Cott Corporation

Per: /s/ Frank E. Weise, III
Frank E. Weise, III
President and CEO

ACCEPTED AND AGREED TO THIS 21ST DAY OF SEPTEMBER, 1998.

/s/ Mark Benadiba
Mark Benadiba

June 25, 1999

Mark Benadiba
25 Parkwood Avenue
Toronto, Ontario
M4V 2W9

Dear Mark:

RE: EMPLOYMENT AND RELATED ARRANGEMENTS

This letter confirms our agreement concerning certain amendments to your agreement dated October 7, 1997 (the "Original Agreement"), as modified by a letter dated December 19, 1997, as further modified by an agreement dated May 1, 1998 and as further modified by an agreement dated September 14, 1998 (collectively, the "Employment Agreement").

The Employment Agreement is hereby amended as follows:

1. Section 5(a) of the Original Agreement is amended by changing the reference to "two years" in the first line to "three years"; and

2. Section 5(b) of the Original Agreement is amended by changing the reference to "two years" in the first line to "three years".

In all other respects, the terms and conditions of the Employment Agreement shall remain in full force and effect, unamended.

If I have accurately stated the terms of our agreement, please sign and return the enclosed duplicate original of this letter.

Yours very truly,

Cott Corporation

Per: /s/ Colin Walker

ACCEPTED AND AGREED TO THIS 29TH DAY OF JUNE, 1999.

/s/ Mark Benadiba

Mark Benadiba

[Cott Logo] EXHIBIT 10.8

207 QUEEN'S QUAY WEST
SUITE 340
TORONTO, ONTARIO M5J 1A7

TO:	PAUL RICHARDSON
CC:	
FROM:	COLIN D. WALKER
DATE:	AUGUST 23, 1999
SUBJECT:	EMPLOYMENT AGREEMENT

Position:	Executive Vice President, Cott Corporate Reporting to CEO Cott Corporate
Assignment:	Global Purchasing - Global Best Practices. COO. Asia & Israel - Advisory Board UK - Innovation Initiatives - Wal*Mart International - Project Assignment by CEO
Location:	Corporate Office (Toronto) / or Tampa US office. At Paul Richardson's discretion and expense he may relocate to Tampa.
Term:	Year to Year
Compensation:	Shall not be less than that in effect on November 1, 1998.
Termination:	6 months of notice may be given at any time by either party.
Termination Payment:	Within 30 days of notice being delivered by either party. The aggregate of two times Paul Richardson's annual salary and bonus paid or payable plus the cash value of all benefits and perquisites and the average of any other remuneration during the two years prior to the termination notice. NB: For calendar 1998 the 11 month fiscal year shall be grossed up to 12 months. Payment shall be made subject to Paul Richardson signing the attached release and returning all Cott owned property to Cott.
Stock Options:	Upon termination notice being delivered by either party, all stock options granted to Paul Richardson shall fully vest and shall be exercisable for a period of 12 months.
Future Option Grants:	Eligibility, terms and quantity of options granted will be on the same basis as the other members of the executive council.

Bonus:	Will be expressed as a percentage of salary and will be determined on the same basis as that applicable to the other members of the corporate executive group (other than the CEO).
Any Other Benefits:	On the same basis as other members of the corporate executive group.
Death:	In the event of Paul Richardson's death, the termination payment will be treated as per Plan C.S.O. and shall be provided to his estate.
Outstanding Loan:	All mortgages and encumbrances placed on Paul Richardson's property to secure the loan of Canadian $220,000 will be removed and replaced by 19,500 Cott shares, which shall become the sole security and recourse for the loan. Cott Corporation will hold the share certificates.
Confidentiality Agreement:	Cott acknowledges that Paul Richardson has signed a confidentiality agreement.
Legal Counsel Fees:	If the corporation shall fail to comply with its obligation in the agreement or call into question the legal validity of this agreement, all reasonable legal counsel fees incurred by Paul Richardson in the course of seeking to enforce this agreement shall be on the account of and payable by Cott Corporation, except to the extent that a court shall determine that Paul Richardson's action in seeking to enforce this agreement was frivolous.

/s/ Paul Richardson	/s/ Colin D. Walker
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Paul Richardson Executive Vice President	Colin D. Walker Senior Vice President Human Resources

EXHIBIT 10.9

August 17th, 1998

PERSONAL AND CONFIDENTIAL

Mr. Ray Silcock
1630 Kearsarge Road
La Jolla, California
92037

Dear Ray:

I am very pleased to offer you the position of Chief Financial Officer effective September 21st, 1998. This position will report directly to myself and will be based at the corporate offices located at 207 Queen's Quay West, Toronto, Ontario. The Compensation Committee of the Board of Directors approved your appointment to the role of Chief Financial Officer.

While this letter will outline some of the terms and conditions of your employment with Cott Corporation, please note that this is not a contract of employment or a promise of employment for any specific term.

Your starting base salary will be U.S.$275,000.00 per annum paid bi-monthly. You will be provided with a car allowance of US$14,300 per annum, also paid bi-monthly. Performance and salary are reviewed on an annual basis in April. You will be provided with an initial grant of 60,000 stock options. The strike price will be equal to the closing price of Cott Common Shares on the Toronto Stock Exchange on the last day on which such shares are traded immediately before your first day of employment. In addition, you will be considered for annual option grants along with other senior executives of the Corporation.

In 1998 you are entitled to four (4) weeks of paid vacation pro-rated, for the percentage of 1998 for which you will be employed by Cott, up to a maximum of 20 working days. Regular annual entitlement of four (4) weeks vacation will commence in 1999. You are encouraged to take your vacation in the calendar year it is earned. All earned vacation must be taken by December 31st of the year following the one in which it is earned, otherwise it may be forfeited. If you should leave the Company, the value of any unearned vacation time taken by you will be deducted from your final pay.

For fiscal 1999, you will be entitled to participate in the bonus plan as it currently exists. This plan would entitle you to a bonus of up to 40% of your fiscal 1999 salary, dependent upon Cott's financial performance. This plan is subject to change annually at the sole discretion of Cott. For fiscal 1999 only, you will be guaranteed a bonus of 40% pro-rated for the percentage of this fiscal year in

which you will be employed by Cott. The bonus will be paid on signing of this letter by you and the full after tax proceeds of such bonus must be used to purchase Cott stock within 30 days of the date on which bonus is paid.

On the first of the month following 30 days of employment, you will be eligible for the Cott Beverages USA Benefit Program. Our Benefits Program includes medical, dental, short term and long term disability, and life insurance benefits. Note that there is a provision in our medical plan that limits the amount payable for a pre-existing illness. Employee contributions are required for our health insurance plans.

In addition, on the first day of a quarter following at least three months of employment, you will be eligible to participate in Cott's 401 (k) Savings and Retirement Plan.

Details on Cott's benefits will be sent to you under separate cover for your perusal. Additional information can be provided to you as you become eligible.

To enable you to work in Canada you will require a work authorization from Canada Immigration before entering Canada. Please contact Alison Eacock at 416-203-3898 ext. 312 so that you can begin this process immediately.

In the event that your employment is terminated by Cott for any reason other than just cause, Cott will provide you with a severance package equal to 24 months base salary, bonus, car allowance and benefits (excluding long and short term disability coverage and the out-of-country benefits). This payment will be inclusive of any amounts to which you would otherwise be entitled at law and no other compensation or payments will be made to you in such event. In addition, the payment will be subject to you signing a release in form and content satisfactory to Cott at such time.

Finally, upon the commencement of your employment you will be required to sign a confidentiality and non-competition covenant in favour of the Corporation on the terms and conditions set out in Appendix I to this letter.

Ray, I am excited about having you join us. You have a lot to contribute to our company. I know that you can look forward to joining a dynamic and exciting organization.

Yours very truly,

/s/ Frank E. Weise, III

Frank E. Weise, III
President and Chief Executive Officer

FEW:ae

c.c.

I accept this offer and the terms identified herein.

/s/ Ray Silcock

Silcock	*Date*

EXHIBIT 10.10

COTT CORPORATION
("Cott")

1999 EXECUTIVE INCENTIVE SHARE COMPENSATION PLAN

1.0 PURPOSE AND ESTABLISHMENT OF THIS PLAN

1.1 Cott hereby establishes a Plan to be known as the "Cott Corporation 1999 Executive Incentive Share Compensation Plan" for the purpose of rewarding certain employees of Cott Corporation and its affiliates for exceeding one hundred percent (100%) of their respective annual performance objectives and to which contributions for such purpose will be made by or on behalf of the Participating Companies (as defined below).

2.0 DEFINITIONS

2.1 In this Plan, the following terms have the following meanings:

"ACT" means the Income Tax Act (Canada), as amended;

"ANNUAL PERFORMANCE OBJECTIVES" means the annual performance objectives as established or approved by the Committee from time to time with respect to each Participant in the immediately preceding fiscal year.

"COMMITTEE" means the Human Resources and Compensation Committee of the board of directors of Cott;

"COMMON SHARES" means common shares in the capital of Cott.

"COTT" means Cott Corporation, a corporation governed by the laws of Canada.

"PARTICIPANT" means an employee of any of the Participating Companies designated as a Participant from time to time by the Committee and, in the case of death of a Participant, includes the personal representative of the Participant.

"PARTICIPATING COMPANIES" means Cott, BCB USA Corp. (f/k/a Cott Beverages USA, Inc.), Cott Beverages Limited and any other company designated as a Participating Company from time to time by the Committee.

"PERMANENT DISABILITY" means the complete and permanent incapacity of a Participant, as determined by a licensed medical practitioner, due to a medically determinable physical or mental impairment which prevents such individual from performing substantially all of the essential duties of his or her office or employment.

"PLAN" means this Cott Corporation 1999 Executive Incentive Share Compensation Plan, and the term of the Plan (the "Term") shall begin on January 3, 1999 and shall end upon the date that the Common Shares purchased on behalf of each Participant vests as set out in section 5.3 (b) below.

"TRUST" means the "Cott Corporation Executive Incentive Share Compensation Plan Trust" as embodied in a trust agreement entered into between Cott and the Trustee.

"TRUSTEE" means Canada Trust or its successor for the time being in the trusts created hereby and by the Trust.

"UNVESTED SHARES" means Common Shares which have been allocated to a Participant pursuant to section 5.1, but which have not yet vested in such Participant pursuant to the provisions of this Plan.

3.0 PARTICIPATION

3.1 Participants will be automatically enrolled in this Plan at the time that the Committee or its designee designates such individual as a "Participant".

3.2 Each Participant will be provided with a copy of this Plan and the Trust.

4.0 OPERATION OF THIS PLAN

4.1 Within 120 days after the end of each fiscal year of Cott (commencing with the fiscal year ending January 1, 2000), the Committee shall determine in respect of the immediately preceding fiscal year,

(a) the employees of the Participating Companies who shall be designated as "Participants" for this Plan for such fiscal year on the basis of whether such individual exceeded one hundred percent (100%) percent of his or her annual performance objectives; and

(b) the extent (in terms of Canadian dollars) of the participation of such individuals for such fiscal year.

4.2 Within 30 days after the determinations contemplated by section 4.1 are made by the Committee, each Participating Company shall cause to be contributed to the Trustee for the benefit of each Participant employed by that Participating Company, the relevant amounts (in Canadian dollars) determined by the Committee to be payable in respect of the Participants employed by each such Participating Company.

4.3 As soon as practicable after receiving the funds referred to in section 4.2, the Trustee shall use such funds to acquire Common Shares on The Toronto Stock Exchange at the prevailing market price of Common Shares at the time and on the date of acquisition of the Common Shares.

4.4 The acquisition of Common Shares by the Trustee in accordance with the terms of this Plan shall comply at all times and in all respects with all applicable laws, including, without limitation, all rules, regulations and by-laws of The Toronto Stock Exchange and all rules and policies of applicable securities regulatory authorities.

5.0 ALLOCATION, VESTING AND POSSESSION

5.1 As soon as practicable after each acquisition of Common Shares pursuant to section 4.4, but prior to the end of the calendar year in which such Common Shares are acquired, the Trustee shall determine in respect of each Participant:

(a) the number of Common Shares acquired with the amount contributed to this Plan on behalf of such Participant;

(b) all amounts received in the year by the Trustee from the Participating Companies which were contributed on behalf of such Participant;

(c) that Participant's proportionate share of all profits for the year from the property of the Trust (determined without regard to any capital gain made by the Trust or capital loss sustained by it); and

(d) all amounts vested or received in the year.

5.2 Within thirty (30) days following the end of the Term of the Plan, the Trustee shall pay to each Participant then in the Plan such Participant's pro rata share of the amount by which, during the Term of the Plan, the income of the Plan has exceeded all payments made from the Plan to or for the benefit of the Participants.

5.3 Subject to the provisions of this Plan, the Common Shares purchased on behalf of each Participant shall vest on the following basis:

(a) 30% thereof shall vest on January 1 of each of the two (2) years immediately following the year in which such Common Shares were purchased on behalf of such Participant; and

(b) 40% thereof shall vest on January 1 of the third year following the year in which such Common Shares were purchased on behalf of such Participant.

5.4 If the employment of a Participant is terminated by reason of the death, retirement or Permanent Disability of such Participant, all Common Shares purchased on behalf of such Participant pursuant to section 5.1 shall immediately become vested in that Participant. Such Participant must take immediate delivery of the share certificate(s) evidencing all vested Common Shares and thereafter shall have no further entitlement under this Plan.

5.5 If the employment of a Participant is terminated for any reason other than death, retirement or Permanent Disability, all rights of such Participant with respect to all Unvested Shares shall, unless the Committee determines otherwise, immediately terminate. Such Unvested Shares shall be allocated on a pro-rata basis among the other remaining Participants based on the number of Unvested Shares held at that time by such Participants under this Plan, unless the Committee determines to allocate such Unvested Shares on some other basis. Thereafter, such terminated Participant must take immediate delivery of the share certificate(s) representing all vested Common Shares, and shall have no further entitlement under this Plan and shall cease to be a beneficiary under this Plan.

Notwithstanding the foregoing, if all Participants are terminated (either pursuant to section 5.4 or 5.5 above) during the Term of the Plan, then all Unvested Shares shall immediately vest and shall be redistributed to all Participants (other than those who have been terminated pursuant to section 5.4 above whose Unvested Shares would have thereupon become vested) on a pro-rata basis on the basis of the original allocation of Common Shares to the Participants at the start of the Plan.

5.6 Notwithstanding anything else contained herein, if there is:

(a) a consolidation, merger or amalgamation of Cott with or into any other corporation whereby the voting shareholders of Cott immediately prior to such event receive less than 50% of the voting shares of the consolidated, merged or amalgamated corporation;

(b) a sale by Cott of all or substantially all of Cott's undertakings and assets; or

(c) a proposal by or with respect to Cott being made in connection with a liquidation, dissolution or winding-up of Cott,

all of each Participant's Unvested Shares shall immediately vest in that Participant.

5.7 If a take-over bid (within the meaning of the Securities Act (Ontario)), other than a take-over bid exempt from the requirements of Part XX of such Act pursuant to subsections 93(1)(b) or (c) thereof (a "Qualifying Take-over Bid"), is made for the Common Shares, all Unvested Shares shall immediately vest conditional upon successful completion of such take-over bid and each Participant shall have the right to tender such Unvested Shares to the take-over bid by notice of guaranteed delivery. If a Qualifying Take-over Bid is made for the Common Shares, and such take-over bid does not permit tendering by notice of guaranteed delivery, unless the Committee determines otherwise, Cott shall, on consummation of such a take-over bid, subject to compliance with all applicable laws, repurchase each Unvested Share held by a Participant at a purchase price equal to the offer price pursuant to the take-over bid. Cott will take all reasonable steps necessary to facilitate or guarantee the exercise by a Participant of the rights hereinbefore described.

5.8 Until delivered to a Participant pursuant to the provisions of this Plan, Common Shares acquired on behalf of a Participant shall be held by the Trustee.

6.0 ACCOUNTING AND REPORTING

6.1 An account will be maintained for each Participant in which there will be recorded the number of Common Shares and all contributed amounts allocated to such Participant, the number of Common Shares which have vested from time to time in such Participant and such other information as may be necessary or advisable in connection with the administration of this Plan.

6.2 A Participant will be provided with a summary of his or her account on an annual basis.

7.0 WITHDRAWAL AND LIMITATION ON UNVESTED SHARES

7.1 A Participant may at any time and from time to time by notice to the Trustee request delivery to him or her of certificates representing Common Shares and securities of Cott, if applicable, which have vested at such time in such Participant pursuant to the provisions of this Plan. Common Shares which have vested pursuant to the provisions of this Plan are not subject to any restriction concerning their use. However, a Participant shall not, directly or indirectly, assign, transfer or encumber in any manner whatsoever any rights in and to Unvested Shares held on such Participant's behalf under this Plan.

7.2 Only share certificates representing whole Common Shares will be delivered to Participants. If a Participant is entitled to a fraction of a Common Share, such entitlement will be satisfied by the payment to such Participant of the then current market value of such fraction of a share.

8.0 DIVIDENDS AND OTHER RIGHTS

8.1 The Trustee shall use all cash dividends received by it in a year in respect of all vested and Unvested Shares held by it on behalf of any Participant to purchase additional Common Shares to be allocated (on a fully vested basis) to Participants, pro rata, as of the date on which the dividend was paid. Stock dividends received by the Trust in a year in respect of all vested and Unvested Shares held by it on behalf of any Participant shall be allocated to that Participant on a fully vested basis, in the same year as such dividends are received by the Trust.

8.2 If the Trustee becomes entitled to subscribe for additional shares or securities of Cott by virtue of the Trustee being the registered holder of Common Shares, the Trustee, if so requested by any Participant and if the Participant has provided the Trustee with all amounts necessary to exercise such subscription rights with respect to the Common Shares then held by the Trustee on behalf of such Participant, shall exercise such rights in the name of the Trustee on behalf of such Participant. Upon issuance of the additional shares or securities, such additional shares or securities so received by the Trustee on behalf of the Participant shall be fully vested in the Participant.

8.3 The Trustee may attend all meetings of shareholders of Cott which it shall be entitled to attend by virtue of being the registered holder of Common Shares and shall vote the Common Shares held on behalf of each Participant at every such meeting in such manner as each such Participant shall have directed in writing, and in default of any such direction, the Trustee shall vote or refrain from voting. The Trustee will, if so required by any Participant, execute all proxies necessary or proper to enable the Participant to attend and vote the Common Shares held by the Trustee on behalf of such Participant at such meeting in place of the Trustee.

9.0 TAX MATTERS

9.1 If, for any reason whatsoever, the Trustee and/or a Participating Company becomes obligated to withhold and/or remit to any applicable taxation authority (whether domestic or foreign) any amount in connection with this Plan in respect of a Participant, then the

Trustee shall provide written notice of such obligation to the Participant and not provide share certificates evidencing Common Shares or distribute any other security or amount to such Participant until the Participant:

(a) pays to the Trustee the amount which must be withheld and/or remitted;

(b) directs the Trustee to sell such number of vested Common Shares as may be necessary to pay the relevant amount, and further directs the Trustee to use the proceeds of such sale to pay the amount which must be withheld and/or remitted; or

(c) makes other arrangements in connection with the amount which must be withheld and/or remitted which are acceptable to the Trustee.

10.0 AMENDMENT OF PLAN AND TRUST

10.1 From time to time the Committee or the board of directors of Cott may amend any provisions of this Plan and any provisions of the Trust, but no amendment of this Plan or the Trust, or any termination of this Plan, shall divest any Participant of his or her entitlement to Common Shares as provided in section 5.0 or of any rights a Participant may have in respect of the Common Shares, without the prior written consent of the Participant. No amendment of this Plan shall affect the rights and duties of the Trustee without its prior written consent.

10.2 The Committee or the board of directors of Cott may terminate this Plan at any time.

11.0 GENERAL

11.1 The Trustee shall be entitled to rely on a certificate of the President and CEO, the Senior Vice President of Human Resources or the General Counsel of Cott as to any of the following matters:

(a) when the employment of a Participant with a Participating Company has terminated; and

(b) the date of death, retirement or Permanent Disability of any Participant.

11.2 The Committee or the board of directors of Cott may by resolution make, amend or repeal at any time and from time to time such regulations not inconsistent herewith as it may deem necessary or advisable for the proper administration and operation of this Plan. In particular, the board of directors of Cott may delegate to any directors or director or any officers or officer of a Participating Company such administrative duties and powers as it may see fit with respect to this Plan.

11.3 The directors and/or officers of Cott are hereby authorized to sign and execute all instruments and documents and do all things necessary or desirable for carrying out the provisions of this Plan.

11.4 This Plan and the Trust are established under the laws of the Province of Ontario and the rights of all parties and the construction and effect of each and every provision of this Plan and the Trust shall be according to the laws of the Province of Ontario and the laws of Canada applicable therein.

11.5 This Plan and the Trust shall enure to the benefit of and be binding upon Cott, its successors and assigns. The interest hereunder of any Participant shall not be transferable or alienable by such individual either by assignment or in any other manner whatsoever and, during his or her lifetime, shall be vested only in him or her, but, upon such Participant's death, shall enure to the benefit of and be binding upon the personal representatives of the Participant.

11.6 This Plan is an "employer benefit Plan" for the purposes of the Act.

EXECUTED ON March 27, 2000 but with effect as of January 3, 1999.

COTT CORPORATION

PER: /S/ MARK HALPERIN

TITLE SVP, GENERAL COUNSEL & SECY

BCB USA CORP. (F/K/A COTT BEVERAGES USA, INC.)

PER: /S/ COLIN WALKER

TITLE SENIOR VICE PRESIDENT

COTT BEVERAGES LIMITED

PER: /S/ RAYMOND P. SILCOCK

TITLE DIRECTOR

EXHIBIT 13

[COTT CORPORATION LOGO]

1999 ANNUAL REPORT
REVITALIZED

THE LEADER IN PREMIUM RETAILER BRAND BEVERAGE INNOVATION

(in millions of U.S. dollars, except per share amounts)	JANUARY 1, 2000 (52 WEEKS)	January 2, 1999 (48 weeks)	January 31, 1998 (53 weeks)
Sales	$ 990.8	$ 958.5	$ 1,047.8
Gross margin	14.5%	10.4%	13.9%
Operating income*	45.0	8.2	49.0
Net income (loss)	18.5	(109.5)	(4.7)
Operating cash flow, after capital expenditures	38.4	(46.4)	(27.8)
Working capital	62.7	77.2	171.3
Long-term debt	323.6	377.7	407.8
Per common share:			
Net income (loss) - basic	$ 0.31	$ (1.74)	$ (0.07)
Net income (loss) - diluted	$ 0.28	$ (1.74)	$ (0.07)

* before unusual items

SALES
(MILLIONS OF U.S. DOLLARS)

'97	[ART WORK]	1,047.8
'98	[ART WORK]	958.5
'99	[ART WORK]	990.8

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION*
(MILLIONS OF U.S. DOLLARS)

'97	[ART WORK]	87.8
'98	[ART WORK]	51.3
'99	[ART WORK]	82.5

OPERATING CASH FLOW PER SHARE
(AFTER CAPITAL EXPENDITURES)

(U.S. DOLLARS)

'97	[ART WORK]	(0.43)
'98	[ART WORK]	(0.74)
'99	[ART WORK]	0.64

CASE VOLUME
(MILLIONS OF 8 OZ EQUIVALENTS)

'97	[ART WORK]	555.5
'98	[ART WORK]	543.5
'99	[ART WORK]	578.2

[COTT LOGO]

OUR VISION:

TO BE THE LEADER IN PREMIUM RETAILER BRAND BEVERAGE INNOVATION

OUR VALUES:

TRUST AND INTEGRITY; ACCOUNTABILITY; QUALITY AND INNOVATION; TEAMWORK AND PERSONAL DEVELOPMENT; DIVERSITY AND RESPECT; CUSTOMER-DRIVEN; WINNING ATTITUDE

TO OUR SHAREOWNERS

R E V I T A L I Z E D

IN LAST YEAR'S ANNUAL REPORT I REPORTED THAT COTT CORPORATION WAS "POWERING UP," PUTTING IN PLACE A FOUNDATION FOR CONSISTENT, PROFITABLE GROWTH. I INSISTED THAT DESPITE ALL OBSTACLES, AND WITH UNCOMMON DEDICATION, WE WOULD TURN OUR COMPANY AROUND BY WORKING SMARTER, BY WORKING TOGETHER AND THROUGH INNOVATION.

I said we would go back to our roots, strip away distractions, and position our Company to fulfill its vision of continuing as the leader in premium retailer brand beverage innovation. This year, I am pleased to report that we have kept those commitments.

Business success is, of course, measured by financial results. I am happy to report that our positive financial performance in 1999 reflects that a turnaround has begun.

FISCAL 1999 RESULTS

- Basic earnings per share from continuing operations of $0.35 versus a loss of $1.53 in 1998

- Operating income of $45.0 million versus $8.2 million before unusual items

- Overall gross margin of 14.5%, up from 10.4% in 1998

- Operating cash flow (less capital expenditures) of $38.4 million versus a $46.4 million cash outflow in 1998

REVITALIZED

Today, Cott has in place a firm foundation on which to build our future. We have cleared a path for sustained performance. Our operating strategies are beginning to bite. Our focus on customers is paying off. In short, we are REVITALIZED! Let me explain:

- Customer service, which caused significant disruption in 1998, particularly in the U.S., has reached new levels of excellence.

- Plant performance, namely productivity, asset utilization, quality and cost, has significantly improved.

- The leadership team is in place and the Company reorganized around our three core geographic regions, to place greater focus on customers.

- The Company has been refocused to place our resources behind our core carbonated soft drink business.

- Accountability, teamwork and sharing, the principal values of the "New" Cott, are being embraced by employees.

[PHOTO]

FRANK E. WEISE III
PRESIDENT & CEO

TO OUR SHAREOWNERS

Our success in 1999 was driven by our relentless pursuit of three ambitious strategies.

WE FOCUSED ON KEY BUSINESSES IN CORE MARKETS

We achieved quality and customer service excellence in our core Canadian, U.K. and U.S. businesses.

We centralized our organizations in Canada and the U.S., bringing new levels of consistency and efficiency and eliminating many redundancies.

We completed our divestiture program, realizing proceeds of $39.1 million, enabling us to pay down debt and strengthen our core business.

We continued to focus relentlessly on our customers. As the story of the "New" Cott gets told, we find that not only are we attracting new customers, but we are bolstering our position with current customers, our most important source of volume growth. Our top 15 customers, who now account for more than 70% of sales, generated volume growth of 13%.

WE TOOK MAJOR STEPS TO FIX OUR COST STRUCTURE

Company-wide, in 1999 we reduced stock-keeping units (SKUs) by almost one-third, eliminating products that either were too costly to produce or did not generate the required levels of returns.

Across our operations we made progress on a number of fact-based processes, which help us do a better job of managing the business by giving us hard, fast data on which to make and monitor decisions. Among them are Key Performance Indicators (KPIs), which measure performance in each of our plants around the world; Six Sigma, which helps us track and correct variations in our operations; and the Cott Continuous Improvement Process (CIP), which facilitates increased operational efficiency, and contributed more than $8.0 million in savings.

We made major strides toward implementing greater financial discipline across the Company, standardizing accounting, initiating enterprise resource planning, clarifying reporting systems and prioritizing capital spending.

We continued to "sweat our assets," getting more productivity out of our existing infrastructure and improving operating cash flow less capital expenditures by $84.8 million, reducing debt to $323.6 million.

WE CONTINUED TO STRENGTHEN THE "NEW" COTT

We strengthened our Cott Power Team at all levels, including hiring new management to lead our U.K. business, headed by Neil A. Thompson as Managing Director, U.K./Europe Operations. Neil brings us a track record of success with leading consumer product companies. He, along with the leaders of our two other businesses, David G. Bluestein, President, U.S. Operations,

and Mark Benadiba, President, Canadian Operations, will be responsible for executing Cott's growth strategy in each of our core businesses. In all our businesses we have a smaller, more focused management structure providing greater flexibility.

THE PATH FORWARD ... BUILDING ON MOMENTUM

For 2000 we are sticking with the goals and operating strategies which worked so well in 1999; focus on core business, fix the cost structure and strengthen the "New" Cott.

Our basic earnings per share from continuing operations of $0.35 in 1999 serves as a solid base on which to build. And, 2000 looms bright with promise. We see opportunities for sales and earnings growth in each of our core markets. Thanks to the new emphasis on innovation as well as financial discipline, our success has taken on a more robust strength. We see the current year as one of breakthrough performance in partnership with our customers.

Our 2,000 plus Cott Power Team--our employees--accomplished much this past year. Yet, I have great confidence that they can and will accomplish much more moving forward in the new century. They are revitalizing this great Company. The Cott turnaround has begun. I want to express my thanks and appreciation to the men and women of Cott, and to our shareowners for your confidence in, and support of, our Company and its leadership.

FRANK E. WEISE III (SIGNED)
PRESIDENT AND CEO

I AM VERY PLEASED WITH THE PROGRESS THAT WE HAVE MADE OVER THE PAST YEAR. AT THE BEGINNING OF 1999, THE COMPANY, UNDER THE ABLE LEADERSHIP OF FRANK E. WEISE, PUT INTO PLACE A NUMBER OF BOLD INITIATIVES AIMED AT TURNING AROUND OUR COMPANY. I BELIEVE THAT THE IMPLEMENTATION OF THESE INITIATIVES HAS RESULTED IN SIGNIFICANT PROGRESS TOWARD POSITIONING COTT FOR LEADERSHIP IN ITS CORE BUSINESS.

THE COMPANY NOW HAS A FIRST-RATE MANAGEMENT TEAM, WITH DEPTH AND EXPERIENCE AND A SOLID COMMITMENT TO ACHIEVING PROFITABLE GROWTH.

IT IS REFRESHING TO FEEL THE ENERGY HERE. THE COMPANY'S PERFORMANCE DESERVES MUCH PRAISE AND I AM PROUD TO BE ASSOCIATED WITH COTT AT THIS DRAMATIC TIME OF REVITALIZATION. I SALUTE ALL MEMBERS OF THE COTT POWER TEAM.

SERGE GOUIN (SIGNED)
CHAIRMAN

COTT'S SENIOR MANAGEMENT TEAM SET THE COMPANY'S TURNAROUND IN MOTION BY RELENTLESSLY PURSUING THREE KEY OPERATING STRATEGIES. UNDERLYING THESE STRATEGIES AND EVERY OTHER ACTIVITY IS AN INTENSE FOCUS ON CUSTOMERS.

Left to right NEIL A. THOMPSON, MD, U.K.,
RAYMOND P. SILCOCK, CFO,
FRANK E. WEISE, CEO,
MARK BENADIBA, PRESIDENT, CANADA,
DAVID G. BLUESTEIN, PRESIDENT, U.S.

QUESTION A LOT OF ATTENTION IS BEING PAID TO THE SUBJECT OF "INNOVATION." PLEASE DESCRIBE HOW INNOVATION IS BEING IMPLEMENTED COMPANY-WIDE.

ANSWER FRANK E. WEISE Innovation is a key part of Cott's heritage and is one of our most important strategic thrusts. We strayed away from innovation with carbonated soft drinks over the past several years as the Company pursued a diversification strategy. Now that we have refocused the Company, innovation is right at the top of our priority list. We realize that we must increase Cott's pace of growth and a large part of this growth must come from increased innovation.

Innovation means introducing new and improved products that are consumer-preferred and offer greater

volume and profitability to Cott and our customers. Innovation also includes new and unique packaging formats, designs that provide strong on- shelf presence, and retail execution initiatives that drive volume and trial. It's about taking ideas from concept to market more quickly and accurately, and seeing the world through the eyes of our customers. It means doing anything and everything we can.

In 2000 we are focusing on innovation company-wide, rather than market by market. We're sharing product, packaging, marketing, promotion and manufacturing ideas across borders. What will help to make this whole thrust successful is that we involve our customers and suppliers and make them partners in our initiatives. If Cott is to maintain its position as "The Leader in Premium Retailer Brand Beverage Innovation," we must become proficient in driving and achieving innovation.

QUESTION HOW ARE YOU MOTIVATING EMPLOYEES TO PARTICIPATE IN THE INNOVATION PROCESS?

ANSWER FRANK E. WEISE Primarily through sharing and communicating. As our employees increasingly rally around the "New" Cott and understand our vision, our mission and our values, they realize that innovation can come from anywhere. I believe the real "experts" in innovation are the people who do the work, whether it be on the production line, in our R&D lab, in the field or in our offices. They are the ones who know how to make things better. They are the ones who come up with great ideas that can improve customer service, extend product shelf life and improve the display readiness of our products. To heighten our commitment to innovation, we created the Gerald N. Pencer Award for Excellence in Innovation, honoring Cott's late former Chairman, President and CEO. In 1999, 357 men and women were nominated for their contributions. The Pencer Award includes a C$10,000 prize, half in Cott stock. We have made stock an important part of the prize because we believe there is no higher motivator to outstanding performance than ownership in our Company.

QUESTION 1999 WAS A YEAR OF GROWTH FOR COTT CANADA. HOW DID YOU ACHIEVE THIS?

ANSWER MARK BENADIBA 1999 was a positive year for Cott Canada. We enjoyed good profitability and met our customer service and operational goals. The year was a ringing tribute to all the dedicated employees at Cott Canada. The victory was theirs.

[PHOTO]

FRANK E. WEISE
President & CEO

[PHOTO]

MARK BENADIBA
President,
Canadian Operations

Q+A

A COMPANY'S PERFORMANCE IS MEASURED IN NUMBERS. IN 1999, COTT MADE MAJOR STRIDES TOWARD STANDARDIZING FINANCIAL PROCEDURES AND PROVIDING DATA NEEDED FOR ENHANCED PLANNING AND OVERALL MANAGERIAL EXCELLENCE.

[PHOTO]

Left to right

JAMES S. REYNOLDS, SVP, CIO,
TINA DELL'AQUILA, VP, CONTROLLER,
CATHERINE M. BRENNAN, VP, TREASURER

That success came from constraining our costs and making our assets sweat. Cott enjoys a 21% share of the take-home carbonated soft drinks market in Canada, accomplished as a result of years spent paying close attention to the needs and wants of our customers. That's why we were gratified to learn that one of our major customers, Provigo Quebec, hailed our 99.7% service level and listed us as one of their "Top 5" suppliers.

As a division, Cott Canada is completely customer-focused. But, we can never let up in our quest to consistently achieve new levels of productivity and innovation. To that end, we centralized our Canadian operations in 1999, thus reducing administrative costs. We took additional costs out of the system by reducing secondary packaging costs, eliminating outside warehousing, reducing SKUs and rationalizing unprofitable accounts.

Success in the Canadian marketplace does not come easily. It must be earned, with outstanding business discipline and customer service. The year just ended is testament to the ability of the Cott Canada Team to achieve new heights.

QUESTION WHAT NEW PRODUCTS DID COTT CANADA INTRODUCE IN 1999?

ANSWER MARK BENADIBA By far, our star new product was President's Choice(TM) Lemon Iced Tea, which received a coveted award from our largest customer -- Loblaws-- as being one of the best new product launches of 1999. That was recognition of the highest order and illustrates an important element of our success. We want to be at the forefront in developing new products for our customers. We need to keep supplying them with innovative products at the leading edge in beverage marketing that will keep their consumers coming back again and again.

Much to the delight of Canadian children, Cott Canada also began marketing Chubby(TM), the country's first carbonated soft drink for kids.

[ARTWORK]

PRESIDENT'S CHOICE(TM) LEMON ICED TEA WON LOBLAWS' COVETED AWARD FOR ONE OF THE BEST NEW PRODUCT LAUNCHES OF 1999.

[PHOTO]

NEIL A. THOMPSON
Managing Director,
U.K. and Continental Europe Operations

[ARTWORK]

THE GERALD N. PENCER AWARD, RECOGNIZING EMPLOYEE EXCELLENCE IN INNOVATION. 1999 WINNERS WERE ROD BOLL AND JOHN CLEMENTS OF THE U.K.

With its characteristic, small bottle, and its bright, cheery label, ChubbyTM was an instant hit when launched and was quickly rolled out across Canada.

In the consolidated Canadian grocery soft drink business, opportunities continue to abound. Our challenge remains to deliver to our customers a new standard of products, service and efficiency.

QUESTION SINCE ASSUMING RESPONSIBILITY FOR COTT U.K., WHAT STEPS HAVE YOU AND YOUR MANAGEMENT TEAM TAKEN TO REVITALIZE THE DIVISION?

ANSWER NEIL A. THOMPSON When I joined Cott U.K. in 1999, it was a division that had lost its way. It was clear that if we were to survive we would have to take the division back to its roots and rebuild it. A year later, as I look back on how far we have come, I can say that, through hard work and dedication by all our employees, we have stabilized the business and sown the seeds for growth.

We began the process by putting in place an experienced management team, dedicated to achieving our three key strategies of focusing on the core business, fixing the cost structure and strengthening the "New" Cott U.K. Then we rolled up our sleeves and got to work.

We attacked costs. We reduced our customer accounts from 250 to 45. We reduced SKUs from 1,000 to 650. We implemented a software program that helps us monitor operations and the supply chain. We sold the Featherstone Plant and related business in West Yorkshire and moved production to two other plants: Kegworth and Pontefract. We also reshaped our business processes leading to a 30% reduction in salaried staff.

The result of all this effort is that today Cott U.K. is a leaner, more efficient business, better able to respond to our customers' needs.

QUESTION WHAT STEPS HAVE YOU TAKEN TO IMPROVE CUSTOMER SERVICE?

ANSWER NEIL A. THOMPSON The U.K. has a highly concentrated grocery market and with continued consolidation, it has been estimated that in five years there may only be five major retail chains in the U.K. This can present a great opportunity for retail brand suppliers, and Cott U.K. in particular.

Just as our customers market globally, so can Cott U.K. bring transatlantic expertise. Increasingly, Cott customers in the U.S. and Canada are finding their way to the U.K. and Continental Europe, just as U.K. and European firms are growing in North America. We intend to benefit from that trend.

Q+A

[PHOTO]

Left to right

MARK R. HALPERIN,
SVP, GENERAL COUNSEL & SECRETARY,
COLIN D. WALKER, SVP, HUMAN RESOURCES

[PHOTO]

DAVID G. BLUESTEIN
President, U.S.
Operations

Our customers are demanding new levels of quality and service. They want efficiency, reliability, and products which address the preferences of their consumers. We are implementing productivity programs which will objectively assess our strengths and weaknesses and measure improvements. In addition, we have created a formal category management structure to focus insight and innovation across our product lines.

Finally, we have implemented a new organization structure that is dedicated to meeting the needs of our customers through the creation of Customer Teams. As a consequence we are now achieving our targeted rate of 99% of customer orders delivered in full and on time.

QUESTION WHAT NEW PRODUCTS HAVE YOU INTRODUCED?

ANSWER NEIL A. THOMPSON In January 1999, there were no new products in the pipeline. By June, we had 40 in various stages of development. We are now launching several new products, including low-acid fruit drinks for kids, a range of organic fruit carbonated drinks, premium lemonades, and high energy adult drinks. That should illustrate the importance we are placing on new products. But it is not enough to meet the needs of our customers. We have to become more adept at anticipating their needs. That, too, is an important part of the success equation in U.K. soft drinks and explains our focus on innovation.

QUESTION HOW DID COTT USA PERFORM IN 1999? PLEASE DESCRIBE THE HIGHLIGHTS.

ANSWER DAVID G. BLUESTEIN 1999 was a year of significant turnaround for Cott USA. We turned in a solid financial performance. We launched a number of programs that propelled us to new levels of customer service--and we attacked superfluous costs aggressively. This has helped build a solid foundation for future growth.

[ARTWORK]

These accomplishments were the direct result of hard work and outstanding performance by Cott USA's Power Team of employees for whom our performance in 1999 was particularly gratifying.

Early in 1999 we centralized the U.S. organization into a new headquarters in Tampa, Florida. From there we set about implementing our key strategies: focusing on key customers, fixing the cost structure and strengthening the "New" Cott USA.

We rebuilt our partnerships with major customers and developed strong promotional programs with them. And we established task forces to work in and improve critical areas of our business.

Among other things, these task forces helped us reduce product offerings from 3,200 to 2,000 which reduced complexity in our plants and warehouses.

We improved the output of our plants by introducing enhanced processes and Six Sigma quality improvement training.

In short, 1999 was a successful and pivotal year for Cott USA. In 2000 we are continuing to pursue our key strategies and serve and expand our customer base--actions which will advance us in dramatically turning our Company around and setting a course for a promising future.

QUESTION PLEASE ELABORATE ON SOME OF THE PRODUCTIVITY-ENHANCING PROCESSES WHICH HELPED COTT USA ACHIEVE SUCH A SUCCESSFUL YEAR IN 1999?

ANSWER DAVID G. BLUESTEIN During 1999 we committed ourselves to a number of new processes.

One is Key Performance Indicators or KPIs. By measuring the same things, in the same way, in each of our plants throughout the U.S., we help align and measure performance against corporate strategic goals. For example, customers want consistent quality and they want their orders shipped on time. We want to achieve these two objectives at the best possible cost. KPIs tell us objectively how well we are doing in meeting quality and customer service standards and in accomplishing cost targets. In 1999, achieving our KPIs was critical to our ability to drive division performance.

Six Sigma is a set of problem-solving tools based on statistical analysis, the purpose of which is to eliminate variation. To implement Six Sigma, a number of employees were selected to attend a five-week training program, from which they graduated as "Six Sigma Black Belts." These 12 Black Belt recipients have already improved product quality and customer performance and, in so doing, have helped deliver significant cost savings as well.

INNOVATION IS AT THE HEART OF ALL WE DO AT COTT. IT MEANS KEEPING OUR CUSTOMERS ON THE LEADING EDGE IN PRODUCTS, MARKETING, PACKAGING AND TECHNOLOGY.

[PHOTO]

Left to right

PAUL R. RICHARDSON, EVP, GLOBAL PROCUREMENT & INNOVATION, PREM VIRMANI, VP, TECHNICAL SERVICES

[PHOTO]

RAYMOND P. SILCOCK
Executive Vice President & CFO

The Cott Continuous Improvement Process (CIP) helps improve operational efficiencies. By focusing on key elements of a specific process, CIP enables us to improve operating procedures, optimize our use of assets and leverage the strengths of our employees.

These and other tools are invaluable. They point Cott USA to ever higher standards of quality and performance.

QUESTION WHAT STEPS DID YOU TAKE IN 1999 TO IMPROVE THE FINANCIAL CONDITION OF THE COMPANY?

ANSWER RAYMOND P. SILCOCK Two of Cott's three key strategies--focusing on core and fixing the cost structure--are aimed at improving the Company's financial condition.

As part of focusing on core, we divested several non-strategic businesses, deploying the proceeds to debt reduction, thus lowering our interest expense and strengthening the balance sheet. Since the beginning of 1999 our net debt (total debt outstanding less cash on hand) is down from $375.8 million to $322.8 million at year-end.

To fix our cost structure we reduced SKUs, improved operating efficiencies, and reduced administrative expenses. Reducing SKUs simplified plant operations and paved the way for added efficiency. In 1999, we increased our gross profit margin from 10.4% to 14.5% as a result of actions taken by each of our businesses to improve operating efficiencies. We reduced selling, general and administrative expenses. Together, these actions helped strengthen the Company's financial condition. In addition, we improved financial discipline by standardizing accounting and reporting systems, to provide the kind of data we need to help improve operating performance.

Our continuing effort to reduce costs is a key strategy, and combined with "sweating" our assets has enabled us to sharply improve our cash flow in 1999 versus 1998, thus reducing debt level and interest expense. Operating cash flow less capital expenditures in 1999 was $38.4 million, as compared to a cash outflow of $46.4 million last year, an improvement of $84.8 million.

QUESTION WHAT WAS THE IMPACT ON THE COMPANY OF DIVESTING BUSINESSES DURING THE YEAR?

ANSWER RAYMOND P. SILCOCK In 1999 we divested five businesses, all of which were outside our core. It was time to refocus. We applied the $39.1 million in proceeds from the sales to reducing our debt. Although this action reduced 1999 sales from the prior period by $45.6 million and operating income by $1.0 million, we believe the result will be a sharp increase in future sales and earnings as management is better able to concentrate on our core business: retailer brand carbonated soft drinks in our three core markets, Canada, the U.K. and the U.S.

QUESTION WHAT STEPS HAVE YOU TAKEN TOWARD STANDARDIZING FINANCIAL PROCEDURES?

ANSWER RAYMOND P. SILCOCK When the new management team assumed responsibility for Cott, one of our priorities was to improve the credibility of the numbers in today's data-driven business environment. We changed our fiscal year to calendar-year reporting, like most companies in our industry. And we switched our reporting from Canadian to U.S. dollars, recognizing that more than half of our sales are in the U.S. as are most of our shareowners. These steps are necessary if we are to be measured by the same standards that apply to other companies in our industry. At the end of 1999 more than 50% of our assets are also in the U.S. As a result, we will be filing a full U.S. reporting package, including a 10K, this year, in addition to fulfilling Canadian reporting requirements.

Next we focused on measuring and reporting performance. We installed an enterprise resource planning system at Cott U.K., and we intend to start introducing the system company-wide beginning this year. Not only will it help identify areas where waste can be eliminated and costs contained, it will serve as a valuable planning tool. Also, we are upgrading and standardizing all our information and accounting systems to bring consistency to reporting among and within our companies.

[ARTWORK] These and other ongoing steps within our three core businesses give us a wealth of reliable, objective, standardized information that will help us drive our growth strategies.

"MARK HUSSON, A MERRILL LYNCH & CO. ANALYST WHO COVERS THE SUPERMARKET INDUSTRY SAID, "SUPERMARKETS ARE BECOMING BRAND NAMES IN THEIR OWN RIGHT, RATHER THAN PASSIVE LANDLORDS OF SHELF SPACE. COTT'S PACKAGING AND GRAPHICS ARE UNRIVALLED."

THE WALL STREET JOURNAL
MARCH 9, 2000

COTT CORPORATION IS THE WORLD'S LARGEST SUPPLIER OF PREMIUM RETAILER BRAND BEVERAGES, WITH MANUFACTURING, MARKETING, PRODUCT DEVELOPMENT AND CUSTOMER SERVICE FACILITIES IN CANADA, THE UNITED KINGDOM AND THE UNITED STATES. THE COMPANY IS THE WORLD'S FOURTH LARGEST MANUFACTURER OF SOFT DRINKS. ITS VISION IS TO BE THE LEADER IN PREMIUM RETAILER BRAND BEVERAGE INNOVATION.

OVERVIEW

In 1999, the Company took decisive steps to turn around its performance by implementing three key strategies: focus on core, fix the cost structure and build management strength.

During the year, five non-strategic businesses were divested as part of the focus on core strategy. The proceeds, totaling $39.1 million, were used to reduce debt. All planned divestitures under this strategy were completed during the year with the exception of the Company's PET blow-molding assets. The Company's intent to sell these assets at net book value to Schmalbach-Lubeca Plastic Containers USA, Inc. has been announced. An estimated $18.0 million in proceeds is anticipated.

Additionally the Company evaluated its product offerings and eliminated small and unprofitable product lines, reducing SKU count by 25%-35%. This SKU rationalization had an adverse impact on sales but improved gross margins and helped reduce working capital.

The Company's 1999 focus on key customers resulted in a 13% sales volume growth for its top 15 customers (representing 70% of the total) on a 12-month comparable basis. This sharp improvement helped offset the impact of SKU rationalization.

In order to fix the cost structure in 1999, global Key Performance Indicators (KPIs) tracked plant performance against target and as compared to other plants. Using these KPIs the Company was able to identify areas for improvement and raise efficiency levels. Overall gross margin for 1999 was 14.5%, an improvement of 4.1 percentage points versus the prior period.

Building management strength, the Company rounded out the new management team in 1999. Neil A. Thompson joined the Company in February as Managing Director of the U.K. operations. The new management team increased accountability throughout the organization, creating results-oriented teams and sharing best practices.

In 2000, the Company will continue to follow the same three strategies: focus on core, fix the cost structure and grow the "New" Cott. New tactics to achieve these strategies in 2000 will include a strong focus on innovation, development of new customers, ongoing cost reduction efforts and further reductions in selling, general and administrative expenses (SG&A).

RESULTS OF OPERATIONS 1999 VERSUS 1998

- 1999 covers the year ended January 1, 2000

- 1998 covers the 11-month period February 1, 1998 to January 2, 1999

- Comparable basis covers the period January 1998 to December 1998

Income from continuing operations in 1999 was $21.4 million or $0.35 per share ($0.32 per diluted share), versus a loss of $95.8 million or $1.53 per share in the prior period. Excluding the impact of unusual items and the gain from the sale of an equity investment in Menu Foods Limited ("Menu Foods") a private label pet food producer, income from continuing operations was $16.5 million or $0.28 per share ($0.25 per diluted share) compared with a loss of $29.7 million or $0.47 per share in 1998. Net income was $18.5 million or $0.31 per share ($0.28 per diluted share) versus a net loss, including discontinued operations and the cumulative effect of changes in accounting principles, of $109.5 million or $1.74 per share in 1998.

SALES Sales increased to $990.8 million in 1999 from $958.5 million in 1998. On a comparable basis, after removing sales by divested units, this was an increase of 1%. Customer service was significantly improved in the core markets and the "focus on core" strategy resulted in a 13% sales volume increase at the top 15 accounts. This improvement helped offset lost sales resulting from SKU reductions undertaken during the course of the year.

Sales in Canada increased to $169.2 million in 1999 from $161.1 million in 1998. On a comparable basis, sales were down 1.5%, primarily due to lower export sales.

Sales in the U.K. declined to $186.1 million from $209.5 million in 1998. On a comparable basis, sales were down 16.6%. This decline reflected a reduction in volume due to business streamlining efforts in the Company's manufacturing and customer base. Removing the effect of sales lost as a consequence of divesting the Featherstone plant, sales decreased 10.1% on a comparable basis.

Sales in the U.S. increased to $596.8 million from $513.1 million in 1998. On a comparable basis sales were up 6.9%. Sales volume to the top five customers was up by 20% as the division focused on core accounts helping offset the impact of a 33% SKU reduction.

GROSS PROFIT Gross profit margin improved 4.1 percentage points to 14.5% of sales in 1999 as compared to 10.4% in 1998. This improvement was the result of continued efficiency gains in manufacturing facilities, the elimination of unprofitable product offerings and better inventory management which resulted in fewer write-offs of product.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A") SG&A was $99.1 million in 1999 up from $91.3 million in 1998. On a comparable basis, SG&A decreased by 4.3%. This reduction was primarily the result of administrative cost reductions from the reorganization of operations in the U.S. and the U.K.

UNUSUAL ITEMS In 1999 all prior period restructuring programs were substantially completed. A description of the utilization of the unusual items charge reflected in 1998 is found in note 2 of the financial statements.

SALES OF BUSINESSES In 1999 the Company sold the assets of The Watt Design Group, a packaging design company; Destination Products International, a frozen food business; a plant and related business in Featherstone (U.K.) and its subsidiary BCB Beverages Australia Pty. Ltd. In addition, the Company divested most of its minority interest in Menu Foods. The Company retained a 7.6% investment in Menu Foods Corporation which it anticipates selling through the exercise of an option in 2000.

These disposals of non-core businesses were aimed at strengthening the Company's performance and the cash proceeds of $39.1 million were used to reduce debt.

With the exception of Menu Foods on which a gain of $5.9 million ($4.2 million after tax) was recorded, these divestitures had no significant impact on the income statement as a charge to write down the assets being sold to net realizable value was included in 1998 unusual items or discontinued operations.

INTEREST EXPENSE Net interest expense was $34.6 million in 1999 compared to $33.2 million in 1998 and $35.4 million on a comparable basis. Interest expense on long-term debt decreased by $3.0 million on a comparable basis due to the repayment of long-term debt during the year. However, offsetting this was a $2.3 million increase in interest expense on net short-term borrowings.

INCOME TAXES In 1999 the Company recorded an income tax benefit of $3.8 million, compared to a $4.0 million benefit in 1998. A 1999 tax benefit was recorded as a result of a corporate reorganization as a consequence of which the Company now expects to be able to utilize prior period loss carryforwards to reduce taxes payable in future years. These loss carryforwards had not been tax effected in prior years.

DISCONTINUED OPERATIONS During 1999 an additional loss, net of tax, of $0.8 million ($3.8 million in 1998) was recorded to reflect the proceeds on disposition of the assets of Destination Products International. Details of this divestiture are found in note 6 of the financial statements.

CHANGE IN ACCOUNTING PRINCIPLE The Company adopted Statement of Position 98-5, Reporting on the Costs of Start-Up Activities, at the beginning of 1999. SOP 98-5 requires that costs of start-up activities and organization costs be expensed as incurred. Initial adoption of this principle was reported as a cumulative effect of a change in accounting principle and resulted in a charge of $2.1 million, net of a deferred income tax recovery of $1.2 million.

FINANCIAL CONDITION Cash flow from operations after capital expenditures in 1999 was $38.4 million compared with a cash outflow of $46.4 million in 1998. Operating cash flow was used to fund restructuring and capital expenditures and to pay out deferred consideration.

Cash and cash equivalents decreased by $25.5 million to $2.6 million in the course of 1999 primarily due to the repayment of short-term borrowings. Under current credit facilities the Company is provided maximum credit of $61.0 million depending on available collateral, generally accounts receivable and inventory. At January 1, 2000, $49.2 million of credit was available.

CAPITAL EXPENDITURES Capital expenditures were $18.5 million compared with $36.7 million in 1998. The lower level of capital spending reflected management's commitment to make the assets "sweat." Capital spending of $25 million to $35 million is planned for 2000. Only those projects with an expected internal rate of return above 30% will be considered, in addition to those required for essential maintenance, safety and regulatory compliance.

INVESTING ACTIVITIES In November 1999 the Company modified its arrangement with Premium Beverage Packers Inc. ("Premium"), a Pennsylvania based co-packer responsible for approximately 15% of the Company's U.S. production. The Company paid $25.0 million to settle an obligation under the terms of its 1997 acquisition agreement in which the Company purchased a customer list from Premium and is also committed to use Premium as a co-packer for 10 years. This amount has been capitalized to customer list and is included in investment and other assets.

DIVIDEND PAYMENTS No dividends were paid in 1999 due to restrictions imposed under the terms of the senior unsecured notes. An increase of approximately $29.0 million in shareowners' equity is required before dividend payments can be resumed and the Company does not anticipate accomplishing this until 2001.

CAPITAL STOCK In November 1999, Thomas H. Lee Company, the Company's largest investor, was authorized to purchase up to an additional 5% of the Company's outstanding voting shares on the open market. If exercised, this would bring Lee's percentage holding of the Company's outstanding voting stock to no more than 35% calculated on a fully diluted basis.

LONG-TERM DEBT As at January 1, 2000 the long-term debt totaled $323.6 million. Such long-term debt consisted of $280.7 million in senior unsecured notes and $42.9 million of other term debt. Approximately 1% of total debt was subject to interest at floating rates. The Company closely monitors interest rates and adopts strategies responsive to the changing economic environment. The Company is exposed to nominal interest rate risk. Certain debt instruments contain a number of financial covenants, including limitations on dividend payments and indebtedness.

Management believes the Company has the financial resources to meet its ongoing cash requirements for operations and capital expenditures as well as its other financial obligations.

RESULTS OF OPERATIONS 1998 VERSUS 1997

- 1998 covers the 11-month period February 1, 1998 to January 2, 1999

- 1997 covers the year ended January 31, 1998

- Comparable basis covers the period February 1997 to December 1997

The loss from continuing operations was $95.8 million or $1.53 per share in 1998, versus a $0.4 million profit or $0.01 per common share in 1997. Excluding the impact of restructuring and other unusual items, the loss from continuing operations was $29.7 million compared to $15.4 million in 1997. After the loss for discontinued operations of $3.8 million and the effect of a change in accounting policy of $9.9 million, net loss was $109.5 million or $1.74 per share versus a net loss of $4.7 million or $0.07 per share in 1997.

SALES Sales in 1998 decreased to $958.5 million from $1,047.8 million in 1997. On a comparable basis sales were down 1.3%.

Sales in Canada were $161.1 million in 1998 and $192.6 million in 1997. On a comparable basis sales were down 11.5%. Reported U.S. dollar sales in Canada were negatively affected by currency translation due to the weaker Canadian dollar as compared to the prior year. This weakness accounted for approximately one third of the decrease. In addition, competitive pricing pressure in the Canadian market resulted in lower selling prices.

Sales in the U.K. were $209.5 million in 1998 and $148.5 million in 1997. On a comparable basis sales were up 55.5%. This increase was attributable to the acquisition of the Hero Drinks Group (U.K.) Limited ("Hero Drinks") in November 1997 and was partly offset by soft market conditions and cool summer weather.

Sales in the U.S. were $513.1 million in 1998, down from $603.4 million in 1997. On a comparable basis sales were down 8.1%. Manufacturing inefficiencies in the Company's facilities in Tampa, Florida and Wilson, North Carolina, during the summer season, led to lost volume and promotional opportunities for the Company and to a less favorable sales mix.

GROSS PROFIT Gross profit fell to 10.4% of sales in 1998 compared to 13.9% in 1997. Approximately half of the variance is attributable to the writedown of various assets to net realizable value. Other causes of margin erosion included higher logistics costs, manufacturing inefficiencies in the new U.S. plants and competitive pricing pressures.

SG&A SG&A was $91.3 million in 1998 versus $96.5 million in 1997, or $84.1 million on a comparable basis. A significant portion of the increase in SG&A resulted from the acquisition of Hero Drinks in the U.K. The Company also incurred additional expenses in building a new senior executive team including recruiting and relocation costs.

UNUSUAL ITEMS The Company recorded unusual items in the amount of $77.2 million in 1998. Charges related to a restructuring program focusing on core markets and key customers in North America and the United Kingdom, fixing the cost structure and strengthening the management team were $25.8 million. A further $28.3 million charge was recorded for asset writedowns as a result of manufacturing rationalization and discontinued products and customers. Finally, a charge of $23.1 million was recorded for writedowns to net realizable value of certain businesses to be divested in 1999, and the loss realized on the disposal of the bottling operations in Norway.

The Company recorded charges of $21.7 million for unusual items in 1997. This 1997 charge related primarily to costs associated with the regionalization of the U.S. operations and contractual obligations to the estate of the late Gerald N. Pencer, the former Chairman, President and CEO of the Company.

INTEREST EXPENSE Net interest expense was $33.2 million in 1998 compared to $24.4 million in 1997, or $22.2 million on a comparable basis. The increase was primarily due to lower interest income on cash and cash equivalents and higher interest expense on short-term borrowings. The Company also paid an additional $3.1 million as compared to 1997 in interest expense on the $125.0 million 8.5% senior notes issued in June 1997.

INCOME TAXES In 1998 the Company recorded an income tax benefit of $4.0 million compared to an income tax expense of $0.2 million in 1997. No tax benefits were recorded on losses in Canada and Europe in 1998 due to uncertainty as to whether loss carryforwards can be fully used to reduce taxes payable in future years.

CHANGE IN ACCOUNTING POLICY During the year, the Company changed its policy and expensed as incurred development costs and prepaid contract costs. Development costs represented expenditures incurred in developing labels for new customers and in updating designs for existing customers. Previously, these costs were capitalized and amortized over three years. Prepaid contract costs, costs associated with entering into long-term contracts with certain of the Company's customers, were also previously capitalized and amortized over the term of the related contract.

This change in accounting policy reflected the maturing of the Company's operations in the industry and its relationships with customers. Net income for 1998 included a charge for the cumulative effect of this change in accounting policy of $9.9 million, net of a deferred income tax recovery of $1.1 million.

FINANCIAL CONDITION During 1998, operating cash flow after capital expenditures declined by $18.6 million due to poor operating income and a substantial increase in working capital requirements offset by reduced capital expenditures. In 1998, cash and cash equivalents decreased by $75.5 million, reflecting poor operating results and higher working capital requirements.

CAPITAL EXPENDITURES During 1998, total capital expenses were $36.7 million, costs primarily associated with completing the polyethylene terephthalate ("PET") bottle self-manufacturing project in several plants in North America.

In 1997, capital expenditures totaled $81.8 million, the majority relating to the creation of manufacturing capacity to supply U.S. customers. To that end, the Company constructed new production facilities in Tampa, Florida and Wilson, North Carolina and expanded its existing U.S. facilities in St. Louis and Sikeston, Missouri, San Bernardino, California and San Antonio, Texas. Canadian manufacturing locations in Surrey, British Columbia, Scoudouc, New Brunswick and Mississauga, Ontario were also expanded to enable them to supply certain U.S. customers adjacent to the Canadian/U.S. border. In addition, expenditures were made in equipment for self-manufacturing of PET bottles.

INVESTING ACTIVITIES No major acquisitions were made in 1998. In 1997, several acquisitions were made, the most significant of which was the purchase of Hero Drinks in the U.K. for $80.6 million. During 1999 the amount of deferred consideration and corresponding goodwill related to this acquisition were reduced by $17.4 million. The deferred consideration balance of $16.1 million reflects the minimum guaranteed payments under the agreement. Other acquisitions included Texas Beverages in San Antonio, Texas and the remaining minority ownership positions in Cott Beverages West Ltd. and in Atlantic Refreshments Ltd.

DIVIDEND PAYMENTS In 1998 dividend payments amounted to $2.2 million, a $1.3 million decrease from $3.5 million in 1997. The amount in 1998 covers only two quarters due to the Board's decision on September 14, 1998 to discontinue the previously announced dividend payments.

CAPITAL STOCK During 1998, the Company purchased a total of 4,469,036 common shares at a cost of approximately $30.0 million. This was the maximum number of common shares permitted to be purchased in a 12-month period pursuant to a normal course issuer bid undertaken by the Company using the facilities of the Toronto and Montreal stock exchanges. The Company funded the purchase out of the proceeds of a $40.0 million private placement of convertible participating voting second preferred shares sold to the Thomas H. Lee Company and completed on July 7, 1998. Details of the features of the preferred shares are found in note 18 of the financial statements.

MARKET CONDITIONS

OUTLOOK The carbonated soft drink industry continues to experience positive growth. Expectations for continued market growth in Cott's three core geographic markets, Canada, the U.K. and the U.S., extend through the next several years. Facing intense price competition from heavily promoted global and regional brands, the Company's major opportunity for growth depends on management's execution of critical strategies and on retailers' continued commitment to their retailer brand soft drink programs. Risks and uncertainties include stability of procurement costs for such items as sweetener, packaging materials and other ingredients, national brand pricing strategies and fluctuations in currency versus the U.S. dollar. The Company's exposure to raw material price fluctuations is minimized by the existence of long-term contracts for certain key raw materials.

RISKS AND UNCERTAINTIES In comparison to the major national brand soft drink manufacturers, the Company is a relatively small participant in the industry. The main risk to the Company's sales and operating income is the highly competitive environment in which it operates. The Company's profitability in 2000 may be adversely affected to the extent the national brand manufacturers reduce their selling prices or increase the frequency of their promotional activities in the markets in which the Company operates.

Sales to the top two customers in 1999 accounted for 41% of the Company's total sales revenues. The loss of any significant customer, or customers which in the aggregate represent a significant portion of the Company's sales, could have a material adverse effect on the Company's operating results and cash flows.

The principal market risks to which the Company is exposed are changes in interest rates and foreign currency exchange rates. The Company manages its exposure to changes in interest rates by utilizing interest rate swaps. Operations outside of the U.S., which account for approximately 40% of 1999 sales, are concentrated principally in the U.K. and Canada. The Company manages its foreign currency exposure by borrowing in various currencies and utilizing forward contracts. Swaps and forward contracts are entered into for periods consistent with related underlying exposures and do not constitute positions independent of those exposures.

The information below summarizes the Company's market risks associated with debt obligations and other significant financial instruments as of January 1, 2000. For debt obligations, the table below presents principal cash flows and related interest rates by year of maturity. Variable interest rates disclosed represent the weighted average rates of the portfolio at the period end. For interest rate swaps, the table presents the notional amounts and related interest rates by fiscal year of maturity. For these swaps, the variable rates presented are the average forward rates for the term of each contract.

(in millions)	2000	2001	2002	2003	2004	Thereafter	Total	Fair Value
DEBT								
Fixed rate	$ 1.5	$ 1.6	$ 2.8	$ 0.3	$ 0.2	$ 280.7	$ 287.1	$ 272.4
Weighted average interest rate	11.3%	10.6%	8.8%	12.2%	8.6%	9.0%	--	--
Variable rate	--	$ 9.0	$ 9.1	$ 9.0	$ 9.2	--	$ 36.3	$ 36.3
Non-interest bearing	$ 0.1	$ 0.1	--	--	--	--	$ 0.2	$ 0.2
Weighted average interest rate	--	7.5%	7.5%	7.5%	7.5%	--	--	--
INTEREST RATE SWAPS								
Variable to fixed	$ 1.2	$ 31.9	--	--	--	--	$ 33.1	$ (0.3)
Average pay rate	7.3%	7.3%	--	--	--	--	7.3%	--
Average receive rate	5.5%	5.5%	--	--	--	--	5.5%	--

ENVIRONMENTAL MATTERS The Environmental Protection Act (Ontario) and applicable regulations thereunder (collectively the "EPA") provide that a minimum percentage of a bottler's soft drink sales, by volume, must be made in refillable containers. Attempts to improve sales in refillable containers have been undertaken, however, the Company, along with other industry participants, is not in compliance with the EPA. The requirements under the Act are not presently being enforced. If enforced, they could result in reduced margins in the 750 ml refillable glass package, potential fines and the prohibition of sales of soft drinks in non-refillable containers in Ontario. The Company continues to work with industry groups and the Ministry of the Environment to seek alternative means to meet these requirements.

YEAR 2000 COMPLIANCE The Year 2000 ("Y2K") project was successfully executed and no problems were encountered at or subsequent to year-end.

FORWARD-LOOKING STATEMENTS This Annual Report for the year ending January 1, 2000 contains forward-looking statements reflecting management's current expectations regarding future results of operations, economic performance, financial condition and achievements of the Company. Actual results may differ materially from those in such statements. The Company has tried, wherever possible, to identify these forward-looking statements by using words such as "anticipate", "believe", "estimate", "expect" and similar expressions. These statements reflect the Company's current plans and expectations and are based on information currently available to it. They rely on a number of assumptions and estimates which could be inaccurate and which are subject to risks and uncertainties. The Company wishes to caution the reader that the uncertainties of current or future legal proceedings and other issues described elsewhere in the commentary or in other filings with securities commissions could affect the Company's actual results and could cause such results to materially differ from those expressed in any forward-looking statement made by, or on behalf of, the Company.

(TM) These trademarks are either owned by customers of the Company or are licensed for use by the Company.

REPORT OF MANAGEMENT

The accompanying consolidated financial statements have been prepared by the management of the Company in conformity with generally accepted accounting principles to reflect the financial position of the Company and its operating results. Financial information appearing throughout this Annual Report is consistent with that in the consolidated financial statements. Management is responsible for the information and representations in such financial statements, including the estimates and judgements required for their preparation.

In order to meet its responsibility, management maintains internal controls including policies and procedures, which are designed to assure that assets are safeguarded and reliable financial records are maintained.

The report of PricewaterhouseCoopers LLP, the Company's independent accountants, covering their audit of the consolidated financial statements, is included in this Annual Report. Their independent audit of the Company's financial statements includes a review of internal accounting controls to the extent they consider necessary as required by generally accepted auditing standards.

The Board of Directors annually appoints an Audit Committee, consisting of at least three outside directors. The Committee meets with management and the independent accountants to review any significant accounting and auditing matters and to discuss the results of audit examinations. The Audit Committee also reviews the consolidated financial statements, the Report of Independent Accountants and other information in the Annual Report and recommends their approval by the Board of Directors.

Frank E. Weise III (Signed)	Raymond P. Silcock (Signed)
President and Chief	Executive Vice President and
Executive Officer	Chief Financial Officer

REPORT OF INDEPENDENT ACCOUNTANTS TO THE SHAREOWNERS OF COTT CORPORATION

We have audited the consolidated balance sheets of Cott Corporation as of January 1, 2000 and January 2, 1999, and the consolidated statements of income, shareowners' equity and cash flows for the year ended January 1, 2000, the period from February 1, 1998 to January 2, 1999 and the year ended January 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as of January 1, 2000 and January 2, 1999 and the results of its operations and its cash flows for the year ended January 1, 2000, the period from February 1, 1998 to January 2, 1999 and the year ended January 31, 1998, in accordance with generally accepted accounting principles in the United States.

On February 17, 2000 we reported separately, in accordance with generally accepted auditing standards in Canada, to the shareowners of COTT CORPORATION on consolidated financial statements for the year ended January 1, 2000 and the period from February 1, 1998 to January 2, 1999, prepared in accordance with generally accepted accounting principles in Canada.

PricewaterhouseCoopers LLP (Signed)
Toronto, Ontario, February 17, 2000

CONSOLIDATED STATEMENTS OF INCOME

(in millions of U.S. dollars, except per share amounts)	JANUARY 1, 2000 (52 WEEKS)	January 2, 1999 (48 weeks)	January 31, 1998 (53 weeks)
SALES	$ 990.8	$ 958.5	$ 1,047.8
Cost of sales	846.7	859.0	902.3
GROSS PROFIT	144.1	99.5	145.5
Selling, general and administrative expenses	99.1	91.3	96.5
Unusual items - note 2	(1.2)	77.2	21.7
OPERATING INCOME (LOSS)	46.2	(69.0)	27.3
Other expenses (income), net - note 3	(5.1)	(1.0)	2.4
Interest expense, net - note 4	34.6	33.2	24.4
INCOME (LOSS) BEFORE INCOME TAXES, EQUITY INCOME (LOSS) AND MINORITY INTEREST	16.7	(101.2)	0.5
Income taxes - note 5	3.8	4.0	(0.2)
Equity income (loss)	0.9	1.5	(0.1)
Minority interest	--	(0.1)	0.2
INCOME (LOSS) FROM CONTINUING OPERATIONS	21.4	(95.8)	0.4
Loss from discontinued operations - note 6	(0.8)	(3.8)	(5.1)
Cumulative effect of changes in accounting principles, net of tax - note 7	(2.1)	(9.9)	--
NET INCOME (LOSS) - note 23	$ 18.5	$ (109.5)	$ (4.7)
PER SHARE DATA - note 8			
INCOME (LOSS) PER COMMON SHARE - BASIC			
Income (loss) from continuing operations	$ 0.35	$ (1.53)	$ 0.01
Discontinued operations	$ (0.01)	$ (0.05)	$ (0.08)
Cumulative effect of changes in accounting principles	$ (0.03)	$ (0.16)	$ --
Net income (loss)	$ 0.31	$ (1.74)	$ (0.07)
INCOME (LOSS) PER COMMON SHARE - DILUTED			
Income (loss) from continuing operations	$ 0.32	$ (1.53)	$ 0.01
Discontinued operations	$ (0.01)	$ (0.05)	$ (0.08)
Cumulative effect of changes in accounting principles	$ (0.03)	$ (0.16)	$ --
Net income (loss)	$ 0.28	$ (1.74)	$ (0.07)

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

CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 2.6	$ 28.1
Accounts receivable - note 9	97.6	129.4
Inventories - note 10	67.3	77.3
Prepaid expenses	4.4	2.6
Discontinued operations - note 6	--	12.0
	171.9	249.4
Property, plant and equipment - note 11	266.4	295.8
Goodwill - note 12	108.1	132.1
Investment and other assets - note 13	43.2	21.9
	$ 589.6	$ 699.2
LIABILITIES		
CURRENT LIABILITIES		
Short-term borrowings - note 14	$ 1.8	$ 26.2
Current maturities of long-term debt - note 15	1.6	12.5
Accounts payable and accrued liabilities - note 16	104.8	127.8
Discontinued operations - note 6	1.0	5.7
	109.2	172.2
Long-term debt - note 15	322.0	365.2
Other liabilities - note 17	16.1	39.8
	447.3	577.2
SHAREOWNERS' EQUITY		
Capital stock - note 18		
Common shares - 59,837,392 shares issued	189.0	189.0
Second preferred shares, Series 1 - 4,000,000 shares issued	40.0	40.0
Deficit	(63.3)	(81.8)
Accumulated other comprehensive income	(23.4)	(25.2)
	142.3	122.0
	$ 589.6	$ 699.2

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

APPROVED BY THE BOARD OF DIRECTORS

SERGE GOUIN (SIGNED) C. HUNTER BOLL (SIGNED)
DIRECTOR DIRECTOR

CONSOLIDATED STATEMENTS OF SHAREOWNERS' EQUITY

(in millions of U.S. dollars)	Number of Common Shares (in thousands)	Common Shares	Preferred Shares	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Equity
Balance at January 25, 1997	62,142	$ 191.1	$ --	$ 55.8	$ (7.9)	$ 239.0
Options exercised	1,261	5.2	--	--	--	5.2
Issued in exchange for minority interest of Atlantic Refreshments Ltd. - note 20	800	6.1	--	--	--	6.1
Comprehensive income - note 23						
Currency translation adjustment	--	--	--	--	(11.2)	(11.2)
Net loss	--	--	--	(4.7)	--	(4.7)
Dividends	--	--	--	(3.5)	--	(3.5)
Balance at January 31, 1998	64,203	202.4	--	47.6	(19.1)	230.9
Options exercised	3	--	--	--	--	--
Second preferred shares issued	--	--	40.0	(1.8)	--	38.2
Issued to executive officer	100	0.7	--	--	--	0.7
Shares purchased and cancelled	(4,469)	(14.1)	--	(15.9)	--	(30.0)
Comprehensive income - note 23						
Currency translation adjustment	--	--	--	--	(6.1)	(6.1)
Net loss	--	--	--	(109.5)	--	(109.5)
Dividends	--	--	--	(2.2)	--	(2.2)
BALANCE AT JANUARY 2, 1999	59,837	189.0	40.0	(81.8)	(25.2)	122.0
COMPREHENSIVE INCOME - NOTE 23						
CURRENCY TRANSLATION ADJUSTMENT	--	--	--	--	1.8	1.8
NET INCOME	--	--	--	18.5	--	18.5
BALANCE AT JANUARY 1, 2000	59,837	$ 189.0	$ 40.0	$ (63.3)	$ (23.4)	$ 142.3

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of U.S. dollars)	JANUARY 1, 2000 (52 WEEKS)	January 2, 1999 (48 weeks)	January 31, 1998 (53 weeks)
OPERATING ACTIVITIES			
Income (loss) from continuing operations	$ 21.4	$ (95.8)	$ 0.4
Depreciation and amortization	39.1	43.7	39.6
Deferred income taxes	(6.1)	(6.9)	(5.1)
Equity (income) loss	(0.9)	(1.5)	0.1
Minority interest	--	0.1	(0.2)
Non-cash unusual items	0.3	51.4	--
Gain on disposal of equity investment	(5.9)	--	--
Loss (gain) on sales of property, plant and equipment	0.3	(0.3)	--
Other non-cash items	0.3	6.8	0.4
Net change in non-cash working capital from continuing operations - note 21	8.4	(7.2)	18.8
Cash provided by (used in) operating activities	56.9	(9.7)	54.0
INVESTING ACTIVITIES			
Additions to property, plant and equipment	(18.5)	(36.7)	(81.8)
Proceeds from disposal of businesses	39.1	--	--
Proceeds from disposal of property, plant and equipment	1.4	3.9	4.9
Acquisitions, net of cash acquired - note 20	(25.0)	(2.9)	(97.1)
Other	(2.6)	(6.4)	(6.5)
Cash used in investing activities	(5.6)	(42.1)	(180.5)
FINANCING ACTIVITIES			
Payments of long-term debt	(52.0)	(31.2)	(22.4)
Issue of long-term debt	--	--	207.2
Short-term borrowings	(24.4)	5.2	0.7
Cost of issuing debt	--	--	(7.5)
Common shares purchased and cancelled	--	(30.0)	--
Issue of common shares	--	0.7	5.2
Issue of preferred shares	--	40.0	--
Share issue costs	--	(1.8)	--
Dividends paid	--	(2.2)	(3.5)
Other	--	--	(0.5)
Cash (used in) provided by financing activities	(76.4)	(19.3)	179.2
Net cash used in discontinued operations	(1.0)	(1.5)	(7.5)
Effect of exchange rate changes on cash and cash equivalents	0.6	(2.9)	(5.5)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(25.5)	(75.5)	39.7
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	28.1	103.6	63.9
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2.6	$ 28.1	$ 103.6

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") and using the U.S. dollar as the reporting currency, as the majority of the Company's business and the majority of its shareowners are in the United States. Consolidated financial statements in accordance with Canadian GAAP, in U.S. dollars, are made available to all shareowners and filed with various regulatory authorities.

In 1998, the Company changed its fiscal year-end to the Saturday closest to December 31st. Previously, the year-end was the last Saturday in January.

Comparative amounts in prior years have been restated to conform to the financial statement presentation adopted in the current year.

BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of the Company and its subsidiaries. All significant inter-company accounts and transactions are eliminated upon consolidation.

ESTIMATES

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

CASH EQUIVALENTS

Cash equivalents include highly liquid investments with original maturities of three months or less.

INVENTORIES

Inventories are stated at the lower of cost, determined on the first-in, first-out method, or net realizable value. Returnable bottles and plastic shells are valued at the lower of cost, deposit value or net realizable value. Finished goods and work-in-process include the cost of raw materials, direct labor and manufacturing overhead costs.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at the lower of cost less accumulated depreciation or net recoverable amount. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20 to 40 years
Manufacturing equipment	10 to 15 years
Furniture and fixtures	3 to 10 years
Plates and films	3 years

The Company periodically compares the carrying value of property, plant and equipment to the estimated undiscounted future cash flows of the related assets and recognizes in net income any impairment to net realizable value.

GOODWILL

Goodwill represents the excess purchase price of acquired businesses over the fair value of the net assets acquired. Goodwill is amortized using the straight-line method over its estimated period of benefit, not exceeding 40 years. The Company

periodically compares the carrying value of goodwill to the estimated undiscounted future cash flows of the related businesses and recognizes in net income any impairment to net realizable value.

OTHER

ASSETS

Issuance costs for credit facilities and long-term debt are deferred and amortized over the term of the credit agreement or related debt, respectively.

Customer list represents the cost of acquisition for the right to sell to specific customers and is amortized over 15 years. The Company periodically compares the carrying value of the customer list to the estimated undiscounted future cash flows of the related businesses and recognizes in net income any impairment to net realizable value.

REVENUE

RECOGNITION

The Company recognizes sales upon shipment of goods to customers.

FOREIGN CURRENCY TRANSLATION

The assets and liabilities of foreign operations, all of which are self-sustaining, are translated at the exchange rates in effect at the balance sheet dates. Revenues and expenses are translated using average exchange rates prevailing during the period. The resulting gains or losses are accumulated in the other comprehensive income account in shareowners' equity.

TAXATION

The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized based on the differences between the accounting values of assets and liabilities and their related tax bases using current income tax rates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts reflected in the consolidated balance sheets for cash, cash equivalents, receivables, payables, short-term borrowings, long-term debt and deferred consideration on acquisitions approximate their respective fair values, except as otherwise indicated. Fair values of long-term debt are based primarily on quoted prices for those or similar instruments.

COMPREHENSIVE INCOME

Comprehensive income is comprised of net income (loss) adjusted for changes in the cumulative foreign currency translation adjustment account.

NEW ACCOUNTING STANDARDS

In June 1998, The Financial Accounting Standards Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, which the Company must adopt in 2001. The standard requires that all derivatives be recorded on the balance sheet at their fair values. Changes in the fair value of derivatives are recorded in earnings or other comprehensive income, based on whether the instrument is designated as a hedge. The Company does not expect the impact of adopting these pronouncements to be material.

NOTE 2 UNUSUAL ITEMS

The utilization of the prior period's unusual items charge provided in the consolidated statement of income during the year ended January 1, 2000 is as follows:

(in millions of U.S. dollars)	Original Charge	Activity	Balance January 2, 1999	Spending/ Realized	Modification & Changes in Estimate	1999 Provision	BALANCE JANUARY 1, 2000
Restructuring costs	$ 25.8	$ (2.9)	$ 22.9	$ (16.8)	$ (2.0)	$ 0.6	$ 4.7
Property, plant and equipment and inventory impairment	28.3	(23.8)	4.5	(1.4)	(3.1)	--	--
Writedowns of businesses held for sale	17.8	(11.7)	6.1	(7.6)	1.5	1.8	1.8
	$ 71.9	$ (38.4)	$ 33.5	$ (25.8)	$ (3.6)	$ 2.4	$ 6.5

During the year ended January 1, 2000, the Company recorded an additional $2.4 million ($1.4 million after tax or $0.02 per share) unusual item charge of which $0.6 million related to severances for 14 employees. The balance of $1.8 million related primarily to the writedown of one of the Company's trademarks to net realizable value.

A $3.6 million ($2.1 million after tax or $0.03 per share) reversal of the prior period unusual item was recorded in the fourth quarter of 1999. The reversal reflects the net impact of changes in estimates and modifications to the original program primarily due to inventory impairments being less than originally anticipated.

All restructuring activities have been substantially completed. The remaining restructuring provision includes a total of $2.6 million for severances to be utilized during 2000 and $ 2.1 million of contractual obligations expiring in subsequent years.

An analysis of the unusual items in prior periods is summarized below:

(in millions of U.S. dollars)	January 2, 1999	January 31, 1998
Restructuring costs (a)	$ 25.8	$ 19.6
Property, plant and equipment and inventory impairment (b)	28.3	0.3
Writedowns of businesses held for sale	17.8	--
(Gain) loss from disposal of businesses (c)	5.3	(0.1)
Other (d)	--	1.9

$ 77.2	$ 21.7

(a) During the period ended January 2, 1999, the Company recorded a charge of $25.8 million ($22.3 million after tax or $0.36 per share) for a restructuring program undertaken by the Company to focus on businesses in core markets (North America and the United Kingdom),

fix its cost structure and strengthen the management team. The restructuring charge represents expected cash payments before proceeds from sales of assets and businesses. These costs included $5.4 million of severance covering approximately 110 employees, termination costs relating to leases, and other contractual obligations.

During the year ended January 31, 1998, the Company recorded a $19.6 million ($15.0 million after tax or $0.23 per share) restructuring charge. This charge was primarily for costs associated with the regionalization of operations and related termination costs of co-packers' agreements in the United States, termination of distributors' agreements in the United Kingdom, and severance for streamlining operations and elimination of senior management positions in Canada and corporate office. There were no material adjustments to the expenses and liabilities initially recorded.

(b) During the period ended January 2, 1999, a charge of $28.3 million ($0.3 million - January 31, 1998) was recorded to writedown assets to net realizable value in connection with manufacturing rationalization, discontinued products or customers, and expected divestitures of certain investments and manufacturing facilities.

(c) During the period ended January 2, 1999, the Company sold its bottling operations in Norway and recorded a $5.3 million loss on disposal. During the year ended January 31, 1998, the Company divested its "Virgin" soft drink business, resulting in a loss on disposal of $0.1 million.

(d) During the year ended January 31, 1998, a provision was established to settle the employment obligations with the estate of the late Gerald N. Pencer, the former Chairman, President and CEO of the Company. The provision was fully utilized during 1998.

NOTE 3 OTHER EXPENSES (INCOME), NET

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Gain on disposal of equity investment in Menu Foods Limited	$ (5.9)	$ --	$ --
Foreign exchange loss (gain)	0.4	(0.8)	1.7
Other	0.4	(0.2)	0.7
	$ (5.1)	$ (1.0)	$ 2.4

NOTE 4 INTEREST EXPENSE, NET

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Interest on long-term debt	$ 33.2	$ 33.0	$ 27.8
Other interest	2.6	2.1	1.1
Interest income	(1.2)	(1.9)	(4.5)
	$ 34.6	$ 33.2	$ 24.4

Interest paid during the year was approximately $34.8 million ($34.2 million - January 2, 1999; $ 20.0 million - January 31, 1998).

NOTE 5 INCOME TAXES

Income (loss) before income taxes, equity income (loss) and minority interest consisted of the following:

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Canada	$ 2.7	$ (61.4)	$ (19.7)
Outside Canada	14.0	(39.8)	20.2
	$ 16.7	$ (101.2)	$ 0.5

Recovery of (provision for) income taxes consisted of the following:

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
CURRENT			
Canada	$ (0.6)	$ (0.3)	$ (0.6)
Outside Canada	(1.7)	(2.6)	(4.7)
	$ (2.3)	$ (2.9)	$ (5.3)
DEFERRED			
Canada	$ 12.1	$ 1.0	$ 7.7
Outside Canada	(6.0)	5.9	(2.6)
	$ 6.1	$ 6.9	$ 5.1

Income taxes paid during the year were $2.9 million ($4.2 million - January 2, 1999; $2.5 million - January 31, 1998).

The following table reconciles income taxes calculated at the basic Canadian corporate rates with the income tax recovery (provision):

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Income tax (provision) recovery based on Canadian statutory rates	$ (7.3)	$ 44.1	$ (0.2)
Foreign tax rate differential	7.3	(14.4)	--
Manufacturing and processing deduction	0.7	(2.1)	--
Tax benefit on losses recognized (not recognized)	9.5	(19.0)	--
Non-deductible items	(6.4)	(4.6)	--
Recovery of (provision for) income taxes	$ 3.8	$ 4.0	$ (0.2)

Deferred income tax assets and liabilities were recognized on temporary differences between the financial and tax bases of existing assets and liabilities as follows:

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
DEFERRED TAX ASSETS		
Loss carryforwards	$ 54.2	$ 50.5
Liabilities and reserves	7.3	23.7
Other	1.0	2.1
	62.5	76.3
Valuation allowance	(5.5)	(20.2)
	57.0	56.1
DEFERRED TAX LIABILITIES		
Property, plant and equipment	21.2	24.6
Intangible assets	(1.5)	3.6
Other	31.6	30.5
	51.3	58.7
NET DEFERRED TAX ASSET (LIABILITY)	$ 5.7	$ (2.6)

During the year ended January 1, 2000, the Company substantially completed the implementation of a corporate reorganization which improved the probability of realizing certain loss carryforwards. As a result, the valuation allowance was reduced to recognize the benefit in deferred tax assets.

As of January 1, 2000, operating loss carryforwards of $144.5 million ($143.7 million -January 2, 1999) are available to reduce future taxable income. These losses expire as follows:

(in millions of U.S. dollars)	
2001	$ 0.3
2004	12.6
After 2004	104.1
No expiry	27.5
	$ 144.5

NOTE 6 DISCONTINUED OPERATIONS

During the year ended January 31, 1998, the Company decided to dispose of its food business and recorded a loss on disposal from discontinued operations of $3.1 million (net of a deferred income tax recovery of $1.2 million) for Destination Products International, Inc. ("DPI"). During the period ended January 2, 1999, the Company recorded an additional loss on disposal of $3.8 million (net of a deferred income tax recovery of $0.4 million) reflecting a revision in the estimated proceeds on disposition. The assets of DPI were in sold May 1999 for cash proceeds of $6.9 million (C$10.1 million) and the Company recorded a loss on disposal of $0.8 million (net of a deferred income tax recovery of $0.5 million).

For the year ended January 1, 2000, the loss from discontinued operations included an allocation of interest expense of $0.3 million ($0.9 million - January 2, 1999; $1.8 million -January 31, 1998)
relating to debt attributable to the discontinued operations.

The results of discontinued operations were as follows:

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
SALES	$ 14.4	$ 28.5	$ 28.5
Loss before income taxes	--	--	(3.3)
Income taxes	--	--	1.3
Net loss to measurement date	--	--	(2.0)
Loss on disposal	(0.8)	(3.8)	(3.1)
Loss from discontinued operations	$ (0.8)	$ (3.8)	$ (5.1)

NOTE 7 CHANGES IN ACCOUNTING PRINCIPLES

The Accounting Standards Executive Committee issued SOP 98-5, Reporting on the Costs of Start-Up Activities, which became effective in the year ended January 1, 2000. SOP 98-5 requires that costs of start-up activities and organization costs be expensed as incurred. The impact of the initial adoption was recorded as a cumulative effect of a change in accounting principle and resulted in a charge of $2.1 million, net of a deferred income tax recovery of $1.2 million.

Commencing in the period ended January 2, 1999, development costs for new packaging and prepaid contract costs for retailers were expensed as incurred. Previously, development costs for packaging were amortized over three years and prepaid contract costs were amortized over the term of the related contract. For the period ended January 2, 1999, net income included a charge for the cumulative effect of the change in accounting policy of $9.9 million, net of a deferred income tax recovery of $1.1 million.

NOTE 8 INCOME (LOSS) PER COMMON SHARE

Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share includes the effect of exercising stock options and converting the preferred shares, only if dilutive.

The following table reconciles the basic weighted average number of shares outstanding to the diluted weighted average number of shares outstanding:

(in thousands)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Weighted average number of shares outstanding - basic	59,837	62,797	64,006
Dilutive effect of stock options	82	--	939
Dilutive effect of second preferred shares	6,286	--	--
Adjusted weighted average number of shares outstanding - diluted	66,205	62,797	64,945

For the period ended January 2, 1999 the dilutive effect of stock options and preferred shares of 131,000 and 6,286,000 respectively, was not included in the computation of diluted loss per share as it was anti-dilutive.

NOTE 9 ACCOUNTS RECEIVABLE

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
Trade receivables	$ 90.7	$ 109.7
Allowance for doubtful accounts	(8.7)	(7.5)
Other	15.6	27.2
	$ 97.6	$ 129.4

NOTE 10 INVENTORIES

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
Raw materials	$ 29.4	$ 45.5
Finished goods	29.4	27.0
Other	8.5	4.8
	$ 67.3	$ 77.3

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

(in millions of U.S. dollars)	JANUARY 1, 2000 COST	JANUARY 1, 2000 ACCUMULATED DEPRECIATION	JANUARY 1, 2000 NET	January 2, 1999 Cost	January 2, 1999 Accumulated Depreciation	January 2, 1999 Net
Land	$ 15.8	$ --	$ 15.8	$ 15.8	$ --	$ 15.8
Building	78.5	16.5	62.0	79.7	14.3	65.4
Machinery and equipment						
Owned	306.7	137.9	168.8	311.0	130.1	180.9
Leased	7.2	3.6	3.6	17.7	6.2	11.5
Furniture and fixtures	45.2	30.9	14.3	46.1	28.1	18.0
Plates and film	10.9	9.0	1.9	23.8	19.6	4.2
	$ 464.3	$ 197.9	$ 266.4	$ 494.1	$ 198.3	$ 295.8

Machinery and equipment includes $14.2 million of assets held for sale relating to the polyethylene terephthalate ("PET") preform blow-molding operation.

Depreciation expense, excluding the property, plant and equipment impairment provision described in note 2, was $33.7 million ($30.7 million - January 2, 1999; $24.2 million -January 31, 1998).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 GOODWILL

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
Cost - note 20	$ 120.8	$ 141.3
Accumulated amortization	(12.7)	(9.2)
	$ 108.1	$ 132.1

NOTE 13 INVESTMENT AND OTHER ASSETS

(in millions of u.s. dollars)	JANUARY 1, 2000 COST	JANUARY 1, 2000 ACCUMULATED AMORTIZATION	JANUARY 1, 2000 NET	January 2, 1999 Cost	January 2, 1999 Accumulated Amortization	January 2, 1999 Net
Customer list	$ 25.0	$ 0.3	$ 24.7	$ --	$ --	$ --
Financing costs	13.2	4.3	8.9	12.1	2.8	9.3
Investment in Menu Foods Corporation	1.7	--	1.7	12.4	0.8	11.6
Deferred income taxes - note 5	5.7	--	5.7	--	--	--
Other	2.9	0.7	2.2	2.0	1.0	1.0
	$ 48.5	$ 5.3	$ 43.2	$ 26.5	$ 4.6	$ 21.9

As of January 2, 1999, the equity investment in Menu Foods Limited was held for sale (including related goodwill of $5.1 million less accumulated amortization of $0.8 million) which was being amortized over 40 years. On August 3, 1999, the Company sold 87% of its investment in Menu Foods Limited (see note 3). The Company retained a 7.6% investment in Menu Foods Corporation, its parent company, which is accounted for by the cost method following the date of sale. Menu Foods Corporation has the option to purchase all of the Company's remaining shares for amounts in excess of the carrying value before August 17, 2004.

NOTE 14 SHORT-TERM BORROWINGS

The Company has bank credit facilities providing maximum credit of $61.0 million depending on available collateral, generally accounts receivable and inventory. These facilities expire in 2002 and 2005. As of January 1, 2000, $49.2 million was available. Borrowings under these bank credit facilities bear interest at rates that, at the Company's option, vary with the prime or LIBOR rates plus applicable credit rates ranging from 1% to 2.5%. The weighted average interest rate at January 1, 2000 was 7.5% (7.92% - January 2, 1999).

NOTE 15 LONG-TERM DEBT

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
Senior unsecured notes at 9.375% due 2005 (a)	$ 155.7	$ 160.0
Senior unsecured notes at 8.5% due 2007 (a)	125.0	125.0
Term bank loan at LIBOR plus 2% with sinking fund payments and due 2004 (b)	36.3	75.7
Capital leases due 2000 to 2002	3.7	5.9
Mortgages at 5.75% to 7.125% due 2001 to 2002	2.7	9.5
Other	0.2	1.6
	323.6	377.7
Less current maturities	(1.6)	(12.5)
	$ 322.0	$ 365.2

(a) The fair value of the senior unsecured notes as of January 1, 2000 was $266.0 million ($262.8 million - January 2, 1999). These debt instruments contain a number of financial covenants including limitations on dividend payments and indebtedness. An increase of approximately $29.0 million in shareowners' equity is required before dividend payments can be resumed.

(b) The term loan outstanding was(pound)22.5 million on January 1, 2000 ((pound)45.5 million - January 2, 1999). A debenture of the Company's subsidiary has been pledged as collateral under the term bank loan. The net book value of assets pledged as collateral exceeds the loan amount.

The Company uses derivative financial instruments to reduce exposure to fluctuations in interest rates. On January 1, 2000, the Company had a fixed interest rate swap with a 7.33% interest rate maturing on January 31, 2001. The notional principal amount of (pound)20.5 million decreases over the term to maturity to (pound)19.75 million.

The fair value of the interest rate swap contract reflects the estimated amounts that would have been received or paid if the contract was terminated on the reporting dates. As at January 1, 2000, the fair value of the interest rate swap contract was a liability of $0.3 million ($2.4 million - January 2, 1999).

(c) Long-term debt payments required in each of the next five years and thereafter are as follows:

(in millions of U.S. dollars)	
2000	$ 1.6
2001	10.7
2002	11.9
2003	9.3
2004	9.4
Thereafter	280.7
	$ 323.6

NOTE 16 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
Trade payables	$ 46.4	$ 57.3
Restructuring - note 2	4.7	22.9
Accrued promotion and rebates	14.6	15.4
Sales, payroll and other taxes	5.7	8.0
Accrued compensation	14.8	5.0
Other accrued liabilities	18.6	19.2
	$ 104.8	$ 127.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 OTHER LIABILITIES

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999
Deferred consideration on acquisitions - note 20	$ 16.1	$ 37.2
Deferred income taxes - note 5	--	2.6
	$ 16.1	$ 39.8

NOTE 18 CAPITAL STOCK

The authorized capital stock of the Company consists of an unlimited number of common shares and an unlimited number of first and second preferred shares, issuable in series.

The Convertible Participating Voting Second Preferred Shares, Series 1 ("second preferred shares") carry a cash dividend equal to one-half of the common share cash dividend, if any, on an as converted basis. The Company issued 4,000,000 second preferred shares in 1998 and paid a transaction fee of $0.9 million to the owners of the second preferred shares ("preferred shareowners"). From and after July 7, 2002, the preferred shareowners are entitled to receive a cumulative preferential non-cash paid-in-kind dividend, payable in additional second preferred shares, at the rate of 2.5% for each six months, compounded semi-annually, with daily accrual. The second preferred shares are also entitled to voting rights together with the common shares on an as converted basis.

The Company may redeem all, but not less than all, of the second preferred shares for payment of an amount per share equal to, at the option of the preferred shareowners, either the adjusted redemption price or the common share equivalent redemption price, as calculated in accordance with the Company's Articles. The common share equivalent redemption price is, at the option of the Company, payable in cash or in common shares. The Company may not redeem any of the preferred shares prior to July 7, 2002 unless the common shares have traded at an average closing price of not less than $13.00 during a consecutive 120 day trading period.

The second preferred shares are convertible into that amount of common shares which is determined by dividing a conversion factor in effect at the time of conversion by a conversion value. The initial conversion factor of $10.00 shall be adjusted semi-annually at the rate of 2.5% for each six-month period, compounded semi-annually, with daily accrual, until July 7, 2002. From and after July 7, 2002 the conversion factor is $12.18. The conversion value is $7.75 and is subject to reduction in certain circumstances. The right of conversion may be exercised by the preferred shareowners at any time, and may be exercised by the Company at any time after July 7, 2002 or if the common shares have traded at an average closing price of not less than $13.00 during a consecutive 120 day trading period, prior to July 7, 2002.

NOTE 19 STOCK OPTION PLANS

Under the 1986 Common Share Option Plan as amended on July 21, 1998, the Company has reserved 12.0 million common shares for future issuance. Options are granted at a price not less than fair value of the shares on the date of grant.

Options granted prior to April 12, 1996 and all options granted to employees with six months of service expire after five years and vest at 20% per annum over 4.5 years. Options granted after April 12, 1996 expire after ten years and vest at 25% per annum commencing on the second anniversary date of the grant. Options granted after September 1, 1998 expire after seven years and vest at 30% per annum on the anniversary date of the grant for the first two years and the balance on the third anniversary date of the grant. All options are non-transferrable.

Pursuant to the SFAS No. 123, Accounting for Stock-Based Compensation, the Company has elected to account for its employee stock option plan under APB opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, no compensation cost has been recognized for stock options issued under these plans. Had compensation cost for the plans been determined based on the fair value at the grant date consistent with SFAS No. 123, the Company's net income
(loss) and income (loss) per common share would have been as follows:

(in millions of U.S. dollars, except per share amounts)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Net income (loss)			
As reported	$ 18.5	$ (109.5)	$ (4.7)
Pro forma	15.9	(112.0)	(7.0)
Basic net income (loss) per share			
As reported	0.31	(1.74)	(0.07)
Pro forma	0.27	(1.78)	(0.11)
Diluted net income (loss) per share			
As reported	0.28	(1.74)	(0.07)
Pro forma	0.24	(1.78)	(0.11)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Risk-free interest rate	4.8 - 6.2%	4.6 - 5.6%	4.9 - 5.2%
Average expected life (years)	4	3 - 7	3 - 7
Expected volatility	45.0%	47.5%	52.5%
Expected dividend yield	--	0.50%	0.55%

Option activity was as follows:

	JANUARY 1, 2000		January 2, 1999		January 31, 1998	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE (C$)	Shares	Weighted-Average Exercise Price (C$)	Shares	Weighted-Average Exercise Price (C$)
Balance - at beginning	6,444,008	$ 11.24	6,202,850	$ 15.59	5,328,190	$ 14.61
Granted	1,162,500	$ 5.80	2,462,400	$ 9.42	2,965,532	$ 12.90
Exercised	--	--	(3,080)	$ 9.08	(1,261,132)	$ 6.63
Cancelled	(2,403,448)	$ 12.32	(2,218,162)	$ 21.36	(829,740)	$ 13.34
Balance - at end	5,203,060	$ 9.55	6,444,008	$ 11.24	6,202,850	$ 15.59

Outstanding options at January 1, 2000, are as follows:

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
Range of Exercise Prices (C$)	Number Outstanding	Remaining Contractual Life	Weighted-Average Exercise Price (C$)	Number Exercisable	Weighted-Average Exercise Price (C$)
$ 3.30 - $ 4.80	105,000	9.3	$ 4.45	--	--
$ 5.25 - $ 9.90	3,680,800	8.6	$ 8.41	1,245,716	$ 9.22
$ 10.20 - $ 14.70	1,397,260	7.2	$ 12.77	777,260	$ 12.57
$ 15.05 - $ 30.88	20,000	6.5	$ 21.49	11,000	$ 26.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20 ACQUISITIONS

All acquisitions have been accounted for using the purchase method, and accordingly, the results of operations are included in the Company's consolidated statements of income from the effective dates of purchase.

YEAR ENDED
JANUARY 1,

2000 — In November 1999, the Company's U.S. subsidiary modified its arrangements with Premium Beverage Packers, Inc. This business was originally purchased effective January 1997. The Company paid $25.0 million to settle its obligation to make annual payments relating to the January 1997 acquisition of the customer list. This amount has been capitalized to customer list in investment and other assets.

PERIOD ENDED
JANUARY 2,

1999 — In August 1998, the Company acquired the remaining 1% minority interest of a U.S. subsidiary from a former executive officer of the Company for $2.9 million (C$4.5 million) in cash which was allocated primarily to goodwill.

YEAR ENDED
JANUARY 31,

1998 — In November 1997, the Company acquired through a wholly owned subsidiary in the United Kingdom, 100% of the outstanding shares of Hero Drinks Group (U.K.) Limited for $80.6 million ((pound)47.6 million) in cash including transaction costs. Included in the initial acquisition cost was deferred consideration of $34.7 million ((pound)20.5 million) which was expected to be payable without interest over the five years following the closing date. During the year ended January 1, 2000, the amount of the deferred consideration and the corresponding goodwill was reduced by $17.4 million. The deferred consideration of $16.1 million ((pound)10.0 million) equals the present value of the minimum guaranteed payments under the agreement and is due at the latest in May 2003. This adjustment was recorded as it is unlikely that any payments in excess of the minimum amounts will be required.

In addition, during the year the Company made several other acquisitions. The total purchase price of all acquisitions was allocated as follows based on the fair value of net assets

acquired:

(in millions of U.S. dollars)	January 31, 1998
Current assets (net of cash acquired of $3.4)	$ 30.8
Property, plant and equipment	72.1
Goodwill	80.9
	183.8
Current liabilities	(40.1)
Long-term debt	(43.9)
Minority interest	3.4
	(80.6)
Purchase price paid (consisting of cash consideration of $97.1 million and share consideration of $6.1 million)	$ 103.2

NOTE 21 NET CHANGE IN NON-CASH WORKING CAPITAL

The changes in non-cash working capital components from continuing operations, net of effects of acquisitions and divestitures of businesses and unrealized foreign exchange gains and losses, are as follows:

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Decrease (increase) in accounts receivable	$ 24.5	$ 9.1	$ (20.8)
Decrease (increase) in inventories	8.3	14.1	13.6
Decrease (increase) in prepaid expenses	(1.9)	2.1	(1.3)
Decrease (increase) in income taxes recoverable	1.3	2.7	--
Increase (decrease) in accounts payable and accrued liabilities	(23.8)	(35.2)	27.3
	$ 8.4	$ (7.2)	$ 18.8

NOTE 22 BENEFIT PLANS

The Company maintains primarily contributory pension plans covering qualifying employees in Canada, the United Kingdom and the United States. The total expense with respect to these plans was $2.1 million for the year ended January 1, 2000 ($2.1 million - January 2, 1999; $ 1.5 million - January 31, 1998).

NOTE 23 OTHER COMPREHENSIVE INCOME

(in millions of U.S. dollars)	JANUARY 1, 2000	January 2, 1999	January 31, 1998
Net income (loss)	$ 18.5	$ (109.5)	$ (4.7)
Foreign currency translation (net of $2.4 impact of divestitures)	1.8	(6.1)	(11.2)
	$ 20.3	$ (115.6)	$ (15.9)

NOTE 24 COMMITMENTS AND CONTINGENCIES

a) The Company leases buildings, equipment, furniture and transportation equipment. The minimum annual payments under operating leases are as follows:

(in millions of U.S. dollars)	
2000	$ 7.8
2001	7.0
2002	5.9
2003	4.3
2004	2.3
Thereafter	7.7
	$ 35.0

Operating lease expenses were:

(in millions of U.S. dollars)	
YEAR ENDED JANUARY 1, 2000	$ 8.4
Period ended January 2, 1999	9.0
Year ended January 31, 1998	7.9

b) The Company has sales commitments with various retailers and distributors and purchase commitments with various suppliers. These contracts generally provide for fixed or variable prices and minimum volumes. It is not anticipated that losses will be incurred on these contracts.

c) The Company is subject to environmental legislation in jurisdictions in which it carries on business. The Company anticipates that environmental legislation may become more restrictive but at this time is not in a position to assess the impact of future potential legislation. The Company, along with other industry participants, is not in compliance with the Environmental Protection Act (Ontario). The requirements under the Act are not presently being enforced, and the Company has made no provision for any possible assessments thereon. The Company continues to work with industry groups and the Ministry of the Environment to seek alternative means to meet the requirements for a minimum percentage of sales in refillable containers.

d) The Company is subject to various claims and legal proceedings with respect to matters such as governmental regulations, income taxes 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 the Company's financial position or results from operations.

NOTE 25 SEGMENT REPORTING

The Company produces, packages and distributes retailer brand and branded bottled and canned soft drinks to regional and national grocery, mass-merchandise and wholesaler chains in Canada, the United Kingdom and the United States. The Company manages its business by geographic segments as described below:

BUSINESS SEGMENTS
For the year ended January 1, 2000

(in millions of U.S. dollars)	CANADA	UNITED KINGDOM	UNITED STATES	CORPORATE & OTHER	TOTAL
External sales	$ 169.2	$ 186.1	$ 596.8	$ 38.7	$ 990.8
Intersegment sales	19.5	--	5.6	(25.1)	--
Depreciation and amortization	8.5	10.2	18.6	1.8	39.1
Operating income (loss) before unusual items	17.0	4.2	41.2	(17.4)	45.0
Unusual items	(0.4)	3.7	(2.2)	(2.3)	(1.2)
Property, plant and equipment	55.1	78.4	127.7	5.2	266.4
Goodwill and other assets	22.1	52.8	78.1	(1.7)	151.3
Total assets	137.0	173.4	332.1	(52.9)	589.6
Additions to property, plant and equipment	3.0	5.9	9.5	0.1	18.5
Property, plant and equipment and goodwill acquired	--	--	25.0	--	25.0

For the period ended January 2, 1999

(in millions of U.S. dollars)	Canada	United Kingdom	United States	Corporate & Other	Total
External sales	$ 161.1	$ 209.5	$ 513.1	$ 74.8	$ 958.5
Intersegment sales	21.8	--	6.9	(28.7)	--
Depreciation and amortization	10.8	10.4	18.9	3.6	43.7
Operating income (loss) before unusual items	10.6	8.6	12.4	(23.4)	8.2
Unusual items	5.9	13.5	25.5	32.3	77.2
Property, plant and equipment	56.3	90.2	138.8	10.5	295.8
Goodwill and other assets	22.5	77.6	38.3	15.6	154.0
Total assets	221.9	237.2	296.6	(56.5)	699.2
Additions to property, plant and equipment	8.5	3.9	23.1	1.2	36.7
Property, plant and equipment and goodwill acquired	--	--	2.9	--	2.9

For the year ended January 31, 1998

(in millions of U.S. dollars)	Canada	United Kingdom	United States	Corporate & Other	Total
External sales	$ 192.6	$ 148.5	$ 603.4	$ 103.3	$1,047.8
Intersegment sales	22.9	11.7	11.6	(46.2)	--
Depreciation and amortization	10.7	6.3	18.3	4.3	39.6
Operating income (loss) before unusual items	22.2	7.2	37.2	(17.6)	49.0
Unusual items	1.3	2.5	11.6	6.3	21.7
Property, plant and equipment	60.2	93.5	135.3	21.0	310.0
Goodwill and other assets	30.9	87.1	40.6	27.0	185.6
Total assets	327.7	260.4	375.6	(102.2)	861.5
Additions to property, plant and equipment	12.3	5.2	63.3	1.0	81.8
Property, plant and equipment and goodwill acquired	7.0	123.1	22.6	0.3	153.0

Intersegment sales and total assets under the Corporate & Other caption include the elimination of intersegment sales, receivables and investments.

For the year ended January 1, 2000, sales to two major customers accounted for 30% and 11%, respectively, of the Company's total sales (19% and 11% - January 2, 1999; 17% and 11% -January 31, 1998).

Credit risk arises from the potential default of a customer in meeting its financial obligations with the Company. Concentrations of credit exposure may arise with a group of customers which 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.

QUARTERLY FINANCIAL INFORMATION

(Unaudited, in millions of U.S. dollars)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(1)	Total
YEAR ENDED JANUARY 1, 2000					
Sales	$ 232.2	$ 288.3	$ 261.0	$ 209.3	$ 990.8
Cost of sales	200.3	247.2	222.3	176.9	846.7
Selling, general and administrative	20.9	24.1	26.3	27.8	99.1
Unusual items	--	--	--	(1.2)	(1.2)
Operating income	11.0	17.0	12.4	5.8	46.2
Income from continuing operations	0.8	7.3	8.7	4.6	21.4
Discontinued operations	--	--	--	(0.8)	(0.8)
Cumulative effect of change in accounting principle	(2.1)	--	--	--	(2.1)
Net income (loss)	$ (1.3)	$ 7.3	$ 8.7	$ 3.8	$ 18.5
Per common share:					
Net income (loss) - basic	$ (0.02)	$ 0.12	$ 0.15	$ 0.06	$ 0.31
Net income (loss) - diluted	$ (0.02)	$ 0.11	$ 0.13	$ 0.06	$ 0.28
PERIOD ENDED JANUARY 2, 1999					
Sales	$ 258.1	$ 310.1	$ 244.0	$ 146.3	$ 958.5
Cost of sales	223.9	267.2	221.1	146.8	859.0
Selling, general and administrative	23.3	23.2	23.0	21.8	91.3
Unusual items	--	--	74.3	2.9	77.2
Operating income (loss)	10.9	19.7	(74.4)	(25.2)	(69.0)
Income (loss) from continuing operations	2.3	7.6	(60.9)	(44.8)	(95.8)
Discontinued operations	--	--	--	(3.8)	(3.8)
Cumulative effect of change in accounting principle	--	--	(7.4)	(2.5)	(9.9)
Net income (loss)	$ 2.3	$ 7.6	$ (68.3)	$ (51.1)	$ (109.5)
Per common share:					
Net income (loss) - basic	$ 0.04	$ 0.12	$ (1.10)	$ (0.85)	$ (1.74)
Net income (loss) - diluted	$ 0.04	$ 0.12	$ (1.10)	$ (0.85)	$ (1.74)

(1) Two months for the 11-month period ended January 2, 1999.

SELECTED FINANCIAL DATA

(in millions of U.S. dollars)	JANUARY 1, 2000 (1) (52 WEEKS)	January 2, 1999 (2) (48 weeks)	January 31, 1998 (3) (53 weeks)	January 25, 1997 (52 weeks)	January 27, 1996 (52 weeks)
Sales	$ 990.8	$ 958.5	$ 1,047.8	$ 948.3	$ 888.8
Cost of sales	846.7	859.0	902.3	806.5	789.7
Selling, general and administrative	99.1	91.3	96.5	83.5	80.0
Unusual items	(1.2)	77.2	21.7	8.4	26.8
Operating income (loss)	46.2	(69.0)	27.3	49.9	(7.7)
Income (loss) from continuing operations	21.4	(95.8)	0.4	23.0	(16.5)
Discontinued operations	(0.8)	(3.8)	(5.1)	2.0	(4.8)
Cumulative effect of changes in accounting principles	(2.1)	(9.9)	--	--	--
Net income (loss)	$ 18.5	$ (109.5)	$ (4.7)	$ 25.0	$ (21.3)
INCOME (LOSS) PER SHARE - BASIC					
Income (loss) from continuing operations	$ 0.35	$ (1.53)	$ 0.01	$ 0.38	$ (0.27)
Discontinued operations	$ (0.01)	$ (0.05)	$ (0.08)	$ 0.03	$ (0.08)
Cumulative effect of changes in accounting principles	$ (0.03)	$ (0.16)	$ --	$ --	$ --
Net income (loss)	$ 0.31	$ (1.74)	$ (0.07)	$ 0.41	$ (0.35)
INCOME (LOSS) PER SHARE - DILUTED					
Income (loss) from continuing operations	$ 0.32	$ (1.53)	$ 0.01	$ 0.37	$ (0.27)
Discontinued operations	$ (0.01)	$ (0.05)	$ (0.08)	$ 0.03	$ (0.08)
Cumulative effect of changes in accounting principles	$ (0.03)	$ (0.16)	$ --	$ --	$ --
Net income (loss)	$ 0.28	$ (1.74)	$ (0.07)	$ 0.40	$ (0.35)
Cash dividend per share	$ --	$ 0.03	$ 0.05	$ 0.02	$ 0.07
Total assets	$ 589.6	$ 699.2	$ 861.5	$ 599.6	$ 546.2
Current maturities of long-term debt	1.6	12.5	19.5	10.2	3.2
Long-term debt	322.0	365.2	388.3	204.6	196.7
Shareowners' equity	142.3	122.0	230.9	239.0	200.4

(1) During the year the Company completed a series of planned divestitures of non-core businesses.

(2) During the period ended January 2, 1999 the Company divested of its bottling operations in Norway.

(3) During the year the Company invested in several acquisitions, the most significant of which was the Hero Drinks Group (U.K.) Limited.

DIRECTORS & OFFICERS

BOARD OF DIRECTORS

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Director
Merrill Lynch Canada, Inc.

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CEO, Benvest Capital Inc.

C. HUNTER BOLL (1)*
Principal Managing Director
Thomas H. Lee Partners L.P.

SERGE GOUIN (2)*
Chairman, Cott Corporation
Vice Chairman, Salomon Smith Barney Canada Inc.

THOMAS M. HAGERTY (2)
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Thomas H. Lee Partners L.P.

STEPHEN H. HALPERIN (2), (3)
Partner
Goodman Phillips & Vineberg

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Principal Managing Director
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Corporate Director
Cott Corporation

FRASER D. LATTA (1)
Vice Chairman
Cott Corporation

DONALD G. WATT
Chairman
The Watt Group Inc.

FRANK E. WEISE III
President & CEO
Cott Corporation

CORPORATE OFFICERS

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President &
Chief Executive Officer

MARK BENADIBA
Executive Vice President
President, Canadian Operations

DAVID G. BLUESTEIN
Executive Vice President
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RAYMOND P. SILCOCK
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Chief Financial Officer

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Executive Vice President
Managing Director,
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Europe Operations

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Senior Vice President,
General Counsel & Secretary

JAMES S. REYNOLDS
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Human Resources

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Vice President,
Controller

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Vice President,
Purchasing

EDMUND P. O'KEEFFE
Vice President,
Strategic Planning & Analysis

PREM VIRMANI
Vice President,
Technical Services

(1) MEMBER, AUDIT COMMITTEE

(2) MEMBER, CORPORATE GOVERNANCE COMMITTEE

(3) MEMBER, HUMAN RESOURCES &

COMPENSATION COMMITTEE

* COMMITTEE CHAIRMAN

SHAREOWNERS' INFORMATION

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Investor Information:
Tel: (416) 203-5662
(800) 793-5662
Website: www.cott.com

Transfer Agent & Registrar:
Montreal Trust

Auditors:
PricewaterhouseCoopers LLP

Stock Exchange Listing:
The shares of Cott Corporation are listed on the Toronto Stock Exchange under the ticker symbol BCB; and on the NASDAQ exchange under the ticker symbol COTT.

Annual General Meeting:
Cott's 2000 Annual Meeting takes place on Wednesday, May 3, 2000 at 9:30 a.m. at the du Maurier Theatre Centre, Toronto, Ontario.

La version francaise est disponible sur demande.

Design: BRYAN MILLS GROUP Printed in Canada

[COTT LOGO]

[COTT CORPORATION LOGO]

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PRINCIPAL OPERATIONS

Allentown, Pennsylvania
Columbus, Georgia
San Antonio, Texas
San Bernardino, California
Sikeston, Missouri
St. Louis, Missouri
Tampa, Florida
Wilson, North Carolina

THE LEADER IN PREMIUM

RETAILER BRAND BEVERAGE INNOVATION

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	JAN 01 2000
PERIOD START	JAN 03 1999
PERIOD END	JAN 01 2000
CASH	2,600
SECURITIES	0
RECEIVABLES	90,700
ALLOWANCES	8,700
INVENTORY	67,300
CURRENT ASSETS	171,900
PP&E	464,300
DEPRECIATION	197,900
TOTAL ASSETS	589,600
CURRENT LIABILITIES	109,200
BONDS	323,600
PREFERRED MANDATORY	0
PREFERRED	40,000
COMMON	189,000
OTHER SE	(86,700)
TOTAL LIABILITY AND EQUITY	589,600
SALES	990,800
TOTAL REVENUES	990,800
CGS	846,700
TOTAL COSTS	846,700
OTHER EXPENSES	(5,100)
LOSS PROVISION	0
INTEREST EXPENSE	34,600
INCOME PRETAX	16,700
INCOME TAX	(3,800)
INCOME CONTINUING	21,400
DISCONTINUED	(800)
EXTRAORDINARY	0
CHANGES	(2,100)
NET INCOME	18,500
EPS BASIC	0.31
EPS DILUTED	0.28