PRIMO WATER CORP /CN/

FORM 10-Q
(Quarterly Report)

Filed 05/16/00 for the Period Ending 04/01/00

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-Q
(Quarterly Report)

Filed 5/16/2000 For Period Ending 4/1/2000

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

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended APRIL 1, 2000

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)	(I.R.S. Employer Identification Number)

207 Queen's Quay W, Toronto, Ontario M5J 1A7
(Address of principal executive offices) (Postal Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

There were 59,847,992 shares of common stock outstanding as of April 30, 2000.

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

COTT CORPORATION
Consolidated Statements of Income

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

	For the three months ended	
	APRIL 1, 2000	APRIL 3, 1999
SALES	$ 213.8	$ 232.2
Cost of sales	178.9	199.9
GROSS PROFIT	34.9	32.3
Selling, general and administrative expenses	23.4	21.3
OPERATING INCOME	11.5	11.0
Other expenses (income), net	(0.1)	0.3
Interest expense, net	8.1	9.2
INCOME BEFORE INCOME TAXES AND EQUITY INCOME	3.5	1.5
Income taxes - note 2	(1.5)	(1.0)
Equity income	-	0.3
INCOME FROM CONTINUING OPERATIONS	2.0	0.8
Cumulative effect of change in accounting principle, net of tax	-	(2.1)
NET INCOME (LOSS) - note 3	$ 2.0	$ (1.3)
PER SHARE DATA - note 4		
INCOME (LOSS) PER COMMON SHARE - BASIC		
Income from continuing operations	$ 0.03	$ 0.01
Cumulative effect of change in accounting principle	$ -	$ (0.03)
Net income (loss)	$ 0.03	$ (0.02)
INCOME (LOSS) PER COMMON SHARE - DILUTED		
Income from continuing operations	$ 0.03	$ 0.01
Cumulative effect of change in accounting principle	$ -	$ (0.03)
Net income (loss)	$ 0.03	$ (0.02)

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

COTT CORPORATION
Consolidated Balance Sheets

(in millions of U.S. dollars)

	APRIL 1, 2000	JANUARY 1, 2000
	Unaudited	Audited
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1.3	$ 2.6
Accounts receivable	104.4	97.6
Inventories - note 5	71.2	67.3
Prepaid expenses	1.7	4.4
	178.6	171.9
PROPERTY, PLANT AND EQUIPMENT - note 6	266.0	266.4
GOODWILL	106.3	108.1
INVESTMENT AND OTHER ASSETS	42.0	43.2
	$ 592.9	$ 589.6
LIABILITIES		
CURRENT LIABILITIES		
Short-term borrowings	$ 12.9	$ 1.8
Current maturities of long-term debt	5.9	1.6
Accounts payable and accrued liabilities	101.9	104.8
Discontinued operations	1.0	1.0
	121.7	109.2
LONG-TERM DEBT	312.6	322.0
OTHER LIABILITIES	16.2	16.1
	450.5	447.3
SHAREOWNERS' EQUITY		
CAPITAL STOCK		
Common shares - 59,847,992 shares issued	189.0	189.0
Second preferred shares, Series 1 - 4,000,000 shares issued	40.0	40.0
DEFICIT	(61.3)	(63.3)
ACCUMULATED OTHER COMPREHENSIVE INCOME	(25.3)	(23.4)
	142.4	142.3
	$ 592.9	$ 589.6

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

COTT CORPORATION
Consolidated Statements of Shareowners' Equity

(in millions of U.S. dollars)
Unaudited

	NUMBER OF COMMON SHARES (in thousands)	COMMON SHARES	PREFERRED SHARES	RETAINED EARNINGS/ (DEFICIT)	ACCUMULATED OTHER COMPREHENSIVE INCOME	TOTAL EQUITY
Balance at January 2, 1999	59,837	$ 189.0	$ 40.0	$ (81.8)	$ (25.2)	$ 122.0
Comprehensive income - note 3						
Currency translation adjustment	-	-	-	-	0.4	0.4
Net loss	-	-	-	(1.3)	-	(1.3)
Balance at April 3, 1999	59,837	$ 189.0	$ 40.0	$ (83.1)	$ (24.8)	$ 121.1
Balance at January 1, 2000	59,837	$ 189.0	$ 40.0	$ (63.3)	$ (23.4)	$ 142.3
Options exercised	11	-	-	-	-	-
Comprehensive income - note 3						
Currency translation adjustment	-	-	-	-	(1.9)	(1.9)
Net income	-	-	-	2.0	-	2.0
Balance at April 1, 2000	59,848	$ 189.0	$ 40.0	$ (61.3)	$ (25.3)	$ 142.4

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

COTT CORPORATION
Consolidated Statements of Cash Flows

(in millions of U.S. dollars)
Unaudited

	For the three months ended	
	APRIL 1, 2000	APRIL 3, 1999
OPERATING ACTIVITIES		
Income from continuing operations	$ 2.0	$ 0.8
Depreciation and amortization	9.9	9.9
Deferred income taxes	1.3	-
Equity income	-	(0.3)
Gain on sale of property, plant and equipment	(0.1)	-
Other non-cash items	0.4	-
Net change in non-cash working capital from continuing operations - note 7	(11.2)	(13.9)
Cash provided by (used in) operating activities	2.3	(3.5)
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(6.8)	(4.6)
Proceeds from disposal of property, plant and equipment	0.1	-
Other	(1.3)	-
Cash used in investing activities	(8.0)	(4.6)
FINANCING ACTIVITIES		
Payments of long-term debt	(4.6)	(7.3)
Short-term borrowings	11.1	9.7
Other	(2.1)	-
Cash provided by financing activities	4.4	2.4
Net cash used in discontinued operations	-	(0.3)
Effect of exchange rate changes on cash and cash equivalents	-	0.1
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1.3)	(5.9)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	2.6	28.1
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1.3	$ 22.2

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

Unaudited

NOTE 1 - BASIS OF PRESENTATION

The unaudited consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all information and notes presented in the annual consolidated financial statements in conformity with U.S. GAAP. In the opinion of management, the statements reflect all adjustments that are necessary for a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

Certain comparative amounts have been restated to conform to the financial statement presentation adopted in the current year.

The results for the interim periods presented are not necessarily indicative of the results that may be expected for the full fiscal year.

Consolidated financial statements in accordance with Canadian GAAP, in U.S. dollars, are made available to all shareowners and filed with various regulatory authorities.

NOTE 2 - INCOME TAXES

The following table reconciles income taxes calculated at the basic Canadian corporate rates with the income tax provision:

	APRIL 1, 2000	APRIL 3, 1999
	(in millions of U.S. dollars)	
Income tax provision based on Canadian statutory rates	$ (1.6)	$ (0.6)
Foreign tax rate differential	0.6	3.9
Manufacturing and processing deduction	-	(0.3)
Tax benefit on losses not recognized	(0.1)	(3.6)
Non-deductible items	(0.4)	(0.4)
	$ (1.5)	$ (1.0)

Unaudited

NOTE 3 - COMPREHENSIVE INCOME (LOSS)

	APRIL 1, 2000	APRIL 3, 1999
	(in millions of U.S. dollars)	
Net income (loss)	$ 2.0	$ (1.3)
Foreign currency translation	(1.9)	0.4
	$ 0.1	$ (0.9)

NOTE 4 - INCOME (LOSS) PER 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:

	APRIL 1, 2000	APRIL 3, 1999
	(in thousands)	
Weighted average number of shares outstanding - basic	59,845	59,837
Dilutive effect of stock options	408	4
Dilutive effect of second preferred shares	6,286	6,286
Adjusted weighted average number of shares outstanding - diluted	66,539	66,127

NOTE 5 - INVENTORIES

	APRIL 1, 2000	JANUARY 1, 2000
	(in millions of U.S. dollars)	
Raw materials	$ 23.3	$ 29.4
Finished goods	39.7	29.4
Other	8.2	8.5
	$ 71.2	$ 67.3

Unaudited

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT

	APRIL 1, 2000	JANUARY 1, 2000
	(in millions of U.S. dollars)	
Cost	$ 469.7	$ 464.3
Accumulated depreciation	(203.7)	(197.9)
	$ 266.0	$ 266.4

Machinery and equipment includes $14.2 million of assets held for sale relating to the polyethylene terephthalate ("PET") preform blow molding operation which were sold subsequent to the period end.

NOTE 7 - NET CHANGE IN NON-CASH WORKING CAPITAL

The changes in non-cash working capital components, net of effects of unrealized foreign exchange gains and losses, are as follows:

	APRIL 1, 2000	APRIL 3, 1999
	(in millions of U.S. dollars)	
Decrease (increase) in accounts receivable	$ (7.3)	$ (5.0)
Decrease (increase) in inventories	(4.1)	(4.9)
Decrease (increase) in prepaid expenses	0.5	(0.7)
Decrease (increase) in income taxes recoverable	0.1	0.8
Increase (decrease) in accounts payable and accrued liabilities	(0.4)	(4.1)
	$ (11.2)	$ (13.9)

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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.

Unaudited

NOTE 9 - 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 wholesale chains in Canada, the United Kingdom and the United States. The Company manages its beverage business by geographic segments as described below:

BUSINESS SEGMENTS

FOR THE THREE MONTHS ENDED APRIL 1, 2000	CANADA	UNITED KINGDOM	UNITED STATES	CORPORATE & OTHER	TOTAL
	(in millions of U.S. dollars)				
External sales	$ 36.1	$ 30.1	$ 143.7	$ 3.9	$ 213.8
Intersegment sales	2.9	-	0.9	(3.8)	-
Depreciation and amortization	2.1	2.4	4.9	0.5	9.9
Operating income (loss)	3.1	(0.2)	13.4	(4.8)	11.5
Total assets	133.9	170.1	340.1	(51.2)	592.9
Additions to property, plant and equipment	0.2	0.4	5.0	1.2	6.8

FOR THE THREE MONTHS ENDED APRIL 3, 1999	CANADA	UNITED KINGDOM	UNITED STATES	CORPORATE & OTHER	TOTAL
	(in millions of U.S. dollars)				
External sales	$ 36.3	$ 41.5	$ 138.2	$ 16.2	$ 232.2
Intersegment sales	4.9	-	1.4	(6.3)	-
Depreciation and amortization	2.2	2.6	4.5	0.6	9.9
Operating income (loss)	2.6	1.0	9.7	(2.3)	11.0
Total assets (January 1, 2000)	137.0	173.4	332.1	(52.9)	589.6
Additions to property, plant and equipment	0.6	0.6	3.2	0.2	4.6

Intersegment sales and total assets under the Corporate & Other caption include the elimination of intersegment sales, receivables and investments.

For the quarter ended April 1, 2000, sales to two major customers accounted for 34% and 12%, respectively, of the Company's total sales (30% and 11% - January 1, 2000).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 2000, the Company continues with the three key strategies that lead to success in 1999: "focus on core," "fix the cost structure" and "strengthen and grow."

The improvement in earnings in the first quarter of 2000 was directly attributable to the benefits gained in quality, cost savings and productivity through the implementation of the Six Sigma and Continuous Process Improvement initiatives.

The Company's PET blow-molding assets, including inventories, were sold to Schmalbach-Lubeca Plastic Containers USA, Inc. effective April 13, 2000 for proceeds of $15.5 million. No gain or loss was realized on the disposal. These proceeds will be used to reduce indebtedness.

RESULTS OF OPERATIONS

Net income for the quarter was $2.0 million or $0.03 per share, versus a net loss of $1.3 million or $0.02 per share in the first quarter of 1999. The loss in the prior year included the cumulative effect of a change in accounting principle of $2.1 million or $0.03 per share.

SALES - Sales were $213.8 million for the first quarter, down from $232.2 million in 1999. After removing sales by divested units in the first quarter of 1999, sales decreased 2.4%. Customer service was significantly improved in the core markets and the "focus on core" strategy resulted in an 8% increase in sales volume to the top 15 accounts. This improvement helped offset lost sales resulting from the product rationalization undertaken throughout last year and weakness in the U.K. market.

Sales in Canada were $36.1 million for the quarter as compared to $36.3 million in 1999. Volume gains with the division's top customers were offset by lower water and export sales.

Sales in the U.K. declined to $30.1 million from $41.5 million in 1999. Divestiture of the Featherstone plant in May 1999, lower co-packing volume and continued pricing pressure in the U.K. all contributed to lower sales.

Sales in the U.S. increased to $143.7 million from $138.2 million in 1999. Sales volume to the division's top five customers was up by 17%. These increases were driven by solid business plans with core customers as a result of focused customer service activities.

GROSS PROFIT - Gross profit margin improved 2.4 percentage points to 16.3% of sales in 2000 as compared to 13.9% in the first three months of 1999. This improvement was the result of continued efficiency gains at manufacturing facilities and the elimination of unprofitable product offerings.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A") - SG&A was $23.4 million in the first quarter of 2000, up from $21.3 million in 1999. The $2.1 million increase in SG&A resulted from costs incurred to reorganize sales and operations in Canada and the United Kingdom and from a change in the timing of recording management incentives.

INTEREST EXPENSE - Net interest expense of $8.1 million for the quarter compared to $9.2 million in 1999. Interest expense on long-term debt decreased by $1.0 million as the average long-term debt balance was down $49.4 million compared with the same period last year. Significant debt repayments were made throughout 1999.

INCOME TAXES - In the quarter, the Company recorded an income tax provision of $1.5 million, compared to a $1.0 million provision last year. In the first quarter of last year, estimated tax recoveries in certain jurisdictions were not recorded due to the uncertainty of using tax loss carryforwards in future periods.

FINANCIAL CONDITION - Cash flow from operations in the quarter was $2.3 million compared with a cash outflow of $3.5 million in the first quarter of 1999. Operating cash flow and short-term borrowings were used to fund capital expenditures and working capital requirements.

Cash and cash equivalents decreased $1.3 million in the first quarter of 2000 from $2.6 million as of January 1, 2000. Under current credit facilities the Company is provided maximum credit of $60.7 million depending on available collateral. At April 1, 2000, approximately $52.0 million of credit was available.

CAPITAL EXPENDITURES - Capital expenditures were $6.8 million compared with $4.6 million in 1999. The continued low level of capital spending reflects management's commitment to make assets "sweat". Only those projects with an internal rate of return above 30% are considered, in addition to those required for essential maintenance, safety and regulatory compliance. Spending in the first quarter of 2000 included $1.1 million representing the initial costs of a project to upgrade and standardize company wide information and accounting systems to enhance business operations, decision making and customer service. Costs of this project over the next 2 years are expected to be $5.3 million. Capital expenditures also included $2.2 million to install a PET filling line in a U.S. manufacturing facility. This line was operational in March 2000.

LONG-TERM DEBT - As of April 1, 2000, the Company's long-term debt totaled $318.5 million as compared with $323.6 million at the end of 1999 and $368.0 million one year ago. At quarter end, debt consisted of $276.5 million in senior unsecured notes and $42.0 million of other term debt. The Company is exposed to minimal interest rate risk as substantially all debt is at fixed rates.

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.

OUTLOOK - The carbonated soft drink industry continues to experience positive growth. Expectations for market growth in Cott's three core geographic markets, Canada, the United Kingdom and the United States, 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 and promotional 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 - Sales to the top two customers in the first quarter of 2000 accounted for 46% of the Company's total sales volumes. The loss of any significant customer or any significant portion of the Company's sales could have a material adverse effect on the Company's operating results and cash flows.

FORWARD LOOKING STATEMENTS - This report may contain forward-looking statements reflecting management's current expectations regarding future results of operations, economic performance, financial condition and achievements of the Company. Forward-looking statements, specifically those concerning future performance, are subject to certain risks and uncertainties, and actual results may differ materially. These risks and uncertainties are detailed from time to time in the Company's filings with the appropriate securities commissions.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On April 14, 2000, the Lemelson Medical, Education & Research Foundation, Limited Partnership (the "Foundation") filed a patent infringement civil action in the United States District Court for the District of Arizona against the Company and 106 other defendants which are alleged to manufacture and sell products for human consumption or use. The suit alleges that these defendants have infringed on "machine vision" and "automatic identification" patents in their manufacturing processes and automated management of inventory, warehousing, distribution and point of sale transactions. The Foundation seeks an injunction against further alleged infringement and an award of damages "adequate to compensate" the Foundation for past infringements, treble damages based on allegation of willful and deliberate infringement and reasonable attorney's fees. As of this date, the Complaint has not been served on the Company. Since the lawsuit is in its very early stages, the Company is not in a position to state the outcome of this case at this time, as the Company is still investigating the allegations and potential defenses.

In the action previously commenced by Channelmark Corporation, the trial has been scheduled to begin on June 12, 2000. In the action styled North American Container, Inc. v. Plastipak Packaging Inc., et al., the Company has reached an agreement with its major supplier of PET bottles in the United States to indemnify the Company for a significant portion of its costs and damages, if any. This portion is based upon such supplier's pro rata share of those PET bottles supplied to the Company which were sold by the Company in the United States during the period in issue in the litigation (which share is currently estimated to be 85%). Reference is made to the Company's prior public filings, which include a description of these claims.

ITEM 6. EXHIBITS AND REPORTS ON FORM 10-Q

NUMBER	DESCRIPTION
10.1	* Asset Acquisition and Facility Use Agreement, dated April 13, 2000, between BCB USA Corp. and Schmalbach-Lubeca Plastic Containers USA, Inc. relating to the sale of the PET preform blow molding operation.

* Document is subject to request for confidential treatment.

SIGNATURES

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

COTT CORPORATION
(Registrant)

Date: May 3, 2000	*/s/ Raymond P. Silcock* ---------------------------------- *Raymond P. Silcock* *Executive Vice President &* *Chief Financial Officer* *(On behalf of the Company)*
Date: May 3, 2000	*/s/ Tina Dell'Aquila* ---------------------------------- *Tina Dell'Aquila* *Vice President, Controller* *(Principal accounting officer)*

[EXHIBIT 10.1]

ASSET ACQUISITION AND FACILITY USE AGREEMENT

THIS ASSET ACQUISITION AND FACILITY USE AGREEMENT (the "Agreement") is made

the 13th day of April, 2000.

B E T W E E N:

SCHMALBACH-LUBECA PLASTIC CONTAINERS USA, INC., a Delaware corporation, having its principal place of business at 10521 Highway M-52, Manchester, Michigan 48158 ("S-L")

- and -

BCB USA CORP., a Georgia corporation, having its principal place of business at 5405 Cypress Center Drive, Suite 100, Tampa, Florida, 33609 ("BCB").

WHEREAS, S-L, BCB and BCB's ultimate parent company, Cott Corporation ("CC", with BCB and CC hereinafter collectively referred to as "Cott") are parties to a certain Memorandum of Agreement dated February 17, 2000 ("Memorandum") and Supply Agreement of even date herewith ("Supply Agreement") relating to the sale by BCB to S-L of certain equipment, inventory and other assets relating to the production of polyethylene terephthalate ("P.E.T.") preforms and containers, and the supply by S-L to BCB and CC of such preforms and containers from and after the date on which such sale is completed; and

WHEREAS, in order to give effect to the Memorandum, S-L desires to purchase such assets from BCB, utilize certain of BCB's existing facilities and hire certain of BCB's employees; and

WHEREAS, attached to the Memorandum is Schedule "A" ("Memorandum Schedule A") which outlines the terms of such purchase and sale, facility use and employee hiring as more fully set forth herein; and

WHEREAS, the parties desire to enter into this Agreement in order to more completely set forth the purchase and sale of the Purchased Assets (as hereinafter defined) and facility use arrangement outlined in Memorandum Schedule A.

NOW THEREFORE THE PARTIES AGREE AS FOLLOWS:

1. MEMORANDUM SCHEDULE A.

(a) Memorandum Schedule A is attached hereto and, for purposes of this Agreement, is referred to as "Schedule A". Schedule A is incorporated herein and made part hereof by the references to it hereinbelow. It is understood that Schedule A contains provisions related to the Supply Agreement as well as the asset acquisition, facility use and employee hiring relating to this Agreement. The provisions relating to the Supply Agreement are the subject of a separate agreement between the parties and are not incorporated into this Agreement by any of the references hereinbelow.

(b) Provisions in Schedule A which relate to the subject matter of this Agreement but which are not otherwise referenced in the body of this Agreement are hereby incorporated by reference and are part of this Agreement.

(c) In the event of a conflict between the terms and conditions of the body of this Agreement and Schedule A, the terms and conditions in the body of this Agreement shall govern.

2. PURCHASE AND OPERATION OF INJECTION AND BLOW MOLDING ASSETS.

(a) S-L hereby purchases:

(i) the injection molding assets at BCB's Leland, North Carolina facility and the blow molding assets at BCB's San Antonio, Texas, Tampa, Florida and Wilson, North Carolina facilities (all of such facilities being hereinafter collectively described as the "Facilities"), upon the terms and conditions set forth in Section 2.0 of Schedule A;

(ii) all additional assets set forth in Section 2.1.3.1 of Schedule A, it being acknowledged that BCB's inventories of raw and packaging materials described therein (collectively, the "Inventories") include, without limitation, raw and packaging materials located at outside warehouses or stored in trailers, as well as inventories in transit; and

(iii) all preforms which have been produced by Cott as of the date hereof but which are to be blow molded into containers by S-L pursuant to the terms of the Supply Agreement,

and all of such assets are herein collectively described as the "Purchased Assets").

Exhibit C hereto ("New Exhibit C") supersedes and replaces Exhibit C to Schedule A.

(b) In addition to the warranties of Cott set forth in Schedule A relating to the Purchased Assets, and except as otherwise confirmed to S-L in writing, Cott hereby warrants and represents that the assets appearing on New Exhibit C have not been moved or relocated from the facilities where they were located as of the date of the Memorandum.

(c) With respect to Section 2.1.4 of Schedule A, in the event any of the equipment is not in good working condition as of the date hereof, and S-L discovers that fact, and notifies Cott in writing, within thirty (30) days following the date hereof of the condition of such equipment, then, at Cott's option, Cott shall either repair or replace such equipment in a timely manner, failing which such equipment shall be removed from New Exhibit C, in which case the net book value of the Purchased Assets shall be adjusted downward accordingly.

(d) It is understood and agreed that the Purchased Assets include such trade secrets and other intangible intellectual property as are necessary to enable S-L to supply preforms and bottles pursuant to the Supply Agreement which are similar to those currently produced by BCB with the Purchased Assets at the weights at which they are currently being produced (but not any other intellectual property, including, without limitation, any patents or applications for lightweighting).

3. TOTAL PURCHASE PRICE.

(a) The total purchase price for all of the Purchased Assets, excluding the Inventories, is Fourteen Million Two Hundred and Ninety Thousand Seven Hundred and Twenty-Eight Dollars and Seventy-Six Cents ($14,290,728.76). Upon the closing of the transactions contemplated herein, S-L shall pay the purchase price for such Purchased Assets in full, by wire transfer of funds, in accordance with BCB's wiring instructions which have been previously provided to S-L.

(b) The purchase price for the Inventories shall be established based on a count taken by the parties, using the valuations attached hereto as Schedule 3(b). Within seven days following the date hereof, S-L shall pay the purchase price for the Inventories in full, by wire transfer of funds, in accordance with BCB's wiring instructions which have been previously provided to S-L.

4. HART-SCOTT-RODINO FILINGS.

The parties acknowledge they have filed and supplied, or caused to be filed and supplied, all notifications and information required to be filed or supplied by any of them in connection with the transactions contemplated under the Memorandum, Schedule A and this Agreement pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and early termination of the thirty (30) day waiting period was granted by the Federal Trade Commission on March 3, 2000.

5. ASSUMED LIABILITIES.

With the exception of any liabilities expressly assumed by S-L in Schedule A or in any agreements or instruments delivered in connection with the Memorandum, Schedule A or this Agreement, S-L assumes no liabilities or other obligations of Cott. S-L acknowledges and confirms that it hereby assumes, and agrees to indemnify, defend and save harmless BCB from and against, all of the outstanding liabilities of BCB set out on Exhibits B (excluding any items already in the purchase price for the Inventories) and D (other than those expressed on Exhibit D to be retained by Cott) to the Memorandum which relate to the injection molding and blow molding operations conducted by BCB, including, without limitation, orders for raw and/or packaging materials in transit and not yet received at any of the Facilities.

6. DOCUMENTS TO BE DELIVERED CONTEMPORANEOUSLY WITH THE ENTERING INTO OF THIS AGREEMENT.

(a) BCB shall execute and deliver to S-L a Bill of Sale in form and substance acceptable to S-L, acting reasonably, fully executed, conveying, selling, transferring and delivering to S-L all of the assets set forth on Exhibits B and C to Schedule A, free and clear of any liens or encumbrances.

(b) BCB shall obtain releases of all liens on the assets and present those to S-L at or prior to the date hereof.

(c) BCB shall provide S-L will all files, documents, records and drawings relating to the Purchased Assets which are in the possession of BCB, including the maintenance history of the assets and any operating manuals and instructions.

(d) BCB and S-L shall execute the requisite documentation to effect the assignment of the Leland lease to S-L in accordance with the terms and conditions of Section 9.2 of Schedule A.

(e) BCB and S-L shall execute the requisite documentation to effect the assignment of the Ball License Agreement in accordance with the terms and conditions of Section 2.1.6 of Schedule A.

(f) Each of Cott and S-L shall deliver such other consents and approvals as are contemplated by Schedule A or as are otherwise necessary in order to enable S-L to carry out the intent of this Agreement and the Supply Agreement.

(g) Cott shall deliver a certificate stating that BCB is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code, such certificate being in the form set forth in the Treasury Regulations thereunder.

(h) Cott shall deliver an acknowledgement in favour of S-L from BCB's direct and indirect parent corporations (i.e. Cott USA Corp. and Cott Holdings Inc.) that none of them shall permit the business of BCB to be sold unless the obligations of BCB under the Memorandum, this Agreement, the Supply Agreement and any other agreements contemplated hereby or by any of such other agreements are assigned to and assumed by the buyer.

(i) S-L shall deliver an acknowledgement in favor of BCB and Cott from S-L's direct and indirect parent corporations that none of them shall permit the business of S-L to be sold unless the obligations of S-L under the Memorandum, this Agreement, the Supply Agreement and any other agreements contemplated hereby or by any of such other agreements are assigned to and assumed by the buyer.

(j) S-L shall deliver a written commitment to Cott to share S-L initiated non-proprietary product improvements, such as improved barrier, design innovations, etc., as contemplated by Section 11.0 of Schedule A.

(k) S-L shall deliver resale (tax exemption) certificates relating to the sale of inventories for Texas, North Carolina and Florida.

7. FACILITY USE.

(a) LELAND, NORTH CAROLINA - Use of the Leland facility will be in accordance with Section 9.0 of Schedule A, and the terms and conditions of the lease of the Leland facility.

(b) SAN ANTONIO, TAMPA AND WILSON - Use of these facilities will be in accordance with Section 16.0 of Schedule A. In particular, BCB agrees to provide S-L with such reasonable access to these facilities as is required in order to carry out S-L's obligations under the Supply Agreement and S-L shall not do anything or refrain from taking any action that would cause BCB to be in breach of the terms of the leases of either the Wilson or Tampa facility, or the acknowledgements/consents delivered by the landlords of such facilities in connection with the use by S-L thereof. In addition, S-L shall:

(i) obtain Cott's written approval prior to making any changes to the configuration of any of the equipment or the portion of any of the facilities that is occupied by S-L that would affect the filling operations conducted in such facilities by Cott; and

(ii) provide reasonable advance written notice to Cott's plant manager that representatives of any customers of S-L will be attending at any of such facilities at the request or invitation of S-L and S-L agrees not to disclose any information to any of its customers that would reasonably be considered confidential or proprietary to Cott.

8. OPTION TO PURCHASE.

In the event of the early termination or expiration of the Supply Agreement, BCB has the option to purchase the assets in accordance with Section 2.1.8 of Schedule A. Such option shall be exercisable by BCB by delivery of a written notice to S-L:

(a) not later than seven (7) days following the end of the Term; or

(b) if this Agreement is terminated prior to the end of the Term, not later than sixty (60) days following the date of termination.

If BCB elects not to purchase some or all of the assets, BCB agrees to provide S-L a reasonable period of time to remove and relocate the assets.

9. HIRING OF EMPLOYEES.

(a) S-L agrees to use its best efforts to hire certain of BCB's employees as set forth in Section 2.1.9 of Schedule A, all subject to the other relevant terms and conditions of Schedule A.

(b) BCB agrees to provide S-L will all relevant files and data regarding such employees and agrees to fully cooperate with S-L to the extent S-L must indemnify, defend and save harmless BCB pursuant to the last paragraph of Section 2.1.9 of Schedule A.

10. BULK SALES LAW.

In connection with the transactions contemplated hereby, S-L waives compliance with the provisions of any applicable bulk sales law provided that BCB and CC agree to indemnify , defend and save harmless S-L from any liability incurred as a result of the failure to so comply.

11. SALES AND USE TAX.

All sales (including, without limitation, bulk sales) use, value added, documentary, stamp, gross receipts, registrations, transfer, conveyance, excise, recording, and other similar taxes and fees arising out of or in connection with or attributable to the transactions effected pursuant to this Agreement shall be borne by S-L.

12. MISCELLANEOUS.

(a) This Agreement made between S-L and Cott shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto, but, other than in connection with a sale of the business of any of such parties to any person other than a competitor of the other party, neither Cott nor S-L shall assign any right or interest in this Agreement or delegate any obligation under this Agreement without prior written consent of the other party, which consent may be arbitrarily or unreasonably withheld by such party in its sole and unfettered discretion. Any attempted assignment or delegation, other than in connection with a sale of the business of any of any of such parties to any person other than a competitor of the other party, without permission shall be wholly void and ineffective for all purposes.

(b) This Agreement, including the Memorandum, Schedule A, and the Supply Agreement of even date herewith represent the entire Agreement among S-L, BCB and CC. The terms and conditions of this Agreement, including the Memorandum, Schedule A, and the Supply Agreement of even date herewith, supersede and are in lieu of any and all other prior agreements and understandings or representations between the parties. If there is any express conflict between the terms of this Agreement and the terms of the Memorandum or Schedule A, the terms of this Agreement shall govern. Notwithstanding the foregoing, any confidentiality agreements previously entered into between the parties shall survive in accordance with their respective terms.

(c) No changes in or additions to this Agreement shall be made or be binding on any party unless made in writing and signed by each party to this Agreement.

(d) The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions of this Agreement, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

(e) Captions are utilized herein only as a matter of convenience and reference, and in no way define, limit or describe the scope of this Agreement or the intent of any provision thereof.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflicts of laws provisions. Each of the parties hereby attorns to the non-exclusive jurisdiction of the courts of the State of Michigan.

(g) Each of the parties hereto will pay and discharge its own expenses and fees in connection with the negotiations of and entry into this Agreement and the consummation of the transactions contemplated hereby.

(h) All notices, request, demands, consents and communications necessary or required under this Agreement shall be made in the manner specified in Section 18.1 of the Supply Agreement.

(i) This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

(j) Unless otherwise expressly indicated, all dollar amounts in this Agreement refer to lawful currency of the United States.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SCHMALBACH-LUBECA PLASTIC CONTAINERS USA, INC.

By: /S/ James M. McElyea

Name: James M. McElyea
Title: VP, General Counsel and Secretary

BCB USA CORP.

By: /S/ Mark Halperin

Name: Mark Halperin
Title: SVP and Secretary

COTT CORPORATION

By: /S/ Mark Halperin

Name: Mark Halperin
Title: SVP, General Counsel and Secretary

SCHEDULE 3(b)

PREFORM PRICE

Made with Cott Resin @ $ O [CONFIDENTIAL TREATMENT REQUESTED]

3L	O	[CONFIDENTIAL TREATMENT REQUESTED]
2L	O	[CONFIDENTIAL TREATMENT REQUESTED]
2L	O	[CONFIDENTIAL TREATMENT REQUESTED]
1L	O	[CONFIDENTIAL TREATMENT REQUESTED]

Made with S-L Resin

All sizes		$	O	[CONFIDENTIAL TREATMENT REQUESTED]
Any S-L Resin	=		O	[CONFIDENTIAL TREATMENT REQUESTED]
Any Cott Resin	=	$	O	[CONFIDENTIAL TREATMENT REQUESTED]
Regrind/Reclaim	=	$	O	[CONFIDENTIAL TREATMENT REQUESTED]
Encon Preforms	=		O	[CONFIDENTIAL TREATMENT REQUESTED]

Reusable Packaging $ O [CONFIDENTIAL TREATMENT REQUESTED]

GAYLORDS AND LIDS subject to adjustment for quantity and condition TIER SHEETS evaluated jointly
WOOD PALLETS
TOP FRAMES

EXHIBIT "C"

Asset Sale from Cott Beverages USA to Schmalbach-Lubeca

LOCATION	DESCRIPTION	ORIGINAL COST	ACCUM. DEPREC. MAR-00	NET BOOK VALUE
Leland, NC	Injection Molding Assets	7,503,095.05	1,256,417.21	6,246,677.84
Leland, NC	Leasehold improvements	187,910.54	75,823.55	112,086.99
Leland, NC	Furniture	47,508.36	25,653.59	19,854.77
San Antonio TX	Blow Molding Assets	2,855,544.70	237,987.77	2,617,556.93
Tampa, FL	Blow Molding Assets	3,518,529.56	482,244.27	3,036,285.29
Wilson, NC	Blow Molding Assets	2,688,664.79	430,397.85	2,258,266.94
TOTAL		16,799,253.00	2,508,524.24	14,290,728.76

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 30 2000
PERIOD START	JAN 02 2000 [1]
PERIOD END	APR 01 2000 [1]
CASH	1,300
SECURITIES	0
RECEIVABLES	98,400
ALLOWANCES	8,800
INVENTORY	71,200
CURRENT ASSETS	178,600
PP&E	469,700
DEPRECIATION	203,700
TOTAL ASSETS	592,900
CURRENT LIABILITIES	121,700
BONDS	318,500
PREFERRED MANDATORY	0
PREFERRED	40,000
COMMON	189,000
OTHER SE	(86,600)
TOTAL LIABILITY AND EQUITY	592,900
SALES	213,800
TOTAL REVENUES	213,800
CGS	178,900
TOTAL COSTS	178,900
OTHER EXPENSES	(100)
LOSS PROVISION	0
INTEREST EXPENSE	8,100
INCOME PRETAX	3,500
INCOME TAX	1,500
INCOME CONTINUING	2,000
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	2,000
EPS BASIC	0.03
EPS DILUTED	0.03

[1] Prior years are different.

End of Filing