BANK OF MONTREAL /CAN/
Form 424B2
April 01, 2013

The information in this preliminary pricing supplement is not complete and may be changed. This preliminary pricing supplement is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

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Subject to Completion, dated March 28, 2013

Pricing Supplement to the Prospectus dated June 22, 2011, the Prospectus Supplement dated June 22, 2011 and the Product Supplement dated June 23, 2011

US$

Senior Medium-Term Notes, Series B
Contingent Risk Absolute Return Notes due April 30, 2015
Linked to the iShares® Russell 2000 Index Fund

- The notes are designed for investors who seek a fixed positive return equal to the Digital Return of 21.00% if there is any appreciation in the share price of the iShares® Russell 2000 Index Fund (the "Underlying Asset"). In addition, if a Barrier Event (as defined below) does not occur, and if the Final Level of the Underlying Asset is less than its Initial Level, you will receive a positive return on your notes equal to the percentage by which that price declines.
- If a Barrier Event occurs, and the Final Level is less than the Initial Level, investors will lose 1% of their principal amount for each 1% decrease in the price of the Underlying Asset from the Pricing Date to the valuation date.
- A "Barrier Event" will occur if the closing price of the Underlying Asset on any trading day from the Pricing Date to the valuation date is less than 85% of its price on the Pricing Date.
- An investor in the notes may lose all or a portion of their principal amount at maturity.
- The notes will not bear interest.
- Any payment at maturity is subject to the credit risk of Bank of Montreal.
- The offering is expected to price on or about April 25, 2013, and the notes are expected to settle on or about April 30, 2013.
- The notes are scheduled to mature on or about April 30, 2015.
- The notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000.
- The CUSIP number of the notes is 06366RNH4.
- Our subsidiary, BMO Capital Markets Corp. ("BMOCM"), is the agent for this offering. See "Supplemental Plan of Distribution (Conflicts of Interest)" below.

Investing in the notes involves risks, including those described in the "Selected Risk Considerations" section beginning on page P-4 of this pricing supplement, "Additional Risk Factors Relating to the Notes" section beginning on page PS-5 of the product supplement, and "Risk Factors" section beginning on page S-3 of the prospectus supplement and on page 7 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the accuracy of this pricing supplement, the product supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.
The notes will be our unsecured obligations and will not be savings accounts or deposits that are insured by the United States Federal Deposit Insurance Corporation, the Bank Insurance Fund, the Canada Deposit Insurance Corporation or any other governmental agency or instrumentality or other entity. We expect to deliver the notes through the facilities of The Depository Trust Company on or about April 30, 2013.

	Price to Public(1)	Agent's Commission(1)	Proceeds to Bank of Montreal
Per Note	US$1,000	US$	US$
Total	US$	US$	US$

(1) In addition to the agent's commission, the price to public specified above is expected to include the profit that we would recognize earned by hedging our exposure under the notes. The actual agent's commission will be set forth in the final pricing supplement.

BMO CAPITAL MARKETS

Key Terms of the Notes:

Underlying Asset:	iShares® Russell 2000 Index Fund (Bloomberg symbol: IWM). See the section below entitled "The Underlying Asset" for additional information about the Underlying Asset.
Payment at Maturity:	If the Percentage Change is positive, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal: Principal Amount + (Principal Amount × Digital Return) If the Percentage Change is less than or equal to zero, and a Barrier Event has not occurred, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal: Principal Amount + (-1 × Principal Amount × Percentage Change) In this case, subject to our credit risk, investors will receive a positive return on the notes, even though the price of the Underlying Asset has declined since the Pricing Date. If the Percentage Change is less than or equal to zero, and a Barrier Event has occurred, then the amount that the investors will receive at maturity for each $1,000 in principal amount of the notes will equal: Principal Amount + (Principal Amount × Percentage Change) In this case, investors will lose all or a portion of the principal amount of the notes.
Digital Return:	21.00%
Initial Level:	The closing price of the Underlying Asset on the Pricing Date. The Initial Level will be set forth in the final pricing supplement for the notes.
Final Level:	The closing price of the Underlying Asset on the valuation date.
Percentage Change:	$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$, expressed as a percentage
Barrier Level:	85% of the Initial Level
Barrier Event:	A Barrier Event will be deemed to occur if the closing price of the Underlying Asset on any trading day during the Monitoring Period

	is less than the Barrier Level.
Pricing Date:	On or about April 25, 2013.
Settlement Date:	On or about April 30, 2013, as determined on the Pricing Date.
Valuation Date:	On or about April 27, 2015, as determined on the Pricing Date.
Maturity Date:	On or about April 30, 2015, as determined on the Pricing Date, resulting in a term to maturity of approximately two years.
Monitoring Period:	Each trading day from the Pricing Date to, and including, the valuation date, excluding any trading day on which a market disruption event has occurred or is continuing.
Monitoring Method:	Close of trading day
CUSIP Number:	06366RNH4
Calculation Agent:	BMO Capital Markets Corp.
Selling Agent:	BMO Capital Markets Corp.

The Pricing Date, Settlement Date, Valuation Date and Maturity Date for the notes are subject to change, and will be set forth in the final pricing supplement.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless our agent or we inform you otherwise in the confirmation of sale, this pricing supplement is being used in a market-making transaction.

Additional Terms of the Notes

You should read this pricing supplement together with the product supplement dated June 23, 2011, the prospectus supplement dated June 22, 2011 and the prospectus dated June 22, 2011. This pricing supplement, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours or the agent. You should carefully consider, among other things, the matters set forth in "Additional Risk Factors Relating to the Notes" in the product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Product supplement dated June 23, 2011: http://www.sec.gov/Archives/edgar/data/927971/000121465911002118/f622112424b5.htm

- Prospectus supplement dated June 22, 2011: http://www.sec.gov/Archives/edgar/data/927971/000095012311060741/o71090b5e424b5.htm

- Prospectus dated June 22, 2011: http://www.sec.gov/Archives/edgar/data/927971/000095012311060730/o71090b2e424b2.htm

Our Central Index Key, or CIK, on the SEC website is 927971. As used in this pricing supplement, the "Company," "we," "us" or "our" refers to Bank of Montreal.

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the Underlying Asset. These risks are explained in more detail in the "Additional Risk Factors Relating to the Notes" section of the product supplement.

- Your investment in the notes may result in a loss. — You may lose some or substantially all of your investment in the notes. The payment at maturity will be based on the Final Level, and whether a Barrier Event occurs. If the closing price of the Underlying Asset is less than the Barrier Level during the Monitoring Period, a Barrier Event will have occurred, and the protection provided by the Barrier Level will terminate. Under these circumstances, you could lose some or all of the principal amount of your notes.

- Your return on the notes is limited to the Digital Return, regardless of any appreciation in the share price of the Underlying Asset. — The return on your notes will not be greater than the Digital Return. This will be the case even if the Percentage Change exceeds the Digital Return.

- The protection provided by the Barrier Level may terminate on any day during the Monitoring Period.— If the closing price of the Underlying Asset on any trading day during the Monitoring Period is less than the Barrier Level, you will be fully exposed at maturity to any decrease in the price of the Underlying Asset. Under these circumstances, if the Percentage Change on the valuation date is less than zero, you will lose 1% (or a fraction thereof) of the principal amount of your investment for every 1% (or a fraction thereof) that the Percentage Change is less than the Initial Level. You will be subject to this potential loss of principal even if, after the Barrier Event, the price of the Underlying Asset increases above the Barrier Level.

- Your investment is subject to the credit risk of Bank of Montreal. — Our credit ratings and credit spreads may adversely affect the market value of the notes. Investors are dependent on our ability to pay the amount due at maturity, and therefore investors are subject to our credit risk and to changes in the market's view of our creditworthiness. Any decline in our credit ratings or increase in the credit spreads charged by the market for taking our credit risk is likely to adversely affect the value of the notes.

- Potential conflicts. — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. We or one or more of our affiliates may also engage in trading of shares of the Underlying Asset or securities included in the Underlying Asset on a regular basis as part of our general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for our customers. Any of these activities could adversely affect the price of the Underlying Asset and, therefore, the market value of the notes. We or one or more of our affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. By introducing competing products into the marketplace in this manner, we or one or more of our affiliates could adversely affect the market value of the notes.

- The inclusion of the agent's commission and hedging profits, if any, in the initial price to public of the notes, as well as our hedging costs, is likely to adversely affect the price at which you can sell your notes. — Assuming no change in market conditions or any other relevant factors, the price, if any, at which BMOCM or any other party may be willing to purchase the notes in secondary market transactions may be lower than the initial price to public. The initial price to public will include, and any price quoted to you is likely to exclude, the agent's commission paid in connection with the initial distribution. The initial price to public is also expected to include, and any price quoted to you would be likely to exclude, the hedging profits that we expect to earn with respect to hedging our exposure under the notes. In addition, any such price is also likely to reflect a discount to account for costs associated with

establishing or unwinding any related hedge transaction, such as dealer discounts, mark-ups and other transaction costs.

- Owning the notes is not the same as owning the share of Underlying Asset or a security directly linked to the Underlying Asset. — The return on your notes will not reflect the return you would realize if you actually owned the Underlying Asset or a security directly linked to the performance of the Underlying Asset and held that investment for a similar period. Your notes may trade quite differently from the Underlying Asset. Changes in the price of the Underlying Asset may not result in comparable changes in the market value of your notes. Even if the price of the Underlying Asset increases during the term of the notes, the market value of the notes prior to maturity may not increase to the same extent. It is also possible for the market value of the notes to decrease while the price of the Underlying Asset increases. In addition, any dividends or other distributions paid on the Underlying Asset will not be reflected in the amount payable on the notes.

- You will not have any shareholder rights and will have no right to receive any shares of the Underlying Asset at maturity. — Investing in your notes will not make you a holder of any shares of the Underlying Asset, or any securities held by the Underlying Asset. Neither you nor any other holder or owner of the notes will have any voting rights, any right to receive dividends or other distributions, or any other rights with respect to the Underlying Asset or such other securities.

- Changes that affect the Russell 2000® Index will affect the market value of the notes and the amount you will receive at maturity. — The policies of Russell Investments ("Russell"), the sponsor of the Russell 2000® Index (the "Underlying Index"), concerning the calculation of the Underlying Index, additions, deletions or substitutions of the components of the Underlying Index and the manner in which changes affecting those components, such as stock dividends, reorganizations or mergers, may be reflected in the Underlying Index and, therefore, could affect the share price of the Underlying Asset, the amount payable on the notes at maturity, and the market value of the notes prior to maturity. The amount payable on the notes and their market value could also be affected if Russell changes these policies, for example, by changing the manner in which it calculates the Underlying Index, or if Russell discontinues or suspends the calculation or publication of the Underlying Index.

- An investment in the securities is subject to risks associated in investing in stocks with a small market capitalization — The Underlying Index consists of stocks issued by companies with relatively small market capitalizations. These companies often have greater stock price volatility, lower trading volume and less liquidity than large-capitalization companies. As a result, the share price of the Underlying Asset may be more volatile than that of a market measure that does not track solely small-capitalization stocks. Stock prices of small-capitalization companies are also generally more vulnerable than those of large-capitalization companies to adverse business and economic developments, and the stocks of small-capitalization companies may be thinly traded, and be less attractive to many investors if they do not pay dividends. In addition, small capitalization companies are typically less well-established and less stable financially than large-capitalization companies and may depend on a small number of key personnel, making them more vulnerable to loss of those individuals. Small capitalization companies tend to have lower revenues, less diverse product lines, smaller shares of their target markets, fewer financial resources and fewer competitive strengths than large-capitalization companies. These companies may also be more susceptible to adverse developments related to their products or services.

- We have no affiliation with Russell and will not be responsible for any actions taken by Russell. — Russell is not an affiliate of ours and will not be involved in the offering of the notes in any way. Consequently, we have no control over the actions of Russell, including any actions of the type that would require the calculation agent to adjust the payment to you at maturity. Russell has no obligation of any sort with respect to the notes. Thus, Russell has no obligation to take your interests into consideration for any reason, including in taking any actions that might affect the value of the notes. None of our proceeds from the issuance of the notes will be delivered to Russell.

- Adjustments to the Underlying Asset could adversely affect the notes. — BlackRock, Inc. (collectively with its affiliates, "BlackRock"), in its role as the sponsor and advisor of the Underlying Asset, is responsible for calculating and maintaining the Underlying Asset. BlackRock can add, delete or substitute the stocks comprising the Underlying Asset or make other methodological changes that could change the share price of the Underlying Asset at any time. If one or more of these events occurs, the calculation of the amount payable at maturity may be adjusted to reflect such event or events. Consequently, any of these actions could adversely affect the amount payable at maturity and/or the market value of the notes.

- We and our affiliates do not have any affiliation with the investment advisor of the Underlying Asset and are not responsible for its public disclosure of information. —We and our affiliates are not affiliated with BlackRock in any way and have no ability to control or predict its actions, including any errors in or discontinuance of disclosure regarding their methods or policies relating to the Underlying Asset. BlackRock is not involved in the offering of

the notes in any way and has no obligation to consider your interests as an owner of the notes in taking any actions relating to the Underlying Asset that might affect the value of the notes. Neither we nor any of our affiliates has independently verified the adequacy or accuracy of the information about BlackRock or the Underlying Asset contained in any public disclosure of information. You, as an investor in the notes, should make your own investigation into the Underlying Asset.

- The correlation between the performance of the Underlying Asset and the performance of the Underlying Index may be imperfect. — The performance of the Underlying Asset is linked principally to the performance of the Underlying Index. However, because of the potential discrepancies identified in more detail in the product supplement, the return on the Underlying Asset may correlate imperfectly with the return on the Underlying Index.

- The Underlying Asset is subject to management risks. — The Underlying Asset is subject to management risk, which is the risk that the investment advisor's investment strategy, the implementation of which is subject to a number of constraints, may not produce the intended results. For example, the investment advisor may invest a portion of the Underlying Asset's assets in securities not included in the relevant industry or sector but which the investment advisor believes will help the Underlying Asset track the relevant industry or sector.

- Lack of liquidity. — The notes will not be listed on any securities exchange. BMOCM may offer to purchase the notes in the secondary market, but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which BMOCM is willing to buy the notes.

- Hedging and trading activities. — We or any of our affiliates may carry out hedging activities related to the notes, including purchasing or selling securities included in the Underlying Asset, or futures or options relating to the Underlying Asset, or other derivative instruments with returns linked or related to changes in the performance of the Underlying Asset. We or our affiliates may also engage in trading of shares of the Underlying Asset or securities included in the Underlying Index from time to time. Any of these hedging or trading activities on or prior to the Pricing Date and during the term of the notes could adversely affect our payment to you at maturity.

- Many economic and market factors will influence the value of the notes. — In addition to the price of the Underlying Asset and interest rates on any trading day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, and which are described in more detail in the product supplement.

- You must rely on your own evaluation of the merits of an investment linked to the Underlying Asset. — In the ordinary course of their businesses, our affiliates from time to time may express views on expected movements in the price of the Underlying Asset or the securities held by the Underlying Asset. One or more of our affiliates have published, and in the future may publish, research reports that express views on Underlying Asset or these securities. However, these views are subject to change from time to time. Moreover, other professionals who deal in the markets relating to the Underlying Asset at any time may have significantly different views from those of our affiliates. You are encouraged to derive information concerning the Underlying Asset from multiple sources, and you should not rely on the views expressed by our affiliates.

Neither the offering of the notes nor any views which our affiliates from time to time may express in the ordinary course of their businesses constitutes a recommendation as to the merits of an investment in the notes.

- Significant aspects of the tax treatment of the notes are uncertain. The tax treatment of the notes is uncertain. We do not plan to request a ruling from the Internal Revenue Service or from any Canadian authorities regarding the tax treatment of the notes, and the Internal Revenue Service or a court may not agree with the tax treatment described in this pricing supplement.

The Internal Revenue Service has issued a notice indicating that it and the Treasury Department are actively considering whether, among other issues, a holder should be required to accrue interest over the term of an instrument such as the notes even though that holder will not receive any payments with respect to the notes until maturity and whether all or part of the gain a holder may recognize upon sale or maturity of an instrument such as the notes could be treated as ordinary income. The outcome of this process is uncertain and could apply on a retroactive basis.

Please read carefully the section entitled “U.S. Federal Tax Information” in this pricing supplement, the section entitled “Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations” in the accompanying product supplement, the section “United States Federal Income Taxation” in the accompanying prospectus and the section entitled “Certain Income Tax Consequences” in the accompanying prospectus supplement. You should consult your tax advisor about your own tax situation.

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Hypothetical Return on the Notes at Maturity

The following table and examples illustrate the hypothetical return at maturity on a $1,000 investment in the notes. The “return,” as used in this section is the number, expressed as a percentage, which results from comparing the payment at maturity per $1,000 in principal amount of the notes to $1,000. The hypothetical total returns set forth below are based on a hypothetical Initial Level of $100, a hypothetical Barrier Level of $85.00 (85% of the hypothetical Initial Level), and the Digital Return of 21.00%. The hypothetical returns set forth below are for illustrative purposes only and may not be the actual returns applicable to investors in the notes. The numbers appearing in the following table and in the examples below have been rounded for ease of analysis.

		If a Barrier Event has Not Occurred		If a Barrier Event has Occurred	
Hypothetical Final Level	Percentage Change	Return on the Notes	Payment at Maturity	Return on the Notes	Payment at Maturity
$10.00	-90.00%	N/A	N/A	-90.00%	$100.00
$20.00	-80.00%	N/A	N/A	-80.00%	$200.00
$30.00	-70.00%	N/A	N/A	-70.00%	$300.00
$40.00	-60.00%	N/A	N/A	-60.00%	$400.00
$50.00	-50.00%	N/A	N/A	-50.00%	$500.00
$60.00	-40.00%	N/A	N/A	-40.00%	$600.00
$70.00	-30.00%	N/A	N/A	-30.00%	$700.00
$75.00	-25.00%	N/A	N/A	-25.00%	$750.00
$80.00	-20.00%	N/A	N/A	-20.00%	$800.00
$85.00	-15.00%	15.00%	$1,150.00	-15.00%	$850.00
$90.00	-10.00%	10.00%	$1,100.00	-10.00%	$900.00
$95.00	-5.00%	5.00%	$1,050.00	-5.00%	$950.00
$100.00	0.00%	0.00%	$1,000.00	0.00%	$1,000.00
$110.00	10.00%	21.00%	$1,210.00	21.00%	$1,210.00
$115.00	15.00%	21.00%	$1,210.00	21.00%	$1,210.00
$120.00	20.00%	21.00%	$1,210.00	21.00%	$1,210.00
$130.00	30.00%	21.00%	$1,210.00	21.00%	$1,210.00
$140.00	40.00%	21.00%	$1,210.00	21.00%	$1,210.00
$150.00	50.00%	21.00%	$1,210.00	21.00%	$1,210.00

Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the returns set forth in the table above are calculated.

Example 1: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $60.00, representing a Percentage Change of -40%. Because the Percentage Change is negative and the hypothetical Final Level of $60.00 is less than the hypothetical Barrier Level, the investor receives a payment at maturity of $600.00 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + (Principal Amount x Percentage Change) = Payment at Maturity

$1,000 + ($1,000 x -40%) = $600

Example 2: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $90.00, representing a Percentage Change of -10%, and a Barrier Event has occurred

during the Monitoring Period. Because the hypothetical Final Level of $90.00 is less than the hypothetical Initial Level and a Barrier Event has occurred, the investor receives a payment at maturity of $900 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [Principal Amount x Percentage Change] = Payment at Maturity

$1,000 + [$1,000 × -10%] = $900

Example 3: The price of the Underlying Asset decreases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $90.00 representing a Percentage Change of -10%, but a Barrier Event has not occurred during the Monitoring Period. Because the hypothetical Final Level of $90.00 is less than the hypothetical Initial Level and a Barrier Event has not occurred, the investor receives a payment at maturity of $1,100 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [-1 x Principal Amount x Percentage Change] = Payment at Maturity

$1,000 + [-1 x $1,000 x -10%] = $1,100

In this case, you will receive a positive return on the notes, even though the price of the Underlying Asset has declined.

Example 4: The price of the Underlying Asset increases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $110.00, representing a Percentage Change of 10%. Because the hypothetical Final Level of $110.00 is greater than the hypothetical Initial Level, the investor receives a payment at maturity of $1,210 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [Principal Amount x Digital Return] = Payment at Maturity

$1,000 + [$1,000 x 21.00%] = $1,210

Example 5: The price of the Underlying Asset increases from the hypothetical Initial Level of $100.00 to a hypothetical Final Level of $130.00, representing a Percentage Change of 30%. Because the hypothetical Final Level of $130.00 is greater than the hypothetical Initial Level, the investor receives a payment at maturity of $1,210 per $1,000 in principal amount of the notes, calculated as follows:

Principal Amount + [Principal Amount x Digital Return] = Payment at Maturity

$1,000 + [$1,000 x 21.00%] = $1,210

In this case, you will receive a positive return of 21.00% on the notes, even though the price of the Underlying Asset has increased by 30%.

U.S. Federal Tax Information

By purchasing the notes, each holder agrees (in the absence of a change in law, an administrative determination or a judicial ruling to the contrary) to treat each note as a pre-paid cash-settled derivative contract for U.S. federal income tax purposes. However, the U.S. federal income tax consequences of your investment in the notes are uncertain and the Internal Revenue Service could assert that the notes should be taxed in a manner that is different from that described in the preceding sentence. Please see the discussion (including the opinion of our counsel Morrison & Foerster LLP) in the product supplement under "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations," which applies to the notes.

A "dividend equivalent" payment is treated as a dividend from sources within the U.S. and such payments generally would be subject to a 30% U.S. withholding tax if paid to a non-United States holder (as defined in the product supplement). Under recently proposed U.S. Treasury Department regulations, certain payments that are contingent upon or determined by reference to U.S. source dividends, including payments reflecting adjustments for extraordinary dividends, with respect to equity-linked instruments, including the notes, may be treated as dividend equivalents. If enacted in their current form, the regulations will impose a withholding tax on payments made on the notes on or after January 1, 2014 that are treated as dividend equivalents. In that case, we (or the applicable paying agent) would be entitled to withhold taxes without being required to pay any additional amounts with respect to amounts so withheld. Further, non-United States holders may be required to provide certifications prior to, or upon the sale, redemption or maturity of the notes in order to minimize or avoid U.S. withholding taxes.

The Treasury Department has issued final regulations affecting the legislation enacted on March 18, 2010 and discussed in the product supplement under "Supplemental Tax Considerations—Supplemental U.S. Federal Income Tax Considerations—Legislation Affecting Taxation of Notes Held By or Through Foreign Entities." Pursuant to the final regulations, withholding requirements with respect to the notes will generally begin no earlier than January 1, 2014. Additionally, the withholding tax will not be imposed on payments pursuant to obligations outstanding on January 1, 2014. Account holders subject to information reporting requirements pursuant to the legislation may include holders of the notes. Holders are urged to consult their own tax advisors regarding the implications of this legislation and subsequent guidance on their investment in the notes.

Supplemental Plan of Distribution (Conflicts of Interest)

BMOCM will purchase the notes from us at a purchase price reflecting the commission set forth on the cover page of this pricing supplement. BMOCM has informed us that, as part of its distribution of the notes, it will reoffer the notes to other dealers who will sell them. Each such dealer, or further engaged by a dealer to whom BMOCM reoffers the notes, will purchase the notes at an agreed discount to the initial price to public.

We own, directly or indirectly, all of the outstanding equity securities of BMOCM, the agent for this offering. In accordance with FINRA Rule 5121, BMOCM may not make sales in this offering to any of its discretionary accounts without the prior written approval of the customer.

We reserve the right to withdraw, cancel or modify the offering of the notes and to reject orders in whole or in part. You may cancel any order for the notes prior to its acceptance.

You should not construe the offering of the notes as a recommendation of the merits of acquiring an investment linked to the Underlying Asset or as to the suitability of an investment in the notes.

BMOCM may, but is not obligated to, make a market in the notes. BMOCM will determine any secondary market prices that it is prepared to offer in its sole discretion.

We may use this pricing supplement in the initial sale of the notes. In addition, BMOCM or another of our affiliates may use this pricing supplement in market-making transactions in any notes after their initial sale. Unless BMOCM, or we inform you otherwise in the confirmation of sale, this pricing supplement is being used by BMOCM in a market-making transaction.

The Underlying Asset

We have derived the following information from publicly available documents published by BlackRock. We have not independently verified the accuracy or completeness of the following information. We are not affiliated with the Underlying Asset and the Underlying Asset will have no obligations with respect to the notes. This pricing supplement relates only to the notes and does not relate to the shares of the Underlying Asset or securities in the Underlying Index. Neither we nor BMOCM participates in the preparation of the publicly available documents described below. Neither we nor BMOCM has made any due diligence inquiry with respect to the Underlying Asset in connection with the offering of the notes. There can be no assurance that all events occurring prior to the date of this pricing supplement, including events that would affect the accuracy or completeness of the publicly available documents described below, that would affect the trading price of the shares of the Underlying Asset have been or will be publicly disclosed. Subsequent disclosure of any events or the disclosure of or failure to disclose material future events concerning the Underlying Asset could affect the value of the shares of the Underlying Asset on the Valuation Date and therefore could affect the Payment at Maturity.

The selection of the Underlying Asset is not a recommendation to buy or sell the shares of the Underlying Asset. Neither we nor any of our affiliates make any representation to you as to the performance of the shares of the Underlying Asset. Information provided to or filed with the SEC under the Exchange Act 1934 and the Investment Company Act of 1940 relating to the Underlying Asset may be obtained through the SEC's website at http://www.sec.gov.

iShares consists of numerous separate investment portfolios (the "iShares Funds"), including the Underlying Asset. The Underlying Asset seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the Underlying Index. The Underlying Asset typically earns income dividends from securities included in the Underlying Index. These amounts, net of expenses and taxes (if applicable), are passed along to the Underlying Asset's shareholders as "ordinary income." In addition, the Underlying Asset realizes capital gains or losses whenever it sells securities. Net long-term capital gains are distributed to shareholders as "capital gain distributions." However, because your notes are linked only to the share price of the Underlying Asset, you will not be entitled to receive income, dividend, or capital gain distributions from the Underlying Asset or any equivalent payments.

"iShares®" and "BlackRock®" are registered trademarks of BlackRock®. The notes are not sponsored, endorsed, sold, or promoted by BlackRock, or by any of the iShares Funds. Neither BlackRock nor the iShares Funds make any representations or warranties to the owners of the notes or any member of the public regarding the advisability of investing in the notes. Neither BlackRock nor the iShares Funds shall have any obligation or liability in connection with the registration, operation, marketing, trading, or sale of the notes or in connection with our use of information about the Underlying Asset or any of the iShares Funds.

The shares of the Underlying Asset trade on the NYSE Arca, Inc. under the symbol "IWM".

The Underlying Index

We have derived all information contained in this pricing supplement regarding the Russell 2000® Index, including, without limitation, its make-up, method of calculation and changes in its components, from publicly available information. The information reflects the policies of, and is subject to change by, Russell. Russell, which owns the copyright and all other rights to the Underlying Index, has no obligation to continue to publish, and may discontinue publication of, the Underlying Index. None of us, the calculation agent, or any selling agent accepts any responsibility for the calculation, maintenance, or publication of the Underlying Index or any successor index.

Russell began dissemination of the Underlying Index on January 1, 1984 and calculates and publishes the Underlying Index. The Underlying Index was set to 135 as of the close of business on December 31, 1986. The Underlying Index is designed to track the performance of the small capitalization segment of the U.S. equity market. As a subset of the Russell 3000® Index, the Underlying Index consists of the smallest 2,000 companies included in the Russell 3000® Index. The Russell 3000® Index measures the performance of the largest 3,000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The Underlying Index is determined, comprised, and calculated by Russell without regard to the notes.

Selection of Stocks Comprising the Underlying Index

All companies eligible for inclusion in the Underlying Index must be classified as a U.S. company under Russell's country-assignment methodology. If a company is incorporated, has a stated headquarters location, and trades in the same country (American Depositary Receipts and American Depositary Shares are not eligible), then the company is assigned to its country of incorporation. If any of the three factors are not the same, Russell defines three Home Country Indicators ("HCIs"): country of incorporation, country of headquarters, and country of the most liquid exchange (as defined by a two-year average daily dollar trading volume) ("ADDTV"). Using the HCIs, Russell compares the primary location of the company's assets with the three HCIs. If the primary location of its assets matches any of the HCIs, then the company is assigned to the primary location of its assets. If there is insufficient information to determine the country in which the company's assets are primarily located, Russell will use the primary country from which the company's revenues are primarily derived for the comparison with the three HCIs in a similar manner. Russell uses the average of two years of assets or revenues data to reduce potential turnover. If conclusive country details cannot be derived from assets or revenues data, Russell will assign the company to the country of its headquarters, which is defined as the address of the company's principal executive offices, unless that country is a Benefit Driven Incorporation "BDI" country, in which case the company will be assigned to the country of its most liquid stock exchange. BDI countries include: Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Bonaire, British Virgin Islands, Cayman Islands, Channel Islands, Cook Islands, Curacao, Faroe Islands, Gibraltar, Isle of Man, Liberia, Marshall Islands, Panama, Saba, Sint Eustatius, Sint Maarten, and Turks and Caicos Islands. For any companies incorporated or headquartered in a U.S. territory, including countries such as Puerto Rico, Guam, and U.S. Virgin Islands, a U.S. HCI is assigned.

All securities eligible for inclusion in the Underlying Index must trade on a major U.S. exchange. Bulletin board, pink-sheets, and over-the-counter ("OTC") traded securities are not eligible for inclusion. Stocks must trade at or above $1.00 on their primary exchange on the last trading day in May to be eligible for inclusion during annual reconstitution. However, in order to reduce unnecessary turnover, if an existing member's closing price is less than $1.00 on the last day of May, it will be considered eligible if the average of the daily closing prices (from its primary exchange) during the month of May is equal to or greater than $1.00. Initial public offerings must have a closing price at or above $1.00 on the last day of their eligibility period in order to qualify for index inclusion. If a stock, new or existing, does not have a closing price at or above $1.00 (on its primary exchange) on the last trading day in May, but does have a closing price at or above $1.00 on another major U.S. exchange, that stock will be eligible for inclusion. Companies with a total market capitalization of less than $30 million are not eligible for the Underlying Index. Similarly, companies with only 5% or less of their shares available in the marketplace are not eligible for the Underlying Index.

Royalty trusts, limited liability companies, closed-end investment companies (business development companies are eligible), blank check companies, special-purpose acquisition companies, and limited partnerships are ineligible for inclusion. Preferred and convertible preferred stock, redeemable shares, participating preferred stock, warrants, rights, and trust receipts are not eligible for inclusion in the Underlying Index.

Annual reconstitution is a process by which the Underlying Index is completely rebuilt. On the last trading day of May, all eligible securities are ranked by their total market capitalization. The largest 4,000 become the Russell 3000E Index, and the other Russell indexes are determined from that set of securities. Reconstitution of the Underlying Index occurs on the last Friday in June or, when the last Friday in June is the 28th, 29th, or 30th, reconstitution occurs on the prior Friday. In addition, Russell adds initial public offerings to the Underlying Index on a quarterly basis based on market capitalization guidelines established during the most recent reconstitution.

After membership is determined, a security's shares are adjusted to include only those shares available to the public. This is often referred to as "free float." The purpose of the adjustment is to exclude from market calculations the

capitalization that is not available for purchase and is not part of the investable opportunity set.

Historical Information of the Underlying Asset

The following table sets forth the quarter-end high and low closing prices of the Underlying Asset from the first quarter of 2010 through March 25, 2013.

The historical prices of the Underlying Asset are provided for informational purposes only. You should not take the historical prices of the Underlying Asset as an indication of its future performance, which may be better or worse than the prices set forth below.

Closing Prices of the Underlying Asset

		High	Low
2010	First Quarter	69.25	58.68
	Second Quarter	74.14	61.08
	Third Quarter	67.67	59.04
	Fourth Quarter	79.22	66.94
2011	First Quarter	84.17	77.18
	Second Quarter	86.37	77.77
	Third Quarter	85.65	64.25
	Fourth Quarter	76.45	60.97
2012	First Quarter	84.41	74.56
	Second Quarter	83.79	73.64
	Third Quarter	86.40	76.68
	Fourth Quarter	84.69	76.88
2013	First Quarter (through March 25, 2013)	94.95	86.65

IGN="bottom" ALIGN="right">8.98 $6.92

Second Quarter

$8.55 $7.55 $8.89 $5.94

Third Quarter

$8.15 $6.96 $8.60 $5.66

Fourth Quarter

$7.68 $6.21 $9.00 $7.46

New York Stock Exchange (U.S.$)

	2011		2010	
	High	**Low**	**High**	**Low**
First Quarter	$ 9.08	$ 7.68	$ 8.65	$ 6.72
Second Quarter	$ 9.05	$ 7.72	$ 8.88	$ 5.58
Third Quarter	$ 8.60	$ 6.66	$ 8.42	$ 5.41
Fourth Quarter	$ 7.57	$ 5.94	$ 9.08	$ 7.35

As of February 21, 2012, we had 1,091 shareowners of record. This number was determined from records maintained by our transfer agent and it does not include beneficial owners of securities whose securities are held in the names of various dealers or clearing agencies. The closing sale price of our common shares on February 21, 2012 was C$6.58 on the TSX and $6.58 on the NYSE.

We have not paid cash dividends since June 1998, and do not intend to change that practice at this time. There are certain restrictions on the payment of dividends under our ABL facility and under the indentures governing the 2017 Notes and 2018 Notes. The ABL facility and the indentures governing the 2017 Notes and 2018 Notes are discussed in Management s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 29.

If we pay dividends to shareowners who are non-residents of Canada, those dividends will generally be subject to Canadian withholding tax. Under current Canadian tax law, dividends paid by a Canadian corporation to a nonresident shareowner are generally subject to Canadian withholding tax at a 25% rate. Under the current tax treaty between Canada and the United States, U.S. residents who are entitled to treaty benefits are generally eligible for a reduction in this withholding tax rate to 15% (and to 5% for a shareowner that is a corporation and is the beneficial owner of at least 10% of our voting stock). Accordingly, under current tax law, our U.S. resident shareowners who are entitled to treaty benefits will generally be subject to a Canadian withholding tax at a 15% rate on dividends paid by us, provided that they have complied with applicable procedural requirements to claim the benefit of the reduced rate under the tax treaty. The fifth protocol to the tax treaty between Canada and the U.S. places additional restrictions on the ability of U.S. residents to claim these reduced rate benefits. U.S. residents generally will be entitled on their U.S. federal income tax returns to claim a foreign tax credit, or a deduction, for Canadian withholding tax that applies to them, subject to certain applicable limitations. U.S. investors should consult their tax advisors with respect to the tax consequences and requirements applicable to them, based on their individual circumstances.

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For information on securities authorized for issuance under our equity compensation plans, see Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Shareowner Matters.

During 2009, 2010 and 2011, no equity securities of the Company were sold by the Company that were not registered under the Securities Act of 1933, as amended.

Calculation of aggregate market value of non-affiliate shares

For purposes of calculating the aggregate market value of common shares held by non-affiliates as shown on the cover page of this report, it was assumed that all of the outstanding shares were held by non-affiliates except for outstanding shares held or controlled by our directors and executive officers. This should not be deemed to constitute an admission that any of these persons are, in fact, affiliates of us, or that there are not other persons who may be deemed to be affiliates. For further information concerning shareholdings of officers, directors and principal stockholders see Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Shareowner Matters.

Shareowner return performance graph

The following graph shows changes over our past five fiscal years in the value of C$100, assuming reinvestment of dividends, invested in: (i) our common shares; (ii) the Toronto Stock Exchange s S&P/TSX Composite Index; and (iii) a peer group of publicly-traded companies in the bottling industry comprised of Coca-Cola Enterprises Inc., Coca-Cola Bottling Co. Consolidated, National Beverage Corp., Pepsi Bottling Group Inc. and PepsiAmericas Inc. The closing price of Cott s common shares as of December 31, 2011 on the TSX was C$6.40 and on the NYSE was $6.26. The following table is in Canadian dollars.

COMPARISON OF CUMULATIVE TOTAL RETURN

Company/Market/Peer Group	12/30/2006	12/29/2007	12/27/2008	1/2/2010	1/1/2011	12/31/2011
Cott Corporation	$ 100.00	$ 39.51	$ 8.80	$ 51.93	$ 53.72	$ 38.16
S&P/TSX Composite	$ 100.00	$ 109.75	$ 67.93	$ 99.37	$ 116.88	$ 106.70
Peer Group	$ 100.00	$ 106.43	$ 92.40	$ 95.54	$ 100.30	$ 110.69

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ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data reflects the results of operations. This information should be read in conjunction with, and is qualified by reference to Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and notes thereto included elsewhere in this report. The financial information presented may not be indicative of future performance.

(in millions of U.S. dollars, except per share amounts)	December 31, 2011 (52 weeks)	January 1, 2011 [1] (52 weeks)	January 2, 2010 (53 weeks)	December 27, 2008 (52 weeks)	December 29, 2007 [2] (52 weeks)
Revenue, net	**$ 2,334.6**	$ 1,803.3	$ 1,596.7	$ 1,648.1	$ 1,776.4
Cost of sales	**2,058.0**	1,537.0	1,346.9	1,467.1	1,578.0
Gross profit	**276.6**	266.3	249.8	181.0	198.4
Selling, general and administrative expenses	**172.7**	166.7	146.8	179.8	161.9
Loss on disposal of property, plant & equipment	**1.2**	1.1	0.5	1.3	0.2
Restructuring, goodwill and asset impairments:					
Restructuring		(0.5)	1.5	6.7	24.3
Goodwill impairments				69.2	55.8
Asset impairments	**0.6**		3.6	37.0	10.7
Intangible asset impairments	**1.4**				
Operating income (loss)	**100.7**	99.0	97.4	(113.0)	(54.5)
Contingent consideration earn-out adjustment	**0.9**	(20.3)			
Other expense (income), net	**2.2**	4.0	4.4	(4.7)	(4.7)
Interest expense, net	**57.1**	36.9	29.7	32.3	32.8
Income (loss) before income taxes	**40.5**	78.4	63.3	(140.6)	(82.6)
Income tax (benefit) expense	**(0.7)**	18.6	(22.8)	(19.5)	(13.9)
Net income (loss)	**$ 41.2**	$ 59.8	$ 86.1	$ (121.1)	$ (68.7)
Less: Net income attributable to non-controlling interests	**3.6**	5.1	4.6	1.7	2.7
Net income (loss) attributed to Cott Corporation	**$ 37.6**	$ 54.7	$ 81.5	$ (122.8)	$ (71.4)
Net income (loss) per common share attributed to Cott Corporation				-	
Basic	**$ 0.40**	$ 0.64	$ 1.10	$ (1.73)	$ (0.99)
Diluted	**$ 0.40**	$ 0.63	$ 1.08	$ (1.73)	$ (0.99)
Financial Condition					
Total assets	**$ 1,508.9**	$ 1,529.2	$ 873.8	$ 873.1	$ 1,144.4
Short-term borrowings		7.9	20.2	107.5	137.0
Current maturities of long-term debt	**3.4**	6.0	17.6	7.6	2.4
Long-term debt	**602.1**	605.5	233.2	294.4	269.0
Equity	**568.2**	535.2	401.3	246.5	451.8
Cash dividends paid					

[1] In 2010, we completed the acquisition of substantially all of the assets and liabilities of Cliffstar Corporation and its affiliated companies for approximately $503.0 million in cash, $14.0 million in deferred consideration to be paid over three years and contingent consideration of up to $55.0 million. The first $15.0 million of the contingent consideration was based upon the achievement of milestones in certain expansion projects in 2010, which were achieved in 2010. The remainder of the contingent consideration was based on the achievement of certain performance measures during the fiscal year ending January 1, 2011. We were notified on May 9, 2011 by the seller of Cliffstar of certain objections to the performance measures used to calculate the contingent consideration, and the seller asserted a claim for amounts in excess of the amounts accrued as contingent consideration at July 2, 2011.

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During the third and fourth quarters of 2011, Cott made interim payments to the seller equal to $21.0 million and $8.6 million, respectively. The payment of $21.0 million was net of a $4.7 million refund due to Cott as a result of the final determination of working capital, and the payment of $8.6 million included $0.9 million in settlement of certain of the seller s objections to the calculation of the contingent consideration. The seller s remaining objections to the calculation of the contingent consideration are subject to an ongoing binding arbitration process under the terms of the asset purchase agreement. The seller is seeking up to $12.1 million in additional contingent consideration. The final resolution of these matters may result in amounts payable to the seller that may vary materially from our current estimated fair value. We are currently unable to predict the ultimate outcome of this action. Also, during the third quarter of 2011, Cott made a payment equal to $4.7 million to satisfy the first of three annual deferred consideration payments.

[2] During 2007, we acquired 100% of the business assets of El Riego, a Mexican water bottler, for $2.2 million. Effective December 31, 2006, we adopted the provisions related to uncertain tax positions in Accounting Standards Codification (ASC) No. 740, Income Taxes, and recorded an $8.8 million charge to our shareowners equity as of the first day of the year ended December 29, 2007.

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

We are one of the world s largest beverage companies focusing on private-label products and contract manufacturing. Our objective of creating sustainable long-term growth in revenue and profitability is predicated on working closely with our retailer partners and our customers for whom we produce beverages on a contract basis, to provide proven profitable products. As a fast follower of innovative products, our goal is to identify which new products are succeeding in the marketplace and develop similar private-label products to provide our retail partners and their consumers with high quality products at a better value. This objective is increasingly relevant in more difficult economic times.

The beverage market is subject to some seasonal variations. Our beverage sales are generally higher during the warmer months and also can be influenced by the timing of holidays and weather fluctuations. This seasonality also causes our working capital needs to fluctuate with inventory being higher in the first half of the year to meet the peak summer demand and accounts receivable declining in the fall as customers pay their higher-than-average outstanding balances from the summer deliveries.

We typically operate at low margins and therefore relatively small changes in cost structures can materially impact results. In 2009, 2010 and 2011, industry carbonated soft drink (CSD) sales continued to decline, and ingredient and packaging costs remained volatile.

Ingredient and packaging costs represent a significant portion of our cost of sales. These costs are subject to global and regional commodity price trends. Our largest commodities are aluminum, polyethylene terephthalate (PET) resin, corn, fruit and fruit concentrates. We attempt to manage our exposure to fluctuations in ingredient and packaging costs of our products by entering into fixed price commitments for a portion of our ingredient and packaging requirements and implementing price increases as needed. In 2011, we had fixed price commitments for a majority of our forecasted aluminum, and fruit concentrate and fruit requirements for 2011 and entered into fixed price commitments for over half of our aluminum requirements and a portion of our fruit concentrate and fruit requirements for 2012, as well as a portion of our aluminum requirements for 2013. In 2011, we had fixed price commitments for all of our high fructose corn syrup (HFCS) requirements for 2011 and entered into fixed price commitments for all of our HFCS requirements for 2012.

On August 17, 2010, we completed the acquisition of substantially all of the assets and liabilities of Cliffstar Corporation (Cliffstar) and its affiliated companies for approximately $503.0 million in cash, $14.0 million in deferred consideration to be paid over three years and contingent consideration of up to $55.0 million (the Cliffstar Acquisition). The first $15.0 million of the contingent consideration was based upon the achievement of milestones in certain expansion projects in 2010, which were achieved in 2010. The remainder of the contingent consideration was based on the achievement of certain performance measures during the fiscal year ending January 1, 2011. As discussed in the Notes to the Consolidated Financial Statements, the seller of Cliffstar notified us of certain objections to the performance measures used to calculate the contingent consideration and such objections to the calculation of the contingent consideration are subject to an ongoing binding arbitration process under the terms of the asset purchase agreement. The seller is seeking up to $12.1 million in additional contingent consideration. The final resolution of these matters may result in amounts payable to the seller that vary materially from our current estimated fair value which consists of payments to the seller amounting to $34.3 million. We are currently unable to predict the ultimate outcome of this action.

The Cliffstar Acquisition was financed through the closing of a private placement offering by Cott Beverages Inc. of $375.0 million aggregate principal amount of 8.125% senior notes due 2018 (the 2018 Notes), the underwritten public offering of 13.4 million of our common shares (the Equity Offering) and borrowings under our asset based lending (ABL) facility, which we refinanced in connection with the Cliffstar Acquisition, to increase the amount available for borrowings to $275.0 million.

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Our financial liquidity, as of December 31, 2011, improved from 2010, due to significant cash outflow related to the Cliffstar Acquisition and the repurchase of our senior subordinated notes due in 2011 (the 2011 Notes) in 2010.

We supply Walmart and its affiliated companies, under annual non-exclusive supply agreements, with a variety of products in the United States, Canada, U.K. and Mexico, including CSDs, clear, still and sparkling flavored waters, juice, juice-based products, bottled water, energy drinks and ready-to-drink teas. In 2011 we supplied Walmart with all of its private label CSDs in the United States. In the event Walmart were to utilize additional suppliers to fulfill a portion of its requirements for such products, our operating results could be materially adversely affected. Sales to Walmart in 2011, 2010 and 2009, accounted for 31.6%, 31.0% and 33.5% respectively, of total revenue.

In 2011, our capital expenditures were devoted primarily to maintaining existing beverage production facilities, equipment upgrades in the United States and Canada to meet customer needs, and expanding can and energy-related drink production capability in the United Kingdom.

Summary Financial Results

Our net income in 2011 was $37.6 million or $0.40 per diluted share, compared with net income of $54.7 million or $0.63 per diluted share in 2010.

The following items of significance impacted our 2011 financial results:

our filled beverage case volume increased 15.3% driven by a 17.6% increase in the North America reporting segment, due primarily to the Cliffstar Acquisition;

our revenue increased 29.5% in 2011 compared to 2010 due primarily to the Cliffstar Acquisition. Excluding the impact of the Cliffstar Acquisition and foreign exchange, revenue increased 6.7%;

the Cliffstar Acquisition contributed $385.6 million of the increase in revenue, and $19.6 million of the increase in operating income;

our gross profit as a percentage of revenue declined to 11.8% in 2011 from 14.8% in 2010. Gross profit in 2011 was adversely impacted by higher commodity costs;

our selling, general and administrative (SG&A) expenses increased to $172.7 million from $166.7 million, due primarily to the full year inclusion of Cliffstar;

our interest expense increased 54.7% due primarily to the issuance of the 2018 Notes in the third quarter of 2010; and

a year-to-date tax benefit of $0.7 million in 2011 compared to income tax expense of $18.6 million in 2010 due primarily to lower pre-tax income in the United States, the reorganization of our legal entity structure and refinancing of intercompany debt.

The following items of significance impacted our 2010 financial results:

our filled beverage case volume increased 7.3% driven by a 7.7% increase in the North America reporting segment, due primarily to the Cliffstar Acquisition;

our revenue increased 12.9% in 2010 compared to 2009. Absent foreign exchange impact, revenue increased 12.2% in 2010, due primarily to the Cliffstar Acquisition;

the Cliffstar Acquisition contributed $232.2 million to revenue and $5.2 million to operating income;

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our gross profit as a percentage of revenue declined to 14.8% in 2010 from 15.6% in 2009. Gross profit in 2010 included $12.0 million of Cliffstar related purchase accounting adjustments, which reduced gross profit as a percentage of revenue by 0.6%. Excluding this amount, gross profit as a percentage of revenue was 15.4%;

the transaction costs related to the Cliffstar Acquisition were $7.2 million and integration costs were $6.7 million, which are included in SG&A;

our 2010 results were favorably impacted by the reduction of the contingent consideration earn-out accrual of $20.3 million related to the Cliffstar Acquisition.

the interest expense increased 24.2% in 2010 compared to 2009 due to the issuance of the 2018 Notes;

the income tax expense changed from a benefit of $22.8 million in 2009 to an expense of $18.6 million in 2010 due primarily to the fact that the prior year included the utilization of valuation allowances and the utilization of accruals related to uncertain tax positions; and

The following items of significance impacted our 2009 financial results:

a slight decrease in filled beverage case volume reflecting a 1.2% decrease in our North America reporting segment which was partially offset by a 2.0% increase in our U.K. reporting segment;

our revenue declined 3.1% in 2009 compared to 2008. Excluding foreign exchange impact, revenue increased 2.4% in 2009;

improved gross profit as a percentage of revenue of 15.6% in 2009 from 11.0% in 2008, reflecting the benefit of local currency price increases, improved product mix and lower ingredient and packaging costs;

the consumer shift toward retailer brand products as a result of weak economic conditions;

SG&A cost saving initiatives that resulted in an SG&A decrease of $33.0 million;

the weakening value in the Canadian dollar, pound sterling and Mexican peso each relative to the U.S. dollar resulted in a $88.1 million adverse impact on revenues, a $12.0 million adverse impact on gross profit and a $8.0 million positive impact on SG&A;

the restructuring, severance and lease termination costs of $1.5 million in connection with the plan implemented in 2009 that resulted in a reduction of our workforce in 2009 (the 2009 Restructuring Plan) and asset impairment costs of $3.6 million relating primarily to the loss of a customer;

a loss on the buyback of our 2011 Notes of $3.3 million;

a tax benefit resulting primarily from the reversal of accruals relating to uncertain tax positions, plus interest and penalties, which generated a $17.5 million benefit and a $25.0 million income tax benefit resulting from the reversal of U.S. valuation allowances. These valuation allowance reversals were caused by the carryback of net operating losses in the United States due to recent changes in tax law and the utilization in the current year of U.S. deferred tax assets with valuation allowances. These benefits were partially offset by $19.7 million of income tax expense resulting mostly from current year earnings; and

an extra week in fiscal 2009 that is estimated to have contributed 9.1 million additional beverage cases, $20.3 million of additional revenue and $1.3 million of additional operating income.

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Critical Accounting Policies and Estimates

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

Critical accounting policies and estimates used to prepare the financial statements are discussed with our Audit Committee as they are implemented and include the following:

Impairment testing of goodwill

Goodwill represents the excess purchase price of acquired businesses over the fair value of the net assets acquired. Goodwill is not amortized, but instead is tested at least annually for impairment in the fourth quarter or more frequently if we determine a triggering event has occurred during the year. Any impairment loss is recognized in our results of operations. We evaluate goodwill for impairment on a reporting unit basis. Reporting units are operations for which discrete financial information is available, and are at or one level below our operating segments. For the purpose of testing goodwill for impairment, our reporting units are U.S., Canada and RCI. The evaluation of goodwill for each reporting unit is based upon the following approach. We compare the fair value of a reporting unit to its carrying amount. Where the carrying amount is greater than the fair value, the implied fair value of the reporting unit goodwill is determined by allocating the fair value of the reporting unit to all the assets and liabilities of the reporting unit with any of the remainder being allocated to goodwill. The implied fair value of the reporting unit goodwill is then compared to the carrying amount of that goodwill to determine the impairment loss. Any impairment in value is recognized in net income (loss). We had goodwill of $129.6 million on our balance sheet at December 31, 2011, which represents amounts for the U.S., Canada and the RCI reporting units.

We measure the fair value of reporting units using a mix of the income approach (which is based on the discounted cash flow of the reporting unit) and the public company approach. We believe using a combination of the two approaches provides a more accurate valuation because it incorporates the actual cash generation of the Company in addition to how a third party market participant would value the reporting unit. Because the business is assumed to continue in perpetuity, the discounted future cash flow includes a terminal value. We used a weighted average terminal growth rate of 1% for our U.S. reporting unit in 2011 and 2% for our Canada and RCI reporting units in 2011 and 2010. The long-term growth assumptions incorporated into the discounted cash flow calculation reflect our long-term view of the market (including a decline in CSD demand), projected changes in the sale of our products, pricing of such products and operating profit margins. The estimated revenue changes in this analysis for the U.S. reporting unit ranged between 2.2% and 3.4% for 2011. The estimated revenue changes in this analysis for the Canada reporting unit ranged between -7.2% and 1.9% for 2011 and between -7.9% and 7.2% for 2010. The estimated revenue changes in this analysis for the RCI reporting unit ranged between 4.5% and 10.6% for 2011 and between -9.0% and 10.1% for 2010.

The discount rate used for the fair value estimates in this analysis ranged from 11% to 12% for 2011 and 10% to 12% for 2010. These rates were based on the weighted average cost of capital a market participant would use if evaluating the reporting unit as an investment. The risk-free rate for 2011 was 2.6% and was based on a 20-year U.S. Treasury Bill as of the valuation date.

Each year during the fourth quarter, we re-evaluate the assumptions used to reflect changes in the business environment, such as revenue growth rates, operating profit margins and discount rate. Based on the evaluation performed this year utilizing the assumptions above, we determined that the fair value of each of our reporting units exceeded their carrying amount and as a result further impairment testing was not required. We analyzed

the sensitivity these assumptions have on our overall impairment assessment and note that as of the December 31, 2011 annual assessment, the fair value for each of these reporting units was substantially in excess of its carrying value.

Impairment testing of intangible assets with an indefinite life

Our only intangible asset with an indefinite life relates to the 2001 acquisition of intellectual property from Royal Crown Company, Inc. including the right to manufacture our concentrates, with all related inventions, processes, technologies, technical and manufacturing information, know-how and the use of the Royal Crown brand outside of North America and Mexico (the Rights) which has a net book value of $45.0 million. Prior to 2001, we paid a volume based royalty to the Royal Crown Company for purchase of concentrates. There are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this intangible.

The life of the Rights is considered to be indefinite and therefore not amortized, but instead is tested at least annually for impairment or more frequently if we determine a triggering event has occurred during the year. For an intangible asset with an indefinite life, we compare the carrying amount of the Rights to their fair value and where the carrying amount is greater than the fair value, we recognize in income an impairment loss. To determine fair value, we use a relief from royalty method which calculates a fair value royalty rate that is applied to a forecast of future volume shipments of concentrate that is used to produce CSDs. The forecast of future volumes is based on the estimated inter-plant shipments and RCI shipments. The relief from royalty method is used since the Rights were purchased in part to avoid making future royalty payments for concentrate to the Royal Crown Company. The resulting cash flows are discounted using a discount rate of 16% and estimated volume changes between 4.6% and 10.6%. No impairment was calculated for the year ended December 31, 2011. Absent any other changes, if our inter-plant concentrate volume declines by 1.0% from our estimated volume, the value of our Rights would decline by approximately $1.1 million. If our RCI volume declines by 1.0% from our estimated volume, the value of the Rights would decline by approximately $1.9 million. If our discounted borrowing rate increases by 100 basis points, the value of the Rights would decline by approximately $3.6 million.

Other intangible assets

As of December 31, 2011, other intangible assets were $296.1 million, which consisted principally of $248.4 million of customer relationships that arose from acquisitions, $15.7 million of financing costs, $10.7 million of information technology assets, and trademarks of $5.9 million. Customer relationships are amortized on a straight-line basis for the period over which we expect to receive economic benefits. We review the estimated useful life of these intangible assets annually, taking into consideration the specific net cash flows related to the intangible asset, unless a review is required more frequently due to a triggering event such as the loss of a customer. The permanent loss or significant decline in sales to any customer included in the intangible asset would result in impairment in the value of the intangible asset or accelerated amortization and could lead to an impairment of fixed assets that were used to service that customer. In 2010, we recorded $216.9 million of customer relationships acquired in connection with the Cliffstar Acquisition. In 2011, we recorded an asset impairment charge of $1.4 million related primarily to customer relationships.

Impairment of long-lived assets

When adverse events occur, we compare the carrying amount of long-lived assets to the estimated undiscounted future cash flows at the lowest level of independent cash flows for the group of long-lived assets and recognize any impairment loss in the Consolidated Statements of Operations, taking into consideration the timing of testing and the asset s remaining useful life. The expected life and value of these long-lived assets is based on an evaluation of the competitive environment, history and future prospects as appropriate. In 2011, we recorded an impairment of long-lived assets of $0.6 million related to a production plant in Mexico that ceased operations. We did not record any impairments of long-lived assets in 2010 or 2009.

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Inventory costs

Inventories are stated at the lower of cost, determined on the first-in, first-out method, or net realizable value. Finished goods and work-in-process include the cost of raw materials, direct labor and manufacturing overhead costs. As a result, we use an inventory reserve to adjust our costs down to a net realizable value and to reserve for estimated obsolescence of both raw and finished goods. Our accounting policy for the inventory reserve requires us to reserve an amount based on the evaluation of the aging of inventory and a detailed analysis of finished goods for high-risk customers.

Income taxes

We are subject to income taxes in Canada as well as in numerous foreign jurisdictions. Significant judgments and estimates are required in determining the income tax expense in these jurisdictions. Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management s best assessment of estimated future taxes to be paid in the jurisdictions in which we operate.

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and changes in accounting policies and incorporate assumptions including the amount of future Canadian and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses.

Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on our results of operations, cash flows or financial position.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations.

FASB ASC Topic 740, Income Taxes (ASC 740) provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. ASC 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

We recognize tax liabilities in accordance with ASC 740 and we adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

Pension plans

We account for our pension plans in accordance with ASC No. 715-20, Compensation Defined Benefit Plans General (ASC 715-20). The funded status is the difference between the fair value of plan assets and the benefit obligation. The adjustment to accumulated other comprehensive income represents the net unrecognized actuarial gains or losses and unrecognized prior service costs. Future actuarial gains or losses that are not recognized as net periodic benefits cost in the same periods will be recognized as a component of other comprehensive income.

We maintain two defined-benefit plans that cover certain employees in the U.K. and certain other employees under a collective bargaining agreement at one plant in the United States. We record annual amounts relating to these plans based on calculations specified by GAAP, which include various actuarial assumptions such as discount rates (4.1% to 4.6%) and assumed rates of return (5.7% to 7.0%) depending on the pension plan. Material changes in pension costs may occur in the future due to changes in these assumptions. Future annual amounts could be impacted by changes in the discount rate, changes in the expected long-term rate of return, changes in the level of contributions to the plans and other factors.

The discount rate is based on a model portfolio of AA rated bonds with a maturity matched to the estimated payouts of future pension benefits. The expected return on plan assets is based on our expectation of the long-term rates of return on each asset class based on the current asset mix of the funds, considering the historical returns earned on the type of assets in the funds, plus an assumption of future inflation. The current investment policy target asset allocation differs between our two plans, but it is between 50.0% to 65.0% for equities and 35.0% to 50.0% for bonds. The current inflation assumption is 3.3%. We review our actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. The effects of the modifications are amortized over future periods.

Recently issued accounting pronouncements see Note 1 of the Consolidated Financial Statements.

Non-GAAP Measures

In this report, we supplement our reporting of revenue determined in accordance with GAAP by excluding the impact of foreign exchange to separate the impact of currency exchange rate changes from Cott s results of operations and, in some cases, by excluding the impact of the Cliffstar Acquisition. Additionally, Cott supplements its reporting of SG&A, cost of sales, gross profit, and operating income in accordance with GAAP by excluding the impact of the Cliffstar Acquisition. Cott excludes these items to better understand trends in the business and the impact of the Cliffstar Acquisition. Because Cott uses these adjusted financial results in the management of its business and to understand business performance independent of the Cliffstar Acquisition, management believes this supplemental information is useful to investors for their independent evaluation and understanding of Cott s core business performance and the performance of its management. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, Cott s financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this report reflect management s judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies.

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The following table summarizes our Consolidated Statements of Operations as a percentage of revenue for 2011, 2010 and 2009:

	2011		2010		2009	
(in millions of U.S. dollars, except percentage amounts)		**Percent of Revenue**		**Percent of Revenue**		**Percent of Revenue**
Revenue	**$ 2,334.6**	**100.0%**	1,803.3	100.0%	1,596.7	100.0%
Cost of sales	**2,058.0**	**88.2%**	1,537.0	85.2%	1,346.9	84.4%
Gross profit	**276.6**	**11.8%**	266.3	14.8%	249.8	15.6%
Selling, general, and administrative expenses	**172.7**	**7.4%**	166.7	9.2%	146.8	9.2%
Loss on disposal of property, plant and equipment	**1.2**	**0.1%**	1.1	0.1%	0.5	0.0%
Restructuring		**0.0%**	(0.5)	0.0%	1.5	0.1%
Asset impairments	**0.6**	**0.0%**		0.0%	3.6	0.2%
Intangible asset impairments	**1.4**	**0.1%**		0.0%		0.0%
Operating income	**100.7**	**4.3%**	99.0	5.5%	97.4	6.1%
Contingent consideration earn-out adjustment	**0.9**	**0.0%**	(20.3)	-1.1%		0.0%
Other expense, net	**2.2**	**0.1%**	4.0	0.2%	4.4	0.3%
Interest expense, net	**57.1**	**2.4%**	36.9	2.0%	29.7	1.9%
Income before income taxes	**40.5**	**1.8%**	78.4	4.4%	63.3	3.9%
Income tax (benefit) expense	**(0.7)**	**0.0%**	18.6	1.0%	(22.8)	-1.4%
Net income	**41.2**	**1.8%**	59.8	3.4%	86.1	5.3%
Less: Net income attributable to non-controlling interests	**3.6**	**0.2%**	5.1	0.3%	4.6	0.3%
Net income attributed to Cott Corporation	**$ 37.6**	**1.6%**	54.7	3.1%	81.5	5.0%
Depreciation & amortization	**$ 95.3**	**4.1%**	74.0	4.1%	66.2	4.1%

The following table summarizes revenue, cost of sales, gross profit, SG&A expenses, and operating income for the years ended December 31, 2011 and January 1, 2011, respectively:

	For the Year Ended December 31, 2011	**Cliffstar**	**Adjustments [1]**	**Cott Excluding Acquisition**
Revenue, net	**$ 2,334.6**	**$ 617.8**	**$**	**$ 1,716.8**
Cost of sales	**2,058.0**	**560.0**		**1,498.0**
Gross profit	**276.6**	**57.8**		**218.8**
Selling, general and administrative expenses	**172.7**	**32.3**	**3.8**	**136.6**
Loss on disposal of property, plant & equipment	**1.2**	**0.7**		**0.5**
Restructuring				
Asset impairments	**2.0**			**2.0**
Operating income	**$ 100.7**	**$ 24.8**	**$ (3.8)**	**$ 79.7**

[1] In 2011, we recorded $3.8 million of integration costs related to the Cliffstar Acquisition.

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	For the Year Ended January 1, 2011	Cliffstar	Adjustments [1]	Cott Excluding Acquisition
Revenue, net	$ 1,803.3	$ 232.2	$	$ 1,571.1
Cost of sales	1,537.0	211.8		1,325.2
Gross profit	266.3	20.4		245.9
Selling, general and administrative expenses	166.7	15.2	13.9	137.6
Loss on disposal of property, plant & equipment	1.1			1.1
Restructuring	(0.5)			(0.5)
Asset impairments				
Operating income	**$ 99.0**	**$ 5.2**	**$ (13.9)**	**$ 107.7**

[1] In 2010, we recorded $7.2 million of transaction costs and $6.7 million of integration costs related to the Cliffstar Acquisition.

The following table summarizes our revenue and operating income by reporting segment for 2011, 2010 and 2009:

(in millions of U.S. Dollars)	**2011**	**2010**	**2009**
Revenue			
North America	**$ 1,809.3**	$ 1,357.3	$ 1,173.9
United Kingdom	**447.9**	367.1	359.3
Mexico	**51.8**	50.1	42.7
RCI	**25.6**	28.8	20.8
Total	**$ 2,334.6**	$ 1,803.3	$ 1,596.7
Operating income (loss)			
North America	**$ 70.4**	$ 75.0	$ 77.6
United Kingdom	**27.5**	24.5	23.0
Mexico	**(4.4)**	(7.5)	(7.1)
RCI	**7.2**	7.0	3.9
Total	**$ 100.7**	$ 99.0	$ 97.4

The following table summarizes our beverage case volume by reporting segment for 2011, 2010 and 2009:

(in millions of cases)	**2011**	**2010**	**2009**
Volume 8 oz. equivalent cases Total Beverage (including concentrate)			
North America	**808.7**	697.0	648.6
United Kingdom	**209.0**	192.9	189.5
Mexico	**37.1**	34.9	26.4
RCI	**259.4**	298.6	220.1
Total	**1,314.2**	1,223.4	1,084.6
Volume 8 oz. equivalent cases Filled Beverage			

North America	**727.6**	618.6	574.2
United Kingdom	**194.7**	178.2	174.6
Mexico	**37.1**	34.9	26.4
RCI	**0.1**	0.1	0.2
Total	**959.5**	831.8	775.4

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Revenues and volumes are attributed to reporting segments based on the location of the plant.

The following tables summarize revenue and beverage case volume by product for 2011, 2010 and 2009:

	For the Year Ended December 31, 2011				
(in millions of U.S. dollars)	**North America**	**United Kingdom**	**Mexico**	**RCI**	**Total**
Revenue					
Carbonated soft drinks	$ 731.4	$ 179.2	$ 39.6	$	$ 950.2
Juice	587.7	12.3	2.7		602.7
Concentrate	9.1	2.8		25.6	37.5
All other products	481.1	253.6	9.5		744.2
Total	$ 1,809.3	$ 447.9	$ 51.8	$ 25.6	$ 2,334.6

	For the Year Ended December 31, 2011				
(in millions of cases)	**North America**	**United Kingdom**	**Mexico**	**RCI**	**Total**
Volume 8 oz. equivalent cases - Total Beverage (including concentrate)					
Carbonated soft drinks	349.9	97.6	26.7		474.2
Juice	134.4	3.5	2.0		139.9
Concentrate	81.1	14.0		259.4	354.5
All other products	243.3	93.9	8.4		345.6
Total	808.7	209.0	37.1	259.4	1,314.2

	For the Year Ended January 1, 2011				
(in millions of U.S. dollars)	**North America**	**United Kingdom**	**Mexico**	**RCI**	**Total**
Revenue					
Carbonated soft drinks	$ 705.5	$ 159.5	$ 43.4	$	$ 908.4
Juice	225.3	10.0	0.8		236.1
Concentrate	7.5	4.1		28.8	40.4
All other products	419.0	193.5	5.9		618.4
Total	$ 1,357.3	$ 367.1	$ 50.1	$ 28.8	$ 1,803.3

	For the Year Ended January 1, 2011				
(in millions of cases)	**North America**	**United Kingdom**	**Mexico**	**RCI**	**Total**
Volume 8 oz. equivalent cases - Total Beverage (including concentrate)					
Carbonated soft drinks	343.1	93.5	28.1		464.7
Juice	57.2	3.1	0.6		60.9
Concentrate	78.4	15.7		298.6	392.7
All other products	218.3	80.6	6.2		305.1
Total	697.0	192.9	34.9	298.6	1,223.4

	For the Year Ended January 2, 2010				
(in millions of U.S. dollars)	**North America**	**United Kingdom**	**Mexico**	**RCI**	**Total**
Revenue					

Carbonated soft drinks	$ 760.0	$ 161.9	$ 36.4	$	$ 958.3
Juice		10.1	0.4		10.5
Concentrate	6.5	4.6		19.7	30.8
All other products	407.4	182.7	5.9	1.1	597.1
Total	$ 1,173.9	$ 359.3	$ 42.7	$ 20.8	$ 1,596.7

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(in millions of cases)	For the Year Ended January 2, 2010 North America	United Kingdom	Mexico	RCI	Total
Volume 8 oz. equivalent cases - Total Beverage (including concentrate)					
Carbonated soft drinks	359.7	87.9	20.3		467.9
Juice		4.3	0.4		4.7
Concentrate	74.4	14.9		219.9	309.2
All other products	214.5	82.4	5.7	0.2	302.8
Total	648.6	189.5	26.4	220.1	1,084.6

Results of Operations

The following table summarizes the change in revenue by reporting segment for 2011:

(in millions of U.S. dollars, except percentage amounts)	For the Year Ended December 31, 2011 Cott	North America	United Kingdom	Mexico	RCI
Change in revenue	$ 531.3	$ 452.0	$ 80.8	$ 1.7	$ (3.2)
Impact of foreign exchange [1]	(24.1)	(7.5)	(15.4)	(1.2)	
Change excluding foreign exchange	$ 507.2	$ 444.5	$ 65.4	$ 0.5	$ (3.2)
Percentage change in revenue	29.5%	33.3%	22.0%	3.4%	-11.1%
Percentage change in revenue excluding foreign exchange	28.1%	32.7%	17.8%	1.0%	-11.1%
Impact of Cliffstar Acquisition	(385.6)	(385.6)			
Change excluding foreign exchange and Cliffstar Acquisition	$ 121.6	$ 58.9	$ 65.4	$ 0.5	$ (3.2)
Percentage change in revenue excluding foreign exchange and Cliffstar Acquisition	6.7%	4.3%	17.8%	1.0%	-11.1%

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

The following table summarizes the change in revenue by reporting segment for 2010:

(in millions of U.S. dollars)	For the Year Ended January 1, 2011 Cott	North America	United Kingdom	Mexico	RCI
Change in revenue	$ 206.6	$ 183.4	$ 7.8	$ 7.4	$ 8.0
Impact of foreign exchange [1]	(11.8)	(17.0)	8.0	(2.8)	
Change excluding foreign exchange	$ 194.8	$ 166.4	$ 15.8	$ 4.6	$ 8.0
Percentage change in revenue	12.9%	15.6%	2.2%	17.3%	38.5%
Percentage change in revenue excluding foreign exchange	12.2%	14.2%	4.4%	10.8%	38.5%

Impact of Cliffstar Acquisition	(232.2)	(232.2)			
Change excluding foreign exchange and Cliffstar Acquisition	$ (37.4)	$ (65.8)	$ 15.8	$ 4.6	$ 8.0
Percentage change in revenue excluding foreign exchange and Cliffstar Acquisition	-2.3%	-5.6%	4.4%	10.8%	38.5%

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

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2011 versus 2010

Revenue increased $531.3 million or 29.5% in 2011 from 2010. The Cliffstar Acquisition contributed $385.6 million to revenue. Excluding the impact of the Cliffstar Acquisition and foreign exchange, revenue increased 6.7% due primarily to improved beverage case volume and higher prices in the U.K. and North America, offset in part by lower beverage case volume in RCI.

2010 versus 2009

Revenue increased $206.6 million or 12.9% in 2010 from 2009. The Cliffstar Acquisition contributed $232.2 million to revenue. Excluding the impact of the Cliffstar Acquisition and foreign exchange, revenue decreased 2.3% due primarily to lower North America beverage case volume offset in part by improved beverage case volume in the U.K., Mexico and RCI.

Revenue Results for Reporting Segments

2011 versus 2010

North America revenue increased $452.0 million or 33.3% in 2011 from 2010. The Cliffstar Acquisition contributed $385.6 million of the increase in revenue. Excluding the impact of foreign exchange and the Cliffstar Acquisition, revenue increased 4.3%, due to a 4.4% improvement in beverage case volume that resulted primarily from new business wins and the introduction of new products, as well as higher prices. Net selling price per beverage case (which is net revenue divided by beverage case volume) increased 13.7% in 2011 from 2010, due primarily to improved product mix related to juice volume resulting from the Cliffstar Acquisition. Excluding the impact of the Cliffstar Acquisition, net selling price per beverage case remained flat in 2011 from 2010.

U.K. revenue increased $80.8 million or 22.0% in 2011 from 2010, primarily as a result of a 9.3% increase in beverage case volume and improved product mix (primarily increases in energy and sports isotonic products). Net selling price per beverage case increased 11.7% in 2011 from 2010 due primarily to commodity-driven customer price increases and a favorable product mix. Absent foreign exchange impact, U.K. revenue increased 17.8% in 2011 from 2010.

Mexico revenue increased $1.7 million or 3.4% in 2011 from 2010, due primarily to a 6.3% increase in beverage case volume offset in part by a 2.8% decrease in net selling price per beverage case in 2011 from 2010. Absent foreign exchange impact, Mexico revenue increased 1.0%.

RCI revenue decreased $3.2 million or 11.1% in 2011 from 2010, due primarily to the timing of shipments to our largest customer located in Asia and the decreased demand from our customer in Syria as a result of the political deterioration in that region. Net selling price per beverage case remained flat in 2011 from 2010. RCI primarily sells concentrate.

2010 versus 2009

North America revenue increased $183.4 million or 15.6% in 2010 from 2009. The Cliffstar Acquisition contributed $232.2 million to revenue. Excluding the impact of foreign exchange and the Cliffstar Acquisition, revenue decreased 5.6%, due primarily to a 1.8% decline in beverage case volume that resulted from national brand promotional activity in the first half of 2010. Net selling price per beverage case (which is net revenue divided by beverage case volume) was down slightly for 2010 from 2009.

U.K. revenue increased $7.8 million or 2.2% in 2010 from 2009, primarily as a result of a 2.1% increase in beverage case volume, and improved product mix (primarily increases in energy and sports isotonic products), offset in part by the weakening of the pound sterling. Net selling price per beverage case remained flat in 2010 from 2009. Absent foreign exchange impact, U.K. revenue increased 4.4% in 2010 from 2009. U.K. total case volume increased 1.8%.

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Mexico revenue increased $7.4 million or 17.3% in 2010 from 2009, due primarily to a 32.2% increase in beverage case volume. Net selling price per beverage case decreased 11.1% in 2010 from 2009. The increase in beverage case volume and decrease in net selling price was due primarily to new business in the retail channel and the commencement of shipments to a new bottled water customer. Absent foreign exchange impact, Mexico revenue increased 10.8% in 2010 from 2009.

RCI revenue increased $8.0 million or 38.5% in 2010 from 2009, primarily as a result of a 35.7% improvement in total case volume due primarily to expansion of existing customer channels. Net selling price per beverage case remained flat in 2010 from 2009. RCI primarily sells concentrate.

Cost of Sales

2011 versus 2010

Cost of sales represented 88.2% of revenue in 2011 compared to 85.2% in 2010. Excluding the impact of the Cliffstar Acquisition, cost of sales represented 87.3% of revenue in 2011 compared to 84.3% in 2010. The increase in cost of sales was due primarily to higher commodity costs. Variable costs represented 77.7% of total sales in 2011, up from 74.7% in 2010. Major elements of these variable costs included ingredient and packaging costs, distribution costs and fees paid to third-party manufacturers.

2010 versus 2009

Cost of sales represented 85.2% of revenue in 2010 compared to 84.4% in 2009. Of the 85.2%, 0.9% was attributable to the Cliffstar Acquisition. Excluding the impact of the Cliffstar Acquisition, cost of sales represented 84.3% of revenue in 2010. The cost of sales as a percent of revenue for Cliffstar was 91.2% in 2010. This percentage was higher than normal due in part to increases in fixed costs resulting from upgrades of some of our production lines, and finished goods on hand being measured at fair value at the closing date for the Cliffstar Acquisition. Variable costs represented 74.7% of total sales in 2010, down from 74.9% in 2009. Major elements of these variable costs included ingredient and packaging costs, distribution costs and fees paid to third-party manufacturers.

Gross Profit

2011 versus 2010

Gross profit as a percentage of revenue decreased to 11.8% in 2011 from 14.8% in 2010. Excluding the impact of the Cliffstar Acquisition, gross profit as a percentage of revenue decreased to 12.8% in 2011 from 15.7% in 2010. The decline in gross profit was due primarily to higher commodity costs.

2010 versus 2009

Gross profit as a percentage of revenue decreased to 14.8% in 2010 from 15.6% in 2009. Excluding the impact of the Cliffstar Acquisition, gross profit as a percentage of revenue remained flat at 15.7% in 2010 compared to 2009.

Selling, General and Administrative Expenses

2011 versus 2010

SG&A in 2011 increased $6.0 million, or 3.6%, from 2010. The impact of the Cliffstar Acquisition was $7.0 million, and included additional SG&A expenses of $17.1 million resulting from the full year inclusion of Cliffstar, offset in part by a reduction of $2.9 million in integration costs, and transaction costs of $7.2 million incurred in the prior year period. Excluding the impact of the Cliffstar Acquisition, SG&A decreased $1.0 million. As a percentage of revenue, SG&A was 7.4% in 2011 and 9.2% in 2010.

2010 versus 2009

SG&A in 2010 increased $19.9 million, or 13.6%, from 2009. The Cliffstar Acquisition contributed $15.2 million of SG&A costs, or 10.4% of the increase, in 2010. Excluding the impact of the Cliffstar Acquisition,

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SG&A decreased $9.2 million or 6.3% from 2009. The increase in the overall SG&A costs in 2010 was primarily the result of $7.2 million of transaction costs related to the Cliffstar Acquisition, and $6.7 million of integration costs, partially offset by a $3.3 million reduction in technology related costs, lower professional fees of $2.3 million, and lower compensation of $2.0 million. As a percentage of revenue, SG&A was 9.2% in 2010 and 2009, respectively.

Restructuring, Goodwill and Asset Impairments

2011 versus 2010

We did not record any restructuring charges in 2011. In 2010, we recorded a gain of $0.5 million related to a lease contract termination. In 2011 we recorded an intangible asset impairment of $1.4 million related to a customer list that was impaired due to the loss of a customer. Also in 2011, we recorded a $0.6 million impairment of long-lived assets related to a production plant in Mexico that ceased operations.

2010 versus 2009

Restructuring and asset impairment charges in 2010 decreased $5.6 million from 2009. In 2010, we recorded a gain of $0.5 million related to a lease contract termination. In 2009, we recorded restructuring and asset impairments of $5.1 million, which included $3.6 million for asset impairments primarily related to customer relationships and severance costs of $1.5 million related to the organizational restructuring and headcount reductions associated with the 2009 Restructuring Plan.

Operating Income

2011 versus 2010

Operating income in 2011 was $100.7 million, compared to operating income of $99.0 million in 2010. The Cliffstar Acquisition contributed $19.6 million of the increase in operating income in 2011, and $5.2 million to operating income in 2010. Excluding the impact of the Cliffstar Acquisition, operating income declined by $28.0 million or 26.0% from 2010.

2010 versus 2009

Operating income in 2010 was $99.0 million, compared to operating income of $97.4 million in 2009. The Cliffstar Acquisition contributed $5.2 million of operating income in 2010. Excluding the impact of the Cliffstar Acquisition, operating income increased by $10.3 million or 10.6%.

Other Expense, Net

2011 versus 2010

In 2011, we recorded $2.2 million of foreign exchange losses primarily related to intercompany loans. In 2010, we recorded a $1.4 million write off of financing fees and $2.6 million of foreign exchange losses related primarily to intercompany loans.

2010 versus 2009

In 2010, we recorded a $1.4 million write off of financing fees and $2.6 million of foreign exchange losses related primarily to intercompany loans. In 2009, we recorded a $3.3 million charge on the repayment of the 2011 Notes and $1.1 million of foreign exchange losses.

Interest Expense, Net

2011 versus 2010

Net interest expense in 2011 increased 54.7% from 2010 due primarily to a higher average debt balance resulting from the issuance of the 2018 Notes in the third quarter of 2010.

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2010 versus 2009

Net interest expense in 2010 increased 24.2% from 2009 due primarily to a higher average debt balance resulting from the issuance of the 2018 Notes.

Income Taxes

2011 versus 2010

In 2011, we recorded a tax benefit of $0.7 million compared to tax expense of $18.6 million in 2010. The difference between these two amounts was due primarily to lower pre-tax income in the United States, the reorganization of our legal entity structure and refinancing of intercompany debt, offset in part by the reestablishment of a U.S. federal valuation allowance.

2010 versus 2009

We recorded income tax expense of $18.6 million in 2010 compared with an income tax benefit of $22.8 million in 2009. The tax benefit in 2009 was primarily the result of the utilization of $17.5 million in accruals related to uncertain tax positions, and $25.0 million resulting from the reversal in 2009 of U.S. valuation allowances. In 2010, we utilized $2.2 million of accruals related to uncertain tax positions and $0.7 million relating to the utilization of U.S. valuation allowances.

Liquidity and Capital Resources

The following table summarizes our cash flows for 2011, 2010 and 2009 as reported in our Consolidated Statements of Cash Flows in the accompanying Consolidated Financial Statements:

	For the Years Ended		
(in millions of U.S. dollars)	**December 31, 2011**	**January 1, 2011**	**January 2, 2010**
Net cash provided by operating activities	**$ 163.5**	$ 178.4	$ 155.1
Net cash used in investing activities	**(90.2)**	(554.7)	(32.2)
Net cash (used in) provided by financing activities	**(20.3)**	393.3	(107.5)
Effect of exchange rate changes on cash	**(0.3)**	0.3	0.8
Net increase in cash & cash equivalents	**52.7**	17.3	16.2
Cash & cash equivalents, beginning of period	**48.2**	30.9	14.7
Cash & cash equivalents, end of period	**$ 100.9**	$ 48.2	$ 30.9

Operating Activities

Cash provided by operating activities in 2011 was $163.5 million compared to $178.4 million in 2010 and $155.1 million in 2009. The $14.9 million decrease in 2011 compared to 2010 was due primarily to the timing of disbursements and the receipt of tax refunds in the prior year, offset in part by a reduction in inventory purchases.

The $23.3 million increase in 2010 compared to 2009 was due primarily to improved working capital as a result of the receipt of tax refunds, and an increase in interest accruals, partially offset by investment in inventory.

Investing Activities

Cash used in investing activities was $90.2 million in 2011 compared to $554.7 million in 2010 and $32.2 million in 2009. The $464.5 million decrease in 2011 compared to 2010, and the $522.5 million increase from 2010 to 2009 were due primarily to the purchase price paid in 2010 in connection with the Cliffstar Acquisition.

The decrease in 2011 compared to 2010 was offset in part by $34.3 million of payments made in 2011 related to contingent consideration and deferred consideration paid in connection with the Cliffstar Acquisition.

The increase in 2010 compared to 2009 was also impacted by an increase in capital expenditures of $11.7 million.

Financing Activities

Cash used in financing activities was $20.3 million in 2011 compared to cash provided of $393.3 million in 2010 and cash used of $107.5 million in 2009. During 2011, we made payments of $6.8 million on our long-term debt. In 2011, we made net payments of $7.8 million on our ABL facility, which reduced our borrowings to nil.

In 2010, we received proceeds of $375.0 million from the issuance of the 2018 Notes and $71.1 million in net proceeds from the Equity Offering, partially offset by $14.2 million of financing fees, $12.5 million in net payments under the ABL facility, $18.7 million in payments of long-term debt, and $7.4 million of distributions to non-controlling interests.

In 2009, we substantially reduced our ABL facility borrowings, repurchased $257.8 million of the 2011 Notes offset by the receipt of $47.5 million in net proceeds from the public offering of 9,435,000 common shares at a price of $5.30 per share completed on August 11, 2009 and $211.9 million from the issuance of $215.0 million of senior notes that are due on November 15, 2017 (the 2017 Notes).

Financial Liquidity

As of December 31, 2011, we had $608.0 million of debt and $100.9 million of cash and cash equivalents compared to $622.2 million of debt and $48.2 million of cash and cash equivalents as of January 1, 2011.

We believe that our level of resources, which includes cash on hand, available borrowings under the ABL facility and funds provided by operations, will be adequate to meet our expenses, capital expenditures, and debt service obligations for the next twelve months. Our ability to generate cash to meet our current expenses and debt service obligations will depend on our future performance. If we do not have enough cash to pay our debt service obligations or if the ABL facility, 2017 Notes, or 2018 Notes were to become currently due, either at maturity or as a result of a breach, we may be required to take actions such as amending our ABL facility or the indentures governing our 2017 Notes and 2018 Notes, refinancing all or part of our existing debt, selling assets, incurring additional indebtedness or raising equity. If we need to seek additional financing, there is no assurance that this additional financing will be available.

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

As of December 31, 2011, our total availability under the ABL facility was $239.7 million, which was based on our borrowing base (accounts receivables, inventory, and fixed assets). We had no outstanding borrowings under the ABL facility and $9.7 million in outstanding letters of credit. As a result, our excess availability under the ABL facility was $230.0 million. Each month s borrowing base is not effective until submitted to the lenders, which usually occurs on the fifteenth day of the following month.

During the third quarter of 2010, we completed the Cliffstar Acquisition. The Cliffstar Acquisition was financed through the issuance of the 2018 Notes (the Note Offering), the Equity Offering, and borrowings under our ABL facility, which we refinanced in connection with the Cliffstar Acquisition. The ABL facility was refinanced to, among other things, provide for the Cliffstar Acquisition, the Note Offering and the application of net proceeds therefrom, the Equity Offering and the application of net proceeds therefrom and to increase the

amount available for borrowings to $275.0 million. We drew down a portion of indebtedness under that facility in order to fund the Cliffstar Acquisition. We incurred $5.4 million of financing fees in connection with the refinancing of the ABL facility. Net proceeds from the Equity Offering were $71.1 million, after deducting expenses, underwriting discounts and commissions.

Net proceeds resulting from the Note Offering were $366.4 million after issuance costs of $8.6 million. The 2018 Notes are senior unsecured obligations and rank equally with all other existing and future unsubordinated indebtedness, including indebtedness under our credit facilities. We are subject to covenants and limitations on our and/or our subsidiaries ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company (which applies to Cott and Cott Beverages Inc. only) or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets.

During the fourth quarter of 2009, we repurchased $237.1 million in aggregate principal amount of the 2011 Notes, pursuant to a public cash tender offer, in which we also paid an early tender premium, accrued interest and associated fees and expenses. We also purchased $20.7 million of the 2011 Notes in the third quarter of 2009. The extinguishment of these 2011 Notes that were validly tendered resulted in a charge of $3.3 million which was recorded to Other Expense (Income) in the Consolidated Statements of Operations for the year ended January 2, 2010. On February 1, 2010, we completed the redemption of the remaining $11.1 million of the 2011 Notes.

During the fourth quarter of 2009, we completed our offering of $215.0 million in aggregate principal amount of the 2017 Notes resulting in net proceeds of approximately $206.8 million after a discount of $3.1 million and issuance costs of $5.1 million. The 2017 Notes mature on November 15, 2017 and pay interest semiannually on May 15th and November 15th of each year. The 2017 Notes are senior unsecured obligations and rank equally with all other existing and future unsubordinated indebtedness, including indebtedness under our credit facilities. We are subject to covenants and limitations on our and/or our subsidiaries ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets, (iv) merge or consolidate with another company (which applies to Cott and Cott Beverages Inc. only) or sell all or substantially all assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets.

We may, from time to time, depending on market conditions, including without limitation whether the 2017 Notes or 2018 Notes are then trading at discounts to their respective face amounts, repurchase the 2017 Notes or 2018 Notes for cash and/or in exchange for shares of our common stock, warrants, preferred stock, debt or other consideration, in each case in open market purchases and/or privately negotiated transactions. The amounts involved in any such transactions, individually or in aggregate, may be material. However, the covenants in our ABL facility subject such purchases to certain limitations and conditions.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined under Item 303(a)(4) of Regulation S-K as of December 31, 2011.

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Contractual Obligations

The following table shows the schedule of future payments under certain contracts, including debt agreements and guarantees, as of December 31, 2011:

				Payments due by period			
(in millions of U.S. dollars)	**Total**	**2012**	**2013**	**2014**	**2015**	**2016**	**Thereafter**
8.375% Senior notes due in 2017	$ 215.0	$	$	$	$	$	$ 215.0
8.125% Senior notes due in 2018	375.0						375.0
ABL facility [1]							
GE Obligation [2]	6.4	2.6	1.0	1.1	1.2	0.5	
Capital leases	3.8	0.6	0.7	0.7	0.7	0.3	0.8
Other long-term debt	1.5	0.2	0.2	0.3	0.3	0.3	0.2
Interest expense [3]	310.7	49.1	49.0	49.0	49.5	48.6	65.5
Operating leases	90.6	19.1	15.1	14.0	12.2	9.7	20.5
Guarantee purchase equipment	20.5	20.5					
Pension obligations	1.1	1.1					
Purchase obligations [4]	284.3	207.8	24.5	16.8	16.5	13.1	5.6
Total [5]	**$ 1,308.9**	**$ 301.0**	**$ 90.5**	**$ 81.9**	**$ 80.4**	**$ 72.5**	**$ 682.6**

1 The ABL facility is considered a current liability. As of December 31, 2011, we had no outstanding borrowings under the ABL facility.

2 We funded new water bottling equipment through an interim financing agreement signed in January 2008 (the GE Obligation). At the end of the GE Obligation, we may exchange $6.0 million of deposits for the extinguishment of $6.0 million in debt.

3 Interest expense includes fixed interest on the 2018 Notes, the 2017 Notes, the GE Obligation, the ABL facility, capital leases and other long-term liabilities. Actual amounts will differ from estimates provided.

4 Purchase obligations consist of commitments for the purchase of inventory and energy. These obligations represent the minimum contractual obligations expected under the normal course of business.

5 The contractual obligations table excludes the Company s ASC 740 uncertain tax positions liability of $9.0 million because the Company cannot make a reliable estimate as to when such amounts will be settled.

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Debt

Our total debt as of December 31, 2011 and January 1, 2011 is as follows:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
8.375% senior notes due in 2017 [1]	**215.0**	215.0
8.125% senior notes due in 2018	**375.0**	375.0
ABL facility		7.9
GE Obligation	**12.4**	16.5
Other capital leases	**4.1**	5.8
Other debt	**1.5**	2.0
Total debt	**608.0**	622.2
Less: Short-term borrowings and current debt:		
ABL facility		7.9
Total short-term borrowings		7.9
GE Obligation current maturities	**2.6**	4.1
Other capital leases current maturities	**0.6**	1.4
Other debt current maturities	**0.2**	0.5
Total current debt	**3.4**	13.9
Long-term debt before discount	**604.6**	608.3
Less discount on 8.375% notes	**(2.5)**	(2.8)
Total long-term debt	**$ 602.1**	$ 605.5

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

Asset Based Lending Facility

On March 31, 2008, we entered into a credit agreement with JPMorgan Chase Bank N.A. as Agent that created an ABL facility to provide financing for our North America, U.K. and Mexico reporting segments. In connection with the Cliffstar Acquisition, we refinanced the ABL facility on August 17, 2010 to, among other things, provide for the Cliffstar Acquisition, the Note Offering and the application of net proceeds therefrom, the Equity Offering and the application of net proceeds therefrom and to increase the amount available for borrowings to $275.0 million. We drew down a portion of the indebtedness under the ABL facility in order to fund the Cliffstar Acquisition. We incurred $5.4 million of financing fees in connection with the refinancing of the ABL facility. The financing fees are being amortized using the straight line method over a four-year period, which represents the duration of the ABL facility.

As of December 31, 2011, we had no outstanding borrowings under the ABL facility. The commitment fee was 0.5% per annum of the unused commitment, which was $265.3 million as of December 31, 2011.

The effective interest rate as of December 31, 2011 on LIBOR and Prime loans is based on average aggregate availability as follows:

Average Aggregate Availability (in millions of U.S. dollars)	ABR Spread	Canadian Prime Spread	Eurodollar Spread	CDOR Spread	LIBOR Spread
Over $150	1.50%	1.50%	2.50%	2.50%	2.50%

$75 - 150	1.75%	1.75%	2.75%	2.75%	2.75%
Under $75	2.00%	2.00%	3.00%	3.00%	3.00%

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8.125% Senior Notes due in 2018

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

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

8.375% Senior Notes due in 2017

On November 13, 2009, we issued $215.0 million of 2017 Notes. The 2017 Notes were issued at a $3.1 million discount. The issuer of the 2017 Notes is our wholly-owned subsidiary Cott Beverages Inc., but we and most of our U.S., Canadian and United Kingdom subsidiaries guarantee the 2017 Notes. The interest on the 2017 Notes is payable semi-annually on May 15th and November 15th of each year.

We incurred $5.1 million of financing fees in connection with the 2017 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the duration of the 2017 Notes.

8% Senior Subordinated Notes due in 2011

We repurchased the remaining outstanding 2011 Notes on February 1, 2010, and recorded a loss on buyback of $0.1 million. The 2011 Notes acquired by us have been retired, and we have discontinued the payment of interest.

In 2009, the Company repurchased $257.8 million in principal amount of the 2011 Notes, and recorded a loss on buyback of $3.3 million.

GE Financing Agreement

We funded $32.5 million of water bottling equipment purchases through a finance lease arrangement in 2008. The quarterly payments under the lease obligation totaled approximately $8.8 million per annum for the first two years, $5.3 million per annum for the subsequent two years, then $1.7 million per annum for the final four years.

Credit Ratings and Covenant Compliance

Credit Ratings

Our objective is to maintain credit ratings that provide us with ready access to global capital and credit markets at favorable interest rates.

As of December 31, 2011, the Company s credit ratings were as follows:

	Credit Ratings	
	Moody s Rating	Standard and Poor s Rating
Corporate credit rating	B2	B
2017 Notes	B3	B
2018 Notes	B3	B
Outlook	Stable	Stable

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Any downgrade of our credit ratings by either Moody s or S&P could increase our future borrowing costs or impair our ability to access capital markets on terms commercially acceptable to us or at all.

Covenant Compliance

8.125% Senior Notes due in 2018

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

8.375% Senior Notes due in 2017

Under the indenture governing the 2017 Notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. We have been in compliance with all of the covenants under the 2017 Notes and there have been no amendments to any such covenants since the 2017 Notes were issued.

ABL Facility

Under the credit agreement governing the ABL facility, we and our restricted subsidiaries are subject to a number of business and financial covenants, including a covenant requiring a minimum fixed charge coverage ratio of at least 1.1 to 1.0 effective when and if excess availability is less than the greater of (a) $30.0 million and (b) the lesser of (i) 12.5% of the amount of the aggregate borrowing base or (ii) $37.5 million. Although the covenant was not triggered as of December 31, 2011, our fixed charge coverage ratio as calculated under this covenant was greater than 1.1 to 1.0. If availability is less than $37.5 million, the lenders will take dominion over the cash and will apply excess cash to reduce amounts owing under the facility. The credit agreement governing the ABL facility requires us to maintain aggregate availability of at least $15.0 million. We were in compliance with all of the applicable covenants under the ABL facility on December 31, 2011.

Capital structure

Since January 1, 2011, equity has increased by $33.0 million. The increase was primarily the result of net income of $37.6 million, $3.6 million of non-controlling interest income, $2.9 million of share-based compensation expense, and contributions to non-controlling interests of $1.8 million offset in part by a $4.7 million foreign currency translation loss on the net assets of self-sustaining foreign operations, $6.0 million of distributions to non-controlling interests, and an increase in pension liabilities of $3.1 million.

Dividend payments

There are certain restrictions on the payment of dividends under our ABL facility and under the indentures governing the 2017 Notes and 2018 Notes. No dividend payments were made in 2011 and we do not expect to pay dividends in the foreseeable future.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK
We do not trade market risk sensitive instruments.

Currency Exchange Rate Risk

We are exposed to changes in foreign currency exchange rates. Operations outside of the United States accounted for 32.5% of 2011 revenue and 34.2% of 2010 revenue, and are concentrated principally in the U.K., Canada and Mexico. We translate the revenues and expenses of our foreign operations using average exchange rates prevailing during the period. The effect of a 10.0% change in foreign currency exchange rates among the U.S. dollar versus the Canadian dollar, pound sterling and Mexican peso as of December 31, 2011, at current levels of foreign debt and operations would result in our revenues in 2011 changing by $72.1 million and our gross profit in 2011 changing by $7.7 million. This change would be material to our cash flows and our results of operations.

Our primary exposure to foreign currency exchange rates relates to transactions in which the currency collected from customers is different from the currency utilized to purchase the product sold. In 2011, we entered into foreign currency contracts to hedge some of these currency exposures for which natural hedges do not exist. Natural hedges exist when purchases and sales within a specific country are both denominated in the same currency and, therefore, no exposure exists to hedge with foreign exchange forward, option, or swap contracts (collectively, the foreign exchange contracts). We do not enter into foreign exchange contracts for trading purposes. The risk of loss on a foreign exchange contract is the risk of non-performance by the counterparties, which we minimize by limiting our counterparties to major financial institutions. The fair values of the foreign exchange contracts, which are $0.6 million, are estimated using market quotes. As of December 31, 2011, we had outstanding foreign exchange forward contracts with notional amounts of $14.7 million.

Debt obligations and interest rates

We have exposure to interest rate risk from the outstanding principal amounts of our short-term and long-term debt. Our long-term debt is fixed and our short-term debt is variable. Our ABL facility is vulnerable to fluctuations in the U.S. short-term base rate and the LIBOR rate. Since we did not have any ABL borrowings outstanding at year end as of December 31, 2011, a 100 basis point increase in the current per annum interest rate for our ABL facility (excluding the $9.7 million of outstanding letters of credit) would not result in additional interest expense or be material to our cash flows or our results of operations. The weighted average interest rate of our debt outstanding at December 31, 2011 was 8.1%.

We regularly review the structure of our debt and consider changes to the proportion of variable versus fixed rate debt through refinancing, interest rate swaps or other measures in response to the changing economic environment. Historically, we have not used derivative instruments to manage interest rate risk. If we use and fail to manage these derivative instruments successfully, or if we are unable to refinance our debt or otherwise increase our debt capacity in response to changes in the marketplace, the expense associated with debt service could increase. This would negatively impact our financial condition and profitability.

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The information below summarizes our market risks associated with long-term debt obligations as of December 31, 2011. The table presents principal cash flows and related interest rates by year of maturity. Interest rates disclosed represent the actual weighted average rates as of December 31, 2011.

	Debt Obligations	
(in millions of U.S. dollars)	Outstanding debt balance	Weighted average interest rate for debt maturing
Debt maturing in:		
2012	$ 3.4	7.6%
2013	2.0	7.6%
2014	2.1	7.4%
2015	2.2	7.6%
2016	1.1	8.0%
Thereafter	597.2	8.1%
Total	$ 608.0 [1]	8.1%

[1] We funded the purchase of new water bottling equipment through the GE Obligation. At the end of the GE Obligation, we may exchange $6.0 million of deposits for the extinguishment of $6.0 million in debt or elect to purchase such equipment.

Commodity Price Risk

The competitive marketplace in which we operate may limit our ability to recover increased costs through higher prices. As a result, we are subject to market risk with respect to commodity price fluctuations principally related to our purchases of aluminum, PET resin, corn for HFCS, fruit and fruit concentrates. When possible, we manage our exposure to this risk primarily through the use of supplier pricing agreements, which enable us to establish the purchase prices for certain commodities. We estimate that a 10% increase in the market prices of these commodities over the current market prices would cumulatively increase our cost of sales during the next 12 months by approximately $29.0 million. This change would be material to our cash flows and our results of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and exhibits filed under this item are listed in the index appearing in Item 15 of this report.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Company s management, under the supervision and with the participation of the Company s Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company s disclosure controls and procedures as of December 31, 2011 (the Evaluation). Based upon the Evaluation, the Company s Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2011, the Company s disclosure controls and procedures were effective to ensure that

information required to be disclosed by the

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Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and accumulated and communicated to the Company s management, including the Company s Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management s Report on Internal Control Over Financial Reporting

The Company s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Management, under the supervision and with the participation of the Company s Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company s internal control over financial reporting as of December 31, 2011 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control Integrated Framework*. Based on that evaluation, management concluded that the Company s internal control over financial reporting was effective as of December 31, 2011.

The effectiveness of the Company s internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers LLP, the Company s independent registered certified public accounting firm, who also audited the Company s consolidated financial statements included in this Annual Report on Form 10-K, as stated in their report which appears herein.

Remediation of Material Weakness

Management first reported a material weakness in the Company s internal control over financial reporting, related to the communication and evaluation of a certain customer s discount and pricing programs that affected revenue, accounts receivable and accrued expenses, on Form 10-K for the fiscal year ended January 1, 2011, filed on March 15, 2011. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company s annual or interim financial statements will not be prevented or detected on a timely basis.

During 2011, with oversight from the Audit Committee of the Company s Board of Directors, the Company s management made the following changes and enhancements to its internal controls over financial reporting to remediate the material weakness previously reported:

1. Starting in the first quarter of 2011 and continuing through the third quarter of 2011, the Company made personnel changes, including the termination and demotion of certain staff that were responsible for the operation of certain internal controls that failed, and the addition of new, more senior and experienced finance staff to oversee the specific customer activities.

2. The Company revised and enhanced the policies, procedures and internal controls surrounding the accounting for customer discounts and pricing to obtain reasonable assurance that the revenue, accounts receivable and accrued expenses reported in its consolidated financial statements are in accordance with U.S. GAAP. These specific revisions and enhancements included the following:

    In the first quarter of 2011, the Company expanded and centralized reviews and evaluations of customer accounts receivable aging and promotional activities.

    During the fourth quarter of 2011, the Company instituted additional processes for validation of customer order pricing prior to shipment and procedures for timely resolution of pricing discrepancies on customer orders.

    During the fourth quarter of 2011, the Company instituted additional procedures for the identification and timely review of customer pricing and discount discrepancies identified after the customer is invoiced, and for applicable adjustments to the financial statements to be made timely.

The Company completed the documentation and testing of the corrective processes described above and, as of December 31, 2011, has concluded that the steps taken have remediated the material weakness related to accounting for revenue, accounts receivable and accrued expenses.

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Changes in Internal Control Over Financial Reporting

As described above under the heading entitled Remediation of Material Weakness, there were changes in internal control over financial reporting during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect the Company s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not Applicable.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item regarding directors is incorporated by reference to, and will be contained in, the Election of Directors section of our definitive proxy circular for the 2012 Annual Meeting of Shareowners, which will be filed within 120 days after December 31, 2011 (the 2012 Proxy Circular). The information required by this item regarding audit committee financial expert disclosure is incorporated by reference to, and will be contained in, the Corporate Governance section of our 2012 Proxy Circular. The information required by this item regarding executive officers appears as the Supplemental Item in Part I. There have been no material changes to the procedures by which shareholders may recommend nominees to our Board of Directors.

The Audit Committee of our Board of Directors is an audit committee for the purposes of Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit Committee charter is posted on our website at www.cott.com. The members of the Audit Committee are Graham Savage (Chairman), George Burnett and Gregory Monahan. As required by the NYSE rules, the board has determined that each member of the Audit Committee is financially literate and that Mr. Savage qualifies as an audit committee financial expert within the meaning of the rules of the U.S. Securities and Exchange Commission.

All of our directors, officers and employees must comply with our Code of Business Conduct and Ethics. In addition, our Chief Executive Officer, Chief Financial Officer and principal accounting officer and certain other employees have a further obligation to comply with our Code of Ethics for Senior Officers. Our Code of Business Conduct and Ethics and our Code of Ethics for Senior Officers are posted on our website, www.cott.com and we intend to comply with obligations to disclose any amendment to, or waiver of, provisions of these codes by posting such information on our website.

Section 16(a) Beneficial ownership reporting compliance

The information required by this item is incorporated by reference to, and will be contained in, the Section 16(a) Beneficial Ownership Reporting Compliance section of our 2012 Proxy Circular.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to, and will be contained in, the Compensation of Executive Officers section of our 2012 Proxy Circular.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREOWNER MATTERS

The information required by this item is incorporated by reference to, and will be contained in, the Principal Shareowners, Security Ownership of Directors and Management and Equity Compensation Plan Information sections of our 2012 Proxy Circular.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this item is incorporated by reference to, and will be contained in, the Certain Relationships and Related Transactions section of our 2012 Proxy Circular.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to, and will be contained in, the Independent Registered Certified Public Accounting Firm section of our 2012 Proxy Circular.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The documents filed as part of this report are as follows:

1. Financial Statements

The consolidated financial statements and accompanying report of independent registered certified public accounting firm are listed in the Index to Consolidated Financial Statements and are filed as part of this report.

2. Financial Statement Schedules

Schedule II Valuation and Qualifying Accounts

3. Exhibits

Exhibits required by Item 601 of Regulation S-K set forth on the Exhibit Index.

All other schedules called for by the applicable SEC accounting regulations are not required under the related instructions or are inapplicable and, therefore, have been omitted.

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Signatures

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

/s/ JERRY FOWDEN
Jerry Fowden
Chief Executive Officer
Date: February 29, 2012

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/ JERRY FOWDEN **Jerry Fowden** **Chief Executive Officer, Director** **(Principal Executive Officer)**	Date: February 29, 2012	/s/ GREGORY MONAHAN **Gregory Monahan** **Director**	Date: February 29, 2012
/s/ NEAL CRAVENS **Neal Cravens** **Chief Financial Officer** **(Principal Financial Officer)**	Date: February 29, 2012	/s/ MARIO PILOZZI **Mario Pilozzi** **Director**	Date: February 29, 2012
/s/ GREGORY LEITER **Gregory Leiter** **Senior Vice President, Chief Accounting Officer and Assistant Secretary** **(Principal Accounting Officer)**	Date: February 29, 2012	/s/ GEORGE A. BURNETT **George A. Burnett** **Director**	Date: February 29, 2012
/s/ DAVID T. GIBBONS **David T. Gibbons** **Chairman, Director**	Date: February 29, 2012	/s/ ANDREW PROZES **Andrew Prozes** **Director**	Date: February 29, 2012
/s/ MARK BENADIBA **Mark Benadiba** **Director**	Date: February 29, 2012	/s/ GRAHAM SAVAGE **Graham Savage** **Director**	Date: February 29, 2012
/s/ STEPHEN H. HALPERIN **Stephen H. Halperin** **Director**	Date: February 29, 2012	/s/ ERIC ROSENFELD **Eric Rosenfeld** **Director**	Date: February 29, 2012
/s/ BETTY JANE HESS	Date: February 29, 2012		

Betty Jane Hess
Director

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COTT CORPORATION

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Report of Independent Registered Certified Public Accounting Firm

To the Board of Directors and Shareholders of

Cott Corporation:

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Cott Corporation and its subsidiaries at December 31, 2011 and January 1, 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)2 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Tampa, Florida
February 29, 2012

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Cott Corporation

Consolidated Statements of Operations

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

	For the Years Ended		
	December 31, 2011	**January 1, 2011**	**January 2, 2010**
Revenue, net	**$ 2,334.6**	$ 1,803.3	$ 1,596.7
Cost of sales	**2,058.0**	1,537.0	1,346.9
Gross profit	**276.6**	266.3	249.8
Selling, general and administrative expenses	**172.7**	166.7	146.8
Loss on disposal of property, plant & equipment	**1.2**	1.1	0.5
Restructuring and asset impairments			
Restructuring		(0.5)	1.5
Asset impairments	**0.6**		3.6
Intangible asset impairments	**1.4**		
Operating income	**100.7**	99.0	97.4
Contingent consideration earn-out adjustment	**0.9**	(20.3)	
Other expense, net	**2.2**	4.0	4.4
Interest expense, net	**57.1**	36.9	29.7
Income before income taxes	**40.5**	78.4	63.3
Income tax (benefit) expense	**(0.7)**	18.6	(22.8)
Net income	**$ 41.2**	$ 59.8	$ 86.1
Less: Net income attributable to non-controlling interests	**3.6**	5.1	4.6
Net income attributed to Cott Corporation	**$ 37.6**	$ 54.7	$ 81.5
Net income per common share attributed to Cott Corporation			
Basic	**$ 0.40**	$ 0.64	$ 1.10
Diluted	**0.40**	0.63	1.08
Weighted average outstanding shares (thousands) attributed to Cott Corporation			
Basic	**94,241**	85,588	74,207
Diluted	**95,001**	86,185	75,215

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

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Cott Corporation

Consolidated Balance Sheets

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

	December 31, 2011	January 1, 2011
ASSETS		
Current assets		
Cash & cash equivalents	**$ 100.9**	$ 48.2
Accounts receivable, net of allowance of $5.7 ($7.0 as of January 1, 2011)	**210.8**	213.6
Income taxes recoverable	**9.9**	0.3
Inventories	**210.0**	215.5
Prepaid expenses and other current assets	**19.3**	32.7
Total current assets	**550.9**	510.3
Property, plant & equipment	**482.2**	503.8
Goodwill	**129.6**	130.2
Intangibles and other assets	**341.1**	371.1
Deferred income taxes	**4.1**	2.5
Other tax receivable	**1.0**	11.3
Total assets	**$ 1,508.9**	$ 1,529.2
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	**$**	$ 7.9
Current maturities of long-term debt	**3.4**	6.0
Contingent consideration earn-out		32.2
Accounts payable and accrued liabilities	**281.1**	276.6
Total current liabilities	**284.5**	322.7
Long-term debt	**602.1**	605.5
Deferred income taxes	**34.1**	43.6
Other long-term liabilities	**20.0**	22.2
Total liabilities	**940.7**	994.0
Commitments and Contingencies Note 17		
Equity		
Capital stock, no par 95,101,230 (January 1, 2011 94,750,120) shares issued	**395.9**	395.6
Treasury stock	**(2.1)**	(3.2)
Additional paid-in-capital	**42.6**	40.8
Retained earnings	**144.1**	106.5
Accumulated other comprehensive loss	**(24.7)**	(17.5)
Total Cott Corporation equity	**555.8**	522.2
Non-controlling interests	**12.4**	13.0
Total equity	**568.2**	535.2
Total liabilities and equity	**$ 1,508.9**	$ 1,529.2

Approved by the Board of Directors:

/s/ *Graham Savage*
Director

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

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Cott Corporation

Consolidated Statements of Cash Flows

(in millions of U.S. dollars)

	For the Years Ended		
	December 31, 2011	**January 1, 2011**	**January 2, 2010**
Operating Activities			
Net income	**$ 41.2**	$ 59.8	$ 86.1
Depreciation & amortization	**95.3**	74.0	66.2
Amortization of financing fees	**3.9**	2.7	1.5
Share-based compensation expense	**2.9**	4.7	1.3
(Decrease) increase in deferred income taxes	**(3.7)**	17.0	6.2
Write-off of financing fees		1.4	
Loss on disposal of property, plant & equipment	**1.2**	1.1	0.5
Loss on buyback of Notes		0.1	1.5
Asset impairments	**0.6**		
Intangible asset impairments	**1.4**		3.5
Contingent consideration earn-out adjustment		(20.3)	
Contract termination charge		3.6	
Contract termination payments	**(3.1)**	(5.4)	(3.8)
Other non-cash items	**4.9**	5.5	2.7
Change in operating assets and liabilities, net of acquisition:			
Accounts receivable	**(5.0)**	(3.9)	20.8
Inventories	**6.5**	(28.4)	16.0
Prepaid expenses and other current assets	**5.8**	2.6	(1.6)
Other assets	**(0.7)**	(1.6)	(1.2)
Accounts payable and accrued liabilities	**11.5**	39.8	(6.5)
Income taxes recoverable	**0.8**	25.7	(38.1)
Net cash provided by operating activities	**163.5**	178.4	155.1
Investing Activities			
Acquisition	**(34.3)**	(507.7)	
Additions to property, plant & equipment	**(48.8)**	(44.0)	(32.3)
Additions to intangibles and other assets	**(5.7)**	(4.2)	(1.6)
Proceeds from sale of property, plant & equipment	**0.4**	1.2	1.7
Other investing activities	**(1.8)**		
Net cash used in investing activities	**(90.2)**	(554.7)	(32.2)
Financing Activities			
Payments of long-term debt	**(6.8)**	(18.7)	(265.5)
Issuance of long-term debt		375.0	211.9
Borrowings under ABL	**224.1**	366.5	768.1
Payments under ABL	**(231.9)**	(379.0)	(856.6)
Distributions to non-controlling interests	**(6.0)**	(7.4)	(6.6)
Issuance of common shares, net of offering fees	**0.3**	71.1	47.5
Financing fees		(14.2)	(6.2)
Other financing activities			(0.1)
Net cash (used in) provided by financing activities	**(20.3)**	393.3	(107.5)
Effect of exchange rate changes on cash	**(0.3)**	0.3	0.8
Net increase in cash & cash equivalents	**52.7**	17.3	16.2
Cash & cash equivalents, beginning of period	**48.2**	30.9	14.7

Cash & cash equivalents, end of period	**$ 100.9**	$ 48.2	$ 30.9
Supplemental Non-cash Investing and Financing Activities:			
Capital lease additions	**$ 0.2**	$ 2.4	$ 0.2
Deferred consideration		13.2	
Contingent consideration earn-out		32.2	
Working capital adjustment		(4.7)	
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	**$ 53.8**	$ 22.8	$ 23.8
Cash paid (received) for income taxes, net	**1.3**	(24.3)	11.0

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

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Cott Corporation

Consolidated Statements of Equity

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

			Cott Corporation Equity						
	Number of Common Shares (In thousands)	**Number of Treasury Shares (In thousands)**	**Common Shares**	**Treasury Shares**	**Additional Paid-in-Capital**	**Retained Earnings (Deficit)**	**Accumulated Other Comprehensive Income (Loss)**	**Non-Controlling Interests**	**Total Equity**
Balance at December 27, 2008	**71,871**	**2,307**	**$ 275.0**	**$ (6.4)**	**$ 38.1**	**$ (29.7)**	**$ (47.8)**	**$ 17.3**	**$ 246.5**
Common shares issued	9,435		47.5						47.5
Treasury shares issued PSU Plan		(560)		1.4	(1.4)				
Treasury shares issued EISPP		(243)		0.6	(0.6)				
Share-based compensation					1.3				1.3
Options exercised	25								
Distributions to non-controlling interests								(6.6)	(6.6)
Comprehensive income									
Currency translation adjustment							26.5		26.5
Net income						81.5		4.6	86.1
Balance at January 2, 2010	**81,331**	**1,504**	**$ 322.5**	**$ (4.4)**	**$ 37.4**	**$ 51.8**	**$ (21.3)**	**$ 15.3**	**$ 401.3**
Common shares issued	13,340		71.1						71.1
Common shares issued Directors Share Award	79				0.7				0.7
Tax impact of common shares issuance			2.0						2.0
Treasury shares issued PSU Plan		(437)		1.2	(1.3)				(0.1)
Treasury shares issued EISPP		(16)							
Share-based compensation					4.0				4.0
Distributions to non-controlling interests								(7.4)	(7.4)
Comprehensive income									
Currency translation adjustment							4.5		4.5
Pension benefit plan, net of tax							(0.4)		(0.4)
Unrealized loss on derivative instruments, net of tax							(0.3)		(0.3)
Net income						54.7		5.1	59.8
Balance at January 1, 2011	**94,750**	**1,051**	**$ 395.6**	**$ (3.2)**	**$ 40.8**	**$ 106.5**	**$ (17.5)**	**$ 13.0**	**$ 535.2**
Common shares issued Directors Share Award	76				0.7				0.7
Treasury shares issued PSU Plan		(181)		0.5	(0.5)				
Treasury shares issued EISPP		(196)		0.6	(0.6)				
Share-based compensation					2.2				2.2
Options exercised	275		0.3						0.3
Contributions to non-controlling interests								1.8	1.8
Distributions to non-controlling interests								(6.0)	(6.0)

Comprehensive income									
Currency translation adjustment							(4.7)		(4.7)
Pension benefit plan, net of tax							(3.1)		(3.1)
Unrealized gain on derivative instruments, net of tax							0.6		0.6
Net income						37.6		3.6	41.2
Balance at December 31, 2011	**95,101**	**674**	**$ 395.9**	**$ (2.1)**	**$ 42.6**	**$ 144.1**	**$ (24.7)**	**$ 12.4**	**$ 568.2**

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

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Cott Corporation

Consolidated Statements of Comprehensive Income

(in millions of U.S. dollars)

	For the Years Ended		
	December 31, 2011	**January 1, 2011**	**January 2, 2010**
Net income	**$ 41.2**	$ 59.8	$ 86.1
Other comprehensive (loss) income:			
Currency translation adjustment	**(4.7)**	4.5	26.5
Pension benefit plan, net of tax [1]	**(3.1)**	(0.4)	
Unrealized gain (loss) on derivative instruments, net of tax [2]	**0.6**	(0.3)	
Total other comprehensive (loss) income	**(7.2)**	3.8	26.5
Comprehensive income	**$ 34.0**	$ 63.6	$ 112.6
Less: Net income attributable to non-controlling interests	**3.6**	5.1	4.6
Comprehensive income attributed to Cott Corporation	**$ 30.4**	$ 58.5	$ 108.0

[1] Net of a $0.6 million and $0.6 million tax benefit effect for the years ended December 31, 2011 and January 1, 2011.

[2] Net of a $0.3 million tax expense and $0.1 million tax benefit effect for the years ended December 31, 2011 and January 1, 2011.

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

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Notes to Consolidated Financial Statements

Description of Business

Cott Corporation, together with its consolidated subsidiaries (Cott, the Company, our Company, Cott Corporation, we, us, or our), is o world s largest beverage companies focusing on private-label products and contract manufacturing. Our product lines include carbonated soft drinks (CSDs), clear, still and sparkling flavored waters, energy-related drinks, juice, juice-based products, bottled water and ready-to-drink teas.

Note 1 Summary of Significant Accounting Policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) using the U.S. dollar as the reporting currency, as the majority of our business and the majority of our shareowners are in the United States.

For the years ended December 31, 2011 and January 1, 2011, we had 52 weeks of activity, compared to 53 weeks of activity for the year ended January 2, 2010.

We have five reporting segments North America (which includes our U.S. operating segment and Canada operating segment), United Kingdom (U.K.) (which includes our United Kingdom reporting unit and our Continental European reporting unit), Mexico, Royal Crown International (RCI) and All Other (which includes our international corporate expenses).

Basis of consolidation

The financial statements consolidate our accounts, our wholly-owned and majority-owned subsidiaries and joint ventures which we control. All intercompany transactions and accounts have been eliminated in consolidation.

Estimates

The preparation of these consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements include estimates and assumptions which, in the opinion of management, were significant to the underlying amounts representing the future valuation of intangible assets, long-lived assets and goodwill, accounting for share-based compensation, realization of deferred income tax assets and the resolution of tax contingencies. Determining whether impairment has occurred requires various estimates and assumptions including estimates of cash flows that are directly related to the potentially impaired asset, the useful life over which cash flows will occur and their amounts. The measurement of an impairment loss requires an estimate of fair value, which includes estimates of cash flows and the appropriate discount rate.

Accounting Policies

Revenue recognition

We recognize revenue, net of sales returns, when ownership passes to customers for products manufactured in our own plants and/or by third parties on our behalf, and when prices to our customers are fixed and collection is reasonably assured. This may be upon shipment of goods or upon delivery to the customer, depending on contractual terms. Shipping and handling costs paid by the customer to us are included in revenue. Although we accept returns of products from our customers occasionally, such returns, historically, have not been material.

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Sales incentives

We participate in various incentive programs with our customers, including volume-based incentives, promotional allowances and contractual rebates. Volume incentives are based on our customers achieving volume targets for a period of time. They are deducted from revenue and accrued as the incentives are earned and are based on management s estimate of the total the customer is expected to earn and claim. Contractual rebates are handled similarly. Promotional allowances are accrued at time of shipment and deducted from revenue based on either the volume shipped or the volume sold at the retailer location, depending on the terms of the allowance. We regularly review customer sales forecasts to ensure volume targets will be met and adjust incentive accruals accordingly.

Cost of sales

We record shipping and handling and finished goods inventory costs in cost of sales. Finished goods inventory costs include the cost of direct labor and materials and the applicable share of overhead expense chargeable to production.

Selling, general and administrative expenses

We record all other expenses not charged to production as selling, general and administrative expenses.

Share-based compensation

Share-based compensation expense for all share-based compensation awards granted after January 1, 2006, is based on the grant-date fair value. We recognized these compensation costs net of a forfeiture rate on a straight-line basis over the requisite service period of the award, which is generally the vesting term of three years. No estimated forfeitures were included in the calculation of share-based compensation for the 2011, 2010 and 2009 share-based awards.

Additional paid-in capital is adjusted by the tax impact related to the difference between the amount deducted for tax purposes and the compensation cost for accounting purposes. Where the tax deduction exceeds book compensation cost, an increase in additional paid-in capital is recorded. Where the tax deduction is less than book compensation cost, a reduction in additional paid-in capital is recorded to the extent there is an accumulated balance or charged to income tax expense if a shortfall remains after the accumulated additional paid-in capital is brought to zero.

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities not exceeding three months at the time of purchase. The fair values of our cash and cash equivalents approximate the amounts shown on our Consolidated Balance Sheets due to their short-term nature.

Allowance for doubtful accounts

A portion of our accounts receivable is not expected to be collected due to non-payment, bankruptcies and sales returns and deductions. Our accounting policy for the provision for doubtful accounts requires us to reserve an amount based on the evaluation of the aging of accounts receivable, sales return trend analysis, detailed analysis of high-risk customers accounts, and the overall market and economic conditions of our customers.

Inventories

Inventories are stated at the lower of cost, determined on the first-in, first-out method, or net realizable value. Returnable bottles 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.

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Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	10 to 40 years
Machinery and equipment	7 to 15 years
Furniture and fixtures	3 to 10 years
Plates, films and molds	1 to 10 years
Vending	5 to 10 years
Transportation equipment	3 to 15 years

Leasehold improvements are amortized using the straight-line method over the remaining life of the lease. Maintenance and repairs are charged to operating expense when incurred.

Goodwill and indefinite life intangible assets:

The following table summarizes our goodwill on a reporting segment basis as of December 31, 2011 and January 1, 2011:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
North America		
Balance at beginning of year	$ 125.7	$ 26.1
Goodwill acquired during the year		98.2
Foreign exchange	(0.6)	1.4
Balance at end of year	$ 125.1	$ 125.7
RCI		
Balance at beginning of year	$ 4.5	$ 4.5
Goodwill acquired during the year		
Foreign exchange		
Balance at end of year	$ 4.5	$ 4.5
Total		
Balance at beginning of year	$ 130.2	$ 30.6
Goodwill acquired during the year		98.2
Foreign exchange	(0.6)	1.4
Balance at end of year	$ 129.6	$ 130.2

Goodwill represents the excess purchase price of acquired businesses over the fair value of the net assets acquired. Goodwill is not amortized, but instead is tested at least annually for impairment in the fourth quarter or more frequently if we determine a triggering event has occurred during the year. Any impairment loss is recognized in our results of operations. We evaluate goodwill for impairment on a reporting unit basis. Reporting units are operations for which discrete financial information is available, and are at or one level below our operating segments. For the purpose of testing goodwill for impairment, our reporting units are U.S., Canada and RCI. The evaluation of goodwill for each reporting unit is based upon the following approach. We compare the fair value of a reporting unit to its carrying amount. Where the carrying amount is greater than the fair value, the implied fair value of the reporting unit goodwill is determined by allocating the fair value of the reporting unit to all the assets and liabilities of the reporting unit with any of the remainder being allocated to goodwill. The implied fair value of the reporting unit goodwill is then compared to the carrying amount of that goodwill to determine the impairment loss. Any impairment in value is recognized in the Consolidated Statements of Operations. The goodwill on our balance sheet at December 31, 2011 represents amounts for the North America reporting segment (which includes our U.S. and Canada reporting units) and RCI reporting unit.

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We measure the fair value of reporting units using a mix of the income approach (which is based on the discounted cash flow of the reporting unit) and the public company approach. We believe using a combination of the two approaches provides a more accurate valuation because it incorporates the actual cash generation of the Company in addition to how a third party market participant would value the reporting unit. Because the business is assumed to continue in perpetuity, the discounted future cash flow includes a terminal value. We used a weighted average terminal growth rate of 1% for our U.S. reporting unit in 2011 and 2% for our Canada and RCI reporting units in 2011 and 2010. The long-term growth assumptions incorporated into the discounted cash flow calculation reflect our long-term view of the market (including a decline in CSD demand), projected changes in the sale of our products, pricing of such products and operating profit margins. The estimated revenue changes in this analysis for the U.S. reporting unit ranged between 2.2% and 3.4% for 2011. The estimated revenue changes in this analysis for the Canada reporting unit ranged between -7.2% and 1.9% for 2011 and between -7.9% and 7.2% for 2010. The estimated revenue changes in this analysis for the RCI reporting unit ranged between 4.5% and 10.6% for 2011 and between -9.0% and 10.1% for 2010.

The discount rate used for the fair value estimates in this analysis ranged from 11% to 12% for 2011 and 10% to 12% for 2010. These rates were based on the weighted average cost of capital a market participant would use if evaluating the reporting unit as an investment. The risk-free rate for 2011 was 2.6% and 2.7% and was based on a 20-year U.S. Treasury Bill as of the valuation date.

Each year during the fourth quarter, we re-evaluate the assumptions used to reflect changes in the business environment, such as revenue growth rates, operating profit margins and discount rate. Based on the evaluation performed this year utilizing the assumptions above, we determined that the fair value of each of our reporting units exceeded their carrying amount and as a result further impairment testing was not required. We analyzed the sensitivity these assumptions have on our overall impairment assessment and note that as of the December 31, 2011 annual assessment, the fair value for each of these reporting units was substantially in excess of its carrying value.

Intangible and other assets

As of December 31, 2011, other intangible assets were $296.1 million, which consisted principally of $248.4 million of customer relationships that arose from acquisitions, $15.7 million of financing costs, $10.7 million of information technology assets, and trademarks of $5.9 million. Customer relationships are amortized on a straight-line basis for the period over which we expect to receive economic benefits. We review the estimated useful life of these intangible assets annually, taking into consideration the specific net cash flows related to the intangible asset, unless a review is required more frequently due to a triggering event such as the loss of a customer. The permanent loss or significant decline in sales to any customer included in the intangible asset would result in impairment in the value of the intangible asset or accelerated amortization and could lead to an impairment of fixed assets that were used to service that customer. In 2010, we recorded $216.9 million of customer relationships acquired in connection with the Cliffstar Acquisition. In 2011, we recorded an asset impairment charge of $1.4 million related primarily to customer relationships.

Our only intangible asset with an indefinite life relates to the 2001 acquisition of intellectual property from Royal Crown Company, Inc. including the right to manufacture our concentrates, with all related inventions, processes, technologies, technical and manufacturing information, know-how and the use of the Royal Crown brand outside of North America and Mexico (the Rights) which has a net book value of $45.0 million. Prior to 2001, we paid a volume based royalty to the Royal Crown Company for purchase of concentrates. There are no legal, regulatory, contractual, competitive, economic, or other factors that limit the useful life of this intangible.

The life of the Rights is considered to be indefinite and therefore not amortized, but instead is tested at least annually for impairment or more frequently if we determine a triggering event has occurred during the year. For an intangible asset with an indefinite life, we compare the carrying amount of the Rights to their fair value and where the carrying amount is greater than the fair value, we recognize in income an impairment loss. To

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determine fair value, we use a relief from royalty method which calculates a fair value royalty rate that is applied to a forecast of future volume shipments of concentrate that is used to produce CSDs. The forecast of future volumes is based on the estimated inter-plant shipments and RCI shipments. The relief from royalty method is used since the Rights were purchased in part to avoid making future royalty payments for concentrate to the Royal Crown Company. The resulting cash flows are discounted using a discount rate of 16% and estimated volume changes between 4.6% and 10.6%. No impairment was calculated as of January 1, 2011. Absent any other changes, if our inter-plant concentrate volume declines by 1.0% from our estimated volume, the value of our Rights would decline by approximately $1.1 million. If our RCI volume declines by 1.0% from our estimated volume, the value of the Rights would decline by approximately $1.9 million. If our discounted borrowing rate increases by 100 basis points, the value of the Rights would decline by approximately $3.6 million.

Impairment of long lived assets

When adverse events occur, we compare the carrying amount of long-lived assets to the estimated undiscounted future cash flows at the lowest level of independent cash flows for the group of long-lived assets and recognize any impairment loss in the Consolidated Statements of Operations, taking into consideration the timing of testing and the asset s remaining useful life. The expected life and value of these long-lived assets is based on an evaluation of the competitive environment, history and future prospects as appropriate. In 2011, we recorded an impairment of long-lived assets of $0.6 million related to a production plant in Mexico that ceased operations. We did not record any impairments of long-lived assets in 2010 or 2009.

Foreign currency translation

The assets and liabilities of non-U.S. active operations, all of which are self-sustaining, are translated to U.S. dollars at the exchange rates in effect at the balance sheet dates. Revenues and expenses are translated using average monthly exchange rates prevailing during the period. The resulting gains or losses are recorded in accumulated comprehensive income under shareowners equity.

Taxation

We account 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 currently enacted income tax rates. A valuation allowance is established to reduce deferred income tax assets if, on the basis of available evidence, it is not more likely than not that all or a portion of any deferred tax assets will be realized. We classify interest and income tax penalties as income tax expense (benefit).

We account for uncertain tax positions using a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, based on the technical merits. The second step requires us to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. It is inherently difficult and subjective to estimate such amounts, as we have to determine the probability of various possible outcomes. We re-evaluate these uncertain tax positions on a quarterly basis. This evaluation is based on factors including, but not limited to, changes in facts or circumstances, changes in tax law, effectively settled issues under audit, and new audit activity. Such a change in recognition or measurement would result in the recognition of a tax benefit or an additional charge to the tax provision.

We recognize interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying Consolidated Statements of Operations, and we include accrued interest and penalties within the income tax payable or receivable account in the Consolidated Balance Sheets.

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Pension costs

We record annual amounts relating to defined benefit pension plans based on calculations, which include various actuarial assumptions such as discount rates and assumed rates of return depending on the pension plan. Material changes in pension costs may occur in the future due to changes in these assumptions. Future annual amounts could be impacted by changes in the discount rate, changes in the expected long-term rate of return, changes in the level of contributions to the plans and other factors. The funded status is the difference between the fair value of plan assets and the benefit obligation. Future actuarial gains or losses that are not recognized as net periodic benefits cost in the same periods will be recognized as a component of other comprehensive income.

Recently issued accounting pronouncements

ASU 2010-13 Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades

In April 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-13, Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades, to address the classification of an employee share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. This update provides amendments to Topic 718 to clarify that an employee share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity s equity securities trades should not be considered to contain a condition that is not a market, performance, or service condition. Therefore, an entity would not classify such an award as a liability if it otherwise qualifies as equity. We adopted the provisions of this standard during the first quarter of 2011. This standard does not have an impact on our consolidated financial statements.

ASU 2011-05 Comprehensive Income: Presentation of Comprehensive Income

In June 2011, the FASB amended its guidance on the presentation of comprehensive income in financial statements to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items that are recorded in other comprehensive income. The new accounting guidance requires entities to report components of comprehensive income in either (i) a continuous statement of comprehensive income or (ii) two separate but consecutive statements. The provisions of this new guidance are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. This is a change in presentation only and will not have an impact on our consolidated financial statements.

ASU 2011-08 Intangibles-Goodwill and Other: Testing Goodwill for Impairment

In September 2011, the FASB amended its guidance in regards to testing goodwill for impairment to address concern raised about the cost and complexity of performing the first step of the two-step goodwill impairment test required under Accounting Standards Codification (ASC) Topic 350 Intangibles-Goodwill and Other. The objective of this update is to simplify how entities, both public and nonpublic, test goodwill for impairment. The amendments in the update permit an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test described in Topic 350. The more-likely-than-not threshold is defined as having a likelihood of more than 50 percent. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. We are currently evaluating the impact on our consolidated financial statements of adopting this guidance.

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Note 2 Acquisition

On August 17, 2010, we completed the acquisition of substantially all of the assets and liabilities of Cliffstar Corporation (Cliffstar) and its affiliated companies for approximately $503.0 million in cash, $14.0 million in deferred consideration to be paid over three years and contingent consideration of up to $55.0 million (the Cliffstar Acquisition). The first $15.0 million of the contingent consideration was based upon the achievement of milestones in certain expansion projects in 2010, which were achieved in 2010. The remainder of the contingent consideration was based on the achievement of certain performance measures during the fiscal year ending January 1, 2011.

We were notified on May 9, 2011 by the seller of Cliffstar of certain objections to the performance measures used to calculate the contingent consideration, and the seller asserted a claim for amounts in excess of the amounts accrued as contingent consideration at July 2, 2011. During the third and fourth quarters of 2011, Cott made interim payments to the seller equal to $21.0 million and $8.6 million, respectively. The payment of $21.0 million was net of a $4.7 million refund due to Cott as a result of the final determination of working capital, and the payment of $8.6 million included $0.9 million in settlement of certain of the seller s objections to the calculation of the contingent consideration. The seller s remaining objections to the calculation of the contingent consideration are subject to an ongoing binding arbitration process under the terms of the asset purchase agreement. The seller is seeking up to $12.1 million in additional contingent consideration. The final resolution of these matters may result in amounts payable to the seller that vary materially from our current estimated fair value which consists of payments to the seller as noted above and amounting to $34.3 million. We are currently unable to predict the ultimate outcome of this action. Any changes in the fair value of contingent consideration will be recorded in our Consolidated Statements of Operations. Also, during the third quarter of 2011, Cott made a payment equal to $4.7 million to satisfy the first of three annual deferred consideration payments.

The Cliffstar Acquisition was financed through the issuance of $375.0 million aggregate principal amount of 8.125% senior notes due 2018 (the 2018 Notes), the underwritten public offering of 13.4 million of our common shares (the Equity Offering) and borrowings under our credit facility, which we refinanced in connection with the Cliffstar Acquisition, to increase the amount available for borrowings to $275.0 million.

Our primary reasons for the Cliffstar Acquisition were to expand Cott s product portfolio and manufacturing capabilities, enhance our customer offering and growth prospects, and improve our strategic platform for the future.

The Cliffstar Acquisition is being accounted for under the acquisition method, in accordance with ASC 805, (Business Combinations), with the assets and liabilities acquired recorded at their fair values at the date of the Cliffstar Acquisition. Identified intangible assets, goodwill and property, plant and equipment are recorded at their estimated fair values per valuations. The results of operations of the acquired business have been included in our operating results beginning as of the date of the Cliffstar Acquisition. We allocated the purchase price of the Cliffstar Acquisition to tangible assets, liabilities and identifiable intangible assets acquired based on their estimated fair values. The excess of the purchase price over the aggregate fair values was recorded as goodwill. The fair value assigned to identifiable intangible assets acquired was based on estimates and assumptions made by management. Intangible assets are amortized using the straight-line amortization method.

In addition to the purchase price, we incurred $7.2 million of acquisition related costs, which were expensed as incurred and recorded in the selling, general, and administrative expenses caption of our Consolidated Statements of Operations for the year ended January 1, 2011, in accordance with ASC 805, Business Combinations .

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The following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed in connection with the Cliffstar Acquisition.

(in millions of U.S. dollars)	As reported at January 1, 2011
Accounts receivable	$ 52.2
Inventories	87.1
Prepaid expenses and other assets	5.7
Property, plant & equipment	167.3
Goodwill	98.2
Intangibles and other assets	224.3
Accounts payable and accrued liabilities	(63.3)
Other long-term liabilities	(2.8)
Total	$ 568.7

Intangible Assets

In our determination of the fair value of the intangible assets, we considered, among other factors, the best use of acquired assets, analysis of historical financial performance and estimates of future performance of Cliffstar s products. The estimated fair values of identified intangible assets were calculated considering market participant expectations and using an income approach and estimates and assumptions provided by Cliffstar s and our management. The following table sets forth the components of identified intangible assets associated with the Cliffstar Acquisition and their estimated weighted average useful lives:

	As Reported at January 1, 2011	
(in millions of U.S. dollars)	Estimated Fair Market Value	Estimated Useful Life
Customer relationships	$ 216.9	15 years
Non-competition agreements	6.6	3 years
Total	$ 223.5	

Customer relationships represent future projected revenue that will be derived from sales to existing customers of the acquired company.

In conjunction with the closing of the Cliffstar Acquisition, certain key employees of Cliffstar executed non-competition agreements, which prevent those employees from competing with us in specified restricted territories for a period of three years from the date of the Cliffstar Acquisition. The value of the Cliffstar business could be materially diminished without these non-competition agreements.

Goodwill

The principal factor that resulted in recognition of goodwill was that the purchase price for the Cliffstar Acquisition was based in part on cash flow projections assuming the reduction of administration costs and the integration of acquired customers and products into our operations, which is of greater value than on a standalone basis. Goodwill is expected to be deductible for tax purposes.

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Supplemental Pro Forma Data (unaudited)

The following unaudited pro forma financial information for the years ended January 1, 2011 and January 2, 2010 represent the combined results of our operations as if the Cliffstar Acquisition had occurred on December 28, 2008. The unaudited pro forma results reflect certain adjustments related to the Cliffstar Acquisition such as increased amortization expense on acquired intangible assets resulting from the preliminary fair valuation of assets acquired. The unaudited pro forma financial information does not necessarily reflect the results of operations that would have occurred had we operated as a single entity during such period.

(in millions of U.S. dollars, except share amounts)	For the Years Ended January 1, 2011	January 2, 2010
Revenue	**$ 2,206.5**	$ 2,268.0
Net income [1]	**67.0**	87.1
Net income per common share, diluted	**$ 0.78**	$ 0.93

[1] For the year ended January 2, 2010, Cott recorded restructuring charges of $1.5 million due to the 2009 Restructuring Plan (as defined in Note 3) and $3.6 million of asset impairments primarily related to the write-off of a customer list. For the year ended January 1, 2011, Cott recorded a restructuring gain of $0.5 million related to the North American Plan (as defined in Note 3).

Revenues for Cliffstar from the date of the Cliffstar Acquisition through January 1, 2011 were $232.2 million and operating income was $5.2 million.

Note 3 Restructuring and Asset Impairments

The Company implements restructuring programs from time to time that are designed to improve operating effectiveness and lower costs. When the Company implements these programs, it incurs various charges, including severance, contract termination and asset impairments, and other employment related costs. In 2007, the Company implemented one such program, which involved the realignment of the management of our Canadian and U.S. businesses to a North American basis, rationalization of our product offerings, elimination of underperforming assets, an increased focus on high potential accounts, and the closure of several plants and warehouses in North America that resulted in lease contract termination losses and a partial reduction in our workforce (the North American Plan). The Company also implemented a plan in 2009 (the 2009 Restructuring Plan) that resulted in a further reduction of our workforce.

During 2011, the Company had no restructuring activity. During 2010, the Company made $5.4 million of cash payments related to the North American Plan. These cash payments included $3.0 million related to the settlement of one of its lease obligations, which resulted in a gain of $0.4 million. In addition, the Company recorded a $0.1 million gain related to other non-cash charges for the North American Plan during 2010. In 2009, we recorded restructuring and asset impairments of $5.1 million, which included $3.6 million for asset impairments primarily related to customer relationships and severance costs of $1.5 million related to the organizational restructuring and headcount reductions associated with the 2009 Restructuring Plan.

The following table summarizes restructuring, asset impairment and intangible asset impairment charges (gains) for the years ended December 31, 2011, January 1, 2011 and January 2, 2010:

(in millions of U.S. dollars)	December 31, 2011	For the Years Ended January 1, 2011	January 2, 2010
Restructuring	**$**	$ (0.5)	$ 1.5
Asset impairments	**0.6**		3.6
Intangible asset impairments	**1.4**		
	$ 2.0	$ (0.5)	$ 5.1

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As of December 31, 2011, no amounts are owed under our restructuring plans.

The following table is a summary of our restructuring liabilities as of January 1, 2011, along with charges (gains) to costs and expenses and cash payments:

North American Plan:

(in millions of U.S. dollars)	Balance at January 2, 2010	Charge to Costs and Expenses	Payments made during the year	Balance at January 1, 2011
Lease contract termination loss	**$ 5.8**	**$ (0.4)**	**$ (5.4)**	
	$ 5.8	**$ (0.4)**	**$ (5.4)**	**$**

The following table is a summary of our restructuring liabilities as of January 2, 2010, along with charges to costs and expenses and cash payments:

(in millions of U.S. dollars)	Balance at December 27, 2008	Charge to Costs and Expenses	Payments made during the year	Balance at January 2, 2010
Lease contract termination loss	**$ 9.6**	**$**	**$ (3.8)**	**$ 5.8**
	$ 9.6	**$**	**$ (3.8)**	**$ 5.8**

2009 Restructuring Plan:

(in millions of U.S. dollars)	Balance at December 27, 2008	Charge (Gain) to Costs and Expenses	Payments made during the year	Balance at January 2, 2010
Severance and termination benefits	**$**	**$ 1.5**	**$ (1.5)**	**$**
	$	**$ 1.5**	**$ (1.5)**	**$**

In 2009, $3.0 million (December 27, 2008 $5.8 million) of the lease contract termination loss liability was recorded as other long-term liabilities and $2.8 million of lease contract termination loss liability (December 27, 2008 $3.8 million) was classified as accounts payable and accrued liabilities.

Year ended December 31, 2011

The following table summarizes our asset impairment charges and intangible asset impairment charges on a reporting segment basis for the year ended December 31, 2011. We did not record any restructuring charges in 2011.

(in millions of U.S. dollars)	North America	Mexico	Total
Asset impairments	$	$ 0.6	$ 0.6
Intangible asset impairments	1.4		1.4
	$ 1.4	$ 0.6	$ 2.0

Asset impairments In 2011, we recorded an asset impairment charge of $1.4 million related primarily to customer relationships. Also in 2011, we recorded a $0.6 million impairment of long-lived assets related to a production plant in Mexico that ceased operations.

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Year ended January 1, 2011

The following table summarizes our restructuring gain on a reporting segment basis for the year ended January 1, 2011.

(in millions of U.S. dollars)	North America	Total
Restructuring (gain)	$ (0.5)	$ (0.5)
	$ (0.5)	$ (0.5)

Restructuring In 2010, we recorded pre-tax restructuring gains totaling $0.5 million primarily in connection with a gain on a lease contract termination.

Year ended January 2, 2010

The following table summarizes restructuring and asset impairment charges on a reporting segment basis for the year ended January 2, 2010.

(in millions of U.S. dollars)	North America	Total
Restructuring	$ 1.5	$ 1.5
Asset impairments	3.6	3.6
	$ 5.1	$ 5.1

Restructuring In 2009, we recorded pre-tax restructuring charges totaling $1.5 million in connection with severance costs relating to headcount reductions associated with the 2009 Restructuring Plan.

Asset impairments In 2009, we recorded an asset impairment charge of $3.6 million related primarily to customer relationships. In accordance with ASC 360, it was determined that our customer relationship intangible asset no longer had future cash flows due to the loss of a specific customer. As a result, the customer relationship was determined to have a nil carrying value.

Note 4 Other Expense, Net

The following table summarizes other expenses for the years ended December 31, 2011, January 1, 2011 and January 2, 2010:

	For the Years Ended		
(in millions of U.S. dollars)	December 31, 2011	January 1, 2011	January 2, 2010
Foreign exchange loss	$ 2.2	$ 2.6	$ 1.1
Write-off of financing fees		1.4	3.3
Total	$ 2.2	$ 4.0	$ 4.4

Note 5 Interest Expense

The following table summarizes interest expense for the years ended December 31, 2011, January 1, 2011 and January 2, 2010:

	For the Years Ended		
(in millions of U.S. dollars)	**December 31, 2011**	**January 1, 2011**	**January 2, 2010**
Interest on long-term debt	**$ 50.1**	$ 31.6	$ 23.6
Other interest expense	**7.0**	5.3	6.1
Total	**$ 57.1**	$ 36.9	$ 29.7

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Note 6 Income Tax (Benefit) Expense

Income before income taxes consisted of the following:

	For the Years Ended		
(in millions of U.S. dollars)	December 31, 2011	January 1, 2011	January 2, 2010
Canada	**$ 20.1**	$ 16.2	$ 0.8
Outside Canada	**20.4**	62.2	62.5
Income before income taxes	**$ 40.5**	$ 78.4	$ 63.3

Income tax (benefit) expense consisted of the following:

	For the Years Ended		
(in millions of U.S. dollars)	December 31, 2011	January 1, 2011	January 2, 2010
Current			
Canada	**$ 2.2**	$ 0.5	$ (20.2)
Outside Canada	**0.5**	1.8	(8.8)
	$ 2.7	$ 2.3	$ (29.0)
Deferred			
Canada	**$ 0.8**	$ 4.0	$ 3.3
Outside Canada	**(4.2)**	12.3	2.9
	$ (3.4)	$ 16.3	$ 6.2
Income tax (benefit) expense	**$ (0.7)**	$ 18.6	$ (22.8)

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

	For the Years Ended		
(in millions of U.S. dollars)	December 31, 2011	January 1, 2011	January 2, 2010
Income tax expense based on Canadian statutory rates	**$ 10.9**	$ 22.7	$ 19.9
Foreign tax rate differential	**(3.0)**	4.2	2.7
Tax exempt income	**(14.2)**	(5.6)	(2.8)
Dividend income	**1.0**		
Capital loss carry-over	**(2.7)**		(0.5)
Changes in enacted tax rates	**(0.8)**	(0.5)	0.8
Increase (decrease) in valuation allowance	**10.3**	1.0	(22.7)
Decrease to ASC 740 reserve	**(0.9)**	(1.7)	(18.3)
Non-controlling interests	**(1.3)**	(1.8)	(1.4)
Other items		0.3	(0.5)
Income tax (benefit) expense	**$ (0.7)**	$ 18.6	$ (22.8)

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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)	December 31, 2011	January 1, 2011
Deferred tax assets		
Loss carryforwards	**$ 43.3**	$ 21.5
Leases	**5.1**	6.8
Property, plant & equipment	**3.2**	4.8
Liabilities and reserves	**11.7**	12.2
Intangibles		
Stock options	**2.2**	2.4
Other	**7.4**	4.3
	72.9	52.0
Deferred tax liabilities		
Property, plant & equipment	**(59.2)**	(54.8)
Intangible assets	**(10.5)**	(6.0)
Other	**(0.9)**	(1.9)
	(70.6)	(62.7)
Valuation allowance	**(22.2)**	(12.7)
Net deferred tax liability	**$ (19.9)**	$ (23.4)

The increase in the valuation allowance from January 1, 2011 and December 31, 2011 was primarily the result of the reestablishment of a U.S. federal valuation allowance as the U.S. operating segment moved from a net federal deferred tax liability position to an adjusted net deferred tax asset position.

The deferred tax assets and liabilities have been classified as follows on the Consolidated Balance Sheets:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
Deferred tax assets:		
Current	**$ 10.6**	$ 18.2
Long-term	**4.1**	2.5
Deferred tax liabilities:		
Current	**$ (0.5)**	$ (0.5)
Long-term	**(34.1)**	(43.6)
Net deferred tax liability	**$ (19.9)**	$ (23.4)

As a result of certain realization requirements of ASC Topic 718, Compensation Stock Compensation (ASC 718), the table of deferred tax assets and liabilities shown above does not include certain deferred tax assets at December 31, 2011 and January 1, 2011 that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting. As of December 31, 2011, equity will be increased by $2.0 million if and when such deferred tax assets are ultimately realized.

As of December 31, 2011, we have claimed the indefinite reversal exceptions of ASC 740.

As of December 31, 2011, we have operating loss carryforwards totaling $278.7 million, credit carryforwards totaling $1.4 million and capital loss carryforwards totaling $2.7 million. The operating loss carryforward amount was attributable to Mexico operating loss carryforwards of $17.9 million that will expire from 2018 to 2021 and U.S. federal and state operating loss carryforwards of $68.8 million and $192.0 million,

respectively. The U.S. federal operating loss carryforwards will expire from 2027 to 2031, and the state operating loss carryforwards will expire from 2012 to 2031. The credit carryforward amount was attributable to a U.S. federal alternative minimum tax credit carryforward of $0.6 million with an indefinite life and U.S. state credit carryforwards of $0.8 million that will expire from 2014 to 2017. The capital loss carryforward is a Canadian capital loss with an indefinite life.

We establish a valuation allowance to reduce deferred tax assets if, based on the weight of the available evidence, both positive and negative, for each respective tax jurisdiction, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Due to uncertainty resulting from the lack of sustained taxable income in recent years in the U.S. and Mexico, we have determined that it is more likely than not that the benefit from net operating loss carryforwards and other net deferred tax assets in these jurisdictions will not be realized in the future. In recognition of this risk, we have provided a valuation allowance of $12.0 million and $7.5 million to reduce our deferred tax assets in the U.S. and Mexico, respectively.

Additionally, the Company has determined that it is more likely than not that the benefit from its capital losses in Canada will not be realized in the future due to the uncertainty regarding potential future capital gains in the jurisdiction. In recognition of this risk, we have provided a valuation allowance of $2.7 million on our Canadian capital losses.

If our assumptions change and we determine we will be able to realize these deferred tax assets, an income tax benefit of $22.2 million will be realized as a result of the reversal of the valuation allowance at December 31, 2011.

In 2006, the FASB issued guidance regarding provisions of uncertain tax positions in ASC 740*,* which provides specific guidance on the financial statement recognition, measurement, reporting and disclosure of uncertain tax positions taken or expected to be taken in a tax return. ASC 740 addresses the determination of whether tax benefits, either permanent or temporary, should be recorded in the financial statements.

A reconciliation of the beginning and ending amount of our unrecognized tax benefits is as follows:

	For the Years Ended		
(in millions of U.S. dollars)	**December 31, 2011**	**January 1, 2011**	**January 2, 2010**
Unrecognized tax benefits at beginning of year	**$ 13.3**	$ 14.7	$ 38.7
Additions based on tax positions taken during a prior period	**0.2**	0.4	2.2
Reductions based on tax positions taken during a prior period		(2.6)	(29.9)
Settlement on tax positions taken during a prior period	**(5.8)**	(0.8)	(0.4)
Additions based on tax positions taken during the current period	**1.7**	1.1	1.7
Foreign exchange	**(0.4)**	0.5	2.4
Unrecognized tax benefits at end of year	**$ 9.0**	$ 13.3	$ 14.7

In 2011, the Company settled a multi-jurisdictional uncertain tax position that allowed it to treat $5.2 million of unrecognized Canadian tax benefits as settled. Also, as a result of the settlement, the Company will recover tax and interest in the amount of $8.5 million associated with offsetting jurisdictional benefits. This receivable is recorded as a current asset in the Company s financial statements.

As of December 31, 2011, we had $9.0 million of unrecognized tax benefits, a net decrease of $4.3 million from $13.3 million as of January 1, 2011. If the Company recognized its tax positions, approximately $4.0 million would favorably impact the effective tax rate. We believe it is reasonably possible that our unrecognized tax benefits will decrease or be recognized in the next twelve months by up to $1.2 million due to the settlement of certain tax positions and lapses in statutes of limitation in various tax jurisdictions.

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We recognize interest and penalties related to unrecognized tax benefits in the provision for income taxes. We recovered $0.2 million, $0.2 million and $2.1 million of interest and penalties during the year ended December 31, 2011, January 1, 2011 and January 2, 2010, respectively. The amount of interest and penalties recognized as an asset in the Consolidated Balance Sheets for 2011 and 2010 was $3.1 million and $2.7 million, respectively.

Years prior to 2007 are closed to audit by the Internal Revenue Service. Years prior to 2006 are closed to audit by U.S. state jurisdictions. We are also currently under audit in Canada by the Canada Revenue Agency (CRA) for tax years 2005 through 2008. Years prior to 1997 are closed to audit by the CRA. In the U.K., years prior to 2006 are closed to audit.

Note 7 Share-based Compensation

Each of our share-based compensation plans has been approved by our shareowners, except for our 1986 Common Share Option Plan, as amended (the Option Plan), which was adopted prior to our initial public offering, and a stock option award granted to our Chief Executive Officer, which was an inducement grant made to attract and retain that executive. Subsequent amendments to the Option Plan that required shareowner approval have been so approved.

The table below summarizes the share-based compensation expense for the years ended December 31, 2011, January 1, 2011, and January 2, 2010. This share-based compensation expense was recorded in selling, general, and administrative expenses in our Consolidated Statements of Operations. As used below: (i) PSUs mean performance share units granted under our Amended and Restated Performance Share Unit Plan (the PSU Plan), (ii) Performance-based RSUs mean restricted share units with performance-based vesting granted under the Company s 2010 Equity Incentive Plan (the 2010 Equity Incentive Plan); (iii) Time-based RSUs mean restricted share units with time-based vesting granted under the 2010 Equity Incentive Plan, (iv) EISPP means common share units granted under the Restated Executive Incentive Share Purchase Plan (the Restated EISPP); and (v) Director share units mean common shares granted to the non-management members of Cott s Board of Directors under the 2010 Equity Incentive Plan, which were issued in consideration of such directors annual board retainer fee.

		For the Years Ended	
(in millions of U.S. dollars)	**December 31, 2011**	**January 1, 2011**	**January 2, 2010**
Stock options	**$**	$ 1.0	$ 0.1
PSUs		0.2	0.8
Performance-based RSUs	**(1.2)**	1.4	
Time-based RSUs	**3.4**	1.3	
Director share units	**0.7**	0.7	
Share appreciation rights		0.1	0.4
Restricted Stock			0.1
Interim CEO award			(0.1)
Total	**$ 2.9**	$ 4.7	$ 1.3

During the third quarter of 2011, we concluded that it was no longer probable that the targets established for the Performance-based RSUs would be met, and we no longer expect these awards to ultimately vest. Accordingly, we recorded an adjustment to reverse $3.3 million in compensation costs that had been recorded to date for the Performance-based RSUs.

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As of December 31, 2011, the unrecognized share-based compensation expense and years we expect to recognize it as future compensation expense were as follows:

(in millions of U.S. dollars)	Unrecognized share-based compensation expense as of December 31, 2011	Weighted average years expected to recognize compensation
Time-based RSUs	$ 4.0	1.3
Total	$ 4.0	

Option Plan

No options were granted during the year ended December 31, 2011. Options representing 250,000 shares were granted to our Chief Executive Officer during the first quarter of 2010 at an exercise price of C$8.01 per share. The fair value of this option grant was estimated to be C$5.16 using the Black-Scholes option pricing model. On August 9, 2010, the Company entered into a Common Share Option Cancellation and Forfeiture Agreement to cancel this option award. The cancellation was effective as of September 22, 2010. The Company entered into this arrangement with the Chief Executive Officer in order to transition him to the Company s 2010 Equity Incentive Plan, which was approved by shareholders on May 4, 2010. Future grants to this and other executive officers are expected to be governed by the terms of such plan.

Options representing 250,000 shares were issued during the year ended January 2, 2010 at an exercise price of C$1.10 and vested ratably over four quarters. The fair value of this option grant was estimated at C$0.475 using the Black-Scholes options pricing model.

No options were granted during the year ended December 31, 2011. The fair value of each option granted during the years ended January 1, 2011 and January 2, 2010 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

	For the Years Ended	
	January 1, 2011	January 2, 2010
Risk-free interest rate	2.5%	2.3%
Average expected life (years)	5.5	5.5
Expected volatility	74.8%	50.0%
Expected dividend yield		

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Stock option activity was as follows:

	Shares (in thousands)	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic (C$) (in thousands)
Balance at December 27, 2008	892	$ 27.52	3.0	$
Granted	250	1.10		
Exercised	(25)	2.60		
Forfeited or expired	(286)	31.69		
Balance at January 2, 2010	831	$ 18.97	4.6	$ 618.1
Granted	250	8.01		
Forfeited or expired	(377)	20.33		
Balance at January 1, 2011	704	$ 16.67	4.2	$ 625.0
Exercised	(275)	1.32		
Forfeited or expired	(145)	38.27		
Balance at December 31, 2011	284	$ 20.47	1.7	$ 263.0
Vested at December 31, 2011	284	$ 20.47	1.7	$ 263.0
Exercisable at December 31, 2011	284	$ 20.47	1.7	$ 263.0

The aggregate intrinsic value amounts in the table above represent the difference between the closing price of our common stock on December 31, 2011, which was C$6.40 (January 1, 2011 C$8.95; January 2, 2010 C$8.66), and the exercise price, multiplied by the number of in-the-money stock options as of the same date. The total intrinsic value of stock options exercised during the year ended December 31, 2011 was $0.4 million (January 1, 2011 nil; January 2, 2010 $0.1 million).

Total compensation cost related to unvested awards under the option plan not yet recognized is nil. The total fair value of shares that vested during the year ended December 31, 2011 was nil.

Subsequent to the adoption of the 2010 Equity Incentive Plan, the Human Resources and Compensation Committee of the Board of Directors (HRCC) determined that certain of Cott s long-term incentive plans were no longer needed and terminated the Option Plan. In connection with the termination of the Option Plan, outstanding options will continue in accordance with the terms of the Option Plan until vested, paid out, forfeited or terminated, as applicable. No further awards will be granted under the Option Plan. Future awards are expected to be governed by the terms of the Company s 2010 Equity Incentive Plan.

Outstanding options at December 31, 2011 were as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices (C$)	**Number Exercisable (in thousands)**	**Remaining Contractual Life (Years)**	**Weighted Exercise Price (C$)**	**Number Exercisable (in thousands)**	**Weighted Exercise Price (C$)**

$3.50	75	3.6	$ 3.50	75	$ 3.50
$18.48	50	2.3	$ 18.48	50	$ 18.48
$28.98	134	0.6	$ 28.98	134	$ 28.98
$29.95	25	0.1	$ 29.95	25	$ 29.95
	284	1.7	$ 20.47	284	$ 20.47

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Long-Term Incentive Plans

2010 Equity Incentive Plan

Our shareowners approved our 2010 Equity Incentive Plan at the Annual and Special Meeting of Shareowners held on May 4, 2010. Awards under the 2010 Equity Incentive Plan may be in the form of incentive stock options, non-qualified stock options, restricted shares, restricted share units, performance shares, performance units, stock appreciation rights, and stock payments to employees, directors and outside consultants. The 2010 Equity Incentive Plan is administered by the HRCC or any other board committee as may be designated by the board from time to time. At the inception of the 2010 Equity Incentive Plan, 4,000,000 shares were reserved for future issuance, subject to adjustment upon a share split, share dividend, recapitalization, and other similar transactions and events.

On May 6, 2011, we granted 76,110 common shares to the non-management members of our Board of Directors under the 2010 Equity Incentive Plan. The common shares were issued in consideration of such directors annual board retainer fee.

In 2011, we granted 592,163 Performance-based RSUs and 151,545 Time-based RSUs to certain employees of the Company. The Performance-based RSUs vest based on the achievement of a specified target level of pre-tax income for the period beginning on January 2, 2011 and ending on the last day of our 2013 fiscal year. The amount of Performance-based RSUs that may vest and the related unrecognized compensation cost is subject to change based on the level of targeted pre-tax income that is achieved during the period beginning on January 2, 2011 and ending on the last day of our 2013 fiscal year. The Time-based RSUs vest on the last day of our 2013 fiscal year.

On May 4, 2010, we granted 78,790 common shares to the non-management members of our Board of Directors under the 2010 Equity Incentive Plan. The common shares were issued in consideration of such directors annual board retainer fee.

In 2010, we granted 1,726,807 Performance-based RSUs and 1,396,807 Time-based RSUs to certain employees of the Company. The Performance-based RSUs vest based on the achievement of a specified target level of pre-tax income for the period beginning on January 3, 2010 and ending on the last day of our 2012 fiscal year. The amount of Performance-based RSUs that may vest and the related unrecognized compensation cost is subject to change based on the level of targeted pre-tax income that is achieved during the period beginning on January 3, 2010 and ending on the last day of our 2012 fiscal year. During the fourth quarter of 2010, the HRCC modified the original pre-tax income targets to reflect the Cliffstar Acquisition. The Time-based RSUs vest on the last day of our 2012 fiscal year.

Amended and Restated PSU Plan

Under the Amended and Restated Performance Share Unit Plan (the PSU Plan), PSUs were awarded to Company employees. The value of an employee s award under our PSU Plan depended on (i) our performance over a maximum three-year performance cycle; and (ii) the market price of our common shares at the time of vesting. Performance targets were established by the HRCC. PSUs granted vested over a term not exceeding three fiscal years. As of January 1, 2011, the Trustee under the PSU Plan held 0.6 million common shares as treasury shares. The remaining outstanding awards under the PSU Plan vested in February 2011 upon the achievement of adjusted operating income exceeding zero for 2008, 2009 and 2010.

Subsequent to the adoption of the 2010 Equity Incentive Plan on May 4, 2010, the HRCC determined that certain of Cott s long-term incentive plans were no longer needed and terminated the PSU Plan effective February 23, 2011.

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Amended and Restated SAR Plan

Under the Amended and Restated Share Appreciation Rights Plan (the SAR Plan), share appreciation rights (SARs) were awarded to employees and directors of our Company. SARs typically vested on the third anniversary of the grant date. On vesting, each SAR represented the right to be paid the difference, if any, between the price of our common shares on the date of grant and their price on the vesting date of the SAR. Payments in respect of vested in-the-money SARs were made in the form of our common shares purchased on the open market by an independent trust with cash contributed by us. During the year ended January 1, 2011, 154,000 SARs vested out-of-the-money. On August 10, 2010, the Company entered into a Stock Appreciation Right Cancellation Agreement with an executive officer to cancel 100,000 previously granted SARs. The cancellation was effective as of September 2, 2010.

Subsequent to the adoption of the 2010 Equity Incentive Plan on May 4, 2010, the HRCC determined that certain of Cott s long-term incentive plans were no longer needed and terminated the SAR Plan effective February 23, 2011.

During the year ended December 31, 2011, EISPP, PSU, Performance-based RSU and Time-based RSU activity was as follows:

(in thousands)	EISPP	Number of PSUs	Number of Performance-based RSUs	Number of Time-based RSUs
Balance at January 1, 2011	189	188	1,727	1,397
Awarded			592	151
Issued	(189)	(188)		
Forfeited				
Outstanding at December 31, 2011			2,319	1,548

Other Share-Based Compensation

In connection with his appointment, we granted to David Gibbons, our former Interim Chief Executive Officer, 720,000 restricted stock units on March 24, 2008, of which 360,000 units vested immediately. Of the remaining 360,000 restricted stock units, 300,000 vested ratably on a monthly basis over a five-month period beginning October 24, 2008 through February 27, 2009. Mr. Gibbons resigned as Interim Chief Executive Officer and his employment arrangements came to an end on February 27, 2009, at which time 6,000 prorated restricted stock units vested and the remaining 54,000 restricted stock units were forfeited. This award was recognized as compensation expense over the vesting period. The fair value and compensation costs varied based on share price. This award was accounted for as a liability.

Restated Executive Incentive Share Purchase Plan

In the second quarter of 2007, our shareowners approved a restated executive incentive share purchase plan (the Restated EISPP), which allowed officers and senior management executives, as designated by the HRCC, to elect to receive their performance bonus (or a portion thereof) as common share units held on their behalf by an independent trust. If the employee elected to receive common share units, we provided to the employee an equal number of shares, which vested on January 1, 2011 due to the achievement of certain performance goals (Match Portion).

The Match Portion of the performance bonus was estimated based on the employee s election and was amortized over the service period of approximately four years. During 2007, employees elected to defer a total of $1.1 million under the Restated EISPP. In 2009, the Company recorded an expense of $0.1 million related to the anticipated 2007 matching portion of the performance bonus. No amount was accrued for the Match Portion for 2008 deferrals because corporate performance goals were not achieved and no bonus amounts were deferred into

the plan. Effective as of December 27, 2008, the HRCC approved an amendment to the Restated EISPP with the effect of freezing participation in the plan. The remaining outstanding Match Portion vested in February 2011 upon the achievement of cumulative EBIT growth of 10% per annum over the three-year performance cycle ending at the end of fiscal 2010.

Subsequent to the adoption of the 2010 Equity Incentive Plan on May 4, 2010, the HRCC determined that certain of Cott s long-term incentive plans were no longer needed and terminated the Restated EISPP effective February 23, 2011.

Average Canadian U.S. Dollar Exchange Rates for 2011, 2010 and 2009

The weighted average exercise prices for options in this Note are disclosed in Canadian dollars. The table below represents the average Canadian dollar to U.S. dollar exchange rate for the fiscal years ended 2011, 2010 and 2009.

	For the Years Ended		
	December 31, 2011	January 1, 2011	January 2, 2010
Average exchange rate	$ 1.012	$ 0.971	$ 0.878

Note 8 Net Income per Common Share

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

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

	For the Years Ended		
(in thousands)	**December 31, 2011**	**January 1, 2011**	**January 2, 2010**
Weighted average number of shares outstanding basic	**94,241**	85,588	74,207
Dilutive effect of stock options	**33**	191	267
Dilutive effect of PSUs		161	741
Dilutive effect of Performance-based RSUs	**727**	96	
Dilutive effect of Time-based RSUs		149	
Adjusted weighted average number of shares outstanding diluted	**95,001**	86,185	75,215

At December 31, 2011, options to purchase 284,000 (January 1, 2011 704,000; January 2, 2010 830,650) shares of common stock at a weighted average exercise price of C$20.47 (January 1, 2011 C$16.67; January 2, 2010 C$18.97) per share were outstanding, of which 209,000 (January 1, 2011 354,000; January 2, 2010 439,441) were not included in the computation of diluted net income per share because the options exercise price was greater than the average market price of the common shares. Shares purchased on the open market and held by independent trusts are categorized as treasury shares under applicable accounting rules. We excluded 674,397 (January 1, 2011 1,051,000; January 2, 2010 1,503,763) treasury shares held in various trusts in the calculation of basic and diluted earnings per share.

Note 9 Segment Reporting

We produce, package and distribute private-label CSDs, clear, still and sparkling flavored waters, energy-related drinks, juice, juice-based products, bottled water and ready-to-drink teas to regional and national grocery,

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mass-merchandise and wholesale chains and customers in the dollar convenience and drug channels through five reporting segments North America (which includes our U.S. operating segment and Canada operating segment), U.K. (which includes our United Kingdom reporting unit and our Continental European reporting unit), Mexico, RCI and All Other.

Reporting Segments

	December 31, 2011					
(in millions of U.S. dollars)	North America	United Kingdom	Mexico	RCI	All Other	Total
External revenue [1]	$ 1,809.3	$ 447.9	$ 51.8	$ 25.6	$	$ 2,334.6
Depreciation and amortization	80.0	13.2	2.1			95.3
Asset impairments			0.6			0.6
Intangible asset impairments	1.4					1.4
Operating income (loss)	70.4	27.5	(4.4)	7.2		100.7
Property, plant and equipment	383.1	89.8	9.3			482.2
Goodwill	125.1			4.5		129.6
Intangibles and other assets	326.1	14.6	0.4			341.1
Total assets [2]	1,231.3	237.0	28.4	11.3	0.9	1,508.9
Additions to property, plant and equipment	39.1	9.5	0.2			48.8

1 Intersegment revenue between North America and the other reporting segments was $14.7 million for the year ended December 31, 2011.
2 Excludes intersegment receivables, investments and notes receivable.

Reporting Segments

	January 1, 2011					
(in millions of U.S. dollars)	North America	United Kingdom	Mexico	RCI	All Other	Total
External revenue [1]	$ 1,357.3	$ 367.1	$ 50.1	$ 28.8	$	$ 1,803.3
Depreciation and amortization	59.1	12.8	2.1			74.0
Restructuring	(0.5)					(0.5)
Operating income (loss)	75.0	24.5	(7.5)	7.0		99.0
Property, plant and equipment	400.4	90.2	13.2			503.8
Goodwill	125.7			4.5		130.2
Intangibles and other assets	354.7	15.7	0.7			371.1
Total assets [2]	1,275.9	207.4	31.5	13.7	0.7	1,529.2
Additions to property, plant and equipment	31.9	10.6	1.5			44.0

1 Intersegment revenue between North America and the other reporting segments was $19.0 million for the year ended January 1, 2011.
2 Excludes intersegment receivables, investments and notes receivable.

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Reporting Segments

	January 2, 2010					
(in millions of U.S. dollars)	North America	United Kingdom	Mexico	RCI	All Other	Total
External revenue [1]	$ 1,173.9	$ 359.3	$ 42.7	$ 20.8	$	$ 1,596.7
Depreciation and amortization	51.0	13.4	1.8			66.2
Restructuring and asset impairments						
Restructuring	1.5					1.5
Asset impairments	3.6					3.6
Operating income (loss)	77.6	23.0	(7.1)	3.9		97.4
Property, plant and equipment	236.5	93.0	13.5			343.0
Goodwill	26.1			4.5		30.6
Intangibles and other assets	137.0	17.7	0.8			155.5
Total assets [2]	632.1	197.0	33.4	10.6	0.7	873.8
Additions to property, plant and equipment	22.7	8.6	1.0			32.3

1 Intersegment revenue between North America and the other reporting segments was $14.0 million for the year ended January 2, 2010.
2 Excludes intersegment receivables, investments and notes receivable.

For the year ended December 31, 2011, sales to Walmart accounted for 31.6% (2010 31.0%, 2009 33.5%) of our total revenue, 35.9% of our North America reporting segment revenue (2010 35.3%, 2009 39.4%), 14.6% of our U.K. reporting segment revenue (2010 16.6%, 2009 17.7%) and 44.7% of our Mexico reporting segment revenue (2010 38.9%, 2009 18.4%).

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

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

	For the Years Ended		
(in millions of U.S. dollars)	December 31, 2011	January 1, 2011	January 2, 2010
United States	**$ 1,610.5**	$ 1,212.1	$ 1,034.1
Canada	**249.0**	201.1	198.7
United Kingdom	**447.9**	367.1	359.3
Mexico	**51.8**	50.1	42.7
RCI	**25.6**	28.8	20.8
Elimination [1]	**(50.2)**	(55.9)	(58.9)
Total	**$ 2,334.6**	$ 1,803.3	$ 1,596.7

1 Represents intercompany revenue among our operating segments, of which $14.7 million, $19.0 million and $14.0 million represents intersegment revenue between the North America reporting segment and our other operating segments for December 31, 2011, January 1, 2011, and January 2, 2010, respectively.

The revenue by product table for 2009 has been revised to include the category Juice, which is a significant portion of our 2010 and 2011 revenue due to the Cliffstar Acquisition.

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Revenues by product were as follows:

(in millions of U.S. dollars)	For the Year Ended December 31, 2011 North America	United Kingdom	Mexico	RCI	Total
Revenue					
Carbonated soft drinks	**$ 731.4**	**$ 179.2**	**$ 39.6**	**$**	**$ 950.2**
Juice	**587.7**	**12.3**	**2.7**		**602.7**
Concentrate	**9.1**	**2.8**		**25.6**	**37.5**
All other products	**481.1**	**253.6**	**9.5**		**744.2**
Total	**$ 1,809.3**	**$ 447.9**	**$ 51.8**	**$ 25.6**	**$ 2,334.6**

(in millions of U.S. dollars)	For the Year Ended January 1, 2011 North America	United Kingdom	Mexico	RCI	Total
Revenue					
Carbonated soft drinks	$ 705.5	$ 159.5	$ 43.4	$	$ 908.4
Juice	225.3	10.0	0.8		236.1
Concentrate	7.5	4.1		28.8	40.4
All other products	419.0	193.5	5.9		618.4
Total	$ 1,357.3	$ 367.1	$ 50.1	$ 28.8	$ 1,803.3

(in millions of U.S. dollars)	For the Year Ended January 2, 2010 North America	United Kingdom	Mexico	RCI	Total
Revenue					
Carbonated soft drinks	$ 760.0	$ 161.9	$ 36.4	$	$ 958.3
Juice		10.1	0.4		10.5
Concentrate	6.5	4.6		19.7	30.8
All other products	407.4	182.7	5.9	1.1	597.1
Total	$ 1,173.9	$ 359.3	$ 42.7	$ 20.8	$ 1,596.7

Property, plant and equipment by geographic area as of December 31, 2011 and January1, 2011 were as follows:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
United States	**$ 336.2**	$ 350.4
Canada	**46.9**	50.0
United Kingdom	**89.8**	90.2
Mexico	**9.3**	13.2
Total	**$ 482.2**	$ 503.8

Note 10 Accounts Receivable, Net

The following table summarizes accounts receivable, net as of December 31, 2011 and January1, 2011:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
Trade receivables	**$ 211.6**	$ 209.0
Allowance for doubtful accounts	**(9.0)**	(8.3)
Other	**8.2**	12.9
Total	**$ 210.8**	$ 213.6

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Note 11 Inventories

The following table summarizes inventories as of December 31, 2011 and January 1, 2011:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
Raw materials	**$ 87.3**	$ 90.1
Finished goods	**102.3**	107.3
Other	**20.4**	18.1
Total	**$ 210.0**	$ 215.5

Note 12 Property, Plant & Equipment

The following table summarizes property, plant and equipment as of December 31, 2011 and January 1, 2011:

	December 31, 2011			January 1, 2011		
(in millions of U.S. dollars)	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land and Land Improvements	**$ 30.4**	**$ 0.6**	**$ 29.8**	$ 30.2	$ 0.2	30.0
Buildings	**156.7**	**58.0**	**98.7**	157.6	51.7	105.9
Machinery and equipment						
Owned	**636.9**	**331.7**	**305.2**	600.7	290.4	310.3
Capital leases	**21.2**	**5.8**	**15.4**	25.8	7.3	18.5
Plates, films and molds	**34.5**	**26.6**	**7.9**	36.2	28.2	8.0
Vending	**13.8**	**12.0**	**1.8**	15.6	13.1	2.5
Transportation equipment	**0.6**	**0.5**	**0.1**	0.7	0.5	0.2
Leasehold improvements	**39.4**	**18.7**	**20.7**	39.2	15.0	24.2
IT Systems	**2.7**	**1.3**	**1.4**	3.2		3.2
Furniture and fixtures	**9.7**	**8.5**	**1.2**	9.3	8.3	1.0
Total	**$ 945.9**	**$ 463.7**	**$ 482.2**	$ 918.5	$ 414.7	$ 503.8

Depreciation expense for the year ended December , 2011 was $63.5 million ($52.6 million January 1, 2011; $48.5 million January 2, 2010).

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Note 13 Intangibles and Other Assets

The following table summarizes intangibles and other assets as of December 31, 2011 and January 1, 2011:

	December 31, 2011			January 1, 2011		
(in millions of U.S. dollars)	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Intangibles						
Not subject to amortization						
Rights	**$ 45.0**	**$**	**$ 45.0**	$ 45.0	$	$ 45.0
Subject to amortization						
Customer relationships	**366.2**	**117.8**	**248.4**	369.3	94.8	274.5
Trademarks	**27.5**	**21.6**	**5.9**	28.9	21.1	7.8
Information technology	**64.6**	**53.9**	**10.7**	60.3	52.5	7.8
Other	**11.8**	**5.7**	**6.1**	10.3	3.1	7.2
	470.1	**199.0**	**271.1**	468.8	171.5	297.3
	515.1	**199.0**	**316.1**	513.8	171.5	342.3
Other Assets						
Financing costs	**23.1**	**7.4**	**15.7**	23.2	3.6	19.6
Deposits	**8.1**		**8.1**	7.6		7.6
Other	**1.4**	**0.2**	**1.2**	4.3	2.7	1.6
	32.6	**7.6**	**25.0**	35.1	6.3	28.8
Total Intangibles & Other Assets	**$ 547.7**	**$ 206.6**	**$ 341.1**	$ 548.9	$ 177.8	$ 371.1

Amortization expense of intangible and other assets was $35.7 million during 2011 ($26.5 million January 1, 2011; $20.2 million January 2, 2010). Amortization of intangibles includes $2.7 million ($2.2 million January 1, 2011; $4.5 million January 2, 2010) relating to information technology assets and $3.9 million ($2.7 million January 1, 2011; $1.6 million January 2, 2010) relating to deferred financing assets.

The estimated amortization expense for intangible and other assets over the next five years is:

(in millions of U.S. dollars)	
2012	**$ 30.9**
2013	**29.5**
2014	**27.8**
2015	**25.4**
2016	**22.1**
Thereafter	**135.4**
Total	**$ 271.1**

Note 14 Accounts Payable and Accrued Liabilities

The following table summarizes accounts payable and accrued liabilities as of December 31, 2011 and January 1, 2011:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
Trade payables	**$ 165.8**	$ 146.1
Deferred income taxes	**0.5**	0.5
Accrued compensation	**27.0**	19.1
Accrued sales incentives	**29.6**	24.8
Accrued interest	**12.8**	14.1
Payroll, sales and other taxes	**16.0**	12.8
Other accrued liabilities	**29.4**	59.2
Total	**$ 281.1**	$ 276.6

Note 15 Debt

Our total debt as of December 31, 2011 and January 1, 2011 is as follows:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
8.375% senior notes due in 2017 [1]	**215.0**	215.0
8.125% senior notes due in 2018	**375.0**	375.0
ABL facility		7.9
GE Obligation	**12.4**	16.5
Other capital leases	**4.1**	5.8
Other debt	**1.5**	2.0
Total debt	**608.0**	622.2
Less: Short-term borrowings and current debt:		
ABL facility		7.9
Total short-term borrowings		7.9
GE Obligation current maturities	**2.6**	4.1
Other capital leases current maturities	**0.6**	1.4
Other debt current maturities	**0.2**	0.5
Total current debt	**3.4**	13.9
Long-term debt before discount	**604.6**	608.3
Less discount on 8.375% notes	**(2.5)**	(2.8)
Total long-term debt	**$ 602.1**	$ 605.5

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

The long-term debt payments (which include current maturities of long-term debt) required in each of the next five years and thereafter are as follows:

(in millions of U.S. dollars)	Long Term Debt (incl. current)
2012	$ **3.4**
2013	**2.0**
2014	**2.1**
2015	**2.2**
2016	**1.1**
Thereafter	**597.2**
	$ **608.0** [1]

[1] We funded the purchase of new water bottling equipment through an interim financing agreement signed in January 2008 (the GE Obligation). At the end of the GE Obligation, we may exchange $6.0 million of deposits for the extinguishment of $6.0 million in debt or elect to purchase such equipment.

Asset Based Lending Facility

On March 31, 2008, we entered into a credit agreement with JPMorgan Chase Bank, N.A. as Agent that created an asset-based lending credit facility (the ABL facility) to provide financing for our North America, U.K. and Mexico reporting segments. In connection with the Cliffstar Acquisition, we refinanced the ABL facility on August 17, 2010 to, among other things, provide for the Cliffstar Acquisition, the issuance of the 2018 Notes and the application of net proceeds therefrom, the underwritten public offering of 13,340,000 common shares at a price of $5.67 per share and the application of net proceeds therefrom and to increase the amount available for borrowings to $275.0 million. We drew down a portion of the indebtedness under the ABL facility in order to fund the Cliffstar Acquisition. We incurred $5.4 million of financing fees in connection with the refinancing of the ABL facility. The financing fees are being amortized using the straight line method over a four-year period, which represents the duration of the ABL facility.

As of December 31, 2011, we had no outstanding borrowings under the ABL. The commitment fee was 0.5% per annum of the unused commitment, which was $265.3 million as of December 31, 2011.

The effective interest rate as of December 31, 2011 on LIBOR and Prime loans is based on average aggregate availability as follows:

Average Aggregate Availability

(in millions of U.S. dollars)	ABR Spread	Canadian Prime Spread	Eurodollar Spread	CDOR Spread	LIBOR Spread
Over $150	1.50%	1.50%	2.50%	2.50%	2.50%
$75 - 150	1.75%	1.75%	2.75%	2.75%	2.75%
Under $75	2.00%	2.00%	3.00%	3.00%	3.00%

8.125% Senior Notes due in 2018

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

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

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8.375% Senior Notes due in 2017

On November 13, 2009, we issued $215.0 million of senior notes that are due on November 15, 2017 (the 2017 Notes). The 2017 Notes were issued at a $3.1 million discount. The issuer of the 2017 Notes is Cott Beverages Inc., but we and most of our U.S., Canadian and United Kingdom subsidiaries guarantee the 2017 Notes. The interest on the 2017 Notes is payable semi-annually on May15th and November 15th of each year.

We incurred $5.1 million of financing fees in connection with the 2017 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the duration of the 2017 Notes.

8% Senior Subordinated Notes due in 2011

We repurchased the remaining outstanding 8% senior subordinated notes due December 15, 2011 (the 2011 Notes) for $11.1 million on February 1, 2010, and recorded a loss on buyback of $0.1 million. The 2011 Notes acquired by us have been retired, and we have discontinued the payment of interest.

In 2009, the Company repurchased $257.8 million in principal amount of the 2011 Notes, and recorded a loss on buyback of $3.3 million.

GE Financing Agreement

We funded $32.5 million of water bottling equipment purchases through a finance lease arrangement in 2008. The quarterly payments under the lease obligation totaled approximately $8.8 million per annum for the first two years, $5.3 million per annum for the subsequent two years, then $1.7 million per annum for the final four years.

Covenant Compliance

8.125% Senior Notes due in 2018

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

8.375% Senior Notes due in 2017

Under the indenture governing the 2017 Notes, we are subject to a number of covenants, including covenants that limit our and certain of our subsidiaries ability, subject to certain exceptions and qualifications, to (i) pay dividends or make distributions, repurchase equity securities, prepay subordinated debt or make certain investments, (ii) incur additional debt or issue certain disqualified stock or preferred stock, (iii) create or incur liens on assets securing indebtedness, (iv) merge or consolidate with another company or sell all or substantially all of our assets taken as a whole, (v) enter into transactions with affiliates and (vi) sell assets. We have been in compliance with all of the covenants under the 2017 Notes and there have been no amendments to any such covenants since the 2017 Notes were issued.

ABL Facility

Under the credit agreement governing the ABL facility, we and our restricted subsidiaries are subject to a number of business and financial covenants, including a covenant requiring a minimum fixed charge coverage ratio of at least 1.1 to 1.0 effective when and if excess availability is less than the greater of (a)$30.0 million and

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(b) the lesser of (i) 12.5% of the amount of the aggregate borrowing base or (ii) $37.5 million. Although the covenant was not triggered as of December 31, 2011, our fixed charge coverage ratio as calculated under this covenant was greater than 1.1 to 1.0. If availability is less than $37.5 million, the lenders will take dominion over the cash and will apply excess cash to reduce amounts owing under the facility. The credit agreement governing the ABL facility requires us to maintain aggregate availability of at least $15.0 million. We were in compliance with all of the applicable covenants under the ABL facility on December 31, 2011.

Note 16 Benefit Plans

We maintain two defined benefit plans resulting from prior acquisitions that cover certain employees at one plant in the United States under a collective bargaining agreement (U.S. Plan) and certain employees in the United Kingdom (U.K. Plan). Retirement benefits for employees covered by the U.S. Plan are based on years of service multiplied by a monthly benefit factor. The monthly benefit for employees under the U.K. Plan is based on years of service multiplied by a monthly benefit factor. Pension costs are funded in accordance with the provisions of the applicable law. Both plans are closed to new participants. We use a December 31st measurement date for both of our plans.

Obligations and Funded Status

The following table summarizes the change in the benefit obligation, change in plan assets and unfunded status of the two plans as of December 31, 2011 and January 1, 2011:

(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
Change in Benefit Obligation		
Benefit obligation at beginning of year	**$ 34.5**	$ 32.3
Service cost	**0.5**	0.4
Interest cost	**1.8**	1.8
Plan participant contributions	**0.1**	0.1
Benefit payments	**(0.9)**	(0.6)
Actuarial losses	**3.4**	1.6
Translation losses	**(0.1)**	(1.1)
Benefit obligation at end of year	**$ 39.3**	$ 34.5
Change in Plan Assets		
Plan assets beginning of year	**$ 26.4**	$ 23.1
Employer contributions	**1.8**	1.7
Plan participant contributions	**0.1**	0.1
Benefit payments	**(0.9)**	(0.6)
Actual return on plan assets	**0.2**	2.9
Translation losses	**(0.1)**	(0.8)
Fair value at end of year	**$ 27.5**	$ 26.4
Funded Status of Plan		
Projected benefit obligation	**$ (39.3)**	$ (34.5)
Fair value of plan assets	**27.5**	26.4
Unfunded status	**$ (11.8)**	$ (8.1)

The accumulated benefit obligation for both defined benefit pension plans equaled the projected benefit obligations of $39.3 million and $34.5 million at the end of 2011 and 2010, respectively.

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Periodic Pension Costs

The components of net periodic pension cost are as follows:

(in millions of U.S. dollars)	December 31, 2011	For the Years Ended January 1, 2011	January 2, 2010
Service cost	**$ 0.5**	$ 0.4	$ 0.3
Interest cost	**1.9**	1.8	1.7
Expected return on plan assets	**(1.9)**	(1.7)	(1.2)
Amortization of prior service costs	**0.1**	0.1	0.1
Amortization of net loss	**0.5**	0.5	0.6
Net periodic pension cost	**$ 1.1**	$ 1.1	$ 1.5

Accumulated Other Comprehensive Income (Loss)

Amounts included in accumulated other comprehensive income, net of tax, at year-end which have not yet been recognized in net periodic benefit cost are as follows:

(in millions of U.S. dollars)	December 31, 2011	For the Years Ended January 1, 2011	January 2, 2010
Unamortized prior service benefit	**$ (0.4)**	$ (0.5)	$ (0.6)
Unrecognized net actuarial gain (loss)	**8.5**	5.8	(6.9)
Unamortized prior service benefit (actuarial loss)	**$ 8.1**	$ 5.3	$ (7.5)

Assumptions

Assumptions used to determine benefit obligations at year-end:

	December 31, 2011	January 1, 2011	January 2, 2010
Discount rate	**6.2%**	6.2%	6.3%

Assumptions used to determine net periodic benefit cost at year-end:

	December 31, 2011	January 1, 2011	January 2, 2010
U.K. Plan			
Discount rate	**4.6%**	5.4%	5.8%
Expected long-term rate of return on plan assets	**5.7%**	6.9%	7.2%
U.S. Plan			
Discount rate	**4.1%**	5.7%	6.2%
Expected long-term rate of return on plan assets	**7.0%**	7.0%	7.0%
Inflation factor	**3.3%**	3.7%	3.7%

The discount rate for the U.S. Plan is based on a model portfolio of AA rated bonds with a maturity matched to the estimated payouts of future pension benefits for this type of plan. The discount rate of the U.K. Plan is based on a model portfolio of AA rated bonds, using the redemption yields on the constituent stocks of the Merrill Lynch index with a maturity matched to the estimated future pension benefits. The weighted average return for both plans for the year ended December 31, 2011 was 1.4%. The expected return under the U.S. Plan and the U.K. Plan on plan assets are based on our expectation of the long-term average rate of return on assets in the pension funds, which is based on the allocation of assets.

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Asset Mix

Our pension plan weighted-average asset allocations by asset category are as follows:

	December 31, 2011	January 1, 2011
U.K. Plan		
Equity securities	**58.3%**	65.9%
Debt securities	**41.7%**	34.1%
U.S. Plan		
Equity securities	**66.9%**	65.3%
Debt securities	**33.1%**	34.7%

Plan Assets

Our investment policy is that plan assets will be managed utilizing an investment philosophy and approach characterized by all of the following, but listed in priority order: (1) emphasis on total return, (2) emphasis on high-quality securities, (3) sufficient income and stability of income, (4) safety of principal with limited volatility of capital through proper diversification and (5) sufficient liquidity. (The target allocation percentages for the U.K. Plan assets are 65% in equity securities and 35% in debt securities. The target allocation percentages for the U.S. Plan assets are 50% in equity securities and 50% in debt securities. None of our equity or debt securities are included in plan assets.)

Cash Flows

We expect to contribute $2.0 million to the pension plans during the 2012 fiscal year.

The following benefit payments are expected to be paid:

(in millions of U.S. dollars)	
Expected benefit payments	
FY 2012	$ 0.9
FY 2013	1.0
FY 2014	1.0
FY 2015	1.0
FY 2016	1.1
FY 2017 through FY 2020	7.2

Cott primarily maintains defined contribution retirement plans covering qualifying employees. The total expense with respect to these plans was $6.4 million for the year ended December 31, 2011 ($3.9 million January 1, 2011; $4.1 million January 2, 2010).

The fair values of the Company s pension plan assets at December 31, 2011 were as follows:

	December 31, 2011		
(in millions of U.S. dollars)	Level 1	Level 2	Level 3
Cash and cash equivalents:			
Cash and cash equivalents	$ 0.1	$ 0.1	$
Equities:			
International mutual funds	14.8		
Index mutual funds	3.1		
U.S. mutual funds	1.5		
Fixed income:			
Mutual funds	7.9		

Total	**$ 27.4**	**$ 0.1**	**$**

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The fair values of the Company s pension plan assets at January 1, 2011 were as follows:

	January 1, 2011		
(in millions of U.S. dollars)	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents:			
Cash and cash equivalents	$ 0.1	$ 0.1	$
Equities:			
International mutual funds	15.9		
Index mutual funds	2.5		
U.S. mutual funds	1.4		
Fixed income:			
Mutual funds	6.4		
Total	**$ 26.3**	**$ 0.1**	**$**

Note 17 Commitments and Contingencies

We lease buildings, machinery and equipment, computer hardware and furniture and fixtures. All contractual increases and rent free periods included in the lease contract are taken into account when calculating the minimum lease payment and recognized on a straight-line basis over the lease term. Certain leases have renewal periods and contingent rentals, which are not included in the table below. The minimum annual payments under operating leases are as follows:

(in millions of U.S. dollars)	
2012	**$ 19.1**
2013	**15.1**
2014	**14.0**
2015	**12.2**
2016	**9.7**
Thereafter	**20.5**
Total	**$ 90.6**

Operating lease expenses were:

(in millions of U.S. dollars)	
Year ended December 31, 2011	**$ 25.9**
Year ended January 1, 2011	**$ 20.3**
Year ended January 2, 2010	**19.9**
Total	**$ 66.1**

Operating lease expenses are shown net of sublease income of $0.3 million for 2011. As of December 31, 2011, we had commitments for capital expenditures of approximately $20.5 million and commitments for inventory of approximately $271.5 million.

In 2007, we entered into a $39.7 million purchase obligation for new equipment to support our bottled water business. Of the $39.7 million, payments of $16.5 million were made as of December 29, 2007. We funded $32.5 million of water bottling equipment purchases through a finance lease arrangement in 2008. The quarterly payments under the lease obligation totaled approximately $8.8 million per annum for the first two years, $5.3 million per annum for the subsequent two years, then $1.7 million per annum for the final four years.

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In January 2005, we were named as one of many defendants in a class action suit alleging the unauthorized use by the defendants of container deposits and the imposition of recycling fees on consumers. On June 2, 2006, the British Columbia Supreme Court granted the summary trial application, which resulted in the dismissal of the plaintiffs action against us and the other defendants. On June 26, 2006, the plaintiffs appealed the dismissal of the action to the British Columbia Court of Appeals which was denied, and an appeal to the Supreme Court of Canada was rejected on December 20, 2007. In February 2005, similar class action claims were filed in a number of other Canadian provinces. Claims filed in Quebec have since been discontinued, but is unclear how the dismissal of the British Columbia case will impact the other cases.

As of December 31, 2011, our accrued liability for litigation contingencies with a probable likelihood of loss was $2.9 million related to a single contingency. Subsequent to December 31, 2011, we settled this legal matter for an amount not materially different than our accrued liability.

On August 17, 2010, we completed the Cliffstar Acquisition. The first $15.0 million of the contingent consideration was based upon the achievement of milestones in certain expansion projects in 2010, which were achieved in 2010. The remainder of the contingent consideration was based on the achievement of certain performance measures during the fiscal year ending January 1, 2011.

We were notified on May 9, 2011 by the seller of Cliffstar of certain objections to the performance measures used to calculate the contingent consideration, and the seller asserted a claim for amounts in excess of the amounts accrued as contingent consideration at July 2, 2011. The seller s remaining objections to the calculation of the contingent consideration are subject to an ongoing binding arbitration process under the terms of the asset purchase agreement. The seller is seeking up to $12.1 million in additional contingent consideration. The final resolution of these matters may result in amounts payable to the seller that vary materially from our current estimated fair value. We are currently unable to predict the ultimate outcome of this action. Any changes in the fair value of contingent consideration will be recorded in our Consolidated Statements of Operations.

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

In addition, we are involved in legal matters where the likelihood of loss has been judged to be reasonably possible, but for which a range of the potential loss cannot be reasonably estimated.

We had $9.7 million in standby letters of credit outstanding as of December 31, 2011 ($12.6 million January 1, 2011; $9.9 million January 2).

We have future purchase obligations of $271.5 million that consist of commitments for the purchase of inventory, energy transactions, and payments related to information technology outsourcing agreements. These obligations represent the minimum contractual obligations expected under the normal course of business.

Note 18 Shares Held in Trust treated as Treasury Shares

In May 2008, an independent trustee acting under certain of our benefit plans purchased 2.3 million of our common shares to be used to satisfy future liabilities under the PSU Plan and the Restated EISPP. During the year ended December 31, 2011, we distributed 0.2 million shares from the trust to satisfy certain PSU obligations that had vested. During the year ended December 31, 2011, we distributed 0.2 million shares from the trust to satisfy certain Restated EISPP obligations that had vested. As of December 31, 2011, 0.7 million shares were held in trust and accounted for as treasury shares under applicable accounting rules. Treasury shares are reported at cost.

Subsequent to the adoption of the 2010 Equity Incentive Plan on May 4, 2010, the HRCC determined that certain of Cott s long-term incentive plans were no longer needed and terminated the PSU Plan and the Restated EISPP effective February 23, 2011. No further awards will be granted under such plans, as future awards will be made under the Company s 2010 Equity Incentive Plan.

Note 19 Hedging Transactions and Derivative Financial Instruments

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

We purchase forward contract derivative instruments. Forward contracts are agreements to buy or sell a quantity of a currency at a predetermined future date, and at a predetermined rate or price. We do not enter into derivative financial instruments for trading purposes.

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

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the types of hedging relationships. The changes in fair values of derivatives that have been designated and qualify as cash flow hedges are recorded in accumulated other comprehensive income (loss) (AOCI) and are reclassified into the line item in the Consolidated Statements of Operations in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged.

We formally designate and document, at inception, the financial instrument as a hedge of a specific underlying exposure, the risk management objective and the strategy for undertaking the hedge transaction. In addition, we formally assess both at the inception and at least quarterly thereafter, whether the financial instruments used in hedging transactions are effective at offsetting changes in either the fair values or cash flows of the related underlying exposures. Any ineffective portion of a financial instrument s change in fair value is immediately recognized into earnings.

We estimate the fair values of our derivatives based on quoted market prices or pricing models using current market rates (refer to Note 21). The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our exposure to the financial risks described above. The amounts exchanged are calculated by reference to the notional amounts and by other terms of the derivatives, such as interest rates, foreign currency exchange rates or other financial indices. We do not view the fair values of our derivatives in isolation, but rather in relation to the fair values or cash flows of the underlying hedged transactions. All of our derivatives are straightforward over-the-counter instruments with liquid markets.

Credit Risk Associated with Derivatives

We have established strict counterparty credit guidelines and enter into transactions only with financial institutions of investment grade or better. We mitigate pre-settlement risk by being permitted to net settle for transactions with the same counterparty.

Cash Flow Hedging Strategy

We use cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates. The changes in the fair values of derivatives designated as cash flow hedges are recorded in AOCI and are reclassified into the line item in the Consolidated Statements of Operations in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. We did not discontinue any cash flow hedging relationships during the year ended December 31, 2011. The maximum length of time over which we hedge our exposure to future cash flows is typically one year.

We maintain a foreign currency cash flow hedging program to reduce the risk that our procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts to hedge certain portions of forecasted cash flows denominated in foreign currencies. When the U.S. dollar strengthens significantly against foreign currencies, the decline in the present value of future foreign currency cash flows is partially offset by gains in the fair value of the derivative instruments. Conversely, when the U.S. dollar weakens compared to other currencies, the increase in the present value of future foreign currency cash flows is partially offset by losses in the fair value of the derivative instruments. The total notional value of derivatives that have been designated and qualify for our foreign currency cash flow hedging program as of December 31, 2011 was approximately $14.7 million.

The fair value of the Company s derivative instruments was $0.2 million as of December 31, 2011.

The settlement of our derivative instruments resulted in a charge to cost of sales of $0.9 million for the year ended December 31, 2011.

Note 20 Equity Offering

On August 17, 2010, we completed an underwritten public offering of 13,340,000 common shares at a price of $5.67 per share. The net proceeds of the Equity Offering of $71.1 million, after deducting expenses, underwriting discounts and commissions, were used to finance, in part, the Cliffstar Acquisition.

On August 11, 2009, we completed a public offering of 9,435,000 common shares at a price of $5.30 per share (the 2009 Stock Offering). Net proceeds of the 2009 Stock Offering were $47.5 million, after deducting expenses, underwriting discounts and commissions.

Note 21 Fair Value Measurements

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

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

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

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

	December 31, 2011			
(in millions of U.S. dollars)	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Derivatives	$	$ 0.2	$	$ 0.2
Assets held for sale		1.2		1.2
Total Assets	$	$ 1.4	$	$ 1.4

Fair value of financial instruments

The carrying amounts reflected in the Consolidated Balance Sheets for cash, receivables, payables, short-term borrowings and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of December 31, 2011 and January 1, 2011 are as follows:

	December 31, 2011		January 1, 2011	
(in millions of U.S. dollars)	Carrying Value	Fair Value	Carrying Value	Fair Value
8.375% senior notes due in 2017 [1]	**215.0**	**231.4**	215.0	232.7
8.125% senior notes due in 2018 [1]	**375.0**	**404.5**	375.0	404.1
ABL facility			7.9	7.9
Total	**$ 590.0**	**$ 635.9**	$ 597.9	$ 644.7

[1] The fair values are based on the trading levels and bid/offer prices observed by a market participant.

Fair value of contingent consideration

The fair value of the contingent consideration payable in the Cliffstar Acquisition was based on significant inputs not observed in the market and thus represented a Level 3 instrument. Level 3 instruments are valued based on unobservable inputs that are supported by little or no market activity and reflect our own assumptions in measuring fair value.

	For the Years Ended	
(in millions of U.S. dollars)	December 31, 2011	January 1, 2011
Beginning balance	**$ 32.2**	$
Acquisition date fair value		52.5
Payment	**(34.3)**	
Accretion to fair value	**1.2**	
Adjustments to fair value	**0.9**	(20.3)
Ending balance	**$**	$ 32.2

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We were notified on May 9, 2011 by the seller of Cliffstar of certain objections to the performance measures used to calculate the contingent consideration, and the seller asserted a claim for amounts in excess of the amounts accrued as contingent consideration at July 2, 2011. During the third and fourth quarters of 2011, Cott made interim payments to the seller equal to $21.0 million and $8.6 million, respectively. The payment of $21.0 million was net of a $4.7 million refund due to Cott as a result of the final determination of working capital, and the payment of $8.6 million included $0.9 million in settlement of certain of the seller s objections to the calculation of the contingent consideration. The seller s remaining objections to the calculation of the contingent consideration are subject to an ongoing binding arbitration process under the terms of the asset purchase agreement. The seller is seeking up to $12.1 million in additional contingent consideration. The final resolution of these matters may result in amounts payable to the seller that materially vary from our current estimated fair value which consists of payments to the seller as noted above and amounting to $34.3 million. We are currently unable to predict the ultimate outcome of this action. Any changes in the fair value of contingent consideration will be recorded in our Consolidated Statement of Operations.

Note 22 Quarterly Financial Information (unaudited)

	Year ended December 31, 2011				
(in millions of U.S. dollars, except per share amounts)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Total**
Revenue	**$ 534.1**	**$ 640.0**	**$ 611.3**	**$ 549.2**	**$ 2,334.6**
Cost of sales	**464.5**	**552.0**	**543.7**	**497.8**	**2,058.0**
Gross Profit	**69.6**	**88.0**	**67.6**	**51.4**	**276.6**
Selling, general and administrative expenses	**45.1**	**45.1**	**38.1**	**44.4**	**172.7**
Loss (gain) on disposal of property, plant and equipment			**0.5**	**0.7**	**1.2**
Asset impairments				**0.6**	**0.6**
Intangible asset impairments				**1.4**	**1.4**
Operating income	**24.5**	**42.9**	**29.0**	**4.3**	**100.7**
Net income (loss) attributed to Cott Corporation	**$ 6.8**	**$ 26.5**	**$ 16.2**	**$ (11.9)**	**$ 37.6**
Per share data:					
Net income (loss) per common share					
Basic	**$ 0.07**	**$ 0.28**	**$ 0.17**	**$ (0.13)**	**$ 0.40**
Diluted	**$ 0.07**	**$ 0.28**	**$ 0.17**	**$ (0.12)**	**$ 0.40**

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(in millions of U.S. dollars, except per share amounts)	Year ended January 1, 2011 First Quarter	Second Quarter	Third Quarter[1]	Fourth Quarter[2]	Total
Revenue	$ 362.9	$ 424.7	$ 486.9	$ 528.8	$ 1,803.3
Cost of sales	305.7	351.2	419.8	$ 460.3	1,537.0
Gross Profit	57.2	73.5	67.1	68.5	266.3
Selling, general and administrative expenses	32.4	34.5	47.3	52.5	166.7
Loss (gain) on disposal of property, plant and equipment	0.2	(0.1)	0.3	0.7	1.1
Restructuring	(0.5)				(0.5)
Operating income	25.1	39.1	19.5	15.3	99.0
Net income attributable to Cott Corporation	$ 11.5	$ 22.3	$ 5.8	$ 15.1	$ 54.7
Per share data:					
Net income per common share					
Basic	$ 0.14	$ 0.28	$ 0.07	$ 0.16	$ 0.64
Diluted	$ 0.14	$ 0.28	$ 0.07	$ 0.16	$ 0.63

[1] During the third quarter of 2010, we completed the Cliffstar Acquisition. We recorded $7.2 million of transaction costs related to the acquisition. These costs were recorded in SG&A.

[2] During the fourth quarter of 2010 we recorded a reduction to the contingent consideration earn-out accrual of $20.3 million.

Note 23 Guarantor Subsidiaries

The 2017 Notes and 2018 Notes issued by our wholly-owned subsidiary, Cott Beverages, Inc., are unconditionally guaranteed on a senior basis pursuant to guarantees by Cott Corporation and certain other wholly owned subsidiaries (the Guarantor Subsidiaries). The guarantees of the Guarantor Subsidiaries are subject to release in limited circumstances only upon the occurrence of certain customary conditions.

We have not presented separate financial statements and separate disclosures have not been provided concerning subsidiary guarantors because management has determined such information is not material to the holders of the above-mentioned notes.

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

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Condensed Consolidating Statement of Operations

For the year ended December 31, 2011

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 207.0**	**$ 932.3**	**$ 1,065.7**	**$ 167.3**	**$ (37.7)**	**$ 2,334.6**
Cost of sales	167.8	825.5	951.7	150.7	(37.7)	2,058.0
Gross profit	**39.2**	**106.8**	**114.0**	**16.6**		**276.6**
Selling, general and administrative expenses	30.1	59.0	71.8	11.8		172.7
Loss on disposal of property, plant & equipment		0.4	0.8			1.2
Restructuring and asset impairments						
Restructuring						
Asset impairments				0.6		0.6
Intangible asset impairments		1.4				1.4
Operating income	**9.1**	**46.0**	**41.4**	**4.2**		**100.7**
Contingent consideration earn-out adjustment			0.9			0.9
Other expense (income), net	1.6	(0.3)	0.2	0.7		2.2
Intercompany interest (income) expense, net	(3.5)	(4.1)	7.6			
Interest expense, net	0.3	54.8	1.8	0.2		57.1
Income (loss) before income tax expense (benefit) and equity income (loss)	**10.7**	**(4.4)**	**30.9**	**3.3**		**40.5**
Income tax expense (benefit)	2.9	(0.8)	(3.3)	0.5		(0.7)
Equity income (loss)	29.8	4.2	0.8		(34.8)	
Net income	**$ 37.6**	**$ 0.6**	**$ 35.0**	**$ 2.8**	**$ (34.8)**	**$ 41.2**
Less: Net income attributable to non-controlling interests				3.6		3.6
Net income (loss) attributed to Cott Corporation	**$ 37.6**	**$ 0.6**	**$ 35.0**	**$ (0.8)**	**$ (34.8)**	**$ 37.6**

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Condensed Consolidating Statement of Operations

For the year ended January 1, 2011

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 201.0**	**$ 905.6**	**$ 600.4**	**$ 137.6**	**$ (41.3)**	**$ 1,803.3**
Cost of sales	158.0	774.3	527.0	119.0	(41.3)	1,537.0
Gross profit	**43.0**	**131.3**	**73.4**	**18.6**		**266.3**
Selling, general and administrative expenses	31.0	79.1	42.6	14.0		166.7
Loss (gain) on disposal of property, plant & equipment		1.0	(0.1)	0.2		1.1
Restructuring		(0.5)				(0.5)
Operating income	**12.0**	**51.7**	**30.9**	**4.4**		**99.0**
Contingent consideration earn-out adjustment			(20.3)			(20.3)
Other expense (income), net	2.3	1.3	0.8	(0.4)		4.0
Intercompany interest (income) expense, net	(6.8)	8.2	(1.3)		(0.1)	(0.0)
Interest expense, net	0.2	35.6	0.9	0.2		36.9
Income before income tax expense and equity income (loss)	**16.3**	**6.6**	**50.8**	**4.6**	**0.1**	**78.4**
Income tax expense	4.5	12.0	1.7	0.4		18.6
Equity income	42.9	6.0	0.9		(49.8)	
Net income	**$ 54.7**	**$ 0.6**	**$ 50.0**	**$ 4.2**	**$ (49.7)**	**$ 59.8**
Less: Net income attributable to non-controlling interests				5.1		5.1
Net income (loss) attributed to Cott Corporation	**$ 54.7**	**$ 0.6**	**$ 50.0**	**$ (0.9)**	**$ (49.7)**	**$ 54.7**

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Condensed Consolidating Statement of Operations

For the year ended January 2, 2010

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 198.7**	**$ 958.8**	**$ 360.6**	**$ 126.6**	**$ (48.0)**	**$ 1,596.7**
Cost of sales	167.9	805.9	313.1	108.0	(48.0)	1,346.9
Gross profit	**30.8**	**152.9**	**47.5**	**18.6**		**249.8**
Selling, general and administrative expenses	36.5	70.9	24.7	14.7		146.8
Loss (gain) on disposal of property, plant & equipment	0.2	0.4	(0.1)			0.5
Restructuring and asset impairments:						
Restructuring	0.2	1.3				1.5
Asset impairments		3.6				3.6
Operating (loss) income	**(6.1)**	**76.7**	**22.9**	**3.9**		**97.4**
Other expense, net	0.8	3.6				4.4
Intercompany interest (income) expense, net	(8.1)	12.9	(4.8)			0.0
Interest expense, net	0.3	28.9	0.3	0.2		29.7
Income before income tax (benefit) expense and equity income	**0.9**	**31.3**	**27.4**	**3.7**		**63.3**
Income tax (benefit) expense	(16.8)	(9.7)	3.5	0.2		(22.8)
Equity income	63.8	5.7	46.6		(116.1)	
Net income	**$ 81.5**	**$ 46.7**	**$ 70.5**	**$ 3.5**	**$ (116.1)**	**$ 86.1**
Less: Net income attributable to non-controlling interests				4.6		4.6
Net income (loss) attributed to Cott Corporation	**$ 81.5**	**$ 46.7**	**$ 70.5**	**$ (1.1)**	**$ (116.1)**	**$ 81.5**

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Consolidating Balance Sheet

As of December 31, 2011

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 13.7	$ 20.7	$ 58.9	$ 7.6	$	$ 100.9
Accounts receivable, net of allowance	22.4	97.2	136.3	14.6	(59.7)	210.8
Income taxes recoverable		8.8	0.8	0.3		9.9
Inventories	18.1	60.2	124.2	7.5		210.0
Prepaid expenses and other assets	1.8	13.8	3.6	0.1		19.3
Total current assets	**56.0**	**200.7**	**323.8**	**30.1**	**(59.7)**	**550.9**
Property, plant & equipment	48.0	179.3	245.1	9.8		482.2
Goodwill	26.9	4.5	98.2			129.6
Intangibles and other assets	0.9	105.3	216.5	18.4		341.1
Deferred income taxes	4.1					4.1
Other tax receivable	0.5		0.5			1.0
Due from affiliates	30.3	166.4	79.1	41.9	(317.7)	
Investments in subsidiaries	459.8	365.5	572.3	225.3	(1,622.9)	
Total assets	**$ 626.5**	**$ 1,021.7**	**$ 1,535.5**	**$ 325.5**	**$ (2,000.3)**	**$ 1,508.9**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$	$	$	$	$	$
Current maturities of long-term debt		2.9	0.1	0.4		3.4
Accounts payable and accrued liabilities	27.1	117.1	181.2	15.4	(59.7)	281.1
Total current liabilities	**27.1**	**120.0**	**181.3**	**15.8**	**(59.7)**	**284.5**
Long-term debt	0.2	599.0	1.2	1.7		602.1
Deferred income taxes		26.8	6.8	0.5		34.1
Other long-term liabilities	0.2	3.5	16.3			20.0
Due to affiliates	43.2	77.8	168.9	27.8	(317.7)	
Total liabilities	**70.7**	**827.1**	**374.5**	**45.8**	**(377.4)**	**940.7**
Equity						
Capital stock, no par	395.9	569.3	1,396.5	218.2	(2,184.0)	395.9
Treasury stock	(2.1)					(2.1)
Additional paid-in-capital	42.6					42.6
Retained earnings (deficit)	144.1	(365.5)	(329.0)	(43.2)	737.7	144.1
Accumulated other comprehensive (loss) income	(24.7)	(9.2)	93.5	92.3	(176.6)	(24.7)
Total Cott Corporation equity	555.8	194.6	1,161.0	267.3	(1,622.9)	555.8
Non-controlling interests				12.4		12.4
Total equity	**555.8**	**194.6**	**1,161.0**	**279.7**	**(1,622.9)**	**568.2**
Total liabilities and equity	**$ 626.5**	**$ 1,021.7**	**$ 1,535.5**	**$ 325.5**	**$ (2,000.3)**	**$ 1,508.9**

Consolidating Balance Sheet

As of January 1, 2011

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 7.8	$ 9.1	$ 26.0	$ 5.3	$	$ 48.2
Accounts receivable, net of allowance	108.6	151.6	128.6	17.3	(192.5)	213.6
Income taxes recoverable		1.3	(1.3)	0.3		0.3
Inventories	18.1	66.1	124.6	6.7		215.5
Prepaid expenses and other assets	3.6	19.3	8.1	1.7		32.7
Total current assets	**138.1**	**247.4**	**286.0**	**31.3**	**(192.5)**	**510.3**
Property, plant & equipment	50.0	180.4	259.5	13.9		503.8
Goodwill	27.4	4.5	98.3			130.2
Intangibles and other assets	1.3	114.8	233.6	21.4		371.1
Deferred income taxes	3.7			(1.2)		2.5
Other tax receivable	2.5	7.6	1.2			11.3
Due from affiliates	241.8	166.9	220.9	41.9	(671.5)	
Investments in subsidiaries		351.5		161.0	(512.5)	
Total assets	**$ 464.8**	**$ 1,073.1**	**$ 1,099.5**	**$ 268.3**	**$ (1,376.5)**	**$ 1,529.2**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$	$ 7.9	$	$	$	$ 7.9
Current maturities of long-term debt	0.1	5.4	0.1	0.4		6.0
Accounts payable and accrued liabilities	97.3	204.0	185.9	14.1	(192.5)	308.8
Total current liabilities	**97.4**	**217.3**	**186.0**	**14.5**	**(192.5)**	**322.7**
Long-term debt		601.9	1.4	2.5	(0.3)	605.5
Deferred income taxes		31.8	10.7	1.1		43.6
Other long-term liabilities		5.4	16.9		(0.1)	22.2
Losses and distributions in excess of investment	(198.4)		(322.7)		521.1	
Due to affiliates	43.2	219.6	377.2	31.7	(671.7)	
Total liabilities	**(57.8)**	**1,076.0**	**269.5**	**49.8**	**(343.5)**	**994.0**
Equity						
Capital stock, no par	395.6	354.4	1,182.6	175.0	(1,712.0)	395.6
Treasury stock	(3.2)					(3.2)
Additional paid-in-capital	40.7	0.4			(0.3)	40.8
Retained earnings (deficit)	106.4	(350.4)	(352.0)	(36.4)	738.9	106.5
Accumulated other comprehensive (loss) income	(16.9)	(7.3)	(0.6)	66.9	(59.6)	(17.5)
Total Cott Corporation equity	522.6	(2.9)	830.0	205.5	(1,033.0)	522.2
Non-controlling interests				13.0		13.0
Total equity	**522.6**	**(2.9)**	**830.0**	**218.5**	**(1,033.0)**	**535.2**

Total liabilities and equity	**$ 464.8**	**$ 1,073.1**	**$ 1,099.5**	**$ 268.3**	**$ (1,376.5)**	**$ 1,529.2**

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Condensed Consolidating Statement of Cash Flows

For the year ended December 31, 2011

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Operating Activities						
Net income	$ 37.6	$ 0.6	$ 35.0	$ 2.8	$ (34.8)	$ 41.2
Depreciation & amortization	6.0	35.1	48.2	6.0		95.3
Amortization of financing fees	0.3	3.3	0.3			3.9
Share-based compensation expense	1.1	1.0	0.7	0.1		2.9
Increase (decrease) in deferred income taxes	0.4	0.1	(3.9)	(0.3)		(3.7)
Loss on disposal of property, plant & equipment		0.4	0.8			1.2
Asset impairments				0.6		0.6
Intangible asset impairments		1.4				1.4
Contract termination payments	(0.8)	(2.3)				(3.1)
Equity (loss) income, net of distributions	(29.6)	(4.2)	0.2		33.6	
Intercompany transactions	25.8	9.6			(35.4)	
Other non-cash items	(0.1)	1.1	3.6	0.3		4.9
Net change in operating assets and liabilities	(25.7)	210.4	(198.6)	(3.8)	36.6	18.9
Net cash provided by (used in) operating activities	15.0	256.5	(113.7)	5.7		163.5
Investing Activities						
Acquisition		(34.3)				(34.3)
Additions to property, plant & equipment	(5.2)	(33.9)	(9.5)	(0.2)		(48.8)
Additions to intangibles and other assets	(0.2)	(5.3)	(0.1)	(0.1)		(5.7)
Proceeds from sale of property, plant & equipment		0.4				0.4
Other investing activities		(1.8)				(1.8)
Advances to affiliates			156.1	3.6	(159.7)	
Net cash (used in) provided by investing activities	(5.4)	(74.9)	146.5	3.3	(159.7)	(90.2)
Financing Activities						
Payments of long-term debt	0.1	(6.4)		(0.5)		(6.8)
Borrowings under ABL		224.1				224.1
Payments under ABL		(231.9)				(231.9)
Advances from affiliates	(3.6)	(156.1)			159.7	
Distributions to non-controlling interests				(6.0)		(6.0)
Exercise of options		0.3				0.3

Net cash used in financing activities	(3.5)	(170.0)		(6.5)	159.7	(20.3)
Effect of exchange rate changes on cash	(0.2)		0.1	(0.2)		(0.3)
Net increase in cash & cash equivalents	**5.9**	**11.6**	**32.9**	**2.3**		**52.7**
Cash & cash equivalents, beginning of period	**7.8**	**9.1**	**26.0**	**5.3**		**48.2**
Cash & cash equivalents, end of period	**$ 13.7**	**$ 20.7**	**$ 58.9**	**$ 7.6**	**$**	**$ 100.9**

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Condensed Consolidating Statement of Cash Flows

For the year ended January 1, 2011

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Operating Activities						
Net income	$ 54.7	$ 0.6	$ 50.0	$ 4.2	$ (49.7)	$ 59.8
Depreciation & amortization	6.3	35.4	26.4	5.9		74.0
Amortization of financing fees	0.4	2.1	0.2			2.7
Share-based compensation expense	0.7	3.9	0.1			4.7
Increase in deferred income taxes	2.3	12.0	1.7	1.1		17.0
Write-off of financing fees	0.2	1.0	0.2			1.4
Loss (gain) on disposal of property, plant & equipment		1.0	(0.1)	0.2		1.1
Loss on buyback of Notes		0.1				0.1
Contingent consideration earn-out adjustment			(20.3)			(20.3)
Contract termination loss		3.6				3.6
Contract termination payments		(5.4)				(5.4)
Equity (loss) income, net of distributions	(42.9)	(6.0)	(0.9)		49.8	
Intercompany transactions	8.9	7.7			(16.5)	
Other non-cash items	2.0	3.8		(0.3)		5.5
Net change in operating assets and liabilities	(35.3)	63.4	(17.9)	7.6	16.4	34.2
Net cash (used in) provided by operating activities	(2.8)	123.1	39.4	18.7		178.4
Investing Activities						
Acquisition		(507.7)				(507.7)
Additions to property, plant & equipment	(5.4)	(26.5)	(10.6)	(1.5)		(44.0)
Additions to intangibles and other assets		(4.2)				(4.2)
Proceeds from sale of property, plant & equipment		0.3	0.3	0.6		1.2
Advances to affiliates	21.0		(12.3)	(8.8)	0.1	
Net cash provided by (used in) investing activities	15.6	(538.1)	(22.6)	(9.7)	0.1	(554.7)
Financing Activities						
Payments of long-term debt	0.1	(18.3)		(0.5)		(18.7)
Issuance of long-term debt		375.0				375.0
Borrowings under ABL		307.1	59.4			366.5
Payments under ABL		(319.3)	(59.7)			(379.0)
Advances from affiliates	8.8	12.3	(21.0)		(0.1)	
Intercompany contributions	(89.8)	71.1	18.7			
Distributions to non-controlling interests				(7.4)		(7.4)
	71.1					71.1

Issuance of common shares, net of offering fees						
Financing fees		(14.2)				(14.2)
Net cash (used in) provided by financing activities	(9.8)	413.7	(2.6)	(7.9)	(0.1)	393.3
Effect of exchange rate changes on cash	0.6		(0.4)	0.1		0.3
Net increase (decrease) in cash & cash equivalents	**3.6**	**(1.3)**	**13.8**	**1.2**		**17.3**
Cash & cash equivalents, beginning of period	**4.2**	**10.4**	**12.2**	**4.1**		**30.9**
Cash & cash equivalents, end of period	**$ 7.8**	**$ 9.1**	**$ 26.0**	**$ 5.3**	**$**	**$ 48.2**

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Condensed Consolidating Statement of Cash Flows

For the year ended January 2, 2010

(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Operating Activities						
Net income	$ 81.5	$ 46.7	$ 70.5	$ 3.5	$ (116.1)	$ 86.1
Depreciation & amortization	8.1	37.9	14.6	5.6		66.2
Amortization of financing fees	0.2	1.1	0.2			1.5
Share-based compensation expense	0.1	1.2				1.3
Increase (decrease) in deferred income taxes	3.3	2.9	0.1	(0.1)		6.2
Loss (gain) on disposal of property, plant & equipment	0.2	0.4	(0.1)			0.5
Loss on buyback of Notes	1.5					1.5
Asset impairments		0.1				0.1
Intangible impairments		3.5				3.5
Contract termination payments		(3.8)				(3.8)
Equity (loss) income, net of distributions	(62.4)	(5.7)	(46.7)	(1.3)	116.1	
Intercompany transactions	8.6	6.9			(15.5)	
Other non-cash items		2.6				2.6
Net change in operating assets and liabilities	(102.0)	64.6	(0.5)	11.8	15.5	(10.6)
Net cash (used in) provided by operating activities	(60.9)	158.4	38.1	19.5		155.1
Investing Activities						
Additions to property, plant & equipment	(4.3)	(18.4)	(8.6)	(1.0)		(32.3)
Additions to intangibles and other assets		(1.6)				(1.6)
Proceeds from sale of property, plant & equipment		1.5	0.2			1.7
Advances to affiliates	12.6		(11.2)	(9.9)	8.5	
Net cash provided by (used in) investing activities	8.3	(18.5)	(19.6)	(10.9)	8.5	(32.2)
Financing Activities						
Payments of long-term debt		(265.2)		(0.3)		(265.5)
Issuance of long-term debt		211.9				211.9
Borrowings under ABL	87.0	595.0	86.1			768.1
Payments under ABL	(90.1)	(679.4)	(87.1)			(856.6)
Advances from affiliates	10.0	11.3	(12.8)		(8.5)	
Distributions to non-controlling interests				(6.7)		(6.7)
Issuance of common shares, net of offering fees	47.5					47.5
Financing fees		(6.2)				(6.2)
Other financing activities				(0.1)		
	54.4	(132.6)	(13.8)	(7.1)	(8.5)	(107.5)

Net cash provided by (used in) financing activities						
Effect of exchange rate changes on cash	0.3		0.1	0.4		0.8
Net increase in cash & cash equivalents	**2.1**	**7.3**	**4.8**	**1.9**		**16.2**
Cash & cash equivalents, beginning of period	**2.1**	**3.1**	**7.4**	**2.1**		**14.7**
Cash & cash equivalents, end of period	**$ 4.2**	**$ 10.4**	**$ 12.2**	**$ 4.0**	**$**	**$ 30.9**

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Schedule II Valuation and Qualifying Accounts

(in millions of U.S. dollars)	Year ended December 31, 2011					
Description	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
Reserves deducted in the balance sheet from the asset to which they apply						
Allowances for losses on:						
Accounts receivables	$ (7.0)	$	$ 0.6	$ 0.2	$ 0.5	$ (5.7)
Inventories	(8.2)		(2.1)		1.5	(8.8)
Deferred income tax assets	(12.7)		(9.4)	(0.1)		(22.2)
	$ (27.9)	$	$ (10.9)	$ 0.1	$ 2.0	$ (36.7)

(in millions of U.S. dollars)	Year ended January 1, 2011					
Description	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
Reserves deducted in the balance sheet from the asset to which they apply						
Allowances for losses on:						
Accounts receivables	$ (5.9)	$	$ (0.6)	$ (0.1)	$ (0.4)	$ (7.0)
Inventories	(6.7)		(1.3)	0.2	(0.4)	(8.2)
Deferred income tax assets	(17.6)		4.4	0.5		(12.7)
	$ (30.2)	$	$ 2.5	$ 0.6	$ (0.8)	$ (27.9)

(in millions of U.S. dollars)	Year ended January 2, 2010					
Description	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Year
Reserves deducted in the balance sheet from the asset to which they apply						
Allowances for losses on:						
Accounts receivables	$ (5.5)	$	$ (0.8)	$ 0.6	$ (0.2)	$ (5.9)
Inventories	(7.1)		0.6	(0.1)	(0.1)	(6.7)
Deferred income tax assets	(42.7)		22.7	2.4		(17.6)
	$ (55.3)	$	$ 22.5	$ 2.9	$ (0.3)	$ (30.2)

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Cott Corporation

Exhibit Index

Number	Description
2.1	Asset Purchase Agreement, dated as of July 7, 2010, by and among Cott Corporation, Caroline LLC, a wholly-owned subsidiary of Cott Corporation, Cliffstar Corporation, each of the Cliffstar companies named therein, and Stanley Star, solely in his capacity as sellers representative (incorporated by reference to Exhibit 2.1 to our Form 8-K/A filed July 9, 2010).
3.1	Articles of Amalgamation of Cott Corporation (incorporated by reference to Exhibit 3.1 to our Form 10-K filed February 28, 2007).
3.2	Amended and Restated By-laws of Cott Corporation (incorporated by reference to Exhibit 3.2 to our Form 10-Q filed May 10, 2007).
4.1	Indenture dated as of December 21, 2001 governing the 8.0% Senior Subordinated Notes due in 2011, between Cott Beverages Inc. (as issuer) and HSBC Bank USA (as trustee) (incorporated by reference to Exhibit 4.3 to our Form 10-K filed March 8, 2002).
4.2	Registration Rights Agreement dated as of December 21, 2001, among Cott Beverages Inc., the Guarantors named therein and Lehman Brothers Inc., BMO Nesbitt Burns Corp. and CIBC World Markets Corp. (incorporated by reference to Exhibit 4.4 to our Form 10-K filed March 8, 2002).
4.3	Supplemental Indenture dated as of November 13, 2009 governing the 8.0% Senior Subordinated Notes due 2011, by and among Cott Beverages Inc., Cott Corporation, the guarantors identified therein and HSBC Bank USA, National Association, as trustee (incorporated by reference to Exhibit 4.4 to our Form 8-K filed on November 16, 2009).
4.4	Indenture dated as of November 13, 2009, governing the 8.375% Senior Notes due 2017, by and among Cott Beverages Inc., Cott Corporation, the guarantors identified therein and HSBC Bank USA, National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Form 8-K filed on November 16, 2009).
4.5	Form of 8.375% Senior Note due 2017 (incorporated by reference to Exhibit 4.2 to our Form 8-K filed on November 16, 2009).
4.6	Registration Rights Agreement, dated as of November 13, 2009, among Cott Beverages Inc., Cott Corporation, the guarantors identified therein and Barclays Capital Inc., J.P. Morgan Securities Inc. and Deutsche Bank Securities Inc. (incorporated by reference to Exhibit 4.3 to our Form 8-K filed on November 16, 2009).
4.7	Indenture dated as of August 17, 2010, governing the 8.125% Senior Notes due 2018, by and among Cott Beverages Inc., Cott Corporation, the guarantors identified therein and HSBC Bank USA, National Association, as trustee (incorporated by reference to Exhibit 4.1 to our Form 8-K filed August 20, 2010).
4.8	Form of 8.125% Senior Note due 2018 (included as Exhibit A to Exhibit 4.7, which is incorporated by reference to Exhibit 4.1 to our Form 8-K filed August 20, 2010).
4.9	Registration Rights Agreement, dated as of August 17, 2010, among Cott Beverages Inc., Cott Corporation, the guarantors identified therein and Deutsche Bank Securities Inc., as representative to the Initial Purchasers (incorporated by reference to Exhibit 4.3 to our Form 8-K filed August 20, 2010).
10.1 [1]	Supply Agreement, dated December 21, 1998, between Walmart Stores, Inc. and Cott Beverages USA, Inc. (now Cott Beverages Inc.) (incorporated by reference to Exhibit 10.1 of our Form 10-K filed March 15, 2011).

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Number	Description
10.2 [2]	Second Canadian Employee Share Purchase Plan effective January 2, 2001 (incorporated by reference to Exhibit 10.11 to our Form 10-K filed March 20, 2001).
10.3 [1]	Supply Agreement executed November 11, 2003, effective January 1, 2002 between Crown Cork & Seal Company, Inc. and Cott Corporation (incorporated by reference to Exhibit 10.14 to our Form 10-Q/A filed August 5, 2004).
10.4 [2]	Share Plan for Non-Employee Directors effective November 1, 2003 (incorporated by reference to Exhibit 10.15 to our Form 10-K filed March 18, 2004).
10.5 [2]	Restated 1986 Common Share Option Plan of Cott Corporation/Corporation Cott as amended through October 20, 2004 (incorporated by reference to Exhibit 10.15 to our Form 10-K filed March 16, 2005).
10.6 [1]	Amendment to Supply Agreement between Crown Cork & Seal USA, Inc. (successor to Crown Cork & Seal Company, Inc.) and Cott Corporation, dated December 23, 2004 (incorporated by reference to Exhibit 10.17 to our Form 10-K filed March 16, 2005).
10.7 [2]	Cott Corporation Executive Incentive Share Purchase Plan (2008 Restatement) effective December 31, 2006 (incorporated by reference to Exhibit 4.1 of our Form S-8 filed on June 20, 2008).
10.8 [2]	Employment Offer Letter to William Reis dated January 29, 2007 (incorporated by reference to Exhibit 10.43 to our Form 10-K filed March 11, 2008).
10.9 [2]	Employment Offer Letter to Michael Creamer dated April 16, 2007 (incorporated by reference to Exhibit 10.19 to our Form 10-K filed March 11, 2009).
10.10 [2]	Amended and Restated Retention, Severance and Non-Competition Plan (incorporated by reference to Exhibit 10.6 to our Form 10-Q filed August 9, 2007).
10.11 [2]	Amended and Restated Performance Share Unit Plan (incorporated by reference to Exhibit 10.7 to our Form 10-Q filed August 9, 2007).
10.12 [2]	Amended and Restated Share Appreciation Rights Plan (incorporated by reference to Exhibit 10.8 to our Form 10-Q filed August 9, 2007).
10.13 [2]	Employment Offer Letter to Gregory Leiter, executed October 15, 2007 (incorporated by reference to Exhibit 10.41 to our Form 10-K filed March 11, 2008).
10.14 [2]	Employment Offer Letter to Jerry Fowden dated February 29, 2008 (incorporated by reference to Exhibit 10.29 to our Form 10-K filed March 11, 2009).
10.15 [1]	Credit Agreement dated as of August 17, 2010 among Cott Corporation, Cott Beverages Inc., Cott Beverages Limited, Cliffstar LLC and the other Loan Parties party thereto, the Lenders party thereto, JPMorgan Chase Bank, N.A., London Branch as UK Security Trustee, JPMorgan Chase Bank, N.A., as Administrative Agent and Administrative Collateral Agent, General Electric Capital Corporation, as Co-Collateral Agent and Bank of America, N.A., as Documentation Agent (incorporated by reference to Exhibit 10.1 to our Amended Form 10-Q filed June 20, 2011).
10.16 [2]	Employment Offer Letter to Neal Cravens dated August 19, 2009 (incorporated by reference to Exhibit 10.1 to our Form 10-Q filed October 29, 2009).
10.17 [2]	Amendment No. 1 to Restated Executive Investment Share Purchase Plan, effective December 28, 2008 (incorporated by reference to Exhibit 10.1 to our Form 10-Q filed May 5, 2009).
10.18 [2]	Employment Agreement between Cott Corporation and Jerry Fowden dated February 18, 2009 (incorporated by reference to Exhibit 10.1 to our Form 8-K dated February 24, 2009).
10.19 [2]	Cott Corporation Severance and Non-Competition Plan, dated February 18, 2009 (incorporated by reference to Exhibit 10.2 to our Form 8-K dated February 24, 2009).

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Number	Description
10.20 [2]	Employment Offer Letter to Marni Morgan Poe dated January 14, 2010 (incorporated by reference to Exhibit 10.1 to our Form 10-Q filed May 12, 2010).
10.21 [2]	Common Share Option Cancellation and Forfeiture Agreement between Jerry Fowden and Cott Corporation, dated August 9, 2010 (incorporated by reference to Exhibit 10.1 to our Form 8-K filed August 10, 2010).
10.22 [2]	Stock Appreciation Right Cancellation Agreement between Neal Cravens and Cott Corporation, dated August 10, 2010 (incorporated by reference to Exhibit 10.2 to our Form 8-K filed August 10, 2010).
10.23	2010 Equity Incentive Plan (incorporated by reference to Appendix B of our Definitive Proxy Statement on Schedule 14A filed on April 1, 2010).
10.24	Amendment to 2010 Equity Incentive Plan (incorporated by reference to Exhibit 4.2 to our Form 8-K filed on May 4, 2010).
10.25	Form of Restricted Share Unit Award Agreement with Time-Based Vesting under Cott Corporation s 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.4 to our Form 10-Q filed November 10, 2010).
10.26	Form of Restricted Share Unit Award Agreement with Performance-Based Vesting under Cott Corporation s 2010 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to our Form 10-Q filed November 10, 2010).
10.27 [2]	Employment Offer Letter to Michael Gibbons dated March 6, 2009 (incorporated by reference to Exhibit 10.1 of our Form 10-K filed March 15, 2011).
10.28 [1]	Supply Agreement executed December 21, 2010, effective January 1, 2011 between Crown Cork & Seal USA, Inc. and Cott Corporation (incorporated by reference to Exhibit 10.34 of our Form 10-K/A filed January 1, 2012).
10.29 [1]	Termination of Supply Agreement and Release dated as of December 31, 2010 between Crown Cork & Seal USA, Inc. and Cott Corporation (incorporated by reference to Exhibit 10.35 of our Form 10-K/A filed January 1, 2012).
21.1	List of Subsidiaries of Cott Corporation (filed herewith).
23.1	Consent of Independent Registered Certified Public Accounting Firm (filed herewith).
31.1	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the year ended December 31, 2011 (filed herewith).
31.2	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act of 2002 for the year ended December 31, 2011 (filed herewith).
32.1	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the year ended December 31, 2011 (furnished herewith).
32.2	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act of 2002 for the year ended December 31, 2011 (furnished herewith).
101	The following financial statements from Cott Corporation s Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 29, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) Consolidated Statements of Equity (v) Condensed Consolidated Statements of Comprehensive Income (vi) Notes to the Consolidated Financial Statements (furnished herewith).

[1] Document is subject to request for confidential treatment.

[2] Indicates a management contract or compensatory plan.