The information in this offering memorandum is not complete and may be changed. This offering memorandum is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Offering Memorandum dated June 13, 2016

€450,000,000

Cott Finance Corporation

to be assumed by

Cott Corporation

% Senior Notes due 2024

Cott Finance Corporation (the "Escrow Issuer"), a wholly-owned subsidiary of Cott Corporation, is offering €450,000,000 aggregate principal amount of its % Senior Notes due 2024 (the "notes"). This offering is part of the financing to fund the proposed acquisition (the "Eden Acquisition") of Hydra Dutch Holdings 1 B.V. ("Eden Holdings") by Carbon Acquisition Co B.V., a wholly-owned subsidiary of Cott Corporation. Contemporaneously with the closing of the Eden Acquisition, the Escrow Issuer will be combined with Cott Corporation by way of an amalgamation under applicable Canadian corporate law, and the combined company, "Cott Corporation," will continue as the issuer of the notes.

The Issuer (as defined below) will pay interest on the notes on January and July of each year, commencing on , 2017. The notes will mature on , 2024.

The Issuer may redeem all or a portion of the notes at any time on or after , 2019 at the redemption prices specified under "Description of Notes—Optional Redemption" plus accrued and unpaid interest, if any, to, but not including, the redemption date. Prior to , 2019, the Issuer may redeem all or a portion of the notes at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, to, but not including the redemption date plus a "make-whole" premium as described in this offering memorandum. In addition, before , 2019, the Issuer may redeem up to 40% of the aggregate principal amount of the notes with the net proceeds of certain equity offerings at the redemption price set forth in this offering memorandum. If we experience specific kinds of changes of control, and under certain circumstances, if we sell certain assets, we will be required to offer to repurchase all or a portion of the notes from the holders at a purchase price of 101% (or 100% in the case of asset sales) of their principal amount of the notes repurchased plus accrued and unpaid interest, if any, to but not including, the repurchase date. The Issuer also may redeem all of the notes if at any time, changes to Canadian law require the Issuer to withhold taxes from payments on the notes.

Upon consummation of the offering of the notes, unless the Eden Acquisition has occurred at or prior to such time, the Escrow Issuer will deposit into an escrow account the gross proceeds from the offering plus an amount sufficient to fund a special mandatory redemption of the notes (as described below). Prior to the satisfaction of the escrow release conditions (as defined below), the notes will be secured by a first-priority security interest in the escrow account and all deposits and investment property therein. If the Eden Acquisition is not consummated on or prior to , 2016, subject to monthly extensions until October 31, 2016 as described herein (the "Escrow End Date"), or if we notify the Trustee (as defined below) and the Escrow Agent (as defined below) in writing that the Share Purchase Agreement has been terminated in accordance with its terms or upon the occurrence of certain other events, the notes will be subject to a special mandatory redemption. The special mandatory redemption price will be equal to 100% of the initial issue price of the notes, plus accrued and unpaid interest from the issue date of the notes, to, but not including, the date of such special mandatory redemption. See "Description of Notes—Special Mandatory Redemption." Upon satisfaction of the escrow release conditions, the net proceeds of the notes will be released from escrow and used to pay a portion of the purchase price of the Eden Acquisition, to repay a portion of the outstanding indebtedness of Eden and its subsidiaries and to pay certain related fees and expenses. See "Use of Proceeds."

Prior to the satisfaction of the escrow release conditions, the notes will not be guaranteed. Following satisfaction of the escrow release conditions, the notes will be assumed and be an obligation of Cott Corporation and be guaranteed on a senior basis by all of Cott Corporation's existing subsidiaries that are obligors under our existing ABL credit facility (the "ABL Facility") and by any wholly-owned subsidiary that guarantees certain indebtedness of Cott Corporation or any of the other guarantors.

Following satisfaction of the escrow release conditions, the notes and the related guarantees will be our and our guarantors' unsecured senior obligations, will rank equally in right of payment with all of our and our guarantors' existing and future senior debt, including the ABL Facility, Cott Beverages Inc.'s 5.375% Senior Notes due 2022 (the "2022 Notes"), Cott Beverages Inc.'s 6.75% Senior Notes due 2020 (the "2020 Notes") and DS Waters of America, Inc.'s 10.000% Second-Priority Senior Secured Notes due 2021 (the "2021 Notes" and, together with the 2022 Notes and the 2020 Notes, the "Existing Notes"), and will rank senior in right of payment to all of our and our guarantors' future subordinated debt. In addition, the notes will be effectively subordinated to all of our and our guarantors' existing and future secured indebtedness, including the ABL Facility and the 2021 Notes, to the extent of the value of the assets securing such indebtedness, and structurally subordinated to the indebtedness and obligations of our subsidiaries that will not guarantee the notes, including Eden Holdings and its subsidiaries on the date of the Eden Acquisition.

There is currently no public market for the notes. An application will be made to list the notes on the Official List of the Irish Stock Exchange and for trading on the Global Exchange Market. There are no assurances that our application to list the notes on the Irish Stock Exchange will be approved or that the notes will be admitted to trade on the Global Exchange Market.

Investing in the notes involves risks. See "Risk Factors" beginning on page 31.

Offering Price: % plus accrued interest, if any, from , 2016

The notes and the guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws or the laws of any other jurisdiction. Accordingly, the notes are being offered and sold only to qualified institutional buyers ("QIBs") in accordance with Rule 144A under the Securities Act ("Rule 144A") and outside the United States to non-U.S. persons in accordance with Regulation S under the Securities Act ("Regulation S") and, if investors are residents of a member state of the European Economic Area, only to qualified investors. Prospective purchasers that are QIBs are hereby notified that the seller of the notes may be relying on the exemption from the registration requirements under the U.S. Securities Act provided by Rule 144A. For a description of certain information about eligible offerees and restrictions on transfers of the notes, see "Notice to Investors" and "Plan of Distribution."

The initial purchasers expect to deliver the notes to investors only in book-entry form through the facilities of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream"), in each case, on or about , 2016. See "Book-entry; Delivery and Form."

Joint Book-Running Managers

Deutsche Bank Securities **J.P. Morgan** **Wells Fargo Securities**

BofA Merrill Lynch **SunTrust Robinson Humphrey**

Offering Memorandum dated , 2016.

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You should rely only on the information contained or incorporated by reference in this document or to which we have referred you. We and the initial purchasers have not authorized anyone to provide you with any information other than that included or incorporated by reference herein. We take no responsibility for, and can provide no assurance as to the reliability of, any information that others may give you. This document may only be used where it is legal to sell these securities.

As used in this offering memorandum, unless the context otherwise requires or as is otherwise indicated, the words "we," "us," "our," "Cott," "Company" and words of similar import refer to Cott Corporation and its subsidiaries on a consolidated basis. References to "initial purchasers" refer to the firms listed on the cover page of this offering memorandum.

Notice to Investors

This offering memorandum is a confidential document that we are providing only to prospective buyers of the notes. You should read this offering memorandum before deciding to buy any notes. You must not:

- use this offering memorandum or any information contained in this offering memorandum for any other purpose;
- make copies of any part of this offering memorandum or give a copy of it to any other person; or
- disclose any information in this offering memorandum to any other person.

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which such offer or solicitation would be unlawful.

We and the initial purchasers are offering to sell the notes only to persons to whom, and in places where, offers and sales are permitted.

This offering memorandum and the documents incorporated by reference are current as of the date hereof or the date of such incorporated document. You should not assume that the information contained or incorporated by reference herein is accurate as of any date other than the date on the front cover of this offering memorandum or the date of such incorporated document.

We have prepared this offering memorandum and we are solely responsible for its contents. You are responsible for making your own examination of us and our financial condition, and your own assessment of the merits and risks of investing in the notes. You may contact us at any time if you need additional information. By purchasing any notes, you acknowledge that:

- you have reviewed this offering memorandum;
- you have had an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;
- you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with your investigation of the accuracy of such information or your investment decision;
- no person has been authorized to give any information or to make any representation concerning us or the notes, other than as contained or incorporated by reference in this offering memorandum; and
- the initial purchasers are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

Neither we nor the initial purchasers are providing you with any legal, business, regulatory, accounting or tax advice in this offering memorandum. You should consult your own advisors to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the notes.

We intend to apply to list the notes on the Official List of the Irish Stock Exchange and to admit the notes for trading on the Global Exchange Market thereof. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this offering memorandum in producing listing particulars for such listing. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this offering memorandum. Comments by the competent authority may require significant modification or reformation of information contained in this offering memorandum or may require the inclusion of additional information, including financial information in respect of the guarantors. We may also be required to update the information in this offering memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application to list the notes on the Official List of the Irish Stock Exchange and to admit the notes to trading on the Global Exchange Market will be approved as of the settlement date for the notes or any date thereafter, and settlement of the notes is not conditioned upon obtaining this listing.

You must comply with all laws and regulations that apply to you in any jurisdiction in which you buy, offer or sell any notes or possess or distribute this offering memorandum. You must also obtain, at your sole cost and expense, any required consents or approvals for the purchase, offer or sale by you of the notes under the laws and regulations that apply to you in any jurisdiction in which you buy, offer or sell any notes. Neither we nor the guarantors nor the initial purchasers are responsible for your compliance with these legal requirements.

We are making this offering of the notes in reliance upon exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The notes are subject to restrictions on transfer and resale, which are set forth under the heading "Notice to Investors." By purchasing any notes, you will be deemed to have made certain acknowledgements, representations and agreements as described in that section of this offering memorandum. You may have to bear the financial risks of investing in these notes for an indefinite period of time.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the initial purchasers as to the past or future. The initial purchasers assume no responsibility for the accuracy or completeness of any information contained herein (financial, legal or otherwise).

We expect that delivery of the notes will be made against payment therefor on or about , 2016 which is business days following the date of pricing of the notes (such settlement cycle being herein referred to as "T+ "). You should note that the trading of the notes on the date of pricing or the next succeeding business days may be affected by the T+ settlement. See "Plan of Distribution."

Stabilization

In connection with the offering of the notes, Deutsche Bank Securities Inc. (or persons acting on behalf of Deutsche Bank Securities Inc.) may over allot notes or effect transactions with a view to supporting the market price of the notes at a level higher than that which might otherwise prevail. However, there is no assurance that Deutsche Bank Securities Inc. (or persons acting on behalf of Deutsche Bank Securities Inc.) will undertake any stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offering of the notes is made and, if begun, may be ended at any time, but it must end no later than 30 days after the date on which the Escrow Issuer receives the proceeds of the issue, or no later than 60 days after the date of the allotment of the notes, whichever is the earlier. Any stabilization action or over-allotment must be conducted by the stabilizing manager (or persons acting on its behalf) in accordance with all applicable laws and rules. For a description of these activities, see "Plan of Distribution."

Special Note Regarding Forward-Looking Statements

In addition to historical information, this offering memorandum and the documents incorporated by reference herein may contain information and statements relating to future events and future results. This information and these statements are "forward-looking" within the meaning of securities laws, including the "safe harbor" provisions of the Securities Act (Ontario), the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Section 27A of the Securities Act and involve known and unknown risks, uncertainties, future expectations and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such statements include, but are not limited to, statements that relate to projections of sales, earnings, earnings per share, cash flows, capital expenditures or other financial items, statements regarding our intentions to pay regular quarterly dividends on our common shares, and discussions of estimated future revenue enhancements and cost savings. These statements also relate to our business strategy, goals and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. Generally, words such as "anticipate," "believe," "continue," "could," "endeavor," "estimate," "expect," "intend," "may," "will," "plan," "predict," "project," "should" and similar terms and phrases are used to identify forward-looking statements in this offering memorandum and in the documents incorporated by reference herein. These forward-looking statements reflect current expectations regarding future events and operating performance and are made only as of the date of this offering memorandum.

The forward-looking statements are not guarantees of future performance or events and, by their nature, are based on certain estimates and assumptions regarding interest and foreign exchange rates, expected growth, results of operations, performance, business prospects and opportunities, effective income tax rates, timing of receipt of the necessary regulatory approvals and financing (on currently anticipated terms) for the Eden Acquisition, the time necessary to satisfy the conditions to the closing of the Eden Acquisition, and the potential impact the Eden Acquisition will have on our future financial and operating trends and results, each of which are subject to inherent risks and uncertainties. Material factors or assumptions that were applied in drawing a conclusion or making an estimate set out in forward-looking statements may include, but are not limited to, assumptions regarding management's current plans and estimates, our ability to remain a low cost supplier, and effective management of commodity costs. Although we believe the assumptions underlying these forward-looking statements are reasonable, any of these assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could prove to be incorrect. Our operations involve risks and uncertainties, many of which are outside of our control, and any one or any combination of these risks and uncertainties could also affect whether the forward-looking statements ultimately prove to be correct. These risks and uncertainties include, but are not limited to, those described in the section entitled "Risk Factors."

We caution the reader that the risk factors described in the section entitled "Risk Factors" may not be exhaustive. We operate in a continually changing business environment, and new risk factors emerge from time to time. Management cannot predict such new risk factors, nor can it assess the impact, if any, of such new risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. We undertake no obligation to update or revise these forward-looking statements, whether as a result of changes in underlying factors, new information, future events or otherwise, except as required by law. Undue reliance should not be placed on forward-looking statements.

Presentation of Financial Information

This offering memorandum contains the audited consolidated financial statements of Cott Corporation and its subsidiaries as of January 2, 2016 and January 3, 2015 and for the years ended January 2, 2016, January 3, 2015 and December 28, 2013. This offering memorandum contains balance sheet data as of December 28, 2013, which is not included or incorporated by reference in this offering memorandum. This offering memorandum also contains the unaudited consolidated financial statements of Cott Corporation and its subsidiaries as of April 2, 2016 and for the three months ended April 2, 2016 and April 4, 2015. This offering memorandum also contains balance sheet data as of April 4, 2015, which is not included or incorporated by reference in this offering memorandum. This financial information has been prepared in accordance with U.S. generally accepted accounting principles ("GAAP").

No separate financial information has been provided in this offering memorandum for the Escrow Issuer because (1) the Escrow Issuer does not conduct any operations, (2) the Escrow Issuer has no material assets, (3) the Escrow Issuer will be amalgamated upon satisfaction of the escrow release conditions, and (4) Cott Corporation will assume all of the Escrow Issuer's obligations under the notes. The Indenture will restrict the Escrow Issuer from conducting any business or activities other than the issuance of the notes offered hereby and the transactions contemplated by the Escrow Agreement, and the Escrow Issuer will have no assets other than the Escrowed Funds (as defined below) and no liabilities other than the notes.

We believe that the only material differences between the financial information of Eden Holdings and that of Hydra Dutch Holdings 2 B.V. ("Eden") relate to additional cash and cash equivalents held in Eden Holdings and intercompany transactions that are either substantially eliminated on consolidation or will be settled concurrent with the closing of this transaction. This offering memorandum contains the audited consolidated financial statements of Eden and its subsidiaries as of December 31, 2015, December 31, 2014 and December 31, 2013, and for each of the years in the two-year period ended December 31, 2015, and for the three month period ended December 31, 2013. This offering memorandum also contains the unaudited consolidated financial statements of Eden and its subsidiaries as of March 31, 2016 and for the three months ended March 31, 2016 and 2015. This financial information has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and not GAAP.

IFRS differs in certain respects from GAAP. Cott Corporation assessed the need to make certain adjustments to Eden's historical financial statements prepared under IFRS to conform to GAAP and noted no significant adjustments were needed for the periods covered by the unaudited pro forma condensed combined financial information. See "Unaudited Pro Forma Condensed Combined Financial Information." In making an investment decision, investors must rely upon their own examination of our financial position, operations and cash flows, the terms of this offering and the Cott Corporation and Eden financial information. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and GAAP, and of how those differences might affect the financial information presented herein. We cannot assure you that, had the financial statements been compliant with Regulation S-X under the Securities Act and the regulations of the SEC promulgated thereunder or prepared in accordance with GAAP or audited in accordance with U.S. generally accepted auditing standards ("U.S. GAAS"), there would not be differences and such differences could be material.

The Eden financial information included in this offering memorandum is not intended to comply with the requirements of Regulation S-X under the Securities Act and the rules and regulations of the SEC promulgated thereunder. Compliance with such requirements would require the inclusion of Eden consolidated financial statements audited using U.S. GAAS. As a reporting issuer under the Exchange Act, we will also be required to file audited and interim consolidated financial statements of Eden Holdings and pro forma financial information based on those Eden Holdings financial statements. See "Risk Factors—The financial statements of Eden presented in this offering memorandum do not satisfy our obligations under the Exchange Act and the financials of Eden Holdings that we will file may materially differ from those presented herein."

Non-GAAP and Non-IFRS Financial Measures

In addition to the financial information presented in this offering memorandum prepared under GAAP and under IFRS, this offering memorandum and the documents incorporated herein contain "non-GAAP financial measures" and "non-IFRS financial measures," that is, financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP or IFRS, as applicable. Specifically, we make use of the non-GAAP measures "EBITDA," "Adjusted EBITDA," "Adjusted EBITDA margin," "Combined Acquisition Adjusted EBITDA," "adjusted net income" and "free cash flow" in the financial information provided for the Company. We make use of the non-IFRS measures "EBITDA," "Adjusted EBITDA," "Adjusted EBITDA margin," and "adjusted free cash flow" in the financial information provided for Eden.

We define EBITDA as earnings before interest expense, income taxes, non-controlling interests, depreciation and amortization, accumulated dividends on preferred shares and foreign exchange impact on redemption of preferred shares. We define Adjusted EBITDA as EBITDA adjusted for items which are not considered by management to be indicative of the underlying results. We define Adjusted EBITDA margin as Adjusted EBITDA divided by total net revenue. We define adjusted net income as GAAP earnings (loss) excluding purchase accounting adjustments, integration expenses, restructuring expenses and asset impairments. We define free cash flow as net cash provided by operating activities determined in accordance with GAAP excluding capital expenditures.

Eden defines EBITDA as net profit (losses) before taxes on income, net financial expenses and depreciation and amortization. Eden's Adjusted EBITDA represents EBITDA, adjusted for those items, either positive or negative, that management considers to be non-recurring or unusual in nature, such as business development expenses with long term payback periods. Eden defines Adjusted EBITDA margin as Adjusted EBITDA divided by total revenue. Eden defines adjusted free cash flow as Adjusted EBITDA less net capital expenditures after changes in operating working capital.

We define Combined Acquisition Adjusted EBITDA as the sum of Cott Adjusted EBITDA and Eden Adjusted EBITDA for the periods presented plus estimated synergies to be derived from cost savings in the areas of procurement and administration.

Management understands that some industry analysts and investors consider EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow as supplementary non-GAAP and non-IFRS financial measures useful in analyzing a company's performance. EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow, however, are not measures of financial performance under GAAP or IFRS and should not be considered as alternatives to, or more meaningful than, net income as a measure of operating performance or to cash flows from operating, investing or financing activities as measures of liquidity on an actual or pro forma basis. Since EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow are not measures determined in accordance with GAAP and/or IFRS and are thus susceptible to varying interpretations and calculations, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow may not be comparable to other similarly titled measures of other companies. EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow do not represent an amount of funds that is available for management's discretionary use. Adjusted EBITDA, as defined above, is included because management believes it is pertinent to the daily management of operations, and management uses this financial measure to evaluate the impact of operational business decisions.

Each of EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow has limitations as an analytical tool, and you should not consider these measures in isolation from, or as a substitute for analysis of, the financial information of the Company or Eden reported under GAAP or IFRS, as applicable. Some of these limitations are:

- they do not reflect cash outlays for capital expenditures or future contractual commitments;
- they do not reflect changes in, or cash requirements for, working capital;
- they do not reflect interest expense, or the cash requirements necessary to service interest, or principal payments, on indebtedness;
- they do not reflect income tax expense or the cash necessary to pay income taxes;
- they do not reflect available liquidity to the Company; and
- other companies, including other companies in our industry, may not use such measures or may calculate such measures differently than as presented in this offering memorandum, limiting their usefulness as comparative measures.

Because of these limitations, none of EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow or any related ratio using such measures should be considered as a measure of discretionary cash available to invest in business growth or reduce indebtedness.

Certain adjustments to EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow are not in accordance with regulations adopted by the SEC that apply to registration statements filed under the Securities Act and periodic reports filed under the Exchange Act, with respect to the use and presentation of non-GAAP and non-IFRS measures. Accordingly, EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Combined Acquisition Adjusted EBITDA, adjusted net income, free cash flow and adjusted free cash flow may not be presented in filings made with the SEC, or may not be presented in the same manner as in this offering memorandum. For a reconciliation of EBITDA, Adjusted EBITDA, adjusted net (loss) income to net (loss) income attributable to the Company and free cash flow to net cash provided by (used in) operating activities, see the section entitled "Summary Historical Financial and Other Data of Cott." For a reconciliation of Adjusted EBITDA, EBITDA and net loss attributable to Eden, see the section entitled "Summary Historical Consolidated Financial and Other Data of Eden."

Eden makes adjustments to EBITDA, Adjusted EBITDA and adjusted net income differently from the way Cott makes its adjustments. See the sections entitled "Summary Historical Financial and Other Data of Cott" and "Summary Historical Consolidated Financial and Other Data of Eden." On a going forward basis, following the Eden Acquisition, Eden's adjustments may change to conform to the way Cott makes its adjustments.

Market and Industry Data

This offering memorandum includes or incorporates by reference market share and industry data and forecasts that we have obtained from market research, consultant surveys, publicly available information and industry publications and surveys, provided by such consultants as The Nielsen Company (UK), Beverage Marketing Corporation, the Automatic Merchandiser, Euromonitor and Zenith International. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy and completeness of such information. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Additionally, we have supplemented third-party information where necessary with management estimates based on our review of internal surveys, information from our customers and vendors, trade and business organizations and other contacts in markets in which we operate, and our management's knowledge and experience. However, these estimates are subject to change and are uncertain due to limits on the availability and reliability of primary sources of information and the voluntary nature of the data gathering process. As a result, you should be aware that industry data included or incorporated by reference herein, and estimates and beliefs based on that data, may not be reliable. Neither we nor the initial purchasers make any representation as to the accuracy or completeness of such information.

Trademarks and Trade Names

We own, have rights or will own or acquire rights to trademarks, service marks, copyrights and trade names that we use in conjunction with the operation of our business, including *Cott® and Red Rain® in North America and the United Kingdom, Stars & Stripes®, Vess®, Vintage®, So Clear®, Shanstar®, Harvest Classic®, Chadwick Bay®, Exact®, Alhambra®, Belmont Springs®, Deep Rock®, Hinckley Springs®, Sparkletts®, Crystal Springs®, Kentwood Springs®, Mount Olympus®, Standard Coffee® and Javarama® in the United States, Emerge®, Red Rooster®, MacB®, Carters®, Calypso®, Mr. Freeze®, Jubbly®, Suso®, Cafe Nueva® and Ben Shaws® in the United Kingdom, Stars & Stripes® in Mexico, and RC®* mark in various formats in more than 120 countries and territories outside of North America. Moreover, we are licensed to use certain trademarks such as *Old Jamaica Ginger Beer*™ and *Ting*™ in the United Kingdom. Eden owns, has rights or will own or acquire rights to trademarks, service marks, copyrights and trade names that it uses in conjunction with the operation of its business, including *Eden Springs®, EDEN®, Mey Eden®, Chateaud'eau® , Edenissimo® , Edelvia® , Eden Selda® , Selda®, Pauza®, Shakespeare Coffee Company®, Kafevend®, Edenfreshfruit® and Easy Bar®*. This offering memorandum also includes trademarks, service marks and trade names of other companies. Each trademark, service mark or trade name of any other company appearing in this offering memorandum belongs to its holder. Unless otherwise indicated, use or display by us of other parties' trademarks, service marks or trade names is not intended to and does not imply a relationship with, or endorsement or sponsorship by us of the trademark, service mark or trade name owner. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this offering memorandum may be listed without the SM, ®, © and ™ symbols, but such references are not intended to indicate in any way that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, trade names and copyrights.

INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS

We are "incorporating by reference" into this offering memorandum certain information we file with the SEC, which means that we are disclosing important information to you by referring you to those documents. The documents that we incorporate disclose important information that each prospective purchaser should consider when deciding whether to invest in the notes. The information we incorporate by reference in this offering memorandum is legally deemed to be a part of this offering memorandum, and later information that we file with the SEC will automatically update and supersede the information included in this offering memorandum and the documents listed below. We incorporate the documents listed below:

- our Annual Report on Form 10-K for the year ended January 2, 2016, filed with the SEC on February 29, 2016, as amended by Amendment No. 1 on Form 10-K/A, filed with the SEC on April 18, 2016 (the "Form 10-K");
- our Quarterly Report on Form 10-Q for the quarter ended April 2, 2016, filed with the SEC on May 9, 2016;
- our Current Reports on Form 8-K, filed with the SEC on February 18, 2016, March 3, 2016, April 28, 2016, May 5, 2016 and June 7, 2016 (except, in any such case, the portions furnished and not filed pursuant to Item 2.02 or Item 7.01 of Form 8-K or otherwise); and
- all documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this offering memorandum until all of the securities being offered under this offering memorandum are sold (other than current reports furnished under Item 2.02 or Item 7.01 of Form 8-K).

The information incorporated by reference contains important information about us and our financial condition, and is considered to be part of this offering memorandum. Any statement contained in a document incorporated or deemed to be incorporated by reference in this offering memorandum will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference in this offering memorandum modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

You may request a copy of these filings, at no cost, by writing or calling us at the following address or telephone number:

Cott Corporation
5519 West Idlewild Avenue
Tampa, Florida, United States 33634
Attention: Investor Relations
Telephone: (813) 313-1732

Exhibits to the filings will not be sent, however, unless those exhibits have specifically been incorporated by reference into such filings.

CURRENCY AND EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, the average, high, low and end of period nominal noon exchange rates published by the European Central Bank. Such rates are set forth as U.S. dollars per €1.00. The exchange rates provided below are provided solely for convenience. We do not make any representation that euros could have been converted into U.S. dollars at the rates shown or at any other rate. You should note that the rates set forth below may differ from the actual rates used in our accounting processes and in the preparation of our consolidated financial statements and unaudited pro forma condensed combined financial information, which are incorporated by reference herein. On June 10, 2016, the noon exchange rate was €1.00 per U.S. $1.1280.

	For the year ended December 31(1)					For the three months ended(2) March 31, 2015	For the three months ended(2) March 31, 2016
	2011	2012	2013	2014	2015		
Euro (EUR)							
Period end rate	1.2973	1.3186	1.3779	1.2101	1.0859	1.0741	1.1390
High rate	1.4875	1.3463	1.3816	1.3927	1.2015	1.2015	1.1390
Average rate	1.3931	1.2859	1.3281	1.3297	1.1096	1.1246	1.1035
Low rate	1.2926	1.2062	1.2774	1.2101	1.0524	1.0524	1.0743

(1) The average of the exchange rates for all days during the applicable year.

(2) The average of the exchange rates for all days during the applicable period.

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SUMMARY

This summary highlights selected information appearing elsewhere in this offering memorandum. As a result, it is not complete and does not contain all of the information included and incorporated by reference that you should consider before purchasing the notes. You should read the following summary in conjunction with the more detailed information included or incorporated by reference herein. As used in this offering memorandum, unless the context otherwise requires or as is otherwise indicated, the words "we," "us," "our," "Cott," "Company" and words of similar import refer to Cott Corporation and its subsidiaries on a consolidated basis; "Escrow Issuer" refers to Cott Finance Corporation; "Issuer" refers only (i) to the Escrow Issuer prior to the Escrow Release Date and (ii) to Cott Corporation, the corporation formed upon the combination of the Escrow Issuer and Cott Corporation by way of an amalgamation under applicable Canadian corporate law, and not to any of its subsidiaries after the Escrow Release Date. The words "combined company" and words of similar import refer to Cott Corporation and its subsidiaries on a consolidated pro forma basis giving effect to the Eden Acquisition, assuming such acquisition had been completed on the periods indicated therein. In this offering memorandum, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in, and are references to, United States dollars ("U.S. dollars").

Our Company

With the acquisition of DS Services of America, Inc. ("DSS") in December 2014 (the "DSS Acquisition"), we combined a leading provider in the direct-to-consumer beverage services industry with our traditional business, one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. We now have the largest volume-based national presence in the North American home and office delivery ("HOD") industry for bottled water and one of the five largest national market share positions in the U.S. office coffee services ("OCS") and filtration services industries. We reach over 1.5 million customers (approximately 60% commercial and 40% residential) through over 2,000 routes located across our national network supported by national sales and distribution facilities, as well as a fleet of over 2,000 vehicles. Our broad portfolio allows us to offer, on a direct-to-consumer basis, a variety of bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment. With the ability to cover approximately 90% of U.S. households, in terms of geography, we believe we have the broadest distribution network in the direct-to-consumer beverage services industry in the United States, which enables us to efficiently service residences and small and medium size businesses, as well as national corporations, universities and government agencies. Cott Corporation is publicly-listed on both the New York Stock Exchange under the ticker "COT" as well as the Toronto Stock Exchange under the ticker "BCB." As of June 10, 2016, our market capitalization totaled $1.97 billion.

Our Operations

Our business operates through four reporting segments: DSS, Cott North America, Cott United Kingdom ("Cott U.K.") and All Other (which includes our Mexico operating segment, Royal Crown International ("RCI") operating segment and other miscellaneous expenses). We refer to our Cott North America, Cott U.K. and All Other reporting segments together as our "traditional business."

DSS

Our DSS reporting segment provides direct-to-consumer bottled water, coffee and water filtration services to customers in North America. DSS products include bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment. For the twelve month period ended April 2, 2016, DSS' net revenue was $1,038.1 million and represented 35.4% of our total net revenue.

Traditional Business

Our traditional business consists of our Cott North America, Cott U.K. and All Other reporting segments. Our traditional business produces, either directly or through third-party manufacturers with whom we have co-packing arrangements, carbonated soft drinks ("CSDs"), 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks and shots, sports drinks, new age beverages, ready-to-drink teas, liquid enhancers, freezables, ready-to-drink alcoholic beverages, hot chocolate, coffee, malt drinks, creamers/whiteners, cereals and beverage concentrates. Cott North America's net revenue from external customers was $1,290.9 million and represented 44.0% of our total net revenue for the twelve month period ended April 2, 2016. Cott U.K.'s net revenue was $545.4 million and represented 18.6% of our total revenue for the twelve month period ended April 2, 2016. All Other's net revenue was $58.2 million and represented 2.0% of our total net revenue for the twelve month period ended April 2, 2016. Collectively, our traditional business' net revenue was $1,894.5 million and represented 64.6% of our total net revenue for the twelve month period ended April 2, 2016.

Aquaterra Acquisition

On January 4, 2016, Cott acquired Aquaterra Corporation ("Aquaterra"), Canada's oldest and largest direct-to-consumer home and office water delivery business delivering water and coffee to homes and offices (the "Aquaterra Acquisition"). The aggregate purchase price paid by the Company in the Aquaterra Acquisition was approximately C$62 million (approximately U.S. $44.5 million). We have integrated Aquaterra into our DSS reporting segment.

The Eden Acquisition

On June 7, 2016, Carbon Acquisition Co B.V., a private company with limited liability incorporated under the laws of the Netherlands and a wholly-owned subsidiary of Cott Corporation, as the purchaser, entered into the Share Purchase Agreement (the "Share Purchase Agreement") with Hydra Luxembourg Holdings S.à.r.l., a private limited liability company incorporated in Luxembourg, the seller, and Cott Corporation, the purchaser's guarantor, to acquire the sole issued and outstanding share in the share capital of Eden Holdings, the indirect parent company of Eden Springs Europe B.V., a leading provider of water and coffee solutions in Europe, for a purchase price of approximately €470 million, subject to customary adjustments for cash, debt, working capital and other items. Consistent with Cott's acquisition and diversification strategy, the Eden Acquisition will allow us to further improve product and channel mix while reducing exposure to large format retailers, create a strong international HOD platform with further tuck-in and expansion opportunities, provide us with meaningful scale across Europe with access to attractive end-markets with a positive growth outlook, and expand our direct to consumer business (by combining DSS, Aquaterra and Eden we will have over 2 million direct to customer delivery points across North America, Europe and Israel). On a pro forma basis, for the twelve months ended April 2, 2016, assuming that the Eden Acquisition had occurred on January 4, 2015, we would have had net sales and Combined Acquisition Adjusted EBITDA of approximately $3.3 billion and $437.6 million, respectively.

Eden is a leading provider of water and coffee solutions in Europe. Eden operates in 17 European countries, and Israel, and has a higher combined water and coffee installed client base than any of its competitors. Eden offers a variety of integrated water and coffee solutions designed to cater to the broad range of tastes and requirements of its diverse customer base. Its offerings are segmented into water and coffee solutions:

Water Solutions

- Eden's stand-alone bottled water coolers ("BWC") offering is its principal business and consists of the installation, rental and servicing of stand-alone bottled water coolers and the sale and delivery of bottled water and accessory products to its customers. According to a report by Zenith International from 2015, it is the largest BWC provider in Europe and holds the largest or second largest presence by BWC client base in 16 of the 17 European countries in which it operates, as well as in Israel.

- Eden's point of use plumbed in water coolers ("POU") offering consists of the installation, rental and servicing of point of use plumbed in water coolers that access and filter tap water, as well as the sale of accessory products. According to a report by Zenith International from 2015, Eden holds the second largest POU position by client base across the 17 European countries that it is present in and it believes POU represents a significant opportunity for sustainable growth.
- Eden's small pack plastic (polyethylene terephthalate) bottles of water ("PET") offering consists of the sale of branded small pack plastic bottles of water for personal use. It offers its PET products primarily in Israel to retail outlets through a third party distributor and it believes it currently holds the largest share of the Israeli PET segment.

Coffee Solutions

- Eden's office coffee solutions ("OCS") offering consists of the installation, rental and servicing of a variety of stand-alone coffee machines and the sale and delivery of coffee (capsule, bean, ground and soluble), tea, chocolate and accessory products. It has been growing its OCS presence and is a leading OCS provider in the UK and, according to a 2012 report by GIL-CSC, in Israel.

Eden's water and coffee business models have significant operational overlap in areas such as customer service, billing and collection, sales and marketing and administration, which allows it to integrate new coffee customers onto its existing water business platforms and offer a dual water and coffee solution with increased operational efficiency. In recent years, Eden has achieved revenue growth and consolidated its position in the water and coffee space through strategic acquisitions. For the twelve months ended March 31, 2016, Eden generated revenues of €357.0 million and Adjusted EBITDA of €65.5 million.

We believe the Eden Acquisition will create substantial strategic and financial benefits, including:

- *Improves product and channel mix while reducing exposure to large format retailers*: As detailed in the charts below, the Eden Acquisition will further improve our product mix outside of CSDs and shelf stable juices, and drive our channel mix beyond large format retailers.
- *Creates a strong international HOD platform with further tuck-in and expansion opportunities*: Eden is a leading provider in the water solutions space and currently holds the largest or second largest share by BWC client base in 17 of the 18 countries in which it operates. Following the closing of the Eden Acquisition, we intend to proactively pursue accretive, synergistic acquisitions to continually build customer density and reduce the overall cost of servicing Eden's existing customer base
- *Provides meaningful scale across Europe with access to attractive end-markets with positive growth outlook*: The combined BWC and POU segment in Europe (based on the number of water coolers installed) is forecasted by Zenith International to grow at a CAGR of approximately 3.1% from 2015 through 2019, driven primarily by growth in GDP, total hours worked and a continued focus on well-being and the health benefits of water consumption. We believe that Eden's leading presence in the BWC segment and pan-European scale strongly positions it to capture an increasing portion of growth in the water solutions space, cross-sell coffee and water solutions and continue to generate increased operational efficiencies.
- *Expands our direct to consumer business*: The Eden Acquisition provides us access to a customer base that is broad in terms of customer size, industry and geographic region, including a diversified base of offices and homes ranging from recognized blue chip companies to individual homes and offices across 18 countries. Like DSS, Eden has a low customer concentration. For the year ended December 31,

2015, its top 10 customers in aggregate accounted for less than 5% of its total revenue. The new route-to-market also creates synergy opportunities by allowing us to sell Cott products through this new channel to existing Eden customers.

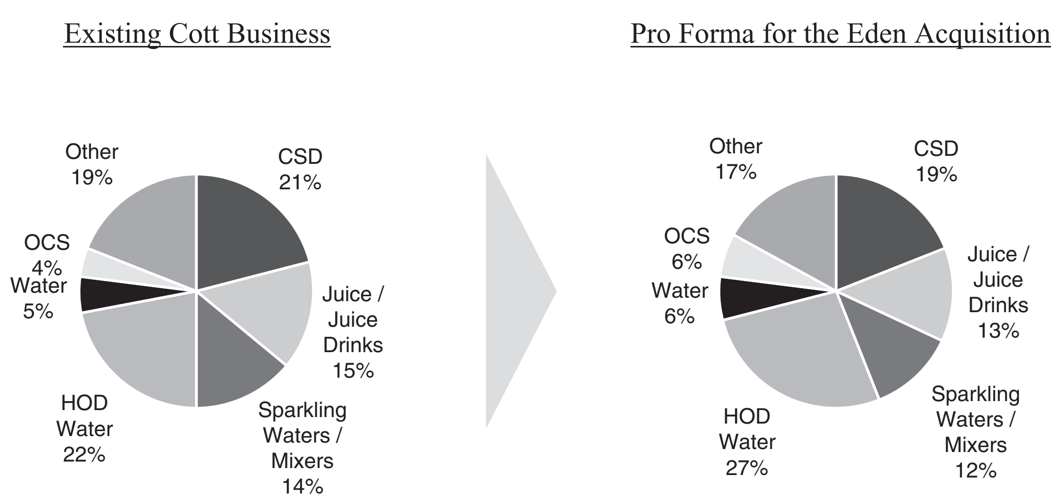
- *Continues Cott's acquisition and diversification strategy*: Our business strategy includes evaluating mid-to-larger scale opportunities to expand our positions in the HOD water, OCS and filtration services categories, as well as other higher margin or growth-oriented categories where our platform, operating strength and synergies can be leveraged. We believe that the Eden Acquisition represents such an opportunity, and is consistent with our ongoing strategy to continue to accelerate the pace and scale of our acquisition-based diversification outside of CSDs and shelf stable juices, with a focus on other beverage categories and beverage adjacencies, as well as driving our channel mix beyond large format retailers while ensuring our transactions are value-creative.

Product Categories and Channels

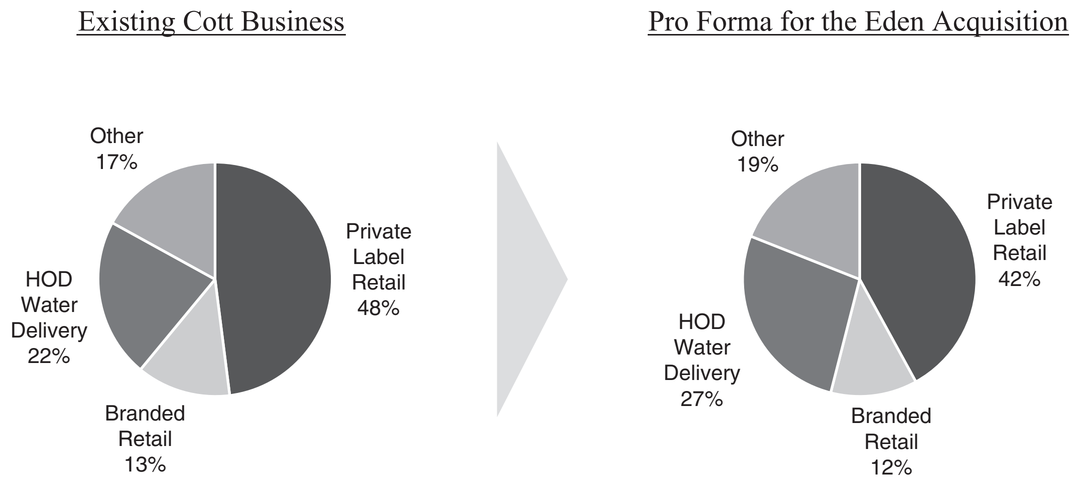
We have a diversified product portfolio across major beverage categories with an expanding presence in beverages that are on-trend with consumer demand. Since 2009, we have invested in developing new products and completed a number of acquisitions to enhance the breadth of our product focus and to continue to diversify our revenues and channel mix. Comparing Cott's and DSS category and channel mix to that of the combined Cott, DSS and Eden Holdings business, CSDs and shelf stable juices would have been reduced from 36% to 32% of our revenues for the year ended January 2, 2016, and private label beverages sold would have been reduced from 48% to 42% of our portfolio on a historical combined basis for the year ended January 2, 2016.

The following chart sets forth Cott's net revenues for the year ended January 2, 2016 by product category and channel mix, on a stand-alone basis and on a pro forma basis, assuming the Eden Acquisition had occurred on January 4, 2015:

Revenues by Product for the year ended January 2, 2016



Revenues by Channel for the year ended January 2, 2016



Competitive Strengths

The combination of our national scale and density of our routes in key markets, our industry-leading infrastructure, and our emphasis on superior customer service is intended to create significant competitive strengths. With respect to our DSS business, we continually invest in our delivery infrastructure, call center and service capabilities to maintain our established position as a leader in this segment. We believe these investments have positioned us to capitalize on a number of positive industry dynamics and new growth opportunities. First, we intend to capture new customers as we capitalize on favorable consumer trends across our addressable markets, including increased focus on health and wellness, concerns about deteriorating municipal water quality and the shift to single-cup coffee systems. Second, we believe our ability to cross-sell complementary water and coffee products and services represents a significant untapped opportunity; only around 5% of our commercial water delivery customer locations purchase our coffee products. Third, the highly fragmented market in which we operate affords us ample opportunity to make the most of our scale, systems and customer density to execute synergistic tuck-in acquisitions across all of our service areas. We believe these strengths, along with the strengths outlined below, will allow us to capitalize on growth opportunities, such as the Eden Acquisition, to drive sustainable and profitable growth.

Leading Position in Multiple Beverage Categories with Diverse Products and Services Portfolio

With the DSS Acquisition, we combined a leading provider in the direct-to-consumer beverage services industry with our traditional business, one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. We have the largest national presence in the North American HOD bottled water industry by volume and are one of the top five presences in the U.S. OCS and filtration services industries. The HOD bottled water and OCS market segments in the U.S. exhibited strong growth, and we believe we are well-positioned to capitalize on future growth given our leading position in both market segments. In bottled water, we offer a portfolio of well-known regional brands with longstanding heritages, such as Sparkletts, Hinckley Springs, and Kentwood Springs, which have contributed to our being the largest or one of the largest HOD bottled water providers in most cities in which we operate. In OCS, we offer a complete range of products under leading brands including Keurig, Mars Alterra, Starbucks Coffee, Caribou Coffee, Peet's Coffee & Tea and Javarama. We are one of the only direct-to-customer providers that can offer comprehensive services to residential customers and small and medium-sized businesses, as well as large regional and national corporations and retailers, universities and government agencies. Our broad direct-to-consumer network creates an advantage in marketing and customer reach, while our extensive range of products and capabilities allows us to offer customers a convenient, single solution for coffee, tea and high quality drinking water. We believe our position will be further strengthened through our ongoing efforts to enhance and promote our full-service beverage offering to new and existing customers.

Our traditional business focuses on marketing or supplying retailer, licensed and company-owned brands, as well as manufacturing beverages on a contract basis for national brand customers. We also sell CSD concentrates and non-carbonated concentrates internationally. We believe that our position as a market leader, our broad portfolio offering and our existing infrastructure will enable us to continue to penetrate the contract manufacturing, private-label and value brand markets, whether by winning new customers, launching new product stock keeping units ("SKUs") with existing customers, or supplying retailers who currently self-manufacture.

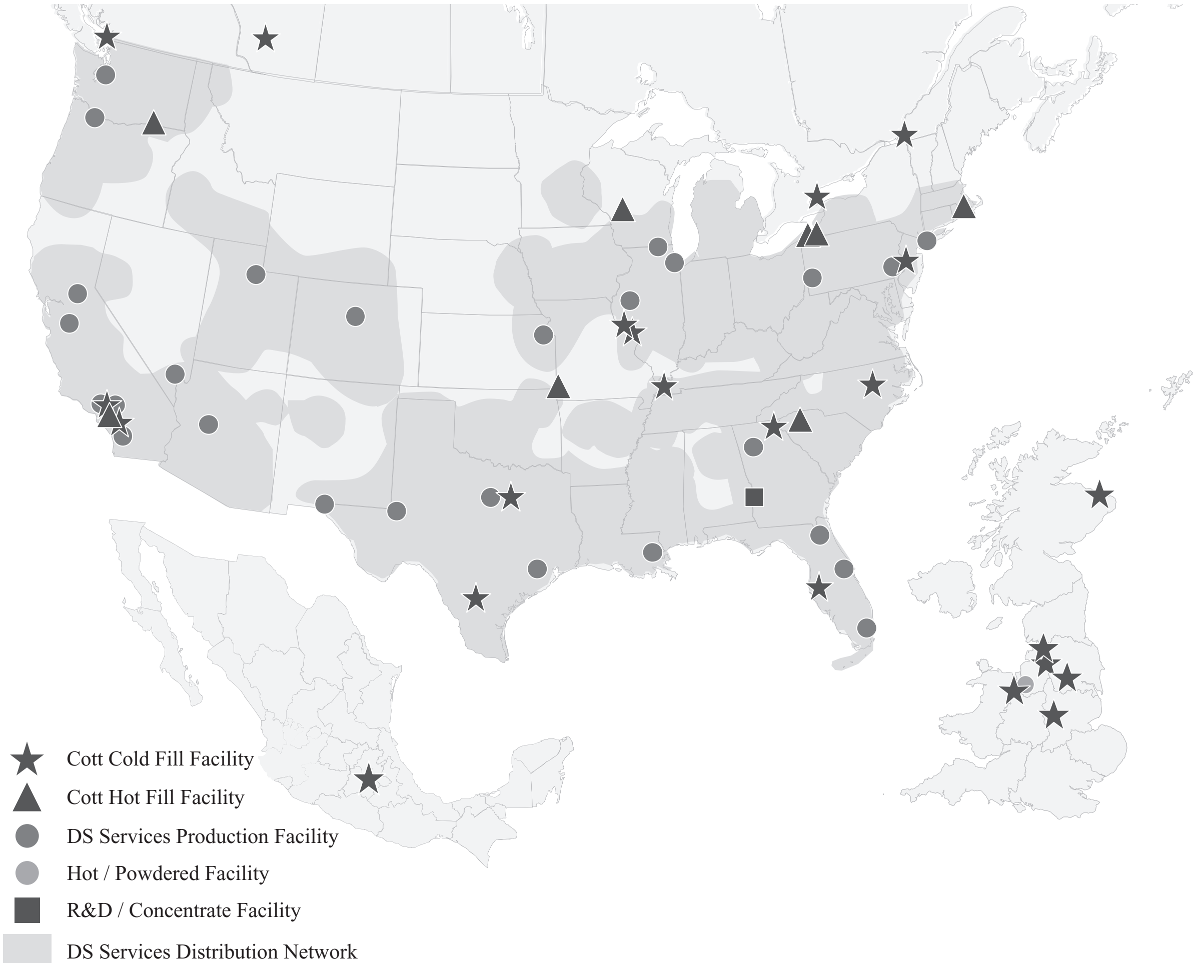
Eden is a leading provider in the water solutions space and currently holds the largest or second largest share by BWC client base in 17 of the 18 countries in which it operates. Eden launched its POU offering in Europe in 2008 and by 2015 had already become the second largest player by client base across the European countries in which it is present, a position Eden retains today. The combined BWC and POU segment in Europe (based on the number of water coolers installed) is forecasted by Zenith International to grow at a CAGR of approximately 3.1% from 2015 through 2019, driven primarily by growth in GDP, total hours worked and a continued focus on well-being and the health benefits of water consumption.

Extensive, Flexible Manufacturing and Distribution Capabilities

We believe we own the largest combined national production and distribution network for HOD, OCS and filtration services, serving approximately 1.5 million customers in the United States and Canada. DSS operates a national footprint of branch distribution facilities, combined production and distribution facilities and over 2,000 direct-to-consumer routes. With the Aquaterra Acquisition, we believe we have a leading position in Canada serving approximately 70,000 customers in Canada. We believe that having the largest North American HOD production and distribution network in the industry gives us the ability to reduce our purchasing, manufacturing and delivery costs relative to our competitors.

Manufacturing flexibility is one of the core competencies within our traditional business and is critical to our success, as our products will typically feature customized packaging, design and graphics for our key customers. We believe our ability to produce multiple SKUs and packages on our production lines and manage complexities through quick-line changeover processes differentiates us from our competition.

The map below depicts our manufacturing footprint, prior to the Eden Acquisition, in the United States, Canada, Mexico and the United Kingdom:



The acquisition of Eden further expands our European capabilities and is highly complementary to our existing footprint. We believe that our large distribution footprint in the water-and-coffee solutions space in Europe will differentiate us from our competitors, providing us with nationwide coverage for our most significant businesses and allows us to meet the water and coffee needs of our diversified customer base, including both small and medium sized businesses and larger national customer accounts.

High Levels of Customer Service and Strong Customer Integration

Customer service and customer retention are key indicators of success within our DSS business. The consumer-facing part of the business (Route Sales Representatives ("RSRs")), is an important part of the customer relationship and not only drives customer service, but also generates around 20% of our new organic customer growth. DSS provides reliable deliveries and closely tracks call center and customer service metrics to continually improve customer satisfaction.

Our traditional business requires a high level of coordination with our customers in areas such as supply chain, product development and customer service. In addition to efficiently managing complex product manufacturing, we have a proven track record of maintaining high service levels across our customer base. We partner closely with customers on supply chain planning and execution to minimize freight costs, reduce working capital requirements and increase in-store product availability. We work as partners with our customers on new product development and packaging designs. Our role includes providing market expertise as well as knowledge of category trends that may present opportunities for our customers. A high level of customer integration and partnership coupled with an international manufacturing footprint is critical for the development of successful beverage programs for our customers.

We expect to maintain these high service levels at Eden following the closing of the Eden Acquisition. Eden has historically enjoyed high retention rates and long-standing customer relationships across its business, which we believe is a result of the high quality service Eden offers. As of March 31, 2016, the average length of customer relationships (excluding PET) was more than seven years. Eden has consistently increased its retention rate across water and coffee solutions (excluding PET) in recent years. We believe Eden's successes with high customer retention rates are attributable to its ongoing operational excellence activities, including consistent improvement of quality of service and implementation of a variety of tools to identify the satisfaction level of customers. We believe we will benefit from sharing of best practices and continue to improve customer service and retention.

Strategic Importance to Our Customers

We have an extensive HOD and OCS distribution network with a unique ability to service customers. We believe few competitors have a comparable footprint or infrastructure to support local, regional and national accounts directly, which differentiates us in the industry. DSS's scaled network has allowed it to secure strategic relationships, which have been successful in attracting new customers and leveraging its production and delivery infrastructure. Furthermore, with DSS's HOD and OCS trucks and RSRs, we are able to provide multiple products to our customers at minimal additional cost and generate additional profits on those incremental sales. We believe the Eden Acquisition is similar to the DSS Acquisition in this regard, and will allow us to service customers through an extensive distribution network across Europe and Israel.

We have longstanding partnerships with many of the world's leading retailers in the grocery, mass-merchandise and drug store channels, as well as customers for whom we manufacture beverages on a contract basis, giving our customers access to high-quality, affordable beverages. Our competitive advantages include beverage manufacturing expertise; vertically integrated, low-cost production platform; one-stop sourcing; category insights and marketing expertise; supply chain and high quality consistency in products; and product innovation and differentiation.

For 2015, our top 10 customers accounted for 32.2% of total revenue, with Walmart accounting for 18.0% of our total revenue for the year. We have established long-standing relationships with most of our top 10 customers. As a result of our high product quality and commitment to service, coupled with an international manufacturing and distribution footprint, we believe we will continue to play a meaningful role in helping our customers develop strategies to build loyalty with consumers.

Strong Management Team with Significant Operating Experience

We have in place a strong executive team with extensive beverage and consumer goods industry experience to build on our strengths and to implement our business strategy. Our management team has a proven track record of successful management with positive operating results, both with us and in previous leadership roles in the consumer goods and beverage industries.

Our management team is led by Jerry Fowden, our Chief Executive Officer. Mr. Fowden has significant experience in the beverage industry, including leadership positions at AB InBev (formerly known as InBev), Hero Group AG and PepsiCo. In addition, our management team includes Jay Wells, our Chief Financial Officer. Mr. Wells has held senior finance positions in both public and private companies, including approximately seven years at Molson Coors. Thomas J. Harrington, Chief Executive Officer of DSS, has over 30 years of industry experience including various roles with Coca-Cola Enterprises, Inc. and Pepperidge Farm. Steven Kitching, the current President of our North America business unit, will return to the United Kingdom to be the President of the Company's Cott United Kingdom/Europe business unit, a position similar to the one he previously held from 2008 to 2013. We have appointed Bradley J. Goist to assume the role of President of the Company's Cott North America business unit. Mr. Goist has held various sales and marketing positions at the Kellog Company and The Coca-Cola Company.

Business Strategy

Our vision is to continue to strengthen the business and progressively move Cott from a position of volume stability to one with topline growth and a higher margin profile thereby creating a business with higher free cash flows, lower customer concentration, and hence lower risk. This future business profile should offer greater earnings predictability and increased cash flow alongside lower volatility. Our vision combines four elements: (1) focus on DSS growth, (2) capture DSS, Aquaterra and Eden synergies, (3) grow contract manufacturing and other beverage categories in our traditional business and (4) evaluate mid-to-larger scale acquisitions. We believe that executing on these four elements will collectively create a highly cash generative business, in higher margin, stable to growing "Better For You" beverage categories distributed through multiple channels with a reduced dependence on large format retailers.

Focus on DSS Growth

Organic Growth

Our goal is to position DSS to profitably grow the business as consumers move to healthier beverage options, and increase free cash flow through ongoing growth in consumption as employment continues to grow, focusing on expanding the customer base, and price improvement.

We will remain focused on small and medium-sized businesses, a market segment that we believe remains underpenetrated by continuing to capitalize on our strong direct-to-consumer distribution network, national sales and marketing efforts as well as our strategic partnerships to expand our customer base. Our nation-wide coverage provides us a significant advantage in competing for national commercial accounts, which is an additional component of our distribution strategy and marketing efforts.

We believe our ability to cross-sell complementary water and coffee products and services represents a significant untapped opportunity as nearly all our existing and target customers consume both products. We believe we are well-positioned to capitalize on this opportunity given the large installed customer base with which we have strong relationships and frequent face-to-face interactions. RSRs are trained to sell across our product set and are highly incentivized through our commission structure to promote new products to existing customers, which increases sales and average revenue per customer. We currently provide office coffee products to approximately 5% of our commercial water delivery customer locations, and, as a result, we believe there exists substantial opportunity to cross-sell our coffee products, which would generate incremental revenue per customer with minimal increases in delivery costs. To assist our RSRs in cross-selling coffee products, we have successfully rolled out the AquaCafe, a newly designed bottom loading bottled water cooler with an integrated single-cup coffee brewer. This machine not only capitalizes on growth in the single-cup coffee market, but increases overall consumption as the bottled water is used to produce the single-cup coffee.

Pursue Synergistic HOD Water, OCS and Filtration Tuck-In Acquisitions

We intend to proactively pursue accretive acquisitions to complement our organic growth. The highly fragmented market in which we operate affords us ample opportunities to execute synergistic HOD water, OCS and filtration tuck-in acquisitions. Our acquisition strategy is consistent with our objective to continually build customer density and reduce the overall cost of servicing our existing customer base. We have a proven track record of achieving significant synergies and integrating companies onto our platform and we believe we will continue to improve our profitability and margins through acquisitions.

During the year ended January 2, 2016, we acquired nine separate HOD water businesses. These acquisitions support our previously announced objective of acquisitions where we expect to be able to capitalize on synergies with our existing business.

We have managed to pursue this acquisition strategy while reducing leverage levels from the time of the DSS acquisition by employing a combination of disciplined purchase pricing, successful integration and synergy realization, and opportunistic access to the equity capital markets.

Consistent with our acquisition strategy, we regularly pursue acquisition opportunities and we are currently participating in processes regarding several potential acquisition opportunities, including ones that would be significant to us. We cannot predict the timing of any contemplated transaction and none are currently probable.

Capture DSS, Aquaterra and Eden Synergies

We captured $10.0 million of DSS synergies in 2015. We have established a goal of delivering approximately $10.0 million of incremental synergies in each of 2016 and 2017, for a total expected delivery of $30.8 million of DSS synergies by the end of 2017, consisting of approximately $23.8 million in cost synergies and approximately $7.0 million in revenue synergies. In addition, we expect to capitalize on both the capture of synergies and the expansion of our partnerships in 2017 and beyond once we have fully integrated the Aquaterra Acquisition in 2016. With respect to the Eden Acquisition, we expect that we will capture approximately $11.0 million of synergies by the end of 2019. These synergies are comprised predominantly of procurement and administrative cost savings opportunities by leveraging our procurement expertise and optimizing our consolidated corporate and back office platform. Collectively, we believe the DSS, Aquaterra and Eden synergy opportunities will facilitate cash flow and margin improvement as we integrate these businesses and operate them as a consolidated, global water and coffee delivery platform.

Grow Contract Manufacturing and Other Beverage Categories in Our Traditional Business with a Focus on the "4Cs"

The business strategy of our traditional business is to hold volumes broadly stable through growing our sparkling water and mixer category and contract manufacturing channel to offset declines in private label CSDs and shelf stable juices, and continue to focus on our "4Cs" of customers, costs, capex and cash.

Maintain Customer Focus

Customer relationships are important for any business, but at Cott, where many of our products bear our customers' brand names, we must maintain particularly close partnerships with our customers. We will continue to provide our customers with high quality products and services at an attractive value that will help them provide quality, value-oriented products to their consumers. We will continue to focus on our high levels of customer service, as well as innovations through the introduction of new packages, flavors and varieties of beverages. We believe our focus on our customers will enable us to leverage our existing relationships and to develop new ones in current and new markets.

Control Operating Costs

We understand that our long-term success will be closely tied to our ability to remain a low-cost supplier. Effective management of our operating costs is critical to our success. As part of our ongoing management of costs, we enter into contract commitments with suppliers of key raw materials such as aluminum sheet metal, high fructose corn syrup ("HFCS"), polyethylene terephthalate ("PET") bottles, caps and preforms, fruit and fruit concentrates. On an ongoing basis we review our fixed overhead and manufacturing costs for opportunities for further reductions. In 2011, we transformed the Company's information technology function from a nearly 100% outsourced, single vendor relationship to a combination of in-house resources and multi-vendor strategy, significantly reducing our total information technology spending. In 2012, we vertically integrated our manufacturing capabilities in order to manufacture our products with increased efficiency and at a lower cost. In 2014, we implemented our three-year $30.0 million Cott North America cost reduction plan, which focuses on reducing production costs by improving procurement practices, increasing operational efficiency, eliminating waste and reducing packaging cost, resulting in approximately $9.0 million and $6.0 million in cost savings in 2015 and 2014, respectively. In 2015, Cott launched a multi-year cost and efficiency savings program (2015-2018) within our Cott UK/Europe business unit in order to better position the business within the competitive landscape. Our low cost position will be further supported by cost saving initiatives at DSS, which included reformulation of DSS's periodic surcharge in 2012 to more closely align with the cost of petroleum-based products used in the business to mitigate the effect of increases in petroleum-based product costs.

Control Capital Expenditures and Rigorously Manage Working Capital

Consistent with our status as a low-cost supplier, we leverage our existing manufacturing capacity to maintain an efficient supply chain. We are committed to carefully prioritizing our capital investments that provide the best financial returns for Cott and for our customers, while maintaining safety, efficiency and superior product quality. Our manufacturing facilities operate according to the highest standards of safety and product quality. We perform regular third-party audits of our facilities and are subject to quality audits on behalf of our customers. We will continue to evaluate growth and other opportunities, while remaining mindful of our total capital expenditure targets. As a low-cost supplier, we actively manage our manufacturing capacity and routinely rationalize under-utilized assets. In 2015, our capital expenditures were devoted primarily to supporting growth in our business, maintaining existing facilities, making equipment upgrades and continuing to implement our cost reduction plan.

Cash Flow Management

We believe that a strong financial position will enable us to capitalize on opportunities in the marketplace. As a result, we continuously review and improve the effectiveness of our cash management processes. We strive to achieve the most optimal working capital level, rationalize our capital expenditures and continuously drive operating cost improvements to enhance cash flow.

Evaluate Mid-to-Larger Scale Acquisitions

Our business strategy also includes evaluating additional mid-to-larger scale opportunities (like the Eden Acquisition) to expand our positions in the HOD water, OCS and filtration services categories, as well as other higher margin or growth-oriented categories where our platform, operating strength and synergies can be leveraged. This is consistent with our ongoing strategy to continue to accelerate the pace and scale of our acquisition-based diversification outside of CSDs and shelf stable juices, with a focus on other beverage categories and beverage adjacencies, as well as driving our channel mix beyond large format retailers while ensuring our transactions are value-creative. Consistent with our acquisition strategy, we regularly pursue acquisition opportunities and we are currently participating in processes regarding several potential acquisition opportunities, including ones that would be significant to us. We cannot provide the timing of any contemplated transaction and none are currently probable.

Recent Developments

The Eden Acquisition

On June 7, 2016, Carbon Acquisition Co B.V., a wholly-owned subsidiary of Cott Corporation, entered into the Share Purchase Agreement to acquire Eden Holdings, the indirect parent company of Eden Springs Europe B.V., for a purchase price of approximately €470 million, subject to customary adjustments for cash, debt, working capital and other items. Pursuant to the Share Purchase Agreement, Carbon Acquisition Co B.V. will purchase the sole issued and outstanding share in the share capital of Eden Holdings and Eden Holdings and its subsidiaries will become wholly-owned subsidiaries of Cott Corporation.

We intend to finance a portion of the Eden Acquisition, to repay a portion of Eden's and its subsidiaries' outstanding indebtedness and to pay certain related fees and expenses with the proceeds from this offering. See "Use of Proceeds."

Closing of the Eden Acquisition is subject to certain closing conditions, including obtaining regulatory approvals.

The Eden Acquisition will be consummated concurrently with the repayment of certain existing indebtedness of Eden and its subsidiaries (including €175.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2019, €125.1 million aggregate principal amount of 8.00% Senior Secured Notes due 2019 and €50.0 million under a revolving credit facility), the release of the proceeds of the notes offered hereby from escrow, the additional borrowing under our ABL Facility and the use of cash on hand, and the payment of certain related fees and expenses (these transactions, including the issuance of the notes offered hereby on the issue date, are referred to collectively as the "Transactions").

ABL Facility Amendment

On June 7, 2016, we entered into Amendment No. 7 to our ABL Facility (the "ABL Facility Amendment") to permit, among other things, the Eden Acquisition and the issuance of the notes hereunder and to make certain other changes thereto in connection with the Eden Acquisition. We intend to draw approximately an additional $71.0 million under our ABL Facility to finance a portion of the purchase price payable with respect to the Eden Acquisition, to repay a portion of Eden and its subsidiares' outstanding indebtedness and to pay certain related fees and expenses. See "Description of Other Indebtedness—ABL Facility" and "Use of Proceeds."

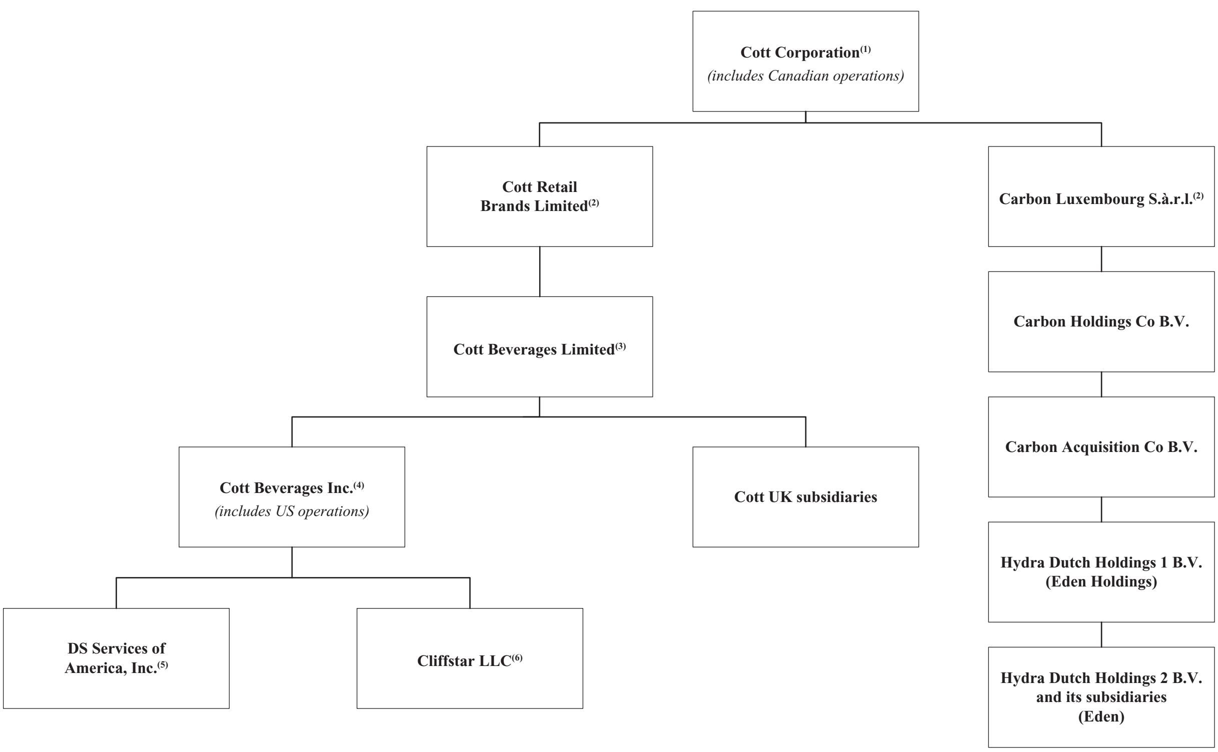
Escrow of the Notes

This offering is expected to be consummated on , 2016, which will be prior to the consummation of the Eden Acquisition. We expect that the Escrow Issuer will enter into the Escrow Agreement (as defined below) pursuant to which on the issue date, unless the Eden Acquisition has occurred at or prior to such time, the Escrow Issuer will deposit an amount equal to the gross proceeds of this offering, together with cash necessary to fund a special mandatory redemption of the notes on , 2016, including accrued and unpaid interest on the notes, into a segregated escrow account until the date that the escrow release conditions are satisfied. The release from escrow will be conditioned on the satisfaction of certain conditions (collectively, the "escrow release conditions") described in the Escrow Agreement, including the consummation of the Eden Acquisition in accordance with the Share Purchase Agreement (as defined below). The gross proceeds of the notes, together with cash necessary to fund the special mandatory redemption, will be secured by a first-priority security interest in the escrow account and all deposits and investment property therein and upon satisfaction of the escrow release conditions, the net proceeds will be used as set forth under "Use of Proceeds." If the Eden Acquisition is not consummated on or prior to the Escrow End Date, if we notify the Trustee and the Escrow Agent that the Share Purchase Agreement has been terminated in accordance with its terms or upon the occurrence of certain other events, the notes will be subject to a special mandatory redemption at a price equal to 100% of the initial issue price of the notes, plus accrued and unpaid interest from the issue date or the most recent interest payment date, as applicable, to, but not including, the date of such special mandatory redemption.

Prior to the Escrow Release Date (as defined in the "Description of Notes"), Cott Corporation and its respective restricted subsidiaries and Eden Holdings and its respective restricted subsidiaries will not be subject to any of the covenants set forth in the Indenture. See "Description of Notes—Escrow of Proceeds; Escrow Conditions" and "Description of Notes—Special Mandatory Redemption."

Corporate Structure

The following chart depicts our organizational structure after giving effect to the Eden Acquisition and this offering. Certain intermediate holding companies and other entities that do not have significant operations have been omitted for illustrative purposes. Omitted entities include certain guarantors of the notes offered hereby after the release of the notes proceeds from escrow, the Existing Notes and the ABL Facility. The chart also omits entities holding the Mexican operations, which will not be guarantors of the notes offered hereby and do not guarantee the Existing Notes or the ABL Facility. Carbon Luxembourg S.à.r.l., Carbon Holdings Co B.V. and Carbon Acquisition Co B.V., which were newly formed in connection with the Eden Acquisition, are guarantors of the ABL Facility and will become guarantors under the notes offered hereby, the 2020 Notes and the 2022 Notes following the consummation of the Eden Acquisition. Eden Holdings, Eden and its subsidiaries will not be guarantors of the notes offered hereby, the Existing Notes or the ABL Facility on the date that the Eden Acquisition is consummated. To the extent Eden Holdings, Eden and its subsidiaries are added as guarantors of the ABL Facility, the notes and the Existing Notes will also receive those guarantees. While the notes will be issued at Cott Corporation upon satisfaction of the escrow release conditions, the guarantor package of the notes will be identical to that of the 2020 Notes and the 2022 Notes, which have been issued by Cott Beverages, Inc. The guarantor package of the 2021 Notes is narrower than the guarantor package for the notes, the 2020 Notes and the 2022 Notes, as only Cott's domestic subsidiaries that are obligors under the ABL Facility guarantee the 2021 Notes.



(1) Borrower under the ABL Facility and guarantor of the Existing Notes. Owns interest in non-guarantor subsidiaries. Upon satisfaction of the escrow release conditions, the Issuer of the notes offered hereby.

(2) Owns interest in a non-guarantor subsidiary.
(3) Borrower under the ABL Facility and guarantor of the Existing Notes and the notes offered hereby.
(4) Borrower under the ABL Facility, issuer of the 2022 Notes and the 2020 Notes and guarantor of the 2021 Notes and the notes offered hereby. Owns interest in non-guarantor subsidiaries.
(5) Borrower under the ABL Facility and guarantor of the notes offered hereby, the 2020 Notes and the 2022 Notes. Issuer of the 2021 Notes.
(6) Borrower under the ABL Facility and guarantor of the notes offered hereby and the Existing Notes.

Corporate Information

Cott Corporation was incorporated in 1955 and is governed by the Canada Business Corporations Act. Cott Finance Corporation was incorporated in 2016 and is governed by the Canada Business Corporations Act. Our registered Canadian office is located at 333 Avro Avenue, Pointe-Claire, Quebec, Canada H9R 5W3 and our principal executive offices are located at 5519 W. Idlewild Avenue, Tampa, Florida, United States 33634 and 6525 Viscount Road, Mississauga, Ontario, Canada L4V 1H6. Our telephone number is (813) 313-1800. Our website address is *www.cott.com.* **The information contained on or that can be accessed through our website does not constitute a part of this offering memorandum.**

The Offering

We provide the following summary solely for your convenience. This summary is not a complete description of this offering. You should read the full text and more specific details contained elsewhere in the offering memorandum. For a more detailed description of the notes offered, see the section entitled "Description of Notes" in this offering memorandum.

Issuer	Prior to the Escrow Release Date (as defined in the "Description of Notes"), the obligor of the notes will be the Escrow Issuer, and after the Escrow Release Date, the obligor of the notes will be Cott Corporation. Unless the context otherwise requires, descriptions of the notes assume that Cott Corporation has become the successor obligor of the notes.
Notes Offered	€450,000,000 in aggregate principal amount of % Senior Notes due 2024.
Maturity Date	, 2024.
Interest Rate	We will pay interest on the notes at an annual interest rate of %.
Interest Payment Dates	Interest on the notes will be payable semi-annually in arrears on January and July of each year, beginning on , 2017.
Escrow of Proceeds; Special Mandatory Redemption	Upon consummation of the offering of the notes, unless the closing of the Eden Acquisition has occurred at or prior to such time, the Escrow Issuer will enter into an Escrow Agreement (the "Escrow Agreement") with BNY Trust Company of Canada, as Canadian co-trustee (in such capacity, the "Canadian Co-Trustee"), and The Bank of New York Mellon, as U.S. co-trustee (in such capacity, the "U.S. Co-Trustee" and, together with the Canadian Co-Trustee, the "Trustee"), and The Bank of New York Mellon, London Branch, as escrow agent (in such capacity, the "Escrow Agent"), pursuant to which the Escrow Issuer will deposit in an escrow account, the gross proceeds from the offering of the notes plus an amount sufficient to fund a special mandatory redemption of the notes (as described below), including accrued and unpaid interest on the notes, and make additional deposits thereafter in amounts equal to any additional accrued and unpaid interest (collectively, the "Escrowed Funds"). If the Eden Acquisition is not consummated on or prior to the Escrow End Date, if we notify the Trustee and the Escrow Agent that the Share Purchase Agreement has been terminated in accordance with its terms or upon the occurrence of certain other events, the notes will be subject to a special mandatory redemption at a price equal to 100% of the initial issue price of the notes, plus accrued and unpaid interest from the issue date, to, but not including, the date of such special mandatory redemption. Upon delivery to the Escrow Agent of an officer's certificate stating that the escrow release conditions are satisfied, the Escrowed Funds will be released and utilized as described in "Use of Proceeds," "Description of Notes—Escrow of Proceeds; Escrow Conditions" and "Description of Notes—Escrow Conditions."

Activities of the Escrow Issuer	The Indenture governing the notes will require the Escrow Issuer's activities to be restricted to issuing the notes, performing its obligations with respect to the notes under the Indenture, the Escrow Agreement and consummating the Eden Acquisition or redeeming the notes in the special mandatory redemption, as applicable. The Escrow Issuer may not own, hold or otherwise have any interest in any assets other than the escrow account.
Guarantees	Prior to the Escrow Release Date, the notes will not be guaranteed. Upon the release of the notes proceeds from escrow and the consummation of the Eden Acquisition, the notes will be fully and unconditionally guaranteed on a senior basis, jointly and severally, by all of Cott Corporation's existing subsidiaries that are obligors under our ABL Facility and by any wholly-owned subsidiary that guarantees certain indebtedness of Cott Corporation or any of the other guarantors. Certain of our subsidiaries will not be guarantors of the notes, which will include as of the closing of the Eden Acquisition, Eden Holdings and its subsidiaries.
Ranking	Prior to the release of funds from the escrow account and consummation of the Eden Acquisition, the notes will be the Escrow Issuer's senior secured obligations secured by a first-priority security interest in the escrow account and all deposits and investment property therein. Following the satisfaction of the escrow release conditions, the notes and the related guarantees will be senior unsecured obligations of Cott Corporation and the guarantors. Accordingly, they will be: • *pari passu* in right of payment with all of our and our guarantors' existing and future senior indebtedness, including debt under the ABL Facility and the Existing Notes; • senior in right of payment to all of our and our guarantors' future subordinated indebtedness; • effectively subordinated to all of our and our guarantors' existing and future secured indebtedness, including borrowings under the ABL Facility and the 2021 Notes, to the extent of the value of the assets securing such indebtedness; and • structurally subordinated to all obligations of our non-guarantor subsidiaries, which will include as of the closing of the Eden Acquisition, Eden Holdings and its subsidiaries. As of April 2, 2016, on a pro forma basis after giving effect to the Eden Acquisition and this offering, \$2,165.5 million of indebtedness would have been outstanding, of which \$525.8 million would have been secured indebtedness. As of April 2, 2016, on a pro forma basis after giving effect to the Eden Acquisition and this offering, the non-guarantor subsidiaries held approximately \$773.8 million of our total assets of approximately \$3,670.0 million and had liabilities of approximately \$808.7 million.

Additional Amounts	In the event that certain taxes are payable on the notes or the guarantees, the Issuer and the guarantors will, subject to certain exceptions, pay such additional amounts as will result, after withholding or deduction of such taxes, in the payment of the amount which would have been payable in respect of the notes had no such deduction or withholding been required. See "Description of Notes—Payment of Additional Amounts."
Optional Redemption	Prior to , 2019, the Issuer may redeem up to 40% of the aggregate principal amount of the notes with the proceeds of certain equity offerings, plus accrued and unpaid interest, if any, to, but not including, the date of redemption. At any time prior to , 2019, the Issuer may redeem some or all of the notes at a redemption price equal to the principal amount of the notes redeemed plus accrued and unpaid interest to the date of redemption plus a "make whole" premium set forth under "Description of Notes—Optional Redemption." In addition, at any time on or after , 2019, the Issuer may redeem some or all of the notes at the redemption prices set forth under "Description of Notes—Optional Redemption," plus accrued and unpaid interest, if any, to, but not including, the date of redemption.
Optional Tax Redemption	The notes may be redeemed at our option, in whole but not in part, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of redemption, in certain circumstances where additional amounts would be payable with respect to the notes as described under "Description of Notes—Optional Tax Redemption."
Offer to Purchase	If we experience specific kinds of changes of control, and, under certain circumstances, if we sell certain assets, we may be required to offer to purchase all or a portion of the notes at a purchase price of 101% (or 100% in the case of asset sales) of the principal amount of the notes on the date of purchase plus any accrued and unpaid interest and additional interest, if any, to the date of repurchase. See "Description of Notes—Change of Control" and "Description of Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."
Covenants	The Indenture governing the notes will contain certain covenants limiting our ability and the ability of our restricted subsidiaries to, under certain circumstances: • incur additional indebtedness and issue preferred stock; • pay dividends or distributions on or purchase our equity interests; • make other restricted payments or investments; • redeem debt that is junior in right of payment to the notes;

- use our assets as security in other transactions;
- place restrictions on distributions and other payments from restricted subsidiaries;
- sell certain assets or merge with or into other entities; and
- enter into transactions with affiliates.

Each of the covenants is subject to a number of important exceptions and qualifications. See "Description of Notes—Certain Covenants."

No Registration Rights .... The notes will not be entitled to any registration rights and the Escrow Issuer will not be required to complete a registered exchange offer or file a shelf registration statement or prospectus for resales of the notes. As a result, you may only resell your notes pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The absence of registration rights may adversely impact the transferability of the notes.

Use of Proceeds .... We estimate that our net proceeds from this offering, after the initial purchasers' discounts and commissions, will be approximately $ million. Upon the release of the funds from escrow, we intend to finance the Eden Acquisition, to repay certain of Eden and its subsidiaries' outstanding indebtedness and to pay certain related fees and expenses with the proceeds from this offering, new borrowings under our ABL Facility and cash on hand. See "Use of Proceeds."

Transfer Restrictions .... The notes have not been registered under the Securities Act or any other securities law. The notes are subject to restrictions on transfer and may only be offered or sold in transactions exempt from, or not subject to, the registration requirements of these securities laws. See "Notice to Investors."

Absence of Established Markets for the Notes .... The notes are a new issue of securities, and currently there is no market for the notes. An application will be made to list the notes on the Official List of the Irish Stock Exchange and to admit the notes to trading on the Global Exchange Market thereof. There are no assurances that our application to list the notes on the Official List of the Irish Stock Exchange will be approved or that the notes will be admitted to trading on the Global Exchange Market. The initial purchasers have advised us that they intend to make markets for the notes, but they are not obligated to do so. The initial purchasers may discontinue any market making in the notes at any time in their sole discretion. See "Plan of Distribution." Accordingly, we cannot assure you that liquid markets will develop for the notes.

Original Issue Discount .... If the stated principal amount of the notes exceeds their issue price by an amount greater than or equal to a statutorily defined de minimis amount, then the notes will be considered to be issued with original issue discount ("OID") for United States federal income tax purposes. If the notes are issued with OID, then, in addition to the stated interest

	on a note, a United States Holder (as defined in "Certain United States Federal Income Tax Considerations") generally will be required to include the OID on such note in gross income (as ordinary income) as it accrues on a constant yield basis for United States federal income tax purposes, in advance of the receipt of the cash payments to which such OID is attributable and regardless of the holder's regular method of accounting for U.S. federal income tax purposes. In addition, a United States Holder whose "functional currency" is not the euro may recognize foreign currency exchange gain or loss upon the receipt of a payment attributable to OID previously accrued by such holder in respect of a note. See "Certain United States Federal Income Tax Considerations."
Risk Factors	An investment in the notes involves substantial risk. See "Risk Factors" for a description of certain of the risks you should consider before investing in the notes.

Summary Historical Financial and Other Data of Cott

The following tables set forth our summary historical financial and other data. You should read the following summary data in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Form 10-K and in our Quarterly Report on Form 10-Q for the quarter ended April 2, 2016, our audited consolidated financial statements and related notes, our unaudited interim consolidated financial statements and related notes, the historical consolidated financial statements of Eden and related notes, the section entitled "Summary Historical Consolidated Financial and Other Data of Eden," and the section entitled "Unaudited Pro Forma Condensed Combined Financial Information," in each case, included or incorporated by reference herein. See the sections entitled "Where You Can Find More Information" and "Incorporation by Reference of Certain Documents."

No separate financial information has been provided in this offering memorandum for the Escrow Issuer because (1) the Escrow Issuer does not conduct any operations, (2) the Escrow Issuer has no material assets, (3) the Escrow Issuer will be combined with Cott Corporation by way of an amalgamation under applicable Canadian corporation law upon satisfaction of the escrow release conditions, and (4) "Cott Corporation," the combined company formed upon the combination of the Escrow Issuer and Cott Corporation, will assume all of the Escrow Issuer's obligations under the notes. The Indenture will restrict the Escrow Issuer from conducting any business or activities other than the issuance of the notes offered hereby and the transactions contemplated by the Escrow Agreement, and the Escrow Issuer will have no assets other than the escrowed funds and no liabilities other than the notes.

Our summary historical financial and other data for the years ended December 28, 2013, January 3, 2015 and January 2, 2016 and as of January 3, 2015 and January 2, 2016 have been derived from our audited historical consolidated financial statements included or incorporated by reference herein. The balance sheet data as of December 28, 2013 have been derived from Cott's audited historical consolidated financial statements not included or incorporated by reference in this offering memorandum. Our summary historical financial and other data for the three months ended April 4, 2015 and April 2, 2016 and as of April 2, 2016 have been derived from our unaudited interim historical consolidated financial statements included or incorporated by reference herein. Our balance sheet data as of April 4, 2015 have been derived from our unaudited interim historical consolidated financial statements not included or incorporated by reference in this offering memorandum. Our summary historical financial and other data for the twelve months ended April 2, 2016 is derived from our unaudited historical statement of operations from our Form 10-Q for the quarter ended April 2, 2016 and the statement of operations of the nine months ended January 2, 2016. The statement of operations for the last nine months of 2015 was calculated by taking our full year 2015 statement of operations from our Form 10-K and subtracting the year-to-date statement of operations from the Form 10-Q for the quarter ended April 4, 2015. In the opinion of management, the unaudited interim consolidated financial data reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly our financial position for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

	Fiscal Year Ended			Unaudited Three Months Ended		Unaudited Twelve Months Ended
	Dec. 28, 2013	Jan. 3, 2015	Jan. 2, 2016	Apr. 4, 2015	Apr. 2, 2016	Apr. 2, 2016
	(millions of U.S. dollars)					
Income Statement Data:						
Revenue, net	$2,094.0	$2,102.8	$2,944.0	$709.8	$698.4	$2,932.6
Cost of sales	1,818.6	1,826.3	2,048.5	508.5	484.4	2,024.4
Gross Profit	275.4	276.5	895.5	201.3	214.0	908.2
Selling, general and administrative expenses	180.3	213.7	768.6	188.5	197.0	777.1
Loss on disposal of property, plant and equipment	1.8	1.7	6.9	1.4	0.9	6.4
Restructuring	2.0	2.4	—	—	—	—
Asset impairments	—	1.7	—	—	—	—
Acquisition and integration expenses	3.1	41.3	20.6	4.7	1.4	17.3
Operating income	88.2	15.7	99.4	6.7	14.7	107.4
Other expense (income), net	12.8	21.0	(9.5)	(10.4)	(2.2)	(1.3)
Interest expense, net	51.6	39.7	111.0	27.7	27.8	111.1
Income (loss) before income taxes	23.8	(45.0)	(2.1)	(10.6)	(10.9)	(2.4)
Income tax expense (benefit)	1.8	(61.4)	(22.7)	(9.4)	(9.0)	(22.3)
Net income (loss)	22.0	16.4	20.6	(1.2)	(1.9)	19.9
Less: Net income attributable to non-controlling interests	5.0	5.6	6.1	1.3	1.4	6.2
Less: Accumulated dividends on convertible preferred shares	—	0.6	4.5	2.7	—	1.8
Less: Accumulated dividends on non-convertible preferred shares	—	0.2	1.4	0.8	—	0.6
Less: Foreign exchange impact on redemption of preferred shares	—	—	12.0	—	—	12.0
Net income (loss) attributed to Cott Corporation	$ 17.0	$ 10.0	$ (3.4)	$ (6.0)	$ (3.3)	$ (0.7)

	Fiscal Year Ended			Unaudited Three Months Ended	
	Dec. 28, 2013	Jan. 3, 2015	Jan. 2, 2016	Apr. 4, 2015	Apr. 2, 2016
	(millions of U.S. dollars)				
Cash Flow Data:					
Cash flows provided by (used in) operating activities	$ 154.9	$ 56.7	$ 254.6	$ (1.1)	$(18.7)
Cash flows used in investing activities	(71.6)	(850.3)	(99.7)	(29.0)	(73.5)
Cash flows provided by (used in) financing activities	(213.3)	835.7	(160.1)	(20.4)	71.2

	Fiscal Year Ended			Unaudited Three Months Ended		Unaudited Twelve Months Ended
	Dec. 28, 2013	Jan. 3, 2015	Jan. 2, 2016	Apr. 4, 2015	Apr. 2, 2016	Apr. 2, 2016
	(millions of U.S. dollars)					
Balance Sheet Data (at period end):						
Cash and cash equivalents	$ 47.2	$ 86.2	$ 77.1	$ 34.5	$ 55.1	$ 55.1
Property, plant and equipment, net	480.5	864.5	769.8	845.2	774.6	774.6
Total assets[1]	1,410.7	3,073.2	2,887.3	3,010.9	2,927.6	2,927.6
Short-term borrowings	50.8	229.0	122.0	221.0	62.8	62.8
Long-term debt (excludes CPLTD)[1] [2]	397.9	1,541.3	1,525.4	1,529.8	1,524.1	1,524.1
Total debt[2] [3]	452.6	1,774.3	1,650.8	1,754.9	1,590.3	1,590.3
Net debt[1] [4]	405.4	1,688.1	1,573.7	1,720.4	1,535.2	1,535.2
Total equity	604.4	548.9	645.9	512.7	778.9	778.9
Other Financial Data (unaudited):						
EBITDA[5]	$ 176.0	$ 105.4	$ 332.7	$ 74.5	$ 69.4	$ 327.6
Adjusted EBITDA[6]	197.9	180.2	357.0	73.7	70.9	354.2
Adjusted EBITDA margin (in %)[7]	9.5%	8.6%	12.1%	10.4%	10.2%	12.1%
Free cash flow[8]	99.6	10.0	143.8	(28.4)	(48.2)	124.0
Capital expenditures[9]	55.3	46.7	110.8	27.3	29.5	113.0
Depreciation and amortization	100.6	110.7	223.8	57.4	52.5	218.9
Eden Adjusted EBITDA[10]	65.9	66.9	70.2	14.2	16.4	72.4
Combined Acquisition Adjusted EBITDA[11]						437.6
Pro forma total secured indebtedness						525.8
Pro forma total indebtedness						2,165.5
Ratio of pro forma total net secured indebtedness to Combined Acquisition Adjusted EBITDA[12]						1.1x
Ratio of pro forma total net indebtedness to Combined Acquisition Adjusted EBITDA[12]						4.8x

(1) Amounts for the three months ended April 4, 2015 presented to reflect the reclassification of unamortized debt issuance costs of $22.7 million to long-term debt in accordance with GAAP.

(2) "CPLTD" is the current portion of long-term debt.

(3) Presented net of unamortized debt issuance costs and premiums on debt.

(4) Net debt means our total debt less cash and cash equivalents.

(5) EBITDA means earnings before interest expense, income taxes, depreciation, amortization and net income attributable to non-controlling interests, accumulated dividends on preferred shares and foreign exchange impact on redemption of preferred shares. Other companies may define EBITDA differently and, as a result, our measure of EBITDA may not be directly comparable to EBITDA of other companies. Other disclosures related to the use of EBITDA, as well as a reconciliation of net (loss) income attributed to Cott Corporation to EBITDA, are included in footnote (6) below.

(6) Adjusted EBITDA means EBITDA adjusted for items which are not considered by management to be indicative of the underlying results. We believe that the inclusion of supplementary adjustments to EBITDA applied in presenting Adjusted EBITDA are appropriate to provide additional information to investors about our financial performance. However, we have incurred the charges and expenses that constitute these adjustments in prior periods and expect to incur them in future periods. These expectations are forward-

looking statements within the meaning of the securities laws and actual results may vary due to various risks, including those identified under "Risk Factors." Because we use these adjusted financial results in the management of our business and to understand underlying business performance, we believe this supplemental information is useful to investors for their independent evaluation and understanding of our business performance and the performance of our management. The non-GAAP financial measures described above are in addition to, and not meant to be considered superior to, or a substitute for, our financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this offering memorandum reflect our judgment of particular items, and may be different from, and therefore may not be comparable to, similarly titled measures reported by other companies. The following table provides a reconciliation of EBITDA and Adjusted EBITDA to net income (loss) with respect to Cott Corporation:

				Three Months Ended		Twelve Months Ended
	Dec. 28, 2013	Jan. 3, 2015	Jan. 2, 2016	Apr. 4, 2015	Apr. 2, 2016	Apr. 2, 2016
	(millions of U.S. dollars)					
Reconciliation:						
Net income (loss) attributed to Cott Corporation	$ 17.0	$ 10.0	$ (3.4)	$ (6.0)	$ (3.3)	$ (0.7)
Interest expense, net	51.6	39.7	111.0	27.7	27.8	111.1
Income tax expense (benefit)	1.8	(61.4)	(22.7)	(9.4)	(9.0)	(22.3)
Depreciation and amortization	100.6	110.7	223.8	57.4	52.5	218.9
Net income attributable to non-controlling interests[(a)]	5.0	5.6	6.1	1.3	1.4	6.2
Accumulated dividends on preferred shares[(b)]	—	0.8	5.9	3.5	—	2.4
Foreign exchange impact on redemption of preferred shares[(c)]	—	—	12.0	—	—	12.0
EBITDA	176.0	105.4	332.7	74.5	69.4	327.6
Restructuring and asset impairments	2.0	4.1	—	—	—	—
Bond redemption and other financing costs	12.7	25.2	—	—	—	—
Facility reorganization costs[(d)]	—	—	3.0	—	—	3.0
Acquisition and integration costs[(e)]	3.1	41.3	20.6	4.7	1.4	17.3
Purchase accounting adjustments, net[(f)]	1.0	2.9	4.2	4.2	0.5	0.5
Unrealized commodity hedging loss (gain), net[(g)]	—	1.2	(1.2)	(0.3)	—	(0.9)
Unrealized foreign exchange and other gains, net	(0.7)	(0.5)	(10.9)	(10.9)	(2.6)	(2.6)
Loss on disposal of property, plant & equipment[(h)]	2.4	3.2	6.9	1.5	0.9	6.3
Other adjustments[(i)]	1.4	(2.6)	1.7	—	1.3	3.0
Adjusted EBITDA	$197.9	$180.2	$357.0	$ 73.7	$70.9	$354.2

(a) The portion of net income attributable to third-party ownership interests in our business.

(b) Dividends attributable to convertible and non-convertible preferred shares issued during the DSS Acquisition. The Company redeemed the outstanding convertible and non-convertible preferred shares in 2015.

(c) Non-recurring foreign exchange impact related to the difference in U.S. dollar to Canadian dollar conversation rates from date of issuance to date of redemption of convertible and non-convertible preferred shares in 2015.
(d) Non-recurring costs related to the closure of facility production lines and related employee severance costs in the United Kingdom.
(e) Non-recurring costs related to third-party advisory and professional fees, administrative costs, and other costs associated with our acquisition and integration activities.
(f) Non-cash accounting adjustments recorded in accordance with GAAP.
(g) Non-cash adjustment related to changes in the fair value of our commodity derivative instruments.
(h) Non-cash adjustment recorded upon the disposal of property, plant & equipment.
(i) Non-recurring costs related to Company investing and financing activities, legal settlements, legal entity reorganization and other non-recurring expenses.

(7) We define Adjusted EBITDA margin as Adjusted EBITDA divided by total net revenue.
(8) The following table provides a reconciliation of net cash provided by operating activities to free cash flow.

	For the Year Ended			Unaudited Three Months Ended		Unaudited Twelve Months Ended
	Dec. 28, 2013	Jan. 3, 2015	Jan. 2, 2016	Apr. 4, 2015	Apr. 2, 2016	Apr. 2, 2016
	(millions of U.S. dollars)					
Net cash provided by (used in) operating activities	154.9	56.7	254.6	(1.1)	(18.7)	237.0
Less: Capital expenditures	(55.3)	(46.7)	(110.8)	(27.3)	(29.5)	(113.0)
Free Cash Flow	$ 99.6	$ 10.0	$ 143.8	$(28.4)	$(48.2)	$ 124.0

(9) Includes information technology expenditures.
(10) For a reconciliation of EBITDA and Adjusted EBITDA to net loss with respect to Eden, see the section entitled “Summary Historical Consolidated Financial and Other Data of Eden.” These amounts in millions of U.S. Dollars have been converted from Euro at the average conversion rate for the relevant period.
(11) Combined Acquisition Adjusted EBITDA represents the sum of Cott Adjusted EBITDA and Eden Adjusted EBITDA for the periods presented plus $11 million of estimated synergies (expected to be achieved by the end of 2019) to be derived from cost savings in the areas of procurement and administration. The $11 million of synergies expected to be achieved by the end of 2019 are comprised of approximately €5 million of procurement/fleet cost savings and approximately €5 million of administrative and other costs savings. However, the expected synergies related to the Eden Acquisition are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. Combined Acquisition Adjusted EBITDA does not take into account merger and integration costs that may be incurred in order to achieve the expected synergies. Although we expect to begin achieving these synergies upon closing of the Eden Acquisition, we cannot assure you that we will be able to achieve these synergies as planned or at all. See “Risks Related to the Eden Acquisition—We may not realize the expected benefits of the Eden Acquisition because of integration difficulties or other challenges.” Investors should be aware that Adjusted EBITDA for Eden may not be entirely comparable to Cott’s measures of Adjusted EBITDA. See “Presentation of Financial Information.” Combined Acquisition Adjusted EBITDA has not been prepared in accordance with the requirements of Regulation S-X or any other securities laws relating to the presentation of pro forma financial information, and is not in compliance with Article 11 of Regulation S-X. Combined Acquisition Adjusted EBITDA is presented for information purposes only and does not purport to represent what our actual financial position or results or operations would have been if the recently completed acquisitions and the Eden Acquisition had been completed as of an earlier date or that may be achieved in the future.

These measures are derived on the basis of methodologies other than in accordance with GAAP. These rules govern the manner in which non-GAAP financial measures are publicly presented and prohibit in all filings with the SEC, among other things:

- the exclusion of charges or liabilities that require, or will require, cash settlement or would have required cash settlement, absent an ability to settle in another manner, from a non-GAAP liquidity measure other than EBITDA and Adjusted EBITDA; and
- the adjustment of a non-GAAP financial measure to eliminate or smooth items identified as non-recurring, infrequent, or unusual, when the nature of the charge or gain is such that it has occurred in the past two years or is reasonably likely to recur within the next two years.

(12) Pro forma total net secured indebtedness and Pro forma total net indebtedness are net of pro forma as adjusted cash and cash equivalents of $52.5 million. See "Capitalization."

Summary Historical Consolidated Financial and Other Data of Eden

The following tables set forth the summary historical consolidated financial and other data of Eden, a direct subsidiary of Eden Holdings, and its subsidiaries for the periods and as of the dates indicated. No historical consolidated financial data of Eden Holdings is included in this offering memorandum. We believe that the only material differences between Eden Holdings and Eden relate to additional cash and cash equivalents held in Eden Holdings and intercompany transactions that are either substantially eliminated on consolidation or will be settled concurrent with the closing of this transaction. No separate financial information has been provided in this offering memorandum for Eden Holdings. See *"Risk Factors—The financial statements of Eden presented in this offering memorandum do not satisfy our obligations under the Exchange Act and the financials of Eden Holdings that we will file may materially differ from those presented herein."*

The summary historical consolidated financial and other data as of December 31, 2013, 2014 and 2015 and for the periods then ended have been derived from Eden's audited historical consolidated financial statements included elsewhere in this offering memorandum. The summary historical consolidated financial and other data for the three months ended March 31, 2015 and March 31, 2016 and the balance sheet data as of March 31, 2016 have been derived from Eden's unaudited historical consolidated financial statements included elsewhere in this offering memorandum. The balance sheet data as of March 31, 2015 have been derived from Eden's unaudited historical consolidated financial statements not included elsewhere in this offering memorandum. The unaudited consolidated financial statements were prepared on a basis consistent with Eden's audited consolidated financial statements. In the opinion of Eden's management, the unaudited consolidated financial statements include all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the results for those periods. The results of operations for interim periods are not necessarily indicative of the result to be expected for the full year or any future period.

The summary historical financial and other data of Eden for the twelve months ended March 31, 2016 is derived from its unaudited historical statement of operations for the quarter ended March 31, 2016 and the statement of operations of the nine months ended December 31, 2015. The statement of operations for the last nine months of 2015 was calculated by taking Eden's full year 2015 statement of operations and subtracting the year-to-date statement of operations for the quarter ended March 31, 2015.

The following summary historical consolidated financial and other data prepared in accordance with IFRS should be read in conjunction with the historical consolidated financial statements and the related notes of Eden included elsewhere in this offering memorandum.

				Unaudited		
	Fiscal Year Ended			Three Months Ended		Twelve Months Ended
Income Statement Data	Dec. 31, 2013 (three months)[1]	Dec. 31, 2014	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2016
	(€ in thousands)					
Revenue	€ 61,584	€ 283,144	€ 355,816	€ 82,306	€ 83,508	€ 357,018
Cost of goods sold	(20,327)	(99,093)	(118,349)	(28,173)	(27,376)	(117,552)
Gross profit	41,257	184,051	237,467	54,133	56,132	239,466
Service expenses	(24,366)	(106,800)	(135,390)	(32,194)	(32,066)	(135,262)
Sales & marketing expenses	(5,824)	(25,933)	(35,909)	(8,497)	(8,544)	(35,956)
General and administration expenses	(5,368)	(19,467)	(26,446)	(6,428)	(6,483)	(26,501)
Amortization of customer relations and tradenames	(1,305)	(8,041)	(11,209)	(2,608)	(2,791)	(11,392)
Other operating expenses[2]	(11,750)	(16,711)	(21,940)	(4,678)	(3,494)	(20,756)
(Loss) Income from operations	(7,356)	7,099	6,573	(272)	2,754	9,599

Income Statement Data	Fiscal Year Ended Dec. 31, 2013 (three months)(1)	Dec. 31, 2014	Dec. 31, 2015	Unaudited Three Months Ended Mar. 31, 2015	Mar. 31, 2016	Twelve Months Ended Mar. 31, 2016
	(€ in thousands)					
Financial income	€ 630	€ 4,701	€ 3,492	€ 2,012	€ 911	€ 2,391
Financial expenses	(4,635)	(36,882)	(40,344)	(10,414)	(10,676)	(40,606)
Net financial expenses	(4,005)	(32,181)	(36,852)	(8,402)	(9,765)	(38,215)
Loss before taxes on income	(11,361)	(25,082)	(30,279)	(8,674)	(7,011)	(28,616)
Taxes on income	(1,670)	(2,818)	(72)	(499)	(539)	(112)
Net loss	(13,031)	(27,900)	(30,351)	(9,173)	(7,550)	(28,728)

(1) Eden was established on May 16, 2013 as Rhone Capital IV LP's indirect wholly-owned investment vehicle. On June 14, 2013, Eden signed an agreement with Eden Springs BV to acquire the entire shareholding and control of the direct wholly-owned subsidiaries of Eden Springs BV: Eden Springs Europe B.V. and the Israeli subsidiaries. On October 23, 2013, the transaction was completed and Eden became the sole shareholder of Eden Springs Europe B.V. and Israeli subsidiaries.

(2) Other operating expenses consists primarily of restructuring and certain acquisition-related integration costs, establishment of a new business line such as POU in Israel, litigation and release of unused provisions and liabilities such as customer deposits received, as well as business development expenses with long-term payback periods.

Balance Sheet Data (at period end):	As of Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Unaudited As of March 31, 2015	March 31, 2016
	(€ in thousands)				
ASSETS					
Current assets					
Cash and cash equivalents	14,571	17,741	12,524	13,374	18,020
Trade receivables - net	54,858	60,088	68,105	66,311	66,061
Income tax receivable	837	1,165	2,224	1,232	2,536
Receivable from related parties	440	93	115	167	137
Prepaid and other assets	6,147	10,841	7,767	40,886	14,516
Inventories	12,074	14,446	17,944	17,404	18,707
Financial asset at fair value through profit or loss	—	—	—	—	11,580
	88,927	104,374	108,679	139,374	131,557
Non-current assets					
Property, plant and equipment	66,013	71,970	82,360	84,033	86,979
Goodwill	103,000	135,789	164,511	174,748	171,957
Other intangible assets	82,582	88,114	91,055	102,493	90,806
Deferred tax assets	12,666	14,360	15,956	15,555	17,371
Other non-current assets	4,399	2,437	2,332	2,465	2,913
	268,660	312,670	356,214	379,294	370,026
Total assets	357,587	417,044	464,893	518,668	501,583

Balance Sheet Data (at period end):	As of Dec. 31, 2013	As of Dec. 31, 2014	As of Dec. 31, 2015	Unaudited As of March 31, 2015	Unaudited As of March 31, 2016
	(€ in thousands)				
LIABILITIES					
Current liabilities					
Borrowings	10,495	55,116	4,767	1,967	4,253
Trade accounts payable	21,921	33,083	36,805	32,740	38,724
Current tax liability	6,293	4,921	4,626	6,158	4,462
Other current liabilities	27,849	36,127	44,651	46,289	42,931
Customer deposits and prepaid income	23,722	30,707	33,534	32,238	32,798
Provisions	3,437	3,826	2,208	1,735	1,381
Payable to parent company	—	75	75	75	75
	93,717	163,855	126,666	121,202	124,624
Non-current liabilities					
Deferred tax liabilities	17,142	18,347	19,178	21,529	21,268
Borrowings	150,608	204,870	298,616	324,612	341,601
Other non-current liabilities	1,310	69	52	64	56
Provisions	1,218	1,128	1,026	1,032	986
Liability for employee rights	3,902	5,240	5,250	5,941	5,225
Borrowings from shareholders and other related parties	88,027	47,792	57,394	54,019	58,557
Derivative financial instruments	2,123	5,420	5,201	5,615	5,638
	264,330	282,866	386,717	412,812	433,331
Total liabilities	358,047	446,721	513,383	534,014	557,955
DEFICIT					
Share capital	—	—	—		—
Share premium	13,430	13,430	13,430	13,430	13,430
Other reserves	(150)	(1,038)	(371)	(1,222)	(371)
Currency translation adjustment	(747)	(1,222)	9,649	22,466	9,317
Accumulated deficit	(13,035)	(40,935)	(71,352)	(50,111)	(78,924)
	(502)	(29,765)	(48,644)	(15,437)	(56,548)
Non-controlling interests in equity	42	88	154	91	176
Total deficit	(460)	(29,677)	(48,490).	(15,346)	(56,372)
Total liabilities net of deficit	357,587	417,044	464,893	518,668	501,583

	Fiscal Year Ended Dec. 31, 2013 (three months)	Fiscal Year Ended Dec. 31, 2014	Fiscal Year Ended Dec. 31, 2015	Unaudited Three Months Ended Mar. 31, 2015	Unaudited Three Months Ended Mar. 31, 2016	Unaudited Twelve Months Ended March 31, 2016
	(€ in thousands)					
Cash Flow Data:						
Cash flows provided by operating activities	€ 110	€ 36,078	€ 32,474	€ 730	€ 6,857	€ 38,601
Cash flows used in investing activities	(72,142)	(56,869)	(62,452)	(74,448)	(34,793)	(22,797)
Cash flows provided by (used in) financing activities	86,249	23,910	22,117	68,401	33,535	(12,749)

Summary Other Financial Data

	Fiscal Year Ended			Unaudited: Three Months Ended		Unaudited: Twelve Months Ended
	Dec. 31, 2013 (three months)	Dec. 31, 2014	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2016
	(€ in thousands)					
Revenue	€61,584	€283,144	€355,816	€82,306	€83,508	€357,018
Solutions						
Water	52,540	221,492	285,411	64,727	66,039	286,723
Coffee	9,044	61,652	70,405	17,579	17,469	70,295
Geography						
Europe	41,278	197,323	261,698	62,041	61,918	261,575
Israel	20,306	85,821	94,118	20,265	21,590	95,443
EBITDA(2)	(1,518)	33,490	41,240	7,884	11,339	44,695
Adjusted EBITDA(2)	10,232	50,201	63,180	12,562	14,833	65,451
Adjusted EBITDA margin (in %)(3)	16.6%	17.7%	17.8%	15.3%	17.8%	18.3%
Net capital expenditures	3,494	16,059	22,700	5,928	5,283	22,055
Adjusted free cash flow(4)	9,333	40,385	36,599	287	6,593	42,865

(2) EBITDA and Adjusted EBITDA are not measures of financial performance under IFRS and should not be construed as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS. Eden defines "EBITDA" as net loss before taxes on income, net financial expenses and depreciation and amortization. Adjusted EBITDA is defined as EBITDA after applying adjustments to eliminate certain costs related to restructuring and integration of acquisitions, as well as other costs such as establishment of new business lines, business development expenses with long-term payback periods, as well as cost savings from acquisitions and the annualized impact of acquisitions. In addition, EBITDA and Adjusted EBITDA, as Eden defines them, may not be comparable to other similarly titled measures used by other companies. We present EBITDA and Adjusted EBITDA because we believe it is helpful to investors as measures of our operating performance and ability to service our debt. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. See "Presentation of Financial Information." The following table provides a reconciliation of EBITDA and Adjusted EBITDA to net loss:

	Fiscal Year Ended			Unaudited: Three Months Ended		Unaudited: Twelve Months Ended
	Dec. 31, 2013 (three months)	Dec. 31, 2014	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2016
	(€ in thousands)					
Net Loss	(13,031)	(27,900)	(30,351)	(9,173)	(7,550)	(28,728)
Taxes on income	1,670	2,818	72	499	539	112
Net financial expenses	4,005	32,181	36,852	8,402	9,765	38,215
Depreciation and amortization	5,838	26,391	34,667	8,156	8,585	35,096
EBITDA	(1,518)	33,490	41,240	7,884	11,339	44,695
Adjustments:						
Other operating expenses(a)	11,750	16,711	21,940	4,678	3,494	20,756
Adjusted EBITDA	10,232	50,201	63,180	12,562	14,833	65,451

(a) Other operating expenses include adjustments for:

1. Acquisition, integration and restructuring costs of €10.0 million for the three months ended December 31, 2013, €8.9 million and €14.1 million for the years ended December 31, 2014 and 2015, respectively, €2.8 million and €2.2 million for the three months ended March 31, 2015 and 2016, respectively, and €13.5 million for the twelve months ended March 31, 2016. These costs include professional fees incurred to acquire companies, costs to integrate and rationalize personnel and certain corporate functions.
2. Establishment costs of €3.1 million and €4.7 million for the years ended December 31, 2014 and 2015, respectively, €0.9 million and €0.8 million for the three months ended March 31, 2015 and 2016, respectively, and €4.6 million for the twelve months ended March 31, 2016. These costs include costs incurred to hire and train sales personnel on certain growth initiatives.
3. Management fees and other expenses of €1.7 million for the three months ended December 31, 2013, €4.7 million and €3.2 million for the years ended December 31, 2014 and 2015, respectively, €1.0 million and €0.5 million for the three months ended March 31, 2015 and 2016, respectively, and €2.7 million for the twelve months ended March 31, 2016. These costs include fees paid to the owner of the business to advise management as well as other costs related to maintaining the ownership.

(3) Adjusted EBITDA margin for a given period is Adjusted EBITDA for that period divided by total revenue for that period.

(4) Adjusted free cash flow represents Adjusted EBITDA less net capital expenditures after changes in operating working capital.

Summary of Certain Operational Data of Eden

	Fiscal Year Ended			Unaudited Three Months Ended	
	Dec. 31, 2013 (three months)	**Dec. 31, 2014**	**Dec. 31, 2015**	**Mar. 31, 2015**	**Mar. 31, 2016**
Client base[a] at beginning of period	654,220	655,733	763,703	763,703	898,681
Change in client base attributable to organic growth (net)	(13,721)	4,592	18,513	(1,629)	6,485
Change in client base attributable to acquisition (net)	15,234	103,378	116,465	75,771	49,824
Client base at end of period	655,733	763,703	898,681	837,845	954,990
Retention Rate[b]	85.3%	86.5%	87.0%	86.5%	87.0%

(a) Client base is the total number of BWC or POU water coolers or OCS coffee machines installed at customer premises.

(b) Retention rate is defined as 1 minus (the total number of BWC, POU and OCS clients lost in a period as a percentage of the average number of total BWC, POU and OCS clients at the beginning of each month during that period). The numbers for the three month periods are annualized.

RISK FACTORS

In considering whether to purchase the notes offered hereby, you should understand the high degree of risk involved. You should carefully consider the risk factors and other information contained in this offering memorandum and the risk factors and other information incorporated by reference under the caption "Item 1A. Risk Factors" in our Form 10-K, as well as the other information incorporated by reference herein as such risk factors and other information may be updated from time to time by our subsequent reports and other filings under the Exchange Act. See "Where You Can Find More Information" and "Incorporation by Reference of Certain Documents." The risks below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or results of operations.

Risks Related to Cott's Business

We may be unable to compete successfully in the markets in which we operate.

In our traditional business, the markets for our CSD and shelf stable juice products are extremely competitive. In comparison to the major national brand beverage manufacturers, we are a relatively small participant in the industry. We face competition from the national brand beverage manufacturers in all of our markets, from other retailer brand beverage manufacturers, and from other contract beverage manufacturers. If our competitors reduce their selling prices, increase the frequency of their promotional activities in our core market, enter into the production of private-label products or expand their contract manufacturing efforts, or if our retail customers do not allocate adequate shelf space for the beverages we supply, we could experience a decline in our volumes, be forced to reduce pricing, forgo price increases required to offset increased costs of raw materials and fuel, increase capital and other expenditures, or lose market share, any of which could negatively affect our results of operations.

We face competition in our HOD business as distribution methods for residential and commercial bottled water products continue to change and evolve. The increasing availability of three gallon ("3G") and five gallon ("5G") water bottles in retail stores could affect our business as some customers may choose to purchase water in returnable bottles through retailers rather than through our sales and distribution network. We have a strategic alliance with Primo to bottle and distribute Primo's 3G and 5G water bottles through retail stores, however, customers could choose to purchase Primo's competitors' retail products. Our HOD business also faces increased competition from filtration units in the residential and commercial market, including countertop filtration, faucet mounted filtration, in-line whole-house filtration, water filtration dispensing products and refrigerator-dispensed filtration. Because homes and offices with installed filtration systems participate at a lower rate in the bottled water market, the installation of these systems poses a competitive threat to our business and reduces the number of potential customers for our bottled water products. Although we compete in the filtration area and have realized growth of our filtration customer base, we may not be able to offset a decline in revenue from bottled water customers that switch to filtered water. In addition, consumers may choose to drink from municipal water sources instead of purchasing bottled water or using a filtration unit. Our OCS business is also subject to intense competition. Our coffee business consists of both large brewers and single-serve brewers, where increased competition has developed from food, beverage and office products distributors. Additionally, retail and internet availability of these products could negatively affect demand for the direct distribution sources we offer.

We may not be able to respond successfully to consumer trends related to our products.

Consumer trends with respect to the products we sell are subject to change. Consumers are seeking increased variety in their beverages, and there is a growing interest among consumers, public health officials and government officials regarding the ingredients in our products, the attributes of those ingredients and health and wellness issues generally. In addition, some researchers, health advocates and dietary guidelines are encouraging consumers to reduce consumption of sugar-sweetened beverages, including those sweetened with HFCS or other nutritive sweeteners. As a result, consumer demand has declined for full-calorie CSDs and increased for products associated with health and wellness, such as reduced-calorie CSDs, water, enhanced water, teas, juices and certain other non-carbonated beverages.

Consumer preferences may change due to a variety of other factors, including the aging of the general population, changes in social trends, the real or perceived impact that the manufacturing of our products has on the environment, changes in consumer demographics, changes in travel, vacation or leisure activity patterns, negative publicity resulting from regulatory action or litigation against companies in the industry, or a downturn in economic conditions. Any of these changes may reduce consumers' demand for our products. We may not be able to develop or be a "fast follower" of innovative products that respond to consumer trends. Our failure to develop innovative products could put us at a competitive disadvantage in the marketplace and our business and results of operations could be negatively affected.

Because a small number of customers account for a significant percentage of our sales in our traditional business, the loss of or reduction in sales to any significant customer could negatively affect our financial condition and results of operations.

In our traditional business, a significant portion of our revenue is concentrated in a small number of customers. Our customers include many large national and regional grocery, mass-merchandise, drugstore, wholesale and convenience store chains in our core markets of North America, the United Kingdom and Mexico, as well as customers for whom we manufacture beverages on a contract basis. Sales to Walmart, our top customer in 2015, 2014 and 2013 accounted for 18.0%, 26.1% and 30.1%, respectively, of our total revenue. Sales to our top ten customers in 2015, 2014 and 2013 accounted for 32.2%, 46.5% and 50.0%, respectively, of our total revenue. We expect that sales of our products to a limited number of customers will continue to account for a high percentage of our revenue in our traditional business for the foreseeable future.

The loss of Walmart or any significant customer, or customers that in the aggregate represent a significant portion of our revenue, or a material reduction in the amount of business we undertake with any such customer or customers, could have a material adverse effect on our operating results and cash flows. Furthermore, we could be adversely affected if Walmart or any significant customer reacts unfavorably to any pricing of our products or decides to de-emphasize or reduce their product offerings in the categories with which we supply them. At January 2, 2016, we had $422.9 million of customer relationships recorded as an intangible asset. The permanent loss of any customer included in the intangible asset would result in impairment in the value of the intangible asset or accelerated amortization and could also lead to an impairment of fixed assets that were used to service that customer.

Additionally, our retail customers continually evaluate and often modify their in-store retail strategies, including shelf-space allocation, store set-up and design and demographic targets. Our business could suffer significant setbacks in sales and volume if one or more of our major retail customers were to modify its current retail strategy so as to terminate or reduce its business relationship with us, reduce our in store penetration or allocate shelf space within such retailer's stores in a manner unfavorable to us, any or all of which could negatively affect our business, financial condition and results of operation.

The consolidation of retail customers may negatively affect our results of operations in our historic business.

Many of our retail customers have consolidated in recent years, and this consolidation trend may continue. As a result of these consolidations, our large retail customers may seek lower pricing or increased promotions from us. If we fail to respond to these trends in our industry, our volume growth could slow or we may need to lower prices or increase trade promotions and consumer marketing for our products and services, any of which would negatively affect our results of operations in our historic business. In addition, retailers are increasingly carrying fewer brands in any one category and our results of operations will suffer if our vendor relationships with our significant customers are discontinued. In the event of consolidation involving our current retailers, we may lose key business if the surviving entities do not continue to purchase products or services from us.

Our ingredients, packaging supplies and other costs are subject to price increases, and we may be unable to effectively pass rising costs on to our customers.

We typically bear the risk of changes in prices on the ingredient and packaging materials in our products. The majority of our ingredient and packaging supply contracts allow our suppliers to alter the prices they charge us based on changes in the costs of the underlying commodities that are used to produce them. Aluminum for cans and ends, resin for PET, HDPE and polycarbonate bottles, caps and preforms, corn for HFCS, sugar, fruit and fruit concentrates and green coffee are examples of these underlying commodities. In addition, the contracts for certain of our ingredient and packaging materials permit our suppliers to increase the costs they charge us based on increases in their cost of converting those underlying commodities into the materials that we purchase. In certain cases those increases are subject to negotiated limits. These changes in the prices we pay for ingredient and packaging materials occur at times that vary by product and supplier, and take place, on a monthly, quarterly or annual basis.

Accordingly, we bear the risk of fluctuations in the costs of these ingredient and packaging materials, including the underlying costs of the commodities used to manufacture them and, to some extent, the costs of converting those commodities into the materials we purchase. If the cost of these ingredients or packaging materials increases, we may be unable to pass these costs along to our customers through adjustments to the prices we charge, which could have a negative effect on our results of operations. If we are able to pass these costs on to our customers through price increases, the impact those increased prices could have on our volumes is uncertain.

Our beverage and concentrate production facilities use a significant amount of electricity, natural gas and other energy sources to operate. Fluctuations in the price of fuel and other energy sources for which we have not locked in long-term pricing commitments or arrangements would affect our operating costs, which could negatively affect our results of operations.

If we fail to manage our operations successfully, our business and results of operations may be negatively affected.

In recent years, we have grown our business and beverage offerings primarily through the acquisition of other companies, development of new product lines and growth with key customers. We believe that opportunities exist to grow our business by leveraging existing customer relationships, obtaining new customers, exploring new channels of distribution, introducing new products or identifying appropriate acquisition or strategic alliance candidates. The success of this strategy with respect to acquisitions depends on our ability to manage and integrate acquisitions (including the Eden Acquisition) and alliances into our existing business. Furthermore, the businesses or product lines that we acquire or align with may not be integrated successfully into our business or prove profitable. In addition to the foregoing factors, our ability to expand our business in foreign countries is also dependent on, and may be limited by, our ability to comply with the laws of the various jurisdictions in which we may operate, as well as changes in local government regulations and policies in such jurisdictions. If we fail to manage the geographic allocation of production capacity surrounding customer demand, we may lose certain customer product volume or have to utilize co-packers to fulfill our customer capacity obligations, either of which could negatively affect our business, financial condition and results of operations.

We may devote a significant amount of our management's attention and resources to our ongoing review of strategic opportunities, and we may not be able to fully realize the potential benefit of any such alternatives that we pursue.

As part of our overall strategic planning process, from time to time we evaluate whether there are alternatives available to complement our strategy of organic growth and growth through diversification, or otherwise enhance shareholder value. Accordingly, we are presently engaged in, and at any time in the future, we may be engaged in evaluating potential transactions and other strategic alternatives, and we may engage in discussions that may result in one or more transactions, including significant acquisitions. We regularly make, and expect to continue to make, non-binding acquisition proposals, and we may enter into letters of intent, in each case allowing us to conduct due diligence on a confidential basis. We cannot predict the timing of any contemplated transaction and any pending transaction may be entered into shortly after closing of the offering of the notes. In addition, we may from time to time enter into certain commitment letters that may result in obtaining financing for one or more transactions. Although there would be uncertainty that any of these discussions or commitment letters would result in definitive agreements or the completion of any transaction, we may devote a significant amount of our management's attention and resources to evaluating and pursuing a transaction or opportunity, which could negatively affect our operations. In addition, we may incur significant costs in connection with evaluating and pursuing other strategic opportunities, regardless of whether any transaction is completed. We cannot assure you that we would fully realize the potential benefit of any strategic alternative or transaction that we pursue.

We may not realize the expected revenue and cost synergies related to the DSS Acquisition.

We may not achieve revenue and cost synergies related to the DSS Acquisition. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from the DSS Acquisition may be offset by costs incurred in consummating the DSS Acquisition or integrating the DSS business, increases in other expenses, operating losses or problems in the business unrelated to the DSS Acquisition. As a result, there can be no assurance that such synergies will be achieved.

Our indemnification rights under the DSS merger agreement are limited.

In connection with the DSS Acquisition, we are generally subject to all of the liabilities of DSS that were not satisfied on or prior to the closing date. There may be liabilities that we underestimated or did not discover in the course of performing our due diligence investigation of DSS. Under the merger agreement, we have been provided with a limited set of warranties and indemnities in relation to identified risks. Our sole remedy from the sellers for any breach of those warranties is an action for indemnification, which is subject to certain negotiated limitations and thresholds. Damages resulting from a breach of warranty or indemnity could negatively affect our financial condition and results of operations, and our ability to recover from the sellers may be limited or costly to pursue.

We incurred substantial indebtedness in order to finance the DSS Acquisition, which could adversely affect our business and limit our ability to plan for or respond to changes in our business.

We issued the 2020 Notes, assumed the 2021 Notes, and amended our ABL Facility and drew down a substantial amount of indebtedness under that facility in order to fund the DSS Acquisition. As a result, we have substantially more indebtedness than has been the case for us historically. The interest rate on the 2021 Notes is higher than we have historically experienced.

Our ability to make payments on our debt obligations and to fund planned capital expenditures depends on our ability to generate cash from our future operations. This, to a certain extent, is subject to financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, if we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could impede the implementation of our business strategy, prevent us from entering into transactions that would otherwise benefit our business and/or negatively affect our financial condition and results of operations. We may not be able to refinance our indebtedness or take such other actions, if necessary, on commercially reasonable terms, or at all.

Changes in future business conditions could cause business investments and/or recorded goodwill, indefinite life intangible assets or other intangible assets to become impaired, resulting in substantial losses and write-downs that would negatively affect our results of operations.

As part of our overall strategy, we will, from time to time, make investments in other businesses. These investments are made upon target analysis and due diligence procedures designed to achieve a desired return or strategic objective. These procedures often involve certain assumptions and judgment in determining investment amount or acquisition price. After consummation of an acquisition or investment, unforeseen issues could arise that adversely affect anticipated returns or that are otherwise not recoverable as an adjustment to the purchase price. Even after careful integration efforts, actual operating results may vary significantly from initial estimates. Goodwill accounted for approximately $779.8 million of our recorded total assets as of April 2, 2016. We evaluate the recoverability of recorded goodwill amounts annually, or when evidence of potential impairment exists. The annual impairment test is based on several factors requiring judgment and certain underlying assumptions. Our other intangible assets with indefinite lives relate 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"), and trademarks acquired in the DSS and Aquaterra Acquisitions. The trademarks acquired in the DSS and Aquaterra Acquisitions relate to established brands in use for over 100 years in some cases. These assets have a net book value of $235.2 million as of April 2, 2016, and are more fully described in Note 1 to the consolidated financial statements included elsewhere in this offering memorandum.

As of April 2, 2016, our intangible assets subject to amortization and other assets, net of accumulated amortization were $475.7 million, which consisted principally of $415.6 million of customer relationships and $4.7 million of trademarks. Customer relationships are typically amortized on an accelerated basis for the period over which we expect to receive the economic benefits. The customer relationships acquired in connection with the DSS Acquisition are amortized over the expected remaining useful life of those relationships on a basis that reflects the pattern of realization of the estimated undiscounted after-tax cash flows. 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 significant customer. The permanent loss of, or significant decline in sales to any customer included in the intangible asset would result in either an impairment in the value of the intangible asset or an accelerated amortization of any remaining value and could lead to an impairment of fixed assets that were used to service that customer. Principally, a decrease in expected reporting segment cash flows, changes in market conditions, loss of key customers and a change in our imputed cost of capital may indicate potential impairment of recorded goodwill or the Rights. For additional information on accounting policies we have in place for goodwill impairment, see our discussion under "Critical Accounting Policies and Estimates" in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Form 10-K and Note 1 to the consolidated financial statements included elsewhere in this offering memorandum.

Our geographic diversity subjects us to the risk of currency fluctuations.

We conduct operations in many areas of the world, involving transactions denominated in a variety of currencies. We are subject to currency exchange rate risk to the extent that our costs are denominated in currencies other than those in which we earn revenues. In addition, because our financial statements are denominated in U.S. dollars, changes in currency exchange rates between the U.S. dollar and other currencies have had, and will continue to have, an impact on our results of operations. While we may enter into financial transactions to address these risks, there can be no assurance that currency exchange rate fluctuations will not negatively affect our financial condition, results of operations and cash flows. In addition, while the use of currency hedging instruments may provide us with protection from adverse fluctuations in currency exchange rates, by utilizing these instruments we potentially forego the benefits that might result from favorable fluctuations in currency exchange rates.

If we are unable to maintain relationships with our raw material suppliers, we may incur higher supply costs or be unable to deliver products to our customers.

In addition to water, the principal raw materials required to produce our products are aluminum cans and ends, PET, HDPE and polycarbonate bottles, caps and preforms, labels, cartons and trays, sweeteners, such as HFCS and sugar, fruit and fruit concentrates and green coffee. We rely upon our ongoing relationships with our key suppliers to support our operations.

We typically enter into annual or multi-year supply arrangements with our key suppliers, meaning that our suppliers are obligated to continue to supply us with materials for one-year or multi-year periods, at the end of which we must either renegotiate the contracts with those suppliers or find alternative sources for supply. There can be no assurance that we will be able to either renegotiate contracts (with similar or more favorable terms) with these suppliers when they expire or, alternatively, if we are unable to renegotiate contracts with our key suppliers, there can be no assurance that we could replace them. We could also incur higher ingredient and packaging supply costs in renegotiating contracts with existing suppliers or replacing those suppliers, or we could experience temporary disruptions in our ability to deliver products to our customers, either of which could negatively affect our results of operations.

With respect to some of our key packaging supplies, such as aluminum cans and ends, and some of our key ingredients, such as sweeteners, we have entered into long-term supply agreements, the remaining terms of which range from 12 to 72 months, and therefore we expect to have a supply of those key packaging supplies and ingredients during such terms. In addition, the supply of specific ingredient and packaging materials could be adversely affected by many factors, including industry consolidation, energy shortages, governmental controls, labor disputes, natural disasters, transportation interruption, political instability, acts of war or terrorism and other factors.

We have a significant amount of outstanding indebtedness, which could adversely affect our financial health, and future cash flows may not be sufficient to meet our obligations.

As of April 2, 2016, after giving effect to the Eden Acquisition and this offering, our total indebtedness would have been $2,165.5 million. Our present indebtedness and any future borrowings could have important adverse consequences to us and our investors, including:

- requiring a substantial portion of our cash flow from operations to make interest payments on this indebtedness;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of our indebtedness, which would increase future debt costs;
- increasing our vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available or limiting our ability to borrow additional funds for share repurchases, to pay dividends, to fund capital expenditures and other corporate purposes and to grow our business;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry; and
- placing us at a competitive disadvantage to our competitors that may not be as highly leveraged as we are.

To the extent we become more leveraged, we face an increased likelihood that one or more of the risks described above would materialize. In addition, our actual cash requirements in the future may be greater than expected. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us in amounts sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs.

If we fail to generate sufficient cash flow from future operations to meet our debt service obligations, we may need to refinance all or a portion of our indebtedness on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness on attractive terms, commercially reasonable terms or at all. If we cannot service or refinance our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could impede the implementation of our business strategy, prevent us from entering into transactions that would otherwise benefit our business and/or have a material adverse effect on our financial condition and results of operations. Our future operating performance and our ability to service or refinance our indebtedness will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Our ABL Facility, the Indenture governing the notes offered in this offering, and the indentures governing the Existing Notes each contain various covenants limiting the discretion of our management in operating our business, which could prevent us from capitalizing on business opportunities and taking some corporate actions.

Our ABL Facility, the Indenture governing the notes offered in this offering, and the indentures governing the Existing Notes each impose significant operating and financial restrictions on us. These restrictions will limit or restrict, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- make restricted payments (including paying dividends on, redeeming, repurchasing or retiring our capital stock);
- make investments;
- create liens;
- sell assets;
- enter into agreements restricting our subsidiaries' ability to pay dividends, make loans or transfer assets to us;
- engage in transactions with affiliates; and
- consolidate, merge or sell all or substantially all of our assets.

These covenants are subject to important exceptions and qualifications and, with respect to the notes, are described under the heading "Description of Notes—Certain Covenants" in this offering memorandum. In addition, our ABL Facility also requires us, under certain circumstances, to maintain compliance with certain financial covenants. Our ability to comply with these covenants may be affected by events beyond our control, including those described in this "Risk Factors" section. A breach of any of the covenants contained in our ABL Facility, or the indentures governing the Existing Notes could result in an event of default under one or more of the documents governing such obligations, which would allow the lenders under our ABL Facility to declare all borrowings outstanding, or in the case of the noteholders of this offering or the Existing Notes, all principal amounts outstanding on such notes, to be due and payable. Any such acceleration would trigger cross-default provisions under the ABL Facility, the Indenture governing the notes offered hereby and the indentures governing the Existing Notes and, potentially, our other indebtedness. In the event of an acceleration of payment obligations, we would likely be unable to pay our outstanding indebtedness with our cash and cash equivalents then on hand. We would, therefore, be required to seek alternative sources of funding, which may not be available on commercially reasonable terms, terms as favorable as our current agreements or at all, or face bankruptcy. If we are unable to refinance our indebtedness or find alternative means of financing our operations, we may be required to curtail our operations, face bankruptcy, or take other actions that are inconsistent with our current business practices or strategy.

A portion of our debt may be variable rate debt, and changes in interest rates could adversely affect us by causing us to incur higher interest costs with respect to such variable rate debt.

Our ABL Facility subjects us to interest rate risk. The rate at which we pay interest on amounts borrowed under such facility fluctuates with changes in interest rates and our debt leverage. Accordingly, with respect to any amounts from time to time outstanding under our ABL Facility, we are and will be exposed to changes in interest rates. If we are unable to adequately manage our debt structure in response to changes in the market, our interest expense could increase, which would negatively affect our financial condition and results of operations. As of April 2, 2016, we had $62.8 million of outstanding borrowings under the ABL Facility and $40.9 million in outstanding letters of credit. We intend to draw an additional $71.0 million under our ABL Facility to finance the Eden Acquisition, to repay a portion of Eden's and its subsidiaries' outstanding indebtedness and to pay certain related fees and expenses. A 1% increase in interest rates would result in increased annual interest expense of $0.6 million on the current outstanding borrowings under our ABL Facilities and $1.3 million if we were to draw the additional $71.0 million.

Our results of operations may be negatively affected by global financial events.

In recent years, global financial events have resulted in the consolidation, failure or near failure of a number of institutions in the banking, insurance and investment banking industries and have substantially reduced the ability of companies to obtain financing. These events also adversely affected the financial markets. These events could continue to have a number of different effects on our business, including:

- a reduction in consumer spending, which could result in a reduction in our sales volume;
- a negative impact on the ability of our customers to timely pay their obligations to us or our vendors to timely supply materials, thus reducing our cash flow;
- an increase in counterparty risk;
- an increased likelihood that one or more members of our banking syndicate may be unable to honor its commitments under our ABL Facility; and
- restricted access to capital markets that may limit our ability to take advantage of business opportunities.

Other events or conditions may arise or persist directly or indirectly from the global financial events that could negatively affect our business.

We may not fully realize the expected cost savings and/or operating efficiencies from our restructuring activities.

We have in the past implemented, and may in the future implement, restructuring activities to support the implementation of key strategic initiatives designed to achieve long-term sustainable growth. These activities are intended to maximize our operating effectiveness and efficiency and to reduce our costs. We cannot be assured that we will achieve or sustain the targeted benefits under these programs or that the benefits, even if achieved, will be adequate to meet our long-term growth expectations. In addition, the implementation of key elements of these activities may have an adverse impact on our business, particularly in the near term.

Substantial disruption to production at our beverage concentrates or other beverage production facilities could occur.

A disruption in production at our beverage concentrates production facility, which manufactures almost all of our concentrates, could have a material adverse effect on our business. In addition, a disruption could occur at any of our other facilities or those of our suppliers, bottlers, distribution channels or service networks. The disruption could occur for many reasons, including fire, natural disasters, weather, manufacturing problems, disease, strikes, transportation interruption, government regulation or terrorism. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more or may take a significant time to start production, each of which could negatively impact our business and results of operations.

Our business is dependent on our ability to maintain access to our water sources; water scarcity and poor quality could negatively affect our long-term financial performance.

A disruption in the water flow at any one of our water sources, a dispute over water rights, increased legal restrictions on water use or access at our water sources or the failure to maintain access to our water sources could cause an increase in the cost of our products or shortages that would likely not allow us to meet market demand. The potential delivery and price disruptions due to the loss of any one water source or a decline in the volume of water available could significantly disrupt our business, result in the loss of customer confidence and have an adverse effect on our business, financial condition and results of operations. Further, if any of our municipal water sources were curtailed or eliminated as a result of, for example, a natural disaster, work stoppage or other significant event that disrupted water flow from such municipal source, we may have to purchase water from other sources, which could increase water and transportation costs and could result in supply shortages and price increases. Any one of these events could have a negative impact on our business, financial condition, reputation and results of operations.

Water is a limited resource facing significant challenges from population growth, environmental contamination and poor management. As demand for water continues to increase and if water becomes scarcer and the quality of water available deteriorates, our business may incur increasing costs or face capacity constraints, which could adversely affect our profitability or net sales in the long run.

We are subject to risks associated with our international operations, including compliance with applicable U.S. and foreign anti-corruption laws and regulations such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and other applicable anti-corruption laws, which may increase the cost of doing business in international jurisdictions.

We currently operate internationally and we intend to continue expansion of our international operations. Following the consummation of the Eden Acquisition, we will operate in 17 European countries and Israel. As a result, our business is exposed to risks inherent in foreign operations. If we fail to adequately address the challenges and risks associated with our international operations and acquisition strategy, we may encounter difficulties in our international operations and implementing our strategy, which could impede our growth or harm our operating results. These risks, which can vary substantially by jurisdiction, include the difficulties associated with managing an organization with operations in multiple countries, compliance with differing laws and regulations (including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act of 2010 and local laws prohibiting payments to government officials and other corrupt practices, tax laws, regulations and rates), enforcing agreements and collecting receivables through foreign legal systems. Although we have implemented policies and procedures designed to ensure compliance with these laws, there can be no assurance that our employees, contractors and agents will not take actions in violation of our policies, particularly as we expand our operations through organic growth and acquisitions. Any such violations could subject us to civil or criminal penalties, including material fines or prohibitions on our ability to offer our products in one or more countries, and could also materially damage our reputation, brand, international expansion efforts, business and operating results. Additional risks include the potential for restrictive actions by foreign governments, changes in economic conditions in each market, foreign customers who may have longer payment cycles than customers in the United States, the impact of economic, political and social instability of those countries in which we operate and acts of nature, such as typhoons, tsunamis, or earthquakes. The overall volatility of the economic environment has increased the risk of disruption and losses resulting from hyper–inflation, currency devaluation and tax or regulatory changes in certain countries in which we have operations.

Our success depends, in part, on our intellectual property, which we may be unable to protect.

We possess certain intellectual property that is important to our business. This intellectual property includes trade secrets, in the form of the concentrate formulas for most of the beverages that we produce, and trademarks for the names of the beverages that we sell. While we own certain of the trademarks used to identify our beverages, other trademarks are used through licenses from third parties or by permission from our customers. Our success depends, in part, on our ability to protect our intellectual property.

To protect this intellectual property, we rely principally on registration of trademarks, contractual responsibilities and restrictions in agreements (such as indemnification, nondisclosure and confidentiality agreements) with employees, consultants and customers, and on common law and statutory protections afforded to trademarks, trade secrets and proprietary "know-how." In addition, we vigorously protect our intellectual property against infringements using any and all legal remedies available. Notwithstanding our efforts, we may not be successful in protecting our intellectual property for a number of reasons, including:

- our competitors may independently develop intellectual property that is similar to or better than ours;
- employees, consultants or customers may not abide by their contractual agreements and the cost of enforcing those agreements may be prohibitive, or those agreements may prove to be unenforceable or more limited than anticipated;
- foreign intellectual property laws may not adequately protect our intellectual property rights; and
- our intellectual property rights may be successfully challenged, invalidated or circumvented.

If we are unable to protect our intellectual property, our competitive position would weaken and we could face significant expense to protect or enforce our intellectual property rights. At April 2, 2016, we had $45.0 million of Rights and $194.9 million of trademarks recorded as intangible assets.

Occasionally, third parties may assert that we are, or may be, infringing on or misappropriating their intellectual property rights. In these cases, we intend to defend against claims or negotiate licenses when we consider these actions appropriate. Intellectual property cases are uncertain and involve complex legal and factual questions. If we become involved in this type of litigation, it could consume significant resources and divert our attention from business operations.

If we are found to infringe on the intellectual property rights of others, we could incur significant damages, be enjoined from continuing to manufacture, market or use the affected product, or be required to obtain a license to continue manufacturing or using the affected product. A license could be very expensive to obtain or may not be available at all. Similarly, changing products or processes to avoid infringing the rights of others may be costly or impracticable.

Our products may not meet health and safety standards or could become contaminated and we could be liable for injury, illness or death caused by consumption of our products.

We have adopted various quality, environmental, health and safety standards. However, our products may still not meet these standards or could otherwise become contaminated. A failure to meet these standards or contamination could occur in our operations or those of our bottlers, distributors or suppliers. This could result in expensive production interruptions, recalls and liability claims. We may be liable to our customers if the consumption of any of our products causes injury, illness or death. Moreover, negative publicity could be generated from false, unfounded or nominal liability claims or limited recalls. Any of these failures or occurrences could negatively affect our business, results of operations or cash flows.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

We are party to various litigation claims and legal proceedings. We evaluate these claims and proceedings to assess the likelihood of unfavorable outcomes, and, if possible, estimate the amount of potential losses. If our products are not safely and/or properly manufactured or designed, personal injuries or property damage could result, which could subject us to claims for damages. The costs associated with defending product liability and other claims, and the payment of damages, could be substantial. Our reputation could also be adversely affected by such claims, whether or not successful.

We may establish a reserve as appropriate based upon assessments and estimates in accordance with our accounting policies and we have also asserted insurance claims where appropriate. We base our assessments, estimates and disclosures on the information available to us at the time and rely on legal and management judgment. Actual outcomes or losses or any recoveries we may receive from insurance may differ materially from assessments and estimates. Actual settlements, judgments or resolutions of these claims or proceedings may negatively affect our business and financial performance. A successful claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could negatively affect our business, financial condition and results of operations.

Changes in the legal and regulatory environment in the jurisdictions in which we operate could negatively affect our results of operations, adversely affect demand for our products and services or result in litigation.

As a producer and distributor of beverages, we must comply with various federal, state, provincial, local and foreign laws relating to production, packaging, quality, labeling and distribution, including, in the United States, those of the federal Food, Drug and Cosmetic Act, the Fair Packaging and Labeling Act, the Federal Trade Commission Act, the Nutrition Labeling and Education Act and California Proposition 65. We are also subject to various federal, state, provincial, local and foreign environmental laws and workplace regulations. These laws and regulations include, in the United States, the Occupational Safety and Health Act, the Unfair Labor Standards Act, the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act, the Federal Motor Carrier Safety Act, laws governing equal employment opportunity, customs and foreign trade laws and regulations, laws relating to the maintenance of fuel storage tanks, laws relating to water consumption and treatment, and various other federal statutes and regulations. Outside the United States, the production and distribution of our products are also subject to various laws and regulations. These laws and regulations may change as a result of political, economic, or social events. Such regulatory changes may include changes in food and drug laws, laws related to advertising, accounting standards, taxation requirements, competition laws and environmental laws, including laws relating to the regulation of water rights and treatment. Changes in laws, regulations or government policy and related interpretations may alter the environment in which we do business, which may negatively affect our results of operations or increase our costs or liabilities.

Food/Beverage Production

A number of states have passed laws setting forth warning or labeling requirements relating to products made for human consumption. For example, the California law known as Proposition 65 requires that a specific warning appear on any product sold in California containing a substance listed by that state as having been found to cause cancer or reproductive toxicity. This law, and others like it, exposes all food and beverage producers to the possibility of having to provide warnings on their products. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label, although products containing listed substances that occur naturally or that are contributed to such products solely by a municipal water supply are generally exempt from the warning requirement. From time to time over the past several years, certain of our customers have received notices alleging that the labeling requirements of the relevant state regulation would apply to products manufactured by us and sold by them. There can be no assurance that we will not be adversely affected by actions against our customers or us relating to Proposition 65 or similar “failure to warn” laws. Were any such claim to be pursued or succeed, we might in some cases be required to indemnify our customers for damages and provide warnings on our products in order for them to be sold in certain states. Any negative media attention, adverse publicity or action arising from allegations of violations could adversely affect consumer perceptions of our products and harm our business.

Energy/Conservation Initiatives

The EPA has oversight over the voluntary Energy Star certification program for appliances, including bottled water dispensers. Since February 1, 2014, the EPA has required appliances in the program to adhere to a lower energy consumption standard of 0.87 kilowatt hours per day. While we are working closely with our water cooler manufacturers to ensure we have continued access to Energy Star certified bottled water dispensers, there can be no assurances that we will continue to have such access. Our inability to utilize compliant dispensers could negatively affect our business, financial condition, reputation and results of operations.

Recent initiatives have taken place in several markets in which we operate regarding bottled water, particularly with respect to smaller bottles. Regulations have been proposed in some jurisdictions that would ban the use of public funds to purchase bottled water, enact local taxes on bottled water and water extraction and restrict the withdrawal of water from public and private sources. We believe adverse publicity focused on any element of the bottled water business could affect consumer behavior by discouraging consumers from buying any type of bottled water products. Successful legislative and executive action and increased negative publicity could reduce the number of bottled water consumers, which could negatively affect our business, financial condition and results of operations.

The increasing concern over climate change also may result in more regional, federal and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulation is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiency, we may experience significant increases in our costs of operation and delivery. In particular, increasing regulation of fuel emissions could substantially increase the cost of energy, including fuel, required to operate our facilities or transport and distribute our products, particularly in our DSS business, thereby substantially increasing the distribution and supply chain costs associated with our products. As a result, climate change could negatively affect our business and results of operations.

Packaging Ingredients

The manufacture, sale and use of resins and Bisphenol A ("BPA") used to make our three- and five-gallon water bottles are subject to regulation by the Food and Drug Administration ("FDA"). These regulations relate to substances used in food packaging materials, not with specific finished food packaging products. BPA is contained in substantially all of our three- and five-gallon returnable polycarbonate plastic bottles. Negative media attention regarding BPA has generated concern in the bottled water market, although a January 2010 report by the FDA notes studies that suggest the low levels of BPA used in polycarbonate bottles are safe for human exposure and the FDA sustained this opinion in its March 2013 BPA consumer update. The FDA indicated that it will continue to evaluate these studies before issuing a final assessment on the safety of BPA and the FDA's current public health recommendations include taking reasonable steps to reduce exposure of infants and young children to BPA. The FDA and certain states, however, may in the future decide to regulate more aggressively the potential harmful effects of BPA. Although the FDA rejected a 2012 citizen petition from the Natural Resources Defense Council seeking the ban of BPA from all food and drink packaging, including plastic bottles and canned foods, our customers and potential new customers may share the concerns raised by the citizens petition and may reduce their exposure to BPA as a result. The FDA has also asserted the need for additional studies on the safety of BPA in food packaging materials and acknowledged recent studies regarding potential developmental and behavioral effects of BPA exposure on infants and young children. The EPA and certain states also may in the future study or regulate BPA. Additionally, a number of states have passed legislation banning the use of BPA in packaging intended for children three years of age and younger, such as in baby bottles and sippy cups. Extensive negative public perception regarding food packaging that uses BPA could cause consumers to stop purchasing our products manufactured in polycarbonate bottles. Further, the emergence of new scientific evidence or reports that suggests our polycarbonate water bottles are unsafe, or interpretations of existing evidence by regulatory agencies that lead to prohibitions on the use of polycarbonate plastic as packaging for food contact materials, could cause a serious disruption in our ability to package our bottled water products. If polycarbonate plastic becomes a banned substance, we may not be able to adopt alternative packaging, and conduct extensive and costly safety testing, in time to prevent adverse effects to our business, financial condition and results of operations. Further, if our competitors successfully integrate BPA-free packaging into their business and BPA is subsequently deemed undesirable or unsafe, our competitors may have a significant competitive advantage over us.

Hazardous Materials

We engage in or have in the past engaged in the handling, storage or use of hazardous substances, including for the maintenance and fueling of our vehicle fleet for our DSS business. We are also required to obtain environmental permits from governmental authorities for certain operations. We cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. We could also be held liable for any consequences arising out of human exposure to hazardous substances or other environmental damage.

Certain environmental laws impose liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. These laws often impose liability even if the owner or operator did not know of, or was not responsible for, the release of such hazardous substances and also impose liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities. In addition to actions brought by governmental agencies, private plaintiffs may also bring personal injury claims arising from the presence of hazardous substances on a property. Certain environmental contamination has been identified at or in the vicinity of some of our DSS properties. From time to time, we have also been named a potentially responsible party at third-party waste disposal sites. There can be no assurances that we will not be required to make material expenditures in the future for these or other contamination-related concerns or that other responsible parties will conduct any required cleanup. Environmental laws and regulations are complex, change frequently and have tended to become more stringent over time. We cannot assure you that our costs of complying with current and future environmental laws and regulations and our liabilities arising from past or future releases of, or exposure to, hazardous substances will not negatively affect our business, financial condition or results of operations.

Taxes on CSDs and other drinks could have an adverse effect on our business.

Federal, state, local and foreign governments have considered or have enacted taxes on soda and other sugary drinks, as well as energy products. Any such taxes could negatively affect consumer demand for our products and have an adverse effect on our revenues.

We are not in compliance with the requirements of the Ontario Environmental Protection Act ("OEPA") and, if the Ontario government seeks to enforce those requirements or implements modifications to them, we could be adversely affected.

Certain regulations under the OEPA provide that a minimum percentage of a bottler's soft drink sales within specified areas in Ontario must be made in refillable containers. The penalty for noncompliance by a corporation is a fine of $250,000 per day beginning when the first offense occurs and continuing until the first conviction, and then increasing to $500,000 per day for each subsequent conviction. These fines may be increased to equal the amount of monetary benefit acquired by the offender as a result of the commission of the offense. We, and we believe other industry participants, are currently not in compliance with the requirements of the OEPA. We do not expect to be in compliance with these regulations in the foreseeable future. Ontario is not enforcing the OEPA at this time, but if it chose to enforce the OEPA in the future, we could incur fines for noncompliance and the possible prohibition of sales of soft drinks in non-refillable containers in Ontario. We estimate that approximately 2% of our sales in Canada would be affected by the possible limitation on sales of soft drinks in non-refillable containers in Ontario if the Ontario Ministry of the Environment initiated an action to enforce the provisions of the OEPA.

Our business is seasonal and adverse weather conditions could negatively affect our business, financial condition and results of operations.

The sales of our products are influenced to some extent by weather conditions in the markets in which we operate. Unusually cold or rainy weather during the summer months may reduce the demand for our CSDs, bottled water and other products and contribute to lower revenues, which could negatively affect our profitability. Warmer winter weather could decrease sales of our coffee and hot chocolate products and negatively affect our business, financial condition and results of operations.

Global or regional catastrophic events could affect our operations and results of operations.

Our business can be affected by large-scale terrorist acts, especially those directed against the United States or other major industrialized countries in which we do business, major natural disasters, or widespread outbreaks of infectious diseases. Such events could impair our ability to manage our business, could disrupt our supply of raw materials, and could affect production, transportation and delivery of products. In addition, such events could cause disruption of regional or global economic activity, which can affect consumers' purchasing power in the affected areas and, therefore, reduce demand for our products.

Our success depends in part upon our ability to recruit, retain and prepare succession plans for our CEO, CFO, senior management and key employees.

The performance of our Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), senior management and other key employees is critical to our success. We plan to continue to invest time and resources in developing our senior management and key employee teams. Our long-term success will depend on our ability to recruit and retain capable senior management and other key employees, and any failure to do so could have a material adverse effect on our future operating results and financial condition. Further, if we fail to adequately plan for the succession of our CEO, CFO, senior management and other key employees, our results of operations could be negatively affected.

We may not be able to renew collective bargaining agreements on satisfactory terms, or we could experience strikes.

Some of our employees are covered by collective bargaining agreements expiring on various dates. We may not be able to renew our collective bargaining agreements on satisfactory terms or at all. This could result in strikes or work stoppages, which could impair our ability to manufacture and distribute our products and result in a substantial loss of sales. The terms of existing or renewed agreements could also significantly increase our costs or negatively affect our ability to increase operational efficiency.

We depend on key information systems and third-party service providers.

We depend on key information systems to accurately and efficiently transact our business, provide information to management and prepare financial reports. We rely on third-party providers for various networking, application hosting and related business process services which support our key information systems. Issues with performance by these third parties may disrupt our operations and as a result, our operating expenses could increase, which could negatively affect our results of operations.

In addition, these systems and services are vulnerable to interruptions or other failures resulting from, among other things, natural disasters, terrorist attacks, software, equipment or telecommunications failures, processing errors, computer viruses, hackers, other security issues or supplier defaults. Security, backup and disaster recovery measures may not be adequate or implemented properly to avoid such disruptions or failures. Any disruption or failure of these systems or services could cause substantial errors, processing inefficiencies, security breaches, inability to use the systems or process transactions, loss of customers or other business disruptions, all of which could negatively affect our business and results of operations.

If we are unable to securely maintain our customers' confidential or credit card information, or other private data relating to our employees or our Company, we could be subject to negative publicity, costly government enforcement actions or private litigation, which could damage our business reputation and negatively affect our results of operations.

The protection of our customer, employee and Company data is critical to us. We have procedures and technology in place to safeguard our customers' debit card, credit card and other personal information, our employees' private data and Company records and intellectual property. However, if we experience a data security breach of any kind, we could be exposed to negative publicity, government enforcement actions, private litigation or costly response measures. In addition, our reputation within the business community and with our customers may be affected, which could result in our customers discontinuing their purchases of our products and services or their use of the debit or credit card payment option. Any loss of our ability to securely offer our customers a credit card payment option would make our products less attractive to many small organizations by negatively affecting our customer experience and significantly increasing our administrative costs related to customer payment processing. This could cause us to lose market share to our competitors and could have a negative effect on our results of operations.

We also face other risks that could adversely affect our business, results of operations or financial condition, which include:

- any requirement to restate financial results in the event of inappropriate application of accounting principles or otherwise;
- any event that could damage our reputation;
- failure to properly manage credit risk from customers;
- failure of our processes to prevent and detect unethical conduct of employees;
- a significant failure of internal controls over financial reporting;
- failure of our prevention and control systems related to employee compliance with internal policies and regulatory requirements; and
- failure of corporate governance policies and procedures.

Our ability to use net operating losses to offset future taxable income may be subject to certain limitations, which could have a significant impact on our business.

At January 2, 2016, we had, subject to the limitation discussed below, \$328.0 million and \$333.9 million of net operating loss carryforwards for U.S. federal and state tax purposes, respectively, and \$4.3 million for Canadian tax purposes. The U.S. loss carryforwards will expire in varying amounts through 2034 and 2035 for U.S. federal and state operating loss carryforwards, respectively, and the Canadian carryforward will expire in 2035, if not otherwise used. In general, under Section 382 and 383 of the Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses ("NOLs") or tax credits to offset future taxable income. If we undergo an ownership change, our ability to utilize federal NOLs or tax credits could be limited by Section 382 and 383 of the Code. In addition, future changes in our stock ownership, many of which are outside of our control, could result in an ownership change under Section 382 and 383 of the Code. Our NOLs or credits may also be impaired under state tax law. Accordingly, we may not be able to utilize a material portion of our NOLs or credits.

Our ability to utilize our U.S. federal and state NOLs or credits is conditioned upon generating U.S. federal and state taxable income. If we are unable to generate U.S. federal and state taxable income to utilize our NOLs, an adjustment to reserve for these NOLs could materially impact our balance sheet.

Valuation allowances have been provided for deferred tax assets related to our state NOLs. Additionally, uncertainties exist as to the future utilization of the operating loss carryforwards. Therefore, in accordance with Financial Accounting Standards Board ("FASB") and ASC 740-10, we have established a valuation allowance of $15.4 million at January 2, 2016.

Risks Related to Eden's Business and Industry

For the purposes of this section "—Risks Related to Eden's Business and Industry" only, the words "we," "us," "our," "Eden," "Eden Spring," "Company" and words of similar import refer to Eden Holdings and its subsidiaries on a consolidated basis.

Our business operates in a highly competitive industry.

We operate in a highly competitive industry. Competitive factors with respect to our business include pricing, distribution capabilities, logistics, quality, reputation, brand recognition, technical expertise, advertising, sales activities, retention programs, product innovation, increased efficiency in production and distribution techniques and packaging. Our competitors may have greater business resources and/or financial resources and/or less debt than us. We also face competition from regional brands and local competitors in the markets that we serve.

Within our water offering, our BWC offering faces increased competition from the POU category. Because businesses with POU solutions tend to use less bottled water due to the availability of a continuous supply of filtered water, the installation of these systems poses a competitive threat to our BWC business and reduces the number of potential customers for our BWC solutions. Although we believe we are well positioned to offer our POU solutions to quitting BWC customers, we may not be able to offset a decline in revenue from our BWC customers that switch to one of our competitor's POU offerings, which could have an adverse effect on our business, financial condition and results of operations. Further, the bottled water industry itself faces competition from other non-alcoholic beverage products, including bottled carbonated and non-carbonated soft drinks. In addition, in the event of a change in consumer preference or if the quality of tap water significantly improves, consumers in certain markets may choose to drink tap water instead of purchasing bottled water or using POU. Increased competition and pricing pressure or a significant increase in the consumption by consumers of tap water could have an adverse effect on our business, financial condition and results of operations.

Our OCS segment is also subject to intense competition and our coffee business competes with providers of both operated and non-operated coffee solutions such as manual fresh bean machines and vending machines. Further, the coffee industry itself faces competition from other non-coffee products, including other hot beverages and soft drinks. Increased competition could have an adverse effect on our business, financial condition and results of operations.

If we are not able to retain and attract customers, our financial performance will be impaired.

Our economic success is based on our ability to retain current customers and attract new customers to our products and services. If we are unable to retain and attract customers, our financial performance will be impaired, and we could fail to meet our financial obligations.

Our ability to compete successfully for new customers and to increase retention depends on, among other things:

- the actual and perceived quality and cost of our products;
- our successful execution of marketing and sales strategies, including the acceptance of our value proposition; service delivery and customer care activities, including new account set up and billing; and our credit and collection policies;
- our ability to anticipate and develop new product offerings and services that are attractive to existing or potential customers;
- our ability to reliably deliver products and services on schedule;
- our ability to meet unexpected customer shortages with quick delivery of refills; and
- our ability to adequately staff our customer service teams to effectively respond to customer inquiries and effectively manage any customer dissatisfaction or similar issues.

We believe that quality of service and reliability of delivery and technical support are key competitive factors in the water and coffee businesses and directly relate to the ability to attract customers and increase retention. If we cannot generate new customers, keep our retention at acceptable levels, and maintain a high level of customer service as we seek to expand our operations, our business, financial condition and results of operations would be adversely affected.

Changing consumer tastes or preferences or improvement in municipal tap water supplies could result in decreased demand for and sales of our products.

Our success is dependent on customer and consumer tastes and preferences. Any significant changes in these preferences or any inability on our part to anticipate or react to such changes could result in reduced demand for our products and erosion of our competitive and financial position. Our success depends on the ability to respond to customer and consumer trends and preferences and these may shift due to a variety of factors.

We believe that the growth of the bottled water industry is due, in large part, to consumer preferences for high quality products and consumer taste preferences for bottled water over tap water and other beverages. In certain markets, POU solutions are eroding BWC volumes due to economic and sustainability preferences. This trend could be expedited by significant improvements in municipal tap water, particularly in certain Eastern Europe markets like Russia where the quality of municipal tap water is currently perceived as poor. In addition, the trend could increase if supported by campaigns to increase the use of tap water over spring water for environmental, or other, reasons. For instance, on August 25, 2013, new regulations were promulgated under the Israeli Public Health Ordinance with the intention of improving the quality of tap water in Israel. Various Israeli bodies and entities, including the Governmental Authority for Water and Sewerage, the Ministry of Environmental Protection and the municipal water companies, had campaigned to improve the quality of tap water and reduce the use of bottled water in Israel.

In the OCS segment, growth is driven by consumer preferences for single-cup brewing, higher quality coffee and increased consumption away from home as well as a shift to preferences for premium coffee solutions. In addition, growth is also impacted by the demand for our physical equipment (e.g. dispensers and our coffee brewers) that we rent or sell to our customers whose tastes and preferences may be affected by the aesthetics of the equipment, ease of use, and energy efficiency standards, among other factors. These factors may not continue to benefit our business to the same extent in the future.

Any change in consumer preferences away from bottled water and filtered water or from the coffee solutions we provide could result in decreased demand for our products and services.

If our bottling processes or water sources were contaminated for any reason, our business could be seriously affected.

Our water is sourced from 27 water sources and we use 27 production facilities for bottling the water. 9 facilities are operated and managed by us, and the other 18 are owned and managed by third parties (referred to as "co-packers"). We believe the quality and integrity of our bottled water products is imperative to our business and our ability to generate new customers and, therefore, all facilities are required to perform routine water quality tests. While we believe our third-party co-packers are easy to replace if need be, our reputation could be severely damaged if production processes are tampered with or our bottled water products are found to be defective, contaminated or impure at any co-packing facilities. Any perceived product quality issues or allegations of product contamination, even if proven false or unfounded, could tarnish the image of our brand and cause consumers to choose other products. The loss of integrity of our bottled water or production processes, and those of the third parties we also rely on, could lead to product recalls, customer illnesses and liability claims that could significantly reduce our goodwill, market share, revenue and ability to generate new customers. In addition, if a competitor's bottled water were discovered to be contaminated, consumer concern may arise regarding the quality, safety and health benefits of bottled water generally, including our bottled water.

As with all jurisdictions in which we operate, regulations govern the quality, composition, treatment and production processes permitted for water categories. We have procedures and quality controls in place to comply with such regulations. However, the water sources we and our competitors rely on are natural resources, and natural occurrences beyond our control such as droughts and floods could alter the mineral or chemical content or purity of our water, and environmental pollution or contaminants may affect the amount and quality of the water emanating from such water sources. For example, our source of water in Israel, the Salukia Spring in the Golan Heights, has previously been affected by natural occurrences. Due to extreme weather conditions and livestock near the spring's drainage basin in February 2009, microbial levels in excess of those permitted under Israeli regulations were discovered through our routine water quality control tests. Although we promptly ceased production and none of the affected water reached our customers, the cessation lasted for almost a month and had an adverse impact on our business and the results of our operations. Following the discovery of the microbial inconsistencies, the Israeli Ministry of Health issued an order that allows for a slightly higher, yet safe, level of microbes in the water extracted from the Salukia Spring. Since 2009, we have conducted daily tests of the water from the Salukia Spring against the microbial thresholds permitted under the order. In June 2010, a similar inconsistency in microbial levels was identified through our daily testing and we had to cease production for a second time. Due to our close monitoring of the water, this lapse in production lasted only a few days and was largely due to the need to conduct consecutive water tests to ensure the safety of the water before resuming production. Aside from the incidents in 2009 and 2010, we have been able to consistently rely on the Salukia Spring to meet all of our Israeli water requirements. Following the incident in 2009, and in coordination with the relevant authorities, we have also adopted measures to limit the risk of inconsistencies in the Salukia Spring water. We erected a fence around the perimeter of the spring and its drainage basin and conduct regular patrolling around the spring, and we heightened our controls and security procedures. In addition, we have a dedicated team that monitors on a daily basis any potential risks and have increased our inventory to ensure continuous supply in the event of any further incidents. Additionally, there has previously been a series of complaints relating to smell problems and particles found in the water with respect to Eden's water source in Portugal. Notwithstanding these complaints, the Portuguese authorities concluded that there was insufficient evidence linking the suspended particles to the production process and have declined to prosecute the matter. While we are not aware of any further complaints with respect to this issue, we cannot guarantee that similar complaints will not be brought in the future or that they will not interfere with production at the Coruche facility. A letter was also received from the Portuguese authorities concerning high iron levels in finished product from the Coruche facility in Portugal. Eden's laboratory has conducted laboratory tests and has not detected the alleged high level of iron in the water and has been in communications with the authorities to resolve the matter.

Water is a natural resource and there will continue to be a risk of change in the chemical content or purity of the water or reduction in quality of the water due to pollutants or contaminants. In the event any such risk materializes and if the quality of our bottled water suffers serious reputational damage, our business and results of operations could be materially and adversely affected.

Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business and operations.

There is concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. We may be subjected to decreased availability or less favorable pricing for water as a result of such changes, which could impact our manufacturing and distribution operations. In addition, natural disasters and extreme weather conditions may disrupt the productivity of our facilities or the operation of our supply chain. The increasing concern over climate change also may result in more regional and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulation is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiency, we may experience significant increases in our costs of operation and delivery. In particular, increasing regulation of fuel emissions could substantially increase the cost of energy, including fuel, required to operate our facilities or transport and distribute our products, thereby substantially increasing the distribution and supply chain costs associated with our products. As a result, climate change could negatively affect our business and operations.

The bottled water industry is regulated and if we are unable to continue to comply with applicable laws, regulations and standards in any jurisdiction, we may not be able to sell our products in that jurisdiction.

The production, distribution, sale, and servicing of our products are subject to regulations in each of the markets in which we operate. Our bottled water, and the water supplied by third parties with whom we have supply and distribution agreements, must meet certain safety requirements for human consumption, labeling, processing and distribution under sanitary conditions and production. All of the bottled water produced must meet certain mineral and chemical concentration levels related to drinking water quality and treatment. In addition, the labels affixed to our bottles and related packaging are subject to restrictions on health and nutritional claims. Regulations, among other matters, set standards for approved water sources and specific processing treatment requirements. While we always endeavor to comply with such regulations, there may be instances where we find ourselves in contravention. For instance, Polish regulation requires that water is bottled, labeled and distributed only as "natural mineral water," "spring water" or "table water" with each classification having certain specifications regarding permitted production processes and labeling. In 2012, we adopted microbiological filtration and softening processes to improve the taste and appearance of the spring water from the Krzeszowice source in Poland and inadvertently contravened that regulation because the adopted processes were not permitted in the production of "spring water." The Polish sanitary authority issued a decision stating that the water could therefore no longer be labeled "spring water." We changed our labeling to "Eden still water" but in doing so again inadvertently contravened the law by not properly labeling the water as one of the three permitted options. We therefore stopped using the microbiological filtration and softening processes and reverted to labeling the water as "spring water" thereby bringing us back into compliance with the Polish regulatory framework. While this contravention of applicable regulation resulted only in a PLN 35,000 (approximately €8,400 equivalent) fine, future failure to fully comply with regulations or to maintain the required governmental approvals is possible and could result in warning letters, fines, product recalls or seizures, civil or criminal penalties or injunctions, each of which could adversely affect our business, financial condition, reputation and results of operations. See "*Business of Eden—Regulatory Framework*."

Changes to applicable laws and regulations relating to our customers could have a material adverse effect on our business, financial condition and results of operations.

The water industry is highly regulated by local and European legislation related to food safety and hygiene, employment conditions and environmental regulation. From time to time, European Union Member States consider laws and regulations relating to the provision of water in the workplace. While these regulations only have an indirect effect on us because they directly regulate our customers, any change in these regulations could have an adverse effect on customer demand. While we work closely with all of our customers to ensure that we generate long-term customer relationships, there can be no assurance that we will continue to have the same level of success if the regulatory environment in which our customers make decisions were to change.

For example, under French and Polish regulations, there is a legal obligation for employers to provide drinking water to their employees. Although these regulations primarily affect employers, and not providers or distributors of water, changes in these regulations, or their interpretation or enforcement, could adversely affect the success of our marketing strategy to the business to business ("B2B") customer segments in France and Poland. Additionally, given our strategic emphasis to focus marketing efforts in Europe towards B2B as opposed to business to consumer, we may be more vulnerable than our competitors to changes in current trade practices. Adverse regulatory or other decisions affecting employers could have a material adverse effect on our business, operating results and financial condition.

Changes to applicable laws and regulations relating to permits and licenses approvals, or any failure to obtain required permits and licenses or to satisfy ongoing conditions in relation to existing permits or licenses, could have a material adverse effect on our business, financial condition and results of operations.

Our ability to successfully carry out our operations and satisfy our delivery obligations under contracts with customers depends on our ability to obtain and maintain the lease rights, permits and licenses necessary to facilitate the use of water sources and production facilities. In obtaining such permits and licenses, we must comply with the local regulatory rules provided for by each jurisdiction in which we operate and comply with any ongoing regulatory conditions. No assurance can be given that all necessary permits and licenses will be granted in a timely manner or at all, or if they are granted, that we will be in a position to comply with all of the conditions that may attach to those instruments. Our existing permits and licenses required for our operations are also subject to review, renewal, interpretation, modification, suspension or termination from time to time by the relevant authorities in each of the countries in which we operate. Even if our permits and licenses are renewed, we could become subject to additional obligations, which may impact our business, financial conditions and results of operations.

For example, the Israeli Water Authority permits us an annual allocation of water pursuant to an agreement with its operating body, Mekorot, dated September 2, 2010. This agreement may be terminated upon 90 days prior notice by either Mekorot or us and this agreement may also be terminated if the water sourced from the Salukia Spring becomes contaminated. The Israeli Water Authority also has general authority to terminate the agreement, or to reduce the quantities of water supplied from the spring, if, for instance, it determines that continued extraction of water from the spring is likely to harm the spring or should be used for other national purposes. This agreement remains in force. We also have a production permit issued by the Israeli Ministry of Health for the bottling and sale of water sourced from the Salukia Spring. The Ministry of Health production permits issued to us in preceding years were generally issued for periods of up to 12 months. Our current permit expires at the end of June 2016, and we expect that the permit will continue to be renewed as it has been over preceding years. Additionally, the Ministry of Health is encouraging us to find an alternative water source to the Salukia Spring because the Ministry would like to eventually retract the order it issued following a contamination incident in 2009 (see "*—If our bottling processes or water sources were contaminated for any reason, our business could be seriously affected*."). We are currently exploring alternative water source possibilities and are examining the use of water produced from drilling. Should our Israeli production permit, or any other permits or licenses we hold in the countries in which we operate, be terminated or limited, it could have a material adverse effect on our business, financial condition and results of operations.

Finally, any regulatory approval procedures, conditions attached to existing permits and licenses or requirements to renew or transfer a permit or license, could be added to or amended. No assurance can be given that such additions or amendments, if onerous, will not adversely impact our ability to carry out our operations. Failure to obtain any necessary permits or licenses, or renewals or transfers of such permits or licenses, and satisfy any ongoing conditions could prevent us from carrying out our operations and satisfying our delivery obligations under contracts with customers, which could have a material adverse effect on our business, financial condition and results of operations.

Jurisdictions in which we operate regulate the use of bisphenol A ("BPA"), and consumers may not purchase products that use BPA.

The manufacture, sale and use of resins and BPA used to make our water bottles are subject to regulation. BPA is used to make food containers such as beverage bottles and storage containers and is therefore contained in substantially all of our plastic bottles. The use of BPA is regulated in the European Union by Regulation EU 10/2011 on plastic materials and food contact materials and Directive 2011/8/EU restricting the use of BPA in plastic infant feeding bottles. After a full risk assessment of BPA in 2006, the European Food Safety Authority set an EU-wide tolerable daily intake of 0.05 milligrams per kilogram of body weight. Although this limit has been maintained after a number of reviews, the European Food Safety Authority is currently engaged in another ongoing full risk assessment regarding the use of BPA. This full risk assessment, or future reviews, could lead to a change in the tolerable daily intake and even an outright ban at the EU level, and could therefore force us to replace our plastic water bottles across the EU. Furthermore, certain EU Member States have already begun to adopt more stringent regulations than the EU framework requires. For example, in France, French Law no. 2012-1442, adopted on December 24, 2012 and became effective on January 1, 2015, prohibits the manufacture, importation, exportation and placing on the market of any food packaging containing BPA. France has also introduced labeling requirements for food products that use BPA and could reasonably be used by children under three years old or by pregnant women. The fundamental EU internal market principle of the free movement of goods may ensure that bottles manufactured in compliance with the current and less stringent EU legislative framework in another EU Member State and then exported into France from that Member State will still be permitted for use in France. However, we are required to comply with the French regulation in the interim and there is a likelihood that it will ultimately be determined at the EU level that France is entitled to restrict such imports on public policy or health grounds due to Member States having significant scope for derogation from certain EU laws on these grounds. In France, we therefore made the required investment in 2013 to replace our bottles with BPA-free plastic with adequate functionality and durability. In the future, other EU Member States could adopt bans similar to that of France, thereby creating a more uncertain EU legal landscape. The legal uncertainty regarding the use of BPA and the potential for wide-spread bans on the use of BPA may force us to replace all of our water bottles with BPA-free alternatives, and although we already have a BPA-free option available, and may only be forced to transition to BPA-free plastic over an extended time period in the event such a transition is required, it could nevertheless negatively impact our business, financial condition and results of operations.

Also, negative media attention regarding BPA has generated concern in the bottled water market, and media reports suggest that a number of companies are already reducing usage of BPA in producing their bottles due to consumer concern and the uncertain legal landscape. An increase in consumer concerns could also force us to rapidly replace all of our water bottles with BPA-free alternatives in the future, adversely affecting our business and results of operations.

We face credit risk from our key third-party distributor in Israel and from our customers.

We extend credit to some of our customers by providing services in advance of payment. Local country management has a high degree of autonomy in determining pricing and contract strategy, which is influenced by local market circumstances and the competitive environment. In general, we invoice our customers on a monthly basis based on the prior month's consumption and services provided. In some markets (such as the Nordics, France and the Netherlands) customers are invoiced in advance for "rental contracts" and "package contracts." In Israel, Jafora is our key distributor through which we distribute PET products to retail outlets. We sell our PET products to Jafora on 60-day terms and Jafora does not put up collateral against the credit it receives. Our net credit exposure to Jafora (less the amount payable by us to Jafora) as of March 31, 2016 was €5.9 million. We have rigorous credit policies and procedures to mitigate credit risk and, while we have no significant exposure to credit risk with any single end-customer, we still suffer losses from doubtful accounts. If we cannot properly manage our credit risk, our results of operations would be adversely affected. Conversely, if we institute overly rigorous credit policies, it could impair our ability to attract and retain customers.

Fluctuations in the cost of essential raw materials and commodities for the manufacture and delivery of our products could significantly impact our business.

For the year ended December 31, 2015, fuel and coffee consumables costs accounted for less than 2% and less than 7% (of which approximately half is attributed to coffee beans and the remainder to capsules and packaging) of our revenue, respectively. While these costs were comparatively small, the price of fuel impacts the cost of our products, both in terms of transportation and distribution costs and, as petroleum is used in manufacturing plastic, the costs of obtaining plastics from our suppliers. If the cost of fuel rises significantly, our transportation and plastic -related costs increase, which impacts the profitability of our operations unless we are able to pass through this cost to our customers. In the past, we have imposed fuel surcharges to mitigate the fluctuations in fuel costs to an extent and fluctuations have not therefore materially affected our margins historically, but our ability to pass on any significant fuel cost rises to our customers is limited and such rises could increase the overall cost of our products leading to increased customer cancellations and reduced revenue. The petroleum markets remain volatile and there can be no assurances that customer surcharges or other measures we take will recover all or any portion of our costs. Significant increases in fuel prices, a severe or protracted disruption in fuel supplies or imposition of mandatory allocations or rationing of fuel could increase the cost of our products and disrupt deliveries to customers, which, in turn, could negatively affect our business, financial condition and results of operations.

The supply and price of coffee beans may be affected by weather, international conditions, consumer demand and access to transportation. Currently, the cost of green coffee is rising in certain coffee growing regions and has led to fears of potential supply shortages. While coffee consumables costs accounted for less than 7% of our revenue for the twelve months ended March 31, 2016, a significant increase in the price of coffee beans could impact our coffee sales and margins if we are unable to pass along such costs to our customers, which could adversely impact our business, financial condition and results of operations.

Economic downturns or worsening global economic conditions could have a significant adverse impact on our business and results of operations.

Our business is affected by changes in general economic conditions of the markets and geographic regions in which we sell our products and solutions. Historically, our results of operations have been influenced, and will continue to be influenced, by the general state of the global and regional economies. As a result, our income and results of operations depend, to a certain extent, on the performance of the global economy; particularly GDP and employment levels. When GDP decreases, employers may cut-back on costs and may no longer offer free or subsidized water and coffee to employees, and when unemployment increases there are fewer employees to consume our office-based water and coffee offerings. We are especially exposed to the volatility of the European economies. As an example, the European BWC segment witnessed a slowdown in both volumes and pricing since 2009 due to the financial crisis. Concerns persist regarding the debt and/or deficit burden of certain European countries and their ability to meet future financial obligations, and many European countries are still pursuing austerity measures. According to the OECD, the EU's GDP grew 1.4% in 2014 and 1.9% in 2015, while GDP in Israel grew 2.6% and 2.5% in 2014 and 2015, respectively. For 2016, the EU's GDP is expected to grow 1.8%1 and Israel's GDP is expected to grow 2.5%. Unemployment in the EU was 10.2% and 9.4% in 2014 and 2015, respectively. The unemployment rate for Israel over those same years was 5.9% and 5.2%, respectively. Continued volatility or worsening of economic conditions across our markets could have a materially adverse effect on our business.

Significant interruptions to our production facilities could adversely affect our business.

If any of our production facilities or those owned and operated by third parties were impaired for an extended period of time for any reason, including natural or manmade disasters such as hurricanes, fires, earthquakes or floods or due to a labor strike or dispute or environmental contamination, we would likely have to relocate production to an alternate facility. Relocation could increase transportation costs, which could limit the supply of our products and reduce sales. Higher costs and lower sales could adversely affect our business, financial condition and results of operations.

We rely on third parties for the performance of bottling, transportation and logistical services.

For some of the bottling, logistical and transportation of our products to our customers, we rely upon third-party service providers. Any delays in delivery or poor handling by third-party production facility co-packers, third-party distributors and third-party transport operators of our raw materials, packaging materials or finished products may affect our sales and damage our reputation. Our business requires significant movement of raw materials, packaging materials and finished products. Part of the transportation and delivery of these materials and products are undertaken by third -party contractors, which operate beyond our direct control. Interruptions in the transportation of raw materials or packaging materials to us or delivery of finished products to our customers, and poor handling of materials or products in transit could interrupt our business, cause us losses, damage our reputation, and have an adverse effect on our cash flow, results of operations and financial condition.

In Europe, our water is bottled by us, or in some instances by co-packers. After the water is bottled, the full bottles are packed and shipped to one of our or our third-party managed branches, primarily by third-party distributors who are also responsible for collecting empty bottles. From the branches, the bottles are distributed to the customer by a mix of three types of distributors depending on which method is most cost effective based on route density and other factors. The three types of distributors are: our own-employees, self-employees (entrepreneurs that work for Eden Springs on demand) and dealers (common carrier distributors that also work for other parties). Although we believe co-packers are easy to replace, as a result of the NWDE Acquisition (as defined below), we are currently more dependent on these production facilities than we otherwise would be and this exposes us to reliance on these third parties. In Israel, our PET solutions are distributed directly from our production facility by our key third-party distributor, Jafora, to retail outlets. Our ability to service our customers depends, in many cases, upon our ability to negotiate reasonable terms with distributors and while in the majority of markets in which we operate there is sufficient competition between third -party providers, there may not always be suitable alternative third-party providers available to ensure a strong negotiating position. To provide a material example, we rely on Jafora as a sole distributor in Israel for distribution of our PET products. Jafora is a joint owner of Ein Gedi, a primary competitor in the Israeli PET market. The distribution agreement with Jafora therefore required approval by the Israel Antitrust Authority, which was granted in 2004, extended until March 2015 and recently extended until September 2020. We cannot provide assurance that further extension of this agreement will be approved and a termination of this agreement due to non-renewal or for any other reason, such as non-compliance with the conditions of the antitrust exemption or the relationship between us and Jafora ceasing to be mutually beneficially, would likely adversely affect our business. We also rely on third parties for some of the distribution of our OCS solutions and for the installation and service of POU and OCS machines.

To the extent that our third-party carriers increase their rates, including to reflect higher fuel, maintenance, labor or other costs due to increased regulation, taxation or otherwise, we may not be able to pass on such increases to our customers in a timely manner, if at all. Any material increases in our transport costs that we are unable to pass on to customers fully could materially adversely affect our business, financial condition and results of operations.

We are dependent on third-party suppliers. Any disruption in these services or increases in costs could adversely affect our business, financial condition and results of operations.

We rely on a number of third-party suppliers to supply us with water coolers, coffee machines, and other products, which exposes us to risks that such suppliers may fail to meet our volume, timeline or guiding specifications. For example, we rely primarily on Oasis and Ebac, and Champ, respectively, to produce BWC and POU water coolers. In some of the countries in which we operate, we rely primarily on Lavazza for our coffee machines and coffee and, although we may be able to provide customers with our Edenissimo coffee products or other brands as an alternative, we believe that Lavazza is a key supplier that cannot be easily replaced. We have individual contracts with Lavazza in some countries and these contracts are generally renewed annually. Coffee prices charged by Lavazza can be changed once a year by Lavazza and that is normally done in mutual understanding with both parties considering market conditions, but there is no guarantee that the contracts will be renewed each year or that we will always be able to reach a mutual understanding. In the UK, since the Kafevend Acquisition (as defined below), we also rely on Mars Drinks to supply Flavia and Klix drinks machines and single serve capsules for those machines. The success of our coffee business may also be affected by our access to distribution rights for these or other coffee products, which may, in turn, have an adverse effect on our business, financial condition and results of operations if we fail to gain or lose access to the most popular and preferred coffee products.

Furthermore, our suppliers are subject to a number of regulations, including food safety and environmental regulations. Failure by any of our suppliers to comply with these regulations, or allegations of compliance failure, may disrupt our supply of product or raw materials, which could have an adverse effect on our business, financial condition, results of operations or liquidity.

No assurance can be given that we will be able to maintain the supplies we require on a timely basis or that we will be able to obtain them at prices that allow us to maintain the financial performance we have had in the past. If we are unable to renegotiate favorable contracts with our suppliers when they expire or, alternatively, if we are unable to replace them, we may suffer a shortage of necessary materials or price increases that could have a material adverse impact on our business, financial condition and results of operations.

Introductions of new or improved products and technologies to improve operations efficiency may not prove successful, which could disrupt our business or adversely affect our financial condition and results of operations.

We invest in new products or technologies that we believe would provide a strategic fit with our business or expand our business. Staying abreast of these technological changes necessarily entails capital expenditures, which could exceed our projections or strain our financial position. Further product development and investments are accompanied by potential risks and challenges that could disrupt our business operations, increase our operating costs or capital expenditure requirements and reduce the value of the new products or technology. In addition, the process of integrating new products and technologies might result in significant transaction costs, operating difficulties or unanticipated expenditures and might require management attention that would otherwise be available for ongoing development of our business. Although we strategically invest in our business, there can be no assurance that we can acquire or successfully implement new models or variants of existing models of our water and coffee machines, or those supplied by third parties, and/or that we will be successful in providing the accompanying products that will be most appealing to our customers.

Our business is seasonal and adverse weather conditions could negatively impact our business.

Our business is seasonal and the peak period for sales and revenue of our water products typically increases in the summer months due to increased consumption of cold beverages. Conversely, sales of our coffee products peak in the winter months. Cooler summer weather or warmer winter weather could decrease our sales and have an adverse impact on our business, financial condition and results of operations.

Our success depends on our senior management team and other key personnel, as well as on highly skilled employees that may be difficult to attract and retain.

Our ability to maintain our competitive position and implement our business strategy will likely depend on the services of our senior management team and other key personnel. The loss or departure of any member of our senior management team, particularly our Chief Executive Officer, or other key employees could have a material adverse effect on our business, financial condition and results of operations and we may not be able to attract and retain individuals with the same or similar levels of experience or expertise.

Our success also depends in large part on our ability to attract and retain qualified employees and to maintain relationships with our key third-party distributors. The failure to attract and retain qualified personnel, for which we face significant competition, may have a material adverse effect on our business, financial condition and results of operations.

We depend on our software and information systems for data collection, accounting and for the maintenance, supervision and coordination of our distribution networks.

Our information system is essential to our overall administrative function and success. We depend on our information systems to process orders, manage inventory and customer accounts, supervise personnel, maintain supplier and distributor information, maintain cost-efficient operations and assist in delivering products on a timely basis. An extended interruption of our information systems for any reason could disrupt our access to information, which could affect our ability to effectively and efficiently manage the business. In particular, our centralized information technology system is based in Israel and, in the event we were to sell the Israel portion of our business, certain information systems may be difficult or costly to replace.

If we are unable to secure our customers' confidential or credit card information, or other private data relating to our employees or our Company, we could be subject to negative publicity, costly government enforcement actions or private litigation, which could damage our business reputation and adversely affect our financial results.

The protection of our customer, employee and company data is critical to us. We have procedures and technology in place to safeguard our customers' debit and credit card, and other personal information, our employees' private data and company records and intellectual property. However, if we experience a data security breach of any kind, we could be exposed to negative publicity, government enforcement actions, private litigation or costly response measures. In addition, our reputation within the business community and with our customers may be affected, which could result in our customers discontinuing their purchases of our products and services or their use of the debit or credit card payment option. Any loss of our ability to securely offer our customers a credit card payment option would make our products less attractive to many small organizations by negatively impacting our customer experience and significantly increasing our administrative costs related to customer payment processing. This could cause us to lose market share to our competitors and could have an adverse effect on our financial results.

Our intellectual property rights, and/or the intellectual property rights of our suppliers, could be infringed or challenged and reduce the value of our products and brands and have an adverse impact on our business, financial condition and results of operations.

We possess intellectual property rights that are important to our business. These intellectual property rights are primarily trademarks, which are important to our business and relate to some of our products, their packaging, and our overall business branding. We protect our intellectual property rights through a combination of trademark laws, third -party assignment and nondisclosure agreements and monitoring of third-party misuses of our intellectual property. If we fail to obtain or adequately protect our intellectual property, or if there is a change in law that limits or removes the current legal protections of our intellectual property, the value of our products and brands could be reduced and there could be an adverse impact on our business, financial condition and results of operations.

Similarly, we sell brand name products such as Lavazza coffee machines and coffee capsules and Mars Drinks' Flavia and Klix coffee machines and capsules; and those brands are owned by our suppliers or other third parties. We also have agreements with Nestlé to sell-through Nestlé products and to use Nestlé trademarks and the Nestlé mySpring brand. We have limited control over such brands and any failure on the part of the owners of such brands to defend their intellectual property rights or preserve and build their brand reputation could compromise their brands, diminish their value and potentially adversely impact our sales and/or our own reputation.

We may inadvertently infringe on the intellectual property rights of third parties or become dependent on licensing intellectual property from third- parties.

We cannot exclude the possibility that we may inadvertently infringe on intellectual property rights of third-parties, including the intellectual property rights of the brand trademarks we currently licence and will licence from Nestlé. Such inadvertent infringement could include infringing trademarks, improperly using patented technologies or processes of third -parties, or breaching certain non-disclosure provisions of our manufacturing contracts.

If we were to infringe the intellectual property rights of a third-party, we may not be able to manufacture, use or market the affected products or technologies, as applicable, in the countries where the intellectual property rights were granted to that third-party. As a result, we may be forced to make changes to our products or our manufacturing processes to remedy such an infringement. In addition, we could be held liable for damages and other compensation for infringements. We could also be forced to procure licenses to make use of technology from third parties, which would entail additional costs. In that event, we may not be able to obtain the licenses we need for our business at reasonable terms, or at all. In connection with any such licenses, we may not obtain regulatory approvals that may be required, which could in certain cases lead to a loss of all or part of the funds already invested in the use of the licenses or to limitations on our operations. Any restrictions on, or interruptions of, delivery or production resulting from intellectual property infringement or our inability to acquire necessary licenses could have a material adverse effect on our business, financial condition, and results of operations.

Litigation or legal proceedings could expose us to significant liabilities, including product liability claims, and damage our reputation.

We are from time to time subject to various litigation claims and legal proceedings. See "*Business of Eden—Legal Proceedings*." If our products are not safely and/or properly manufactured or designed, personal injuries or property damage could result, which could subject us to claims for damages. The costs associated with defending product liability and other claims, and the payment of damages, could be substantial. Our reputation could also be adversely affected by such claims, whether or not successful. In addition, we may be subject to claims and proceedings arising from on-site accidents or injuries to our employees. While we obtain insurance for workers compensation claims, the insurance may not be adequate or available to cover all claims and we may not be able to renew or obtain insurance coverage on reasonable terms or at all.

Although we are unable to estimate the monetary amount of exposure to loss, if any, in connection with many litigation matters, we make reserves as warranted and we have also asserted insurance claims where appropriate. Actual outcomes or losses may differ materially from amounts that we may establish as a reserve or any recoveries we may receive from insurance. Actual settlements, judgments or resolutions of these claims or proceedings may negatively affect our business and financial performance. A successful claim against us that is not covered by insurance or is in excess of our available insurance limits could require us to make significant payments of damages and could materially adversely affect our business, financial condition and results of operations.

In some of the markets in which we operate, a portion of our workforce belongs to unions. Failure to successfully renew collective bargaining agreements, or strikes or work stoppages could cause our business to suffer.

Some of our employees are represented by unions or works councils or are covered by collective bargaining agreements. Some of our employees in France are represented by works councils and unions, and we are subject to collective bargaining agreements with some of our employees in France. Strikes or work stoppages and interruptions could occur if we are unable to sign or renew collective bargaining agreements on satisfactory terms, which could adversely impact our operating results. There are also works councils in the Netherlands, Poland and in Germany, and there are also unions in Israel and Norway. The terms and conditions of existing or renegotiated agreements could increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency.

We face risks associated with conducting business in multiple countries.

We market our products across Europe and Israel and pursue a strategy of further expanding our operations. In a number of the markets in which we currently do business or may do business in the future, especially emerging markets, the commercial, economic, political or legal environment is different from, and less stable than, markets in Western and Northern Europe. We are exposed to factors of which we have little or no control and which may adversely affect our results of operations and financial conditions. These factors include, among other things:

- political, legal or social instability or volatility;
- wars, terrorism, regional or multinational conflicts;
- natural disasters, fuel shortages and sudden increases in fuel prices;
- underdeveloped infrastructure and changes in distribution and supply channels;
- unexpected changes in regulatory environments and interference by local authorities in the business environment, making it more difficult to obtain permits and licenses or comply with environmental and health and safety regulations;
- trade restrictions, sanctions and penalties;
- fluctuations in currency exchange rates;
- changes in applicable laws or past practices regarding local government procedures and inconsistent application of existing regulations;
- labor strikes and sudden or unexpected increases in wages;
- underdeveloped or otherwise insufficient legal and administrative systems; and
- crime or fraud.

Our overall success as a pan-European business and our strategy of further expansion depend, to a considerable extent, on our ability to anticipate, monitor and effectively manage differing legal, political, social and regulatory environments and economic conditions and unforeseeable developments. We cannot assure you that we will continue to succeed in developing and implementing policies and strategies which will be effective and cost-efficient in each location where we currently do business or new countries we may enter in the future.

In particular, our spring water source for Israel is in the Golan Heights, which is politically contested and is located adjacent to Syria, where there is currently a civil war. There have been violent disputes over the Golan Heights previously, and there remain risks that violent disputes could occur again in the future. Additionally, there is a risk of spill-over from the Syrian civil war into the Golan Heights, and also for the area to be affected by the recent developments relating to the Islamic State of Iraq and the Levant (ISIL; also known as ISIS or IS). There is also a risk of Israeli withdrawal from the Golan Heights as part of a future peace agreement in the region. Additionally, tensions between Israel and the Palestinian territories, especially Gaza, have brought with it wide -spread anti-Israeli sentiment and protests, which gives rise to reputational risks and could give rise to ancillary effects that could adversely affect our business, including the boycotting of our products. Any of these occurrences could materially affect our business, results of operations and financial condition.

Fluctuations in foreign currency exchange rates may adversely affect our results of operations.

We conduct our business in various currencies other than the euro, primarily, Swedish Kroner, Danish Kroner, Norwegian Kroner, Polish Zloty, British Pound, Swiss Franc, U.S. Dollar, Russian Rubles, and Israeli New Shekel. As a result, our financial position and results of operations are subject to currency translation risks. Currency translation risk arises through fluctuations in the exchange rate of the currencies of the countries that are not part of the European Monetary Union and their impact on our results of operations and balance sheet positions as we translate the financial results from our subsidiaries in those countries to the euro. We largely benefit from natural hedging and face limited transactional currency exchange risk because although a significant portion of our revenue is denominated in currencies other than the euro, they are generally accompanied by costs in the same currency. Our Israeli activity, however, is exposed to foreign currency exchange risk on imported goods and on charges to other companies within the group for IT services, which are located in Israel. We are therefore subject to foreign currency exchange rate risk on cash flows related to sales, expenses, financing and investing transactions conducted in currencies other than the euro. Significant fluctuations in exchange rates against the euro may have an adverse impact on our financial performance.

Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject, which could have a material adverse effect on our business.

While we recently implemented an insurance coverage enhancement program with the assistance of AON and believe that the types and amounts of insurance coverage we currently maintain are sufficient and adequate for the conduct of our business, our insurance policies may not cover all potential risks associated with our business or for which we may otherwise be liable. For example, our insurance policies may not cover, or fully cover, us against political risks, global conflicts, environmental risks or the inherent hazards of our operations and products. Furthermore, there can be no assurance that any claim under our insurance policies will be honored fully or timely, our insurance coverage will be sufficient in any respect or our insurance premiums will not increase substantially. Accordingly, to the extent that we suffer loss or damage that is not covered by our insurance or which exceeds our coverage, or have to pay higher insurance premiums, our financial condition may be materially adversely affected.

Risks Related to the Eden Acquisition

We may not realize the expected benefits of the Eden Acquisition because of integration difficulties and other challenges.

The success of the Eden Acquisition will depend, in part, on our ability to realize all or some of the anticipated benefits from integrating Eden's business with our existing businesses. The integration process may be complex, costly and time-consuming. The difficulties of integrating the operations of Eden's business include, among others:

- failure to implement our business plan for the combined business;
- unanticipated issues in integrating manufacturing, logistics, information, communications and other systems;
- possible inconsistencies in standards, controls, procedures and policies, and compensation structures between Eden's structure and our structure;
- failure to retain key customers and suppliers;
- unanticipated changes in applicable laws and regulations;
- failure to retain key employees;
- operating risks inherent in Eden's business and our business; and
- unanticipated issues, expenses and liabilities.

We may not be able to maintain the levels of revenue, earnings or operating efficiency that each of Cott and Eden had achieved or might achieve separately. In addition, we may not accomplish the integration of Eden's business smoothly, successfully or within the anticipated costs or timeframe. If we experience difficulties with the integration process, the anticipated benefits of the Eden Acquisition may not be realized fully, or at all, or may take longer to realize than expected.

Moreover, we may not achieve the revenue and cost synergies related to the Eden Acquisition. These synergies are inherently uncertain, and are subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and are beyond our control. If we achieve the expected benefits, they may not be achieved within the anticipated time frame. Also, the synergies from the Eden Acquisition may be offset by costs incurred in consummating the Eden Acquisition, increases in other expenses, operating losses or problems in the business unrelated to the Eden Acquisition. As a result, there can be no assurance that such synergies will be achieved.

We face risks associated with the Share Purchase Agreement in connection with the Eden Acquisition.

Completion of the Eden Acquisition is subject to the satisfaction of various conditions, including the receipt of approval from government or regulatory agencies (the Eden Acquisition is not subject to any financing condition). There is no assurance that all of the various conditions will be satisfied, or that the Eden Acquisition will be completed on the proposed terms, within the expected timeframe, or at all.

The announcement and pendency of the Eden Acquisition could cause disruptions in and create uncertainty surrounding our business, including affecting our relationships with our existing and future customers, suppliers and employees, which could have an adverse effect on our business, financial results and operations, regardless of whether the Eden Acquisition is completed. In particular, we could potentially lose important personnel as a result of the departure of employees who decide to pursue other opportunities in light of the proposed transaction. We could also potentially lose customers or suppliers, new customer or supplier contracts could be delayed or decreased and we may have difficulty in hiring new key employees. In addition, we have diverted, and will continue to divert, significant management resources towards the completion of the transaction, which could adversely affect our business and results of operations.

In addition, in connection with the Eden Acquisition, we will be subject to all of the liabilities of Eden that were not satisfied on or prior to the closing date. There may be liabilities that we underestimated or did not discover in the course of performing our due diligence investigation of Eden. Under the Share Purchase Agreement, we have been provided with a limited set of warranties and indemnities in relation to identified risks. Our sole remedy from the seller for any breach of those warranties is an action for damages for a warranty claim. We have secured insurance to cover losses arising in respect of the breach by the seller of those warranties. Additionally, while certain funds have been placed into escrow by the seller pursuant to the terms of the Share Purchase Agreement to provide protection to us in the event of a claim against the seller for breach of the Share Purchase Agreement, a claim arising under a tax deed entered into by the parties and indemnifying us against losses resulting from professional fees and expenses payable in relation to the sale by Eden and its subsidiaries of their shares in GetFresh Sp. z o.o., such funds may prove not to be sufficient. Damages resulting from a breach of warranty or indemnity could have a material and adverse effect on our financial condition and results of operations.

We will incur significant one-time transaction costs in connection with the Eden Acquisition.

We expect to incur significant one-time transactions costs in connection with the Eden Acquisition. The substantial majority of these costs will be non-recurring expenses related to the Eden Acquisition. These costs and expenses are not reflected in the pro forma financial condensed combined statement of operations included in this offering memorandum.

Our historical and pro forma financial information may not be indicative of our future financial performance.

The pro forma financial information included in this offering memorandum are preliminary, and the pro forma financial data and our Combined Acquisition Adjusted EBITDA, is not necessarily indicative of the financial position or results of operations that may have actually occurred had the Eden Acquisition taken place on the date noted, or the future financial position or results of operations of the Company. The pro forma adjustments reflected in the summary pro forma financial data are based upon available information and certain assumptions that we believe are reasonable and are subject to revision as additional information becomes available. Revisions to the pro forma adjustments which may be required by the final purchase price allocations and/or pre-closing or post-closing purchase price adjustments, if any, may have a material impact on the total assets, total liabilities and stockholders' equity, revenues, selling, general and administrative expenses, depreciation and amortization and interest expense. In addition, the pro forma financial information included in this offering memorandum does not give effect to estimated revenue and cost synergies that may be achieved with respect to the combined companies, or the impact of non-recurring items, including synergies, directly related to the Eden Acquisition.

Accordingly, our pro forma financial information should not be considered indicative of actual results that would have been achieved had the Eden Acquisition been consummated on the date or for the periods indicated and does not purport to indicate consolidated balance sheet data or statement of operations data or other financial data as of any future date or for any future period. See "Unaudited Pro Forma Condensed Combined Financial Information."

Risks Related to this Offering

Your right to receive payments on the notes and the guarantees will be effectively subordinated to our secured debt to the extent of the value of the assets securing that debt.

The notes and the guarantees will be effectively subordinated to claims of existing and future secured creditors to the extent of the value of the assets securing such claims. Assuming we had completed the Eden Acquisition and this offering on April 2, 2016, we estimate that we would have had approximately $493.0 million of secured borrowings outstanding, which includes amounts that will be outstanding under the ABL Facility and the 2021 Notes, but excludes $40.9 million in outstanding letters of credit. The Indenture governing the notes will permit us to incur additional secured indebtedness. In the event of a liquidation, dissolution, reorganization, bankruptcy or any similar proceeding, holders of our secured obligations will have claims that are prior to claims of the holders of the notes or the guarantees with respect to the assets securing those obligations, which are substantially all of our assets. Accordingly, there may not be sufficient funds remaining to pay amounts due on all or any of the notes.

Your right to receive payments on the notes could be adversely affected if any of our non-guarantor subsidiaries declares bankruptcy, liquidates or reorganizes.

Some, but not all, of our subsidiaries will guarantee the notes. At the closing of the Eden Acquisition, Eden Holdings and its subsidiaries will not guarantee the notes offered hereby. In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their debt and their trade creditors will generally be entitled to payment of their claims from assets of those subsidiaries before any assets are made available for distribution to us. Assuming we had completed the Eden Acquisition and this offering on April 2, 2016, after giving effect to the guarantee of the notes by our subsidiary guarantors, the notes would have been structurally subordinated to approximately $808.7 million of debt and other liabilities (including trade payables) of these non-guarantor subsidiaries. Assuming that the Eden Acquisition had been completed on January 4, 2015, the non-guarantor subsidiaries generated approximately 15.8% and 15.3% of our consolidated revenues for the year ended January 2, 2016 and three months ended April 2, 2016, respectively, and held approximately 21.1% of our consolidated assets as of April 2, 2016.

Certain of our subsidiaries will be classified as unrestricted subsidiaries and will not be subject to any of the covenants in the Indenture governing the notes, and we may not be able to rely on the cash flow or assets of those unrestricted subsidiaries to pay our indebtedness.

Unrestricted subsidiaries will not be subject to the covenants under the Indenture governing the notes. Unrestricted subsidiaries may enter into financing arrangements that limit their ability to make loans or other payments to fund payments in respect of the notes. Accordingly, we may not be able to rely on the cash flow or assets of unrestricted subsidiaries to pay any of our indebtedness, including the notes. Assuming that the Eden Acquisition had been completed on January 4, 2015, the unrestricted subsidiaries had assets of approximately $14.6 million as of April 2, 2016, and revenues of approximately $105.9 million for the year ended January 2, 2016 and $23.5 million for the three months ended April 2, 2016.

The trading prices for the notes will be directly affected by many factors, including our credit rating.

Credit rating agencies continually revise their ratings for companies they follow, including us. Any ratings downgrade could adversely affect the trading price of the notes, or the trading market for the notes, to the extent a trading market for the notes develops. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future and any fluctuation may impact the trading price of the notes.

We may not have the ability to raise the funds necessary to finance a change of control offer if required by the Indenture for the notes or the terms of our other indebtedness.

Upon the occurrence of certain change of control events, we will be required to offer to purchase all outstanding notes and other outstanding debt. A change of control event under the Indenture governing the notes could also constitute a change of control under the ABL Facility, which could result in the acceleration of the indebtedness outstanding thereunder. Any of our future debt agreements may contain similar restrictions and provisions. If a change of control were to occur, we cannot assure you that we would have sufficient funds to pay the purchase price for all the notes tendered by the holders or such other indebtedness and under the Indenture governing the notes we may not be permitted to repurchase such other indebtedness, which could result in an event of default under such indebtedness. Moreover, under the Indenture governing the notes, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "change of control" and thus would not give rise to any repurchase rights.

Thus, there can be no assurance that in the event of a change of control we will have sufficient funds to satisfy our obligations with respect to any or all of the tendered notes. See "Description of Notes—Change of Control."

Certain laws may allow courts, under specific circumstances, to avoid guarantees and require note holders to return payments received from guarantors.

Under certain bankruptcy and fraudulent transfer laws, a court could avoid a guarantee or subordinate a guarantee to all of our other debts or all other debts of a guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee, received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness and:

- the guarantor was insolvent or rendered insolvent by reason of such incurrence;
- the guarantor was engaged in a business or transaction for which our or the guarantor's remaining assets constituted unreasonably small capital; or
- the guarantor intended to incur, or believed that it would incur, debts beyond our or its ability to pay such debts as they mature.

The Indenture governing the notes will limit the liability of each guarantor on its guarantee to the maximum amount that such guarantor could incur without risk that its guarantee would be subject to avoidance as a fraudulent transfer. However, this limitation may not protect such guarantees from fraudulent transfer challenges or, if it does, that the remaining amount due and collectible under the guarantees would suffice, if necessary, to pay the notes in full when due.

A legal challenge to the obligations under any guarantee on fraudulent conveyance grounds could focus on any benefits received in exchange for the incurrence of those obligations. We believe that each of our subsidiaries making a guarantee received reasonably equivalent value for incurring the guarantee, but a court may disagree with our conclusion or elect to apply a different standard in making its determination. A court could thus void the obligations under a guarantee, subordinate it to a guarantor's other debt or take other action detrimental to the holders of the notes. The measures of insolvency for purposes of the fraudulent transfer laws vary depending on the law applied in the proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, is greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets is less than the amount that would be required to pay its probable liabilities on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it cannot pay its debts as they become due.

In the event that we become insolvent, insolvency proceedings will be governed by Canadian law and the laws of other jurisdictions.

We are incorporated in, and subject to, the laws of Canada. Canadian corporate insolvency laws, which are principally contained in the Companies' Creditors Arrangement Act (the "CCAA") and the Bankruptcy and Insolvency Act (the "BIA") and that are different from the corporate insolvency or bankruptcy laws of the United States and Europe. In particular, proceedings under the CCAA, which provides for the potential re-organization of an insolvent company, differ significantly from Chapter 11 under the U.S. Bankruptcy Code. If we become insolvent, the treatment and ranking of the holders of the notes, other creditors and shareholders under Canadian law may be different than the treatment and ranking under the bankruptcy laws of the United States and Europe.

Enforcing your rights as a holder of the notes or under the guarantees or the security interests across multiple jurisdictions may prove difficult.

Most of the guarantors of the notes are incorporated under the laws of one of the State of Delaware (United States), the State of Georgia (United States), Canada, the United Kingdom, the Netherlands and the Grand Duchy of Luxembourg. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in any of these jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the notes and the guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex, multiple bankruptcy, insolvency or similar proceedings.

In addition, the bankruptcy, insolvency, administrative and other laws of the Issuer and the guarantors' jurisdictions of organization may be materially different from, or in conflict with, each other and those of the United States, including in the areas of rights of creditors, priority of governmental and other creditors, the ability to obtain post-petition interest and the duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, adversely affect your ability to enforce your rights under the notes and the guarantees in these jurisdictions or limit any amounts that you may receive.

The financial statements of Eden presented in this offering memorandum do not satisfy our obligations under the Exchange Act and the financials of Eden Holdings that we will file with the SEC may materially differ from those presented herein.

As a reporting issuer under the Exchange Act, we will be required to file audited and interim consolidated financial statements of Eden Holdings and pro forma financial information based on those Eden Holdings financial statements. We believe that the only material differences between Eden Holdings and Eden financial statements relate to additional cash and cash equivalents held in Eden Holdings and intercompany transactions that are either substantially eliminated upon consolidation or that will be settled concurrent with the closing of the transaction. In addition, the Eden financial statements have not been prepared in accordance with Regulation S-X under the Exchange Act and have not been audited in accordance with U.S. GAAS. The Eden Holdings financials statements that we file will need to comply with Regulation S-X under the Exchange Act and will need to be audited using U.S. GAAS. We cannot assure you that the Eden Holdings financial statements and pro forma financial information based thereon that we will file with the SEC after the closing of the Eden Acquisition will not materially differ from the comparable statements and information included in this offering memorandum.

You may only transfer the notes in a transaction registered under, or exempt from the registration requirements of, the Securities Act. The Indenture will not be qualified under the Trust Indenture Act and we will not be required to comply with the provisions of the Trust Indenture Act.

The notes have not been registered under the Securities Act or any state securities laws and, unless so registered, may not be re-offered or re-sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. See "Notice to Investors." The Indenture will not be qualified under the Trust Indenture Act and we will not be required to comply with the provisions of the Trust Indenture Act. Therefore, holders of the notes will not be entitled to the benefit of the provisions and protections of the Trust Indenture Act or similar provisions in the Indenture.

The notes may be issued with OID for United States federal income tax purposes.

If the stated principal amount of the notes exceeds their issue price by an amount greater than or equal to a statutorily defined de minimis amount, then the notes will be considered to be issued with OID for United States federal income tax purposes. If the notes are issued with OID, then, in addition to the stated interest on a note, a United States Holder (as defined in "Certain United States Federal Income Tax Considerations") generally will be required to include the OID on such note in gross income (as ordinary income) as it accrues on a constant yield basis for United States federal income tax purposes, in advance of the receipt of the cash payments to which such OID is attributable and regardless of the holder's regular method of accounting for U.S. federal income tax purposes. In addition, a United States Holder whose "functional currency" is not the euro may recognize foreign currency exchange gain or loss upon the receipt of a payment attributable to OID previously accrued by such holder in respect of a note. See "Certain United States Federal Income Tax Considerations."

There is no public market for the notes and we do not know if a market will ever develop or, if a market does develop, whether it will be sustained.

The notes are a new issue of securities and there is no existing trading market for the notes. Although the initial purchasers have informed us that they intend to make a market in the notes, they have no obligation to do so and may discontinue making a market at any time without notice. Accordingly, we cannot assure you that a liquid market will develop or continue for the notes and that you will be able to sell your notes at a particular time or at the price that you desire. An application will be made to list the notes on the Official List of the Irish Stock Exchange and to admit the notes to trading on the Global Exchange Market thereof. There are no assurances that our application to list the notes on the Official List of the Irish Stock Exchange will be approved or that the notes will be admitted to trading on the Global Exchange Market. Although no assurance is made as to the liquidity of the notes as a result of the admission to trading on the Global Exchange Market, failure to be approved for listing on or the delisting of the notes from the Official List of the Irish Stock Exchange or another listing exchange in accordance with the Indenture may have a material effect on a holder's ability to resell the notes in the secondary market. The liquidity of any market for the notes will depend on a number of factors, including:

- the number of holders of the notes;
- our operating performance and financial condition;

- the market for similar securities;
- the interest of securities dealers in making a market in the notes; and
- prevailing interest rates.

The trading price of the notes may be volatile.

Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. We cannot assure you that any such disruptions may not adversely affect the price at which you may sell your notes. The notes may trade at a discount from the initial offering price of the notes, depending upon prevailing interest rates, the market for similar notes, our performance and other factors.

If the Eden Acquisition is not consummated on or prior to the Escrow End Date, the Eden Acquisition is terminated at any time prior thereto, or other conditions to the release of the escrowed proceeds of this offering are not satisfied, the notes will be subject to a special mandatory redemption, and as a result, you may not obtain the return you expect on the notes.

Upon consummation of the offering of the notes, unless the closing of the Eden Acquisition has occurred at or prior to such time, the Escrow Issuer will deposit the gross proceeds from this offering of the notes plus an amount sufficient to fund a special mandatory redemption of the notes, including accrued interest on the notes, and make additional deposits thereafter in amounts equal to any additional accrued and unpaid interest, into an escrow account until the release of the Escrowed Funds upon satisfaction of certain conditions or until a special mandatory redemption. Such amounts will remain in escrow until either (i) the Eden Acquisition is consummated and certain other conditions are met or (ii) the Escrowed Funds are released in connection with a special mandatory redemption of the notes. If the Eden Acquisition is not consummated on or prior to , 2016, subject to monthly extensions to October 31, 2016, as described herein, if we notify the Trustee and the Escrow Agent that the Share Purchase Agreement has been terminated in accordance with its terms or upon the occurrence of certain other events, the notes will be subject to a special mandatory redemption. The special mandatory redemption price will be equal to 100% of the initial issue price of the notes, plus accrued and unpaid interest from the issue date of the notes, up to, but not including, the date of such special mandatory redemption. Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns. In addition, if you purchase the notes at a price greater than the price at which the notes are redeemed, you may suffer a loss on your investment. Although the Trustee, for the benefit of the holders of the notes, will be granted a first-priority lien on the funds in escrow, the ability of holders of the Notes to realize such funds may be subject to certain bankruptcy and insolvency law limitations in the event of the bankruptcy or insolvency of the Escrow Issuer. See “Description of Notes—Escrow of Proceeds; Escrow Conditions” and “Description of Notes—Special Mandatory Redemption.”

In addition, the Escrow Agreement requires monthly extensions accompanied by interest expected to accrue on the notes for the term of such extension. There can be no assurance that the Escrow Issuer will continue to extend the term of the Escrow Agreement or that they will have sufficient funds to deposit the required interest payments.

Until the consummation of the Eden Acquisition, the Escrow Issuer will have limited assets and Cott Corporation and its subsidiaries will not be subject to the covenants in the Indenture.

Holders of the notes will not have any recourse to Cott Corporation prior to the consummation of the Eden Acquisition. Until the completion of the Eden Acquisition, the notes will be the obligation of the Escrow Issuer only. The Escrow Issuer will have limited assets until such time (except for its interest in the escrow account), and as a result, the sole recourse of the holders prior to the consummation of the Eden Acquisition will be to the funds in the escrow account. Prior to the Escrow Release Date, Cott Corporation and its restricted subsidiaries will not be subject to any of the covenants set forth in the Indenture.

If a bankruptcy or insolvency proceeding is commenced, bankruptcy or insolvency laws may prevent the release of the Escrowed Funds.

If we or any of our subsidiaries commences a bankruptcy or insolvency proceeding, or one is commenced against us or any of our subsidiaries, while amounts remain in the escrow account described under "Description of Notes—Escrow of Proceeds; Escrow Conditions," applicable bankruptcy or insolvency laws may prevent the Escrow Agent from releasing the Escrowed Funds or applying those funds to effect a special mandatory redemption of the notes or otherwise applying those funds for the benefit of the holders of the notes. The court adjudicating that case might find that such escrow account is the property of the bankrupt or insolvent estate. Although the amounts in the escrow account will be pledged as collateral for payment, if required, of the special mandatory redemption price, the automatic stay provisions of the federal bankruptcy and insolvency laws generally prohibit secured creditors from foreclosing or realizing upon or disposing of a debtors' property without court approval. As a result, holders of the notes may not be able to have the Escrow Funds applied at the time or in the manner contemplated by the Indenture and could suffer a loss as a result.

Between the time of the issuance of the notes and the consummation of the Eden Acquisition, the parties to the Share Purchase Agreement may agree to modify or waive the terms or conditions of such document without consent of the holders of notes.

Prior to the consummation of the Eden Acquisition, the parties to the Share Purchase Agreement may agree to amendments or waivers of the terms thereof. Although the Escrow Agreement provides as a condition to the release of the Escrowed Funds that the terms of the Share Purchase Agreement shall not have been amended in a manner materially adverse to the holders of notes (subject to certain exceptions), that requirement will not preclude the transaction parties from making certain changes to the terms of the transactions or from waiving conditions to the transactions, including a change in the purchase price or to the structure of the Eden Acquisition. The Escrow Agreement will provide that a reduction in the purchase price is not material and adverse to the interest of the holder.

You may face currency exchange risks or adverse tax consequences by investing in notes denominated in currencies other than your reference currency.

The notes will be denominated and payable in euros. An investment in notes denominated in currencies other than your reference currency will entail currency exchange related risks due to, among other factors, possible significant changes in the value of the euro to pounds sterling, U.S. dollars or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the euro against pound sterling, U.S. dollar or other relevant currencies could cause a decrease in the effective yield of the euro below their stated coupon rates and could result in a loss to you when the return on the notes is translated into the currency by reference to which you measure the return on your investments. There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the notes.

Certain considerations relating to book-entry interests.

The notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the Global Notes (as such term is defined in "Book-entry; Delivery and Form") will trade in book-entry form only. Unless and until the notes in definitive registered form are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of the notes. The common depositary (or its nominee) for the accounts of Euroclear and Clearstream will be the registered holder of the Global Notes. Payments in respect of the Global Notes representing the notes (including principal, premium, interest and additional amounts, if any) will be made to the Paying Agent. The Paying Agent will then make such payments to the common depositary (or its nominee) for Euroclear and Clearstream. The common depositary (or its nominee) will in turn distribute such payments to participants in accordance with its procedures. After payment to the common depositary (or its nominee), we, the Trustee and the Paying Agent will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear or Clearstream, as applicable, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of notes under the Indenture. See “Book-Entry; Delivery and Form.”

Unlike the holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream or, if applicable, a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any request actions on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until notes in definitive registered form are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear or Clearstream. We, the Trustee and the Paying Agent cannot assure you that the procedures to be implemented through Euroclear or Clearstream will be adequate to ensure the timely exercise of rights under the notes. See “Book-Entry; Delivery and Form.”

USE OF PROCEEDS

The gross proceeds of this offering will be deposited in an escrow account upon the closing of this offering as described in "Description of Notes—Escrow of Proceeds; Special Mandatory Redemption." Upon the release of the Escrowed Funds, we intend to use the net proceeds from this offering, together with new borrowings under our ABL Facility and cash on hand, to finance the Transactions.

The estimated sources and uses of funds for the transactions, assuming these transactions had closed on April 2, 2016, are shown in the table below. Actual amounts will vary from estimated amounts depending on several factors, including changes in our debt balances and net working capital from April 2, 2016 to the closing of these transactions and final fees and expenses.

(In millions of U.S. dollars) Sources		Uses	
Senior notes offered hereby(1)	$512.4	Consideration for the Eden Acquisition(1) (3)	$162.4
New drawings under our ABL Facility(2)	71.0	Repayment of Eden debt(1) (4)	406.8
Cash on hand	23.1	Estimated fees and expenses(5)	37.3
Total sources of funds	$606.5	Total uses of funds	$606.5

(1) This amount in millions of U.S. Dollars has been converted from Euro at a conversion rate of 1.1386, which approximates the exchange rate at April 2, 2016.

(2) We intend to draw approximately an additional $71.0 million under our ABL Facility to finance a portion of the purchase price payable with respect to the Eden Acquisition and the repayment of certain of Eden's and its subsidiaries' outstanding debt. See "Summary—Recent Developments—ABL Facility Amendment" and "Description of Other Indebtedness—ABL Facility."

(3) Includes cash consideration of $95.8 million paid with respect to the Eden Acquisition, to be paid to the shareholders of Eden. Excludes consideration as repayment of certain of Eden's and its subsidiaries' outstanding debt. See "Summary—Recent Developments—The Eden Acquisition."

(4) In connection with the Eden Acquisition, we will repay certain outstanding indebtedness of Eden and its subsidiaries, including €175.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2019, €125.1 million aggregate principal amount of 8.00% Senior Secured Notes due 2019 and €50.0 million under a revolving credit facility, plus in each case any accrued and unpaid interest and premium, if any. Any initial purchaser or its affiliates which holds positions in the outstanding indebtedness of Eden and its subsidiaries may receive a portion of the proceeds of this offering. See "Plan of Distribution."

(5) Reflects our estimate of fees and expenses associated with the consummation of the Transactions, including financing fees, advisory fees and other transaction costs.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of April 2, 2016:

- on an actual basis; and
- on a pro forma as adjusted basis after giving effect to the Transactions.

The actual sources and uses of the funds will vary from estimated amounts depending on several factors, including (i) the amount of net proceeds that we receive from this offering, (ii) changes in our debt balances and net working capital from April 2, 2016 to the closing of these transactions and (iii) variation in the Euro/U.S. Dollar exchange rate. You should read this table in conjunction with the sections entitled "Use of Proceeds," "Unaudited Pro Forma Condensed Combined Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Form 10-K and Form 10-Q for the quarter ended April 2, 2016 and our consolidated financial statements and related notes included elsewhere in this offering memorandum.

	As of April 2, 2016	
	Actual	Pro Forma As Adjusted
	(In millions of U.S. dollars) (unaudited)	
Cash and cash equivalents(1)	$ 55.1	$ 52.5
Debt:		
ABL Facility(2)	$ 62.8	$ 133.8
GE term loan	5.8	5.8
Capital leases and other long-term debt	2.7	2.7
2021 Notes	350.0	350.0
Total secured debt	421.3	492.3
Notes offered hereby(3)	—	512.4
2020 Notes	625.0	625.0
2022 Notes	525.0	525.0
Total debt(4)	1,571.3	2,154.7
Total equity	778.9	750.0
Total capitalization	$2,350.2	$2,904.7

(1) Pro Forma As Adjusted cash and cash equivalents includes $20.5 million of acquired cash and cash equivalents from Eden. See "Unaudited Pro Forma Condensed Combined Financial Information."

(2) This does not reflect letters of credit outstanding under the ABL Facility, of which $40.9 million were outstanding, but undrawn as of April 2, 2016.

(3) This amount in millions of U.S. Dollars has been converted from Euro at a conversion rate of 1.1386, which approximates the exchange rate at April 2, 2016.

(4) Represents debt principal and does not include unamortized debt issuance costs and premiums on debt.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information of Cott Corporation (the "Company" or "Cott") consists of the unaudited pro forma condensed combined statements of operations for the three months ended April 2, 2016, the twelve months ended April 2, 2016 and the year ended January 2, 2016, and an unaudited pro forma condensed combined balance sheet as of April 2, 2016. The following unaudited pro forma condensed combined financial information represents the pro forma impacts of the Eden Acquisition, which is described in the following paragraph, and financing adjustments associated with financing the acquisition.

The Eden Acquisition

On June 7, 2016, Carbon Acquisition Co B.V., a private company with limited liability incorporated under the laws of the Netherlands and a wholly-owned subsidiary of Cott, as the purchaser, and Cott, as the purchaser's guarantor, entered into a Share Purchase Agreement (the "Share Purchase Agreement") with Hydra Luxembourg Holdings S.à.r.l., a private limited liability company incorporated in Luxembourg, as the seller, to acquire the sole issued and outstanding share in the share capital of Hydra Dutch Holdings 1 B.V. ("Eden Holdings"), the indirect parent company of Eden Springs Europe B.V., a leading provider of water and coffee solutions in Europe (the "Eden Acquisition"). The unaudited pro forma condensed combined financial information is based on the financial information of Hydra Dutch Holdings 2 B.V. ("Eden"), a direct wholly-owned subsidiary of Eden Holdings. We believe that the only material differences between Eden Holdings and Eden relate to additional cash and cash equivalents held in Eden Holdings and intercompany transactions that are either substantially eliminated on consolidation or will be settled concurrent with the closing of this transaction. No separate financial information has been provided in this offering memorandum for Eden Holdings. See "*Risk Factors—The financial statements of Eden presented in this offering memorandum do not satisfy our obligations under the Exchange Act and the financials of Eden Holdings that we will file may materially differ from those presented herein*."

The purchase consideration is approximately €470 million, subject to customary adjustments for cash, debt, working capital and other items, payable at closing in cash of which approximately $407 million will be used to pay the outstanding third-party indebtedness of Eden's subsidiaries.

The Company has received committed financing from Deutsche Bank Securities Inc., J.P. Morgan Securities plc, Wells Fargo Securities, Merrill Lynch International and SunTrust Robinson Humphrey, Inc., or affiliates of the foregoing entities, to support the Eden Acquisition. The Company intends to finance the acquisition through a combination of the proceeds of this offering, incremental borrowings under the Company's asset based lending facility ("ABL Facility") of approximately $71 million and cash on hand.

The Company expects to incur approximately $6.4 million of acquisition costs. This estimate does not include financing fees related to the debt financing and other financing-related costs, which are estimated to be approximately $31 million.

Basis for Pro Forma Information

The unaudited pro forma condensed combined balance sheet data as of April 2, 2016 gives effect to the Eden Acquisition as if it occurred on April 2, 2016. The unaudited pro forma condensed combined statements of operations data for the year ended January 2, 2016, the three months ended April 2, 2016 and the twelve months ended April 2, 2016 assume that the Eden Acquisition was consummated on January 4, 2015.

The unaudited pro forma condensed combined statement of operations data for the twelve months ended April 2, 2016 is derived from the audited and unaudited historical financial statements of Cott and Eden as follows: (i) the audited consolidated statement of operations data for the years ended January 2, 2016 and December 31, 2015, respectively, plus (ii) the unaudited consolidated statement of operations data for the three months ended April 2, 2016 and March 31, 2015, respectively, less (iii) the unaudited consolidated statement of operations data for the three months ended April 4, 2015 and March 31, 2015, respectively, and (iv) adjusted for the appropriate pro forma adjustments for the twelve month period ended April 2, 2016.

Cott's historical financial data for the year ended January 2, 2016 and as of and for the three month period ended April 2, 2016 is derived from Cott's audited financial statements for the year ended January 2, 2016 and its unaudited interim historical consolidated financial statements for the three months ended April 2, 2016, respectively, each of which is included elsewhere herein.

The historical financial data for Eden, and its subsidiaries for the year ended December 31, 2015 and for the three months ended March 31, 2016 is derived from its audited consolidated financial statements for the year ended December 31, 2015 and its unaudited condensed interim consolidated financial statements for the three months ended March 31, 2016, respectively, each of which is included elsewhere herein. All references to January 2, 2016, reflect Eden's historical financial statements for the year end December 31, 2015, and all references to April 2, 2016, reflect Eden's unaudited consolidated financial statements as of and for the three months ended March 31, 2016 and for the twelve months ended March 31, 2016.

We believe that the only material differences between Eden Holdings and Eden relate to additional cash and cash equivalents held in Eden Holdings and intercompany transactions that are either substantially eliminated on consolidation or will be settled concurrent with the closing of this transaction. These assets and liabilities will not have an impact on the estimated purchase consideration or the preliminary purchase price allocation. The historical financial data used to prepare the unaudited pro forma condensed combined statement of operations data for the twelve months ended April 2, 2016 is derived from the audited and unaudited historical financial statements of Cott and Eden as follows: (i) the audited consolidated statement of operations data for the year ended January 2, 2016 and December 31, 2015, respectively, plus (ii) the unaudited consolidated statement of operations data for the three months ended April 2, 2016 and March 31, 2015, respectively; less (iii) the unaudited consolidated statement of operations data for the three months ended April 4, 2015 and March 31, 2015, respectively.

The historical financial information has been adjusted to give effect to matters that are (i) directly attributable to the Eden Acquisition, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statement of operations, expected to have a continuing impact on the operating results of the combined entities.

The unaudited pro forma condensed combined financial information should be read in conjunction with:

- the accompanying notes to the unaudited pro forma condensed combined financial information;
- the audited consolidated financial statements of Cott as of and for the year ended January 2, 2016, included in Cott's Annual Report on Form 10-K filed with the SEC on February 29, 2016 and included herein;
- the unaudited condensed consolidated financial statements of Cott as of and for the three month period ended April 2, 2016, included in Cott's Quarterly Report on Form 10-Q filed with the SEC on May 9, 2016 and included herein;
- the audited consolidated financial statements of Eden as of and for the year ended December 31, 2015 included herein;
- the unaudited condensed consolidated financial statements of Eden as of and for the three month period ended March 31, 2016 included herein;

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with the business combination accounting guidance as provided in Accounting

Standards Codification 805, *Business Combinations*, with Cott treated as the accounting acquirer. The unaudited pro forma condensed combined financial information will differ from the final acquisition accounting for a number of reasons, including the fact that the estimates of fair values of assets and liabilities acquired are preliminary and subject to change when the formal valuation and other studies are finalized and the unaudited pro forma condensed combined financial information is based on Eden Holdings financial information. Furthermore, accounting for income taxes in accordance with Accounting Standards Codification 740, *Income Taxes*, is preliminary and deferred tax assets and liabilities may change when final fair value adjustments and additional information is considered. Also, the definitive determination of the fair value of assets acquired and liabilities assumed will occur on the date of acquisition, which will also have an impact on the final acquisition accounting, and ultimately on goodwill. The differences that will occur between the preliminary estimates and the final acquisition accounting could have a material impact on the accompanying unaudited pro forma condensed combined financial information.

The unaudited pro forma condensed combined financial information is provided for informational purposes only and is not necessarily indicative of the operating results that would have occurred if the Eden Acquisition had been completed as of the dates set forth above, nor is it indicative of the future results of the combined entities. The unaudited pro forma condensed combined financial information does not purport to project the future operating results or financial position of the combined entities following the Eden Acquisition and the transactions related thereto. The unaudited pro forma condensed combined statements of operations do not reflect any revenue or cost savings from synergies that may be achieved with respect to the combined entities, or the impact of non-recurring items, including synergies, directly related to the Eden Acquisition.

Unaudited Pro Forma Condensed Combined Balance Sheet

(dollars in millions)

	Historical			Pro Forma Adjustments				
	As of April 2, 2016	As of March 31, 2016						As of April 2, 2016
	Cott	Eden	Reclassification Adjustments	Financing Adjustments		Acquisition Adjustments		Pro Forma Combined
ASSETS								
Current Assets		3(a)	3(b)			3(a)		
Cash & cash equivalents	$ 55.1	$ 20.5	$ —	$552.5	3(c)	$(575.6)	3(d)	$ 52.5
Accounts receivable, net of allowance	320.4	75.2	—	—		—		395.6
Income taxes recoverable	0.9	2.9	—	—		—		3.8
Receivable from related parties	—	0.2	—	—		(0.2)	3(f)	—
Inventories	254.7	21.3	—	—		3.3	3(e)	279.3
Prepaid expenses and other current assets	20.9	16.5	13.2	—		—		50.6
Financial asset at fair value through profit or loss	—	13.2	(13.2)	—		—		—
Total current assets	652.0	149.8	—	552.5		(572.5)		781.8
Property, plant and equipment, net	774.6	99.0	—	—		—		873.6
Goodwill	779.8	195.8	—	—		57.7	3(e)	1,033.3
Intangibles and other assets, net	710.9	103.4	3.3	—		133.6	3(e)	951.2
Deferred tax assets	10.3	19.8	—	—		—		30.1
Other non-current assets	—	3.3	(3.3)	—		—		—
Total assets	$2,927.6	$571.1	$ —	$552.5		$(381.2)		$3,670.0
LIABILITIES AND EQUITY								
Current Liabilities								
Short-term borrowings	$ 62.8	$ 4.8	$ —	71.0	3(c)	$ (4.8)	3(f)	$ 133.8
Current maturities of long-term debt	3.4	—	—	—		—		3.4
Accounts payable and accrued liabilities	420.7	—	137.0	—		—		557.7
Trade accounts payable	—	44.1	(44.1)	—		—		—
Current tax liability	—	5.1	(5.1)	—		—		—
Other current liabilities	—	48.9	(48.9)	—		—		—
Customer deposits and prepaid income	—	37.3	(37.3)	—		—		—
Provisions	—	1.6	(1.6)	—		—		—
Payable to parent company	—	0.1	—	—		(0.1)	3(f)	—
Total current liabilities	486.9	141.9	—	71.0		(4.9)		694.9
Long-term debt	1,524.1	388.9	—	504.2	3(c)	(388.9)	3(f)	2,028.3
Deferred tax liabilities	65.9	24.2	—	—		27.7	3(e)	117.8
Other long-term liabilities	71.8	0.1	13.5	—		(6.4)	3(f)	79.0
Provisions	—	1.1	(1.1)	—		—		—
Liability for employee rights	—	6.0	(6.0)	—		—		—
Borrowings from shareholder and related parties	—	66.7	—	—		(66.7)	3(f)	—
Derivative financial instruments	—	6.4	(6.4)	—		—		—
Total liabilities	2,148.7	635.3	—	575.2		(439.2)		2,920.0
Equity								
Common shares	682.2	—	—	—		—		682.2
Additional paid-in capital	50.8	15.3	—	—		(15.3)	3(g)	50.8
Retained earnings (accumulated deficit)	119.0	(89.9)	—	(22.7)	3(c)	89.9	3(g)	89.9
						(6.4)	3(h)	
Accumulated other comprehensive income (loss)	(78.8)	10.2	—	—		(10.2)	3(g)	(78.8)
Total Cott Corporation equity	773.2	(64.4)		(22.7)		58.0		744.1
Non-controlling interests	5.7	0.2	—	—		—		5.9
Total equity	778.9	(64.2)	—	(22.7)		58.0		750.0
Total liabilities and equity	$2,927.6	$571.1	$ —	$552.5		(381.2)		$3,670.0

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended January 2, 2016

(*dollars in millions, except for per share data*)

	Historical			Pro Forma Adjustments					
	For the Year Ended January 2, 2016	For the Year Ended December 31, 2015						For the Year Ended January 2, 2016	
	Cott	Eden	Reclassification Adjustments	Financing Adjustments		Acquisition Adjustments		Pro Forma Combined	
		4(a)	4(b)			4(a)			
Revenue, net	$ 2,944.0	$395.1	$ —	$ —		$ —		$ 3,339.1	
Cost of sales	2,048.5	131.4	—	—		3.3	4(e)	2,183.2	
Gross profit	895.5	263.7	—	—		(3.3)		1,155.9	
Selling, general and administrative expenses	768.6	—	243.0	—		(12.4)	4(f)	1,022.5	
						23.3	4(f)		
Service expenses	—	150.3	(150.3)	—		—		—	
Sales & marketing expenses	—	39.9	(39.9)	—		—		—	
General and administration expenses	—	29.4	(29.4)	—		—		—	
Amortization of customer portfolio and trademarks	—	12.4	(12.4)	—		—		—	
Other operating income/(expenses) - net	—	24.4	(24.4)	—		—		—	
Loss on disposal of property, plant and equipment	6.9	—	(0.2)	—		—		6.7	
Acquisition and integration expenses	20.6	—	13.6	—		—		34.2	
Operating income	99.4	7.3	—	—		(14.2)		92.5	
Other (income) expense, net	(9.5)	—	2.3	—		—		(7.2)	
Interest expense, net	111.0	—	38.6	(38.6)	4(c)	—		140.1	
				29.1	4(c)				
Financial income	—	3.9	(3.9)	—		—		—	
Financial expenses	—	(44.8)	44.8	—		—		—	
Income (loss) before income taxes	(2.1)	(33.6)	—	9.5		(14.2)		(40.4)	
Income tax (benefit) expense	(22.7)	0.1	—	(7.5)	4(d)	(2.8)	4(g)	(32.9)	
Net income (loss)	$ 20.6	$ (33.7)	$ —	$ 17.0		$(11.4)		$ (7.5)	
Less: Net income attributable to non-controlling interest	6.1	0.1	—	—		—		6.2	
Less: Accumulated dividends on convertible preferred shares	4.5	—	—	—		—		4.5	
Less: Accumulated dividends on non-convertible preferred shares	1.4	—	—	—		—		1.4	
Less: Foreign exchange impact on redemption of preferred shares	12.0	—	—	—		—		12.0	
Net (loss) income attributed to Cott Corporation	$ (3.4)	$ (33.8)	$ —	$ 17.0		$(11.4)		$ (31.6)	
Net loss per common share									
Basic	$ (0.03)							$ (0.31)	4(h)
Diluted	$ (0.03)							$ (0.31)	4(h)
Weighted average outstanding shares (in thousands)									
Basic	103,037							103,037	4(h)
Diluted	103,037							103,037	4(h)

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Three Months Ended April 2, 2016
(dollars in millions, except per share data)

	Historical			Pro Forma Adjustments					
	Three Months Ended April 2, 2016	Three Months Ended March 31, 2016						Three Months Ended April 2, 2016	
	Cott	Eden	Reclassification Adjustments	Financing Adjustments		Acquisition Adjustments		Pro Forma Combined	
		4(a)	4(b)			4(a)			
Revenue, net	$ 698.4	$ 92.1	$ —	$—		$—		$ 790.5	
Cost of sales	484.4	30.2	—	—		—		514.6	
Gross profit	214.0	61.9	—	—		—		275.9	
Selling, general and administrative expenses	197.0	—	56.4	—		(3.1)	4(f)	255.3	
						5.0	4(f)		
Service expenses	—	35.3	(35.3)	—		—		—	
Sales & marketing expenses	—	9.4	(9.4)	—		—		—	
General and administration expenses	—	7.1	(7.1)	—		—		—	
Amortization of customer portfolio and trademarks	—	3.1	(3.1)	—		—		—	
Other operating income/ (expenses) - net	—	3.9	(3.9)	—		—		—	
Loss on disposal of property, plant and equipment	0.9	—	0.2	—		—		1.1	
Acquisition and integration expenses	1.4	—	2.2	—		—		3.6	
Operating income	14.7	3.1	—	—		(1.9)		15.9	
Other (income) expense, net	(2.2)	—	2.4	—		—		0.2	
Interest expense, net	27.8	—	8.3	(8.3)	4(c)	—		35.1	
				7.3	4(c)				
Financial income	—	1.0	(1.0)	—		—		—	
Financial expenses	—	(11.7)	11.7	—		—		—	
Income (loss) before income taxes	(10.9)	(7.6)	—	1.0		(1.9)		(19.4)	
Income tax (benefit) expense	(9.0)	0.6	—	(1.9)	4(d)	(0.4)	4(g)	(10.7)	
Net (loss) income	$ (1.9)	$ (8.2)	$ —	$ 2.9		$(1.5)		$ (8.7)	
Less: Net income attributable to non-controlling interest	1.4	—	—	—		—		1.4	
Net (loss) income attributed to Cott Corporation	$ (3.3)	$ (8.2)	$ —	$ 2.9		$(1.5)		$ (10.1)	
Net loss per common share									
Basic	$ (0.03)							$ (0.09)	4(h)
Diluted	$ (0.03)							$ (0.09)	4(h)
Weighted average outstanding shares (in thousands)									
Basic	113,267							113,267	4(h)
Diluted	113,267							113,267	4(h)

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

Unaudited Pro Forma Condensed Combined Statement of Operations
For the Twelve Months Ended April 2, 2016

(dollars in millions)

	Historical							
	For the Twelve Months Ended April 2, 2016	For the Twelve Months Ended March 31, 2016		Pro Forma Adjustments				For the Twelve Months Ended April 2, 2016
	Cott	Eden	Reclassification Adjustments	Financing Adjustments		Acquisition Adjustments		Pro Forma Combined
Revenue, net	$2,932.6	$394.4	$ —	$ —		$ —		$3,327.0
Cost of sales	2,024.4	129.8	—	—		—		2,154.2
Gross profit	908.2	264.6	—	—		—		1,172.8
Selling, general and administrative expenses	777.1	—	240.7	—		(12.6)	4(e)	1,027.6
						22.4	4(e)	
Service expenses	—	149.3	(149.3)	—		—		—
Sales & marketing expenses	—	39.7	(39.7)	—		—		—
General and administration expenses	—	29.3	(29.3)	—		—		—
Amortization of customer portfolio and trademarks	—	12.6	(12.6)	—		—		—
Other operating income/(expenses) - net	—	23.0	(23.0)	—		—		—
Loss on disposal of property, plant and equipment	6.4	—	—	—		—		6.4
Acquisition and integration expenses	17.3	—	13.2	—		—		30.5
Operating income	107.4	10.7	—	—		(9.8)		108.3
Other (income) expense, net	(1.3)	—	4.9	—		—		3.6
Interest expense, net	111.1	—	37.2	(37.2)	4(b)	—		140.2
				29.1	4(b)			
Financial income	—	2.6	(2.6)			—		—
Financial expenses	—	(44.7)	44.7			—		—
Income (loss) before income taxes	(2.4)	(31.4)	—	8.1		(9.8)		(35.5)
Income tax (benefit) expense	(22.3)	0.1	—	(7.5)	4(c)	(1.2)	4(f)	(30.9)
Net income (loss)	$ 19.9	$ (31.5)	$ —	$ 15.6		$ (8.6)		$ (4.6)
Less: Net income attributable to non-controlling interest	6.2	0.1	—	—		—		6.3
Less: Accumulated dividends on convertible preferred shares	1.8	—	—	—		—		1.8
Less: Accumulated dividends on non-convertible preferred shares	0.6	—	—	—		—		0.6
Less: Foreign exchange impact on redemption of preferred shares	12.0	—	—	—		—		12.0
Net (loss) income attributed to Cott Corporation	$ (0.7)	$ (31.6)	$ —	$ 15.6		$ (8.6)		$ (25.3)

The accompanying notes are an integral part of, and should be read together with, this unaudited pro forma condensed combined financial information.

1. Basis of Presentation

The unaudited pro forma condensed combined financial information presented above gives effect to the Eden Acquisition. The historical financial information of Cott is presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The historical financial information of Eden is presented in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. Cott assessed the need to make certain adjustments to Eden's historical financial statements prepared under IFRS to conform to Cott's accounting framework and accounting policies under U.S. GAAP and noted no significant adjustments were needed in the preparation of this unaudited pro forma condensed combined financial information. Certain historical financial information of Eden has been reclassified to conform to the presentation of historical financial information of Cott. However, the pro forma financial statements may not reflect all the adjustments necessary to conform the accounting policies of Eden to those of Cott as the Company is still in the process of conforming the accounting policies of Eden to those of Cott as of the date of this offering.

The unaudited pro forma condensed combined balance sheet at April 2, 2016 was prepared using the historical unaudited consolidated balance sheets of Cott and Eden as of April 2, 2016 and March 31, 2016, respectively. Cott's historical financial information for the year ended January 2, 2016 and as of and for the three month period ended April 2, 2016 is derived from the Company's Form 10-K and 10-Q filed with the SEC on February 29, 2016 and May 9, 2016, respectively. The historical financial information for Eden for the year ended December 31, 2015 is derived from its audited consolidated financial statements for the year ended December 31, 2015 and for the three month period ended March 31, 2016 from its unaudited condensed consolidated financial statements for the three months ended March 31, 2016 included in this offering memorandum

The historical financial information has been adjusted to give effect to matters that are (i) directly attributable to the Eden Acquisition, (ii) factually supportable, and (iii) with respect to the unaudited pro forma condensed combined statements of operations, expected to have a continuing impact on the operating results of the combined entities. The pro forma adjustments are preliminary and based on estimates of the fair value and useful lives of the assets acquired and liabilities assumed and have been prepared to illustrate the estimated effect of the Eden Acquisition and certain other adjustments. The final determination of the purchase price allocation will be based on the fair values of assets acquired and liabilities assumed as of the date the respective acquisitions close, and could result in a significant change to the unaudited pro forma condensed combined financial information, including goodwill.

2. Calculation of Purchase Consideration and Preliminary Purchase Price Allocation of the Eden Acquisition

Estimated Purchase Consideration

The estimated purchase consideration to be transferred on the Eden Acquisition date includes the value of the estimated cash consideration and the repayment of the outstanding indebtedness of Eden and its subsidiaries. The aggregate purchase consideration is subject to customary adjustments for cash, debt, working capital and other items. A preliminary estimate of the purchase consideration is as follows:

(Dollars in millions)	
Cash to seller	$ 95.8
Cash paid on behalf of Eden to retire outstanding indebtedness	406.8
Settlement of intra-group financing receivables and payables	66.6
Estimated purchase consideration	**$569.2**

The working capital adjustment will be determined as the difference between the actual working capital at closing and the target working capital specified in the Share Purchase Agreement. For purposes of the pro forma consolidated balance sheet, no amounts has been included in the purchase consideration as any estimated amount for the working capital adjustment would be offset by a corresponding change in working capital.

Preliminary Purchase Price Allocation

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of Eden are recorded at the acquisition date fair values and added to those of Cott. The pro forma adjustments are based on preliminary estimates of the fair value and useful lives of the assets acquired and liabilities assumed as of the acquisition date and have been prepared to illustrate the estimated effect of the Eden Acquisition. The allocation is dependent upon certain valuation and other studies that have not yet been completed. Accordingly, the pro forma purchase price allocation is subject to further adjustment as additional information becomes available and as additional analyses and final valuations are completed. There can be no assurances that these additional analyses and final valuations will not result in significant changes to the estimates of fair value set forth below.

The following table sets forth a preliminary allocation of the estimated purchase consideration to the identifiable tangible and intangible assets acquired and liabilities assumed of Eden based on Eden's March 31, 2016 balance sheet, with the excess recorded as goodwill:

(Dollars in millions)	
Assets Acquired	
Cash & cash equivalents	$ 20.5
Accounts receivable, net of allowance	75.2
Income taxes recoverable	2.9
Inventories	24.6
Prepaid expenses and other current assets	29.7
Property, plant and equipment, net	99.0
Intangibles and other assets, net	240.3
Deferred tax assets	19.8
Total assets	$512.0
Liabilities Assumed	
Accounts payable and accrued liabilities	137.0
Deferred tax liabilities	51.9
Other long-term liabilities	7.4
Total liabilities	$196.3
Net assets acquired (a)	315.7
Estimated purchase consideration (b)	569.2
Estimated goodwill (b) -(a)	**$253.5**

The Company is still in the process of validating and performing valuations for the assets acquired and liabilities assumed. Preliminary identifiable intangible assets in the pro forma financial statements consist of intangibles derived from customer relationships and trade names. Acquired intangible assets of Eden have both indefinite and definite lives. The amortization related to definite lived intangible assets is reflected as a pro forma adjustment, as further described in Note 4(f). The identifiable intangible assets' estimated fair value and related amortization estimates are preliminary and are based on management's estimates after consideration of similar transactions. As discussed above, the amount that will ultimately be allocated to identifiable intangible assets and liabilities, and the related amount of amortization, may differ materially from this preliminary allocation. In addition, the periods in which the amortization expense is recorded ultimately will be based upon the periods in which the associated economic benefits or detriments are expected to be derived, or where appropriate, based on the use of a straight-line method. Therefore, the amount of amortization following the Eden Acquisition may differ significantly between periods based upon the final value assigned, and amortization methodology used, for each identifiable intangible asset.

The deferred income tax assets have been adjusted to tax effect the difference between the carrying value and fair value of Eden's assets acquired and liabilities assumed by Cott using a blended statutory tax rate of 20.0%. This determination is preliminary and subject to change based upon the final determination of the fair value of the identifiable intangible assets and liabilities in each of the jurisdictions in which Eden operates.

Goodwill represents the excess of the preliminary estimated purchase consideration over the fair value of the net assets acquired. Goodwill is not amortized to earnings, but instead is reviewed for impairment at least annually, absent any indicators of impairment. Goodwill recognized in the Eden Acquisition is not expected to be deductible for tax purposes.

The final determination of the purchase price allocation of the Eden Acquisition will be based on Eden Holdings' net assets acquired as of the Eden Acquisition date. The purchase price allocation may change materially based on the receipt of more detailed information. Therefore, the actual allocations will differ from the pro forma adjustments presented.

3. Notes to Unaudited Pro Forma Condensed Combined Balance Sheet

(a) These amounts in millions of U.S. Dollars have been converted from euro at a conversion rate of 1.1386, which approximates the exchange rate at April 2, 2016.

(b) Certain historical financial information of Eden has been reclassified to conform to the presentation of historical financial information of Cott.

(c) These amounts represent the issuance of Senior Notes due 2024 and additional borrowings on Cott's ABL facility to fund the Eden Acquisition, less related debt financing costs.

(dollars in millions)	
Senior Notes	$512.4
Draw down from existing ABL facility	71.0
Debt financing costs associated with the Senior Note issuance	(8.2)
Eden senior note make whole fees	(11.3)
Bridge financing commitment fees	(5.5)
Other fees	(5.9)
Net cash inflow	**$552.5**
Short-term borrowings	**71.0**
Senior Notes borrowings	512.4
Debt financing costs associated with the Senior Note issuance	(8.2)
Total long-term debt	**504.2**

The costs associated with the Eden senior note make whole fees, bridge financing commitment fees and other fees aggregating to $22.7 million have been determined to be acquisition related and have been charged to retained earnings.

The following additional borrowings to finance the Eden Acquisition have the assumed interest rates, maturity dates and payment terms for each case indicated below.

	Assumed Interest Rate	Maturity	Payments
Senior Notes	5.25%	8 years	Interest paid semi-annually when due and principal on maturity
ABL Facility	LIBOR plus 175 bps	2.5 years	Interest paid monthly when due and principal on maturity

As of April 2, 2016 the interest rate on the ABL facility was 2.19% based on the 1-Month LIBOR rate of 44 basis points plus a LIBOR spread of 175 basis points. The effect of a 1/8% variance in interest rates on the ABL facility and senior notes is described in note 4(c). For purposes of the pro forma statement of operations, an assumed interest rate of 5.25% on the Senior Notes offered hereby was used to calculate interest expense.

(d) Represents the use of the additional borrowings, discussed in 3(c) above, to fund the estimated purchase consideration, as described in Note 2 of $569.2 million, as well as $6.4 million of other acquisition related costs in relation to the Eden Acquisition.

(e) Reflects the acquisition method of accounting based on the estimated fair value of the assets of Eden as discussed in Note 2 above.

(dollars in millions)	
Inventories	$ 3.3
Goodwill - Elimination	(195.8)
Goodwill - Addition	253.5
Intangible assets - Elimination	(103.4)
Intangible assets - Addition	237.0
Deferred tax liabilities - Elimination	(19.4)
Deferred tax liabilities - Addition	47.1

(f) These amounts represent payments on behalf of Eden to retire outstanding indebtedness and elimination of capitalized debt financing fees.

(dollars in millions)	
Payments to retire outstanding indebtedness	
Short-term borrowings	$ 4.8
Long-term debt	402.0
Seller's financing payables, net	66.6
Other long-term liabilities	6.4
Total	**$479.8**
Capitalized debt financing fees included in long-term debt	$ (13.1)

(g) Reflects the elimination of Eden's historical equity accounts.

(h) Represents adjustments to retained earnings for $6.4 million of estimated transaction costs incurred in relation to the Eden Acquisition.

4. Notes to Unaudited Pro Forma Condensed Combined Statements of Operations

(a) These amounts in millions of U.S. Dollars have been converted from Euro at a conversion rate of 1.1103 for the year ended January 2, 2016, which approximates the average exchange rate over the period from January 4, 2015 through January 2, 2016, and 1.10285 for three month period ended April 2, 2016, which approximates the average exchange rate over the period from January 3, 2016 through April 2, 2016.

(b) Certain historical financial information of Eden has been reclassified to conform to the presentation of historical financial information of Cott.

(c) To reverse historical interest expense of Eden and record estimated interest expense and amortization of debt financing fees associated with anticipated borrowings, as described in Note 3(c).

(dollars in millions)	For the Year Ended January 2, 2016	Three Months Ended April 2, 2016	Twelve Months Ended April 2, 2016
Reversal of Eden interest expense and amortization of capitalized debt financing fees	$(38.6)	$(8.3)	$(37.2)
Interest expense on new financing	29.1	7.3	29.1
Pro forma interest expense adjustment	**$ (9.5)**	**$(1.0)**	**$ (8.1)**

A sensitivity analysis on interest expense for the year ended January 2, 2016 and the three and twelve month period ended April 2, 2016 has been performed for the ABL facility and the Senior Notes offered hereby to assess the effect that a change of 12.5 basis points of the hypothetical interest rates would have on the debt financing. The following table shows the change in interest expense for the year ended January 2, 2016 and the three and twelve month period ended April 2, 2016:

(dollars in millions) Interest expense assuming	For the Year Ended January 2, 2016	Three Months Ended April 2, 2016	Twelve Months Ended April 2, 2016
Increase of 0.125%	0.7	0.2	0.7
Decrease of 0.125%	(0.7)	(0.2)	(0.7)

(d) Represents adjustment to income tax expense as a result of the tax impact on the pro forma adjustments related to financing. For Eden, the reversal of interest and related expenses was not tax-effected as these related to tax losses for which no benefit was recognized for the periods presented. Cott's interest expense on new financing related to the Eden acquisition was tax-effected at the statutory tax rate of 25.7%.

(e) Represents adjustment related to the change in the fair value of inventory of $3.3 million that is recognized in cost of sales upon sale of the finished goods inventory for the year ended January 2, 2016.

(f) Represents adjustment to record straight line amortization expense related to identifiable intangible assets, except for customer relationships which is being amortized based upon the periods over which the economic benefits of the asset is expected to be realized.

The net adjustment to SG&A for the amortization of intangible assets is as follows:

(dollars in millions)	For the Year Ended January 2, 2016	Three Months Ended April 2, 2016	Twelve Months Ended April 2, 2016
Reversal of Eden historical intangible asset amortization	$(12.4)	$(3.1)	$(12.6)
Amortization of acquired identifiable intangible assets	23.3	5.0	22.4
Pro forma intangible asset amortization expense adjustment	**$ 10.9**	**$ 1.9**	**$ 9.8**

The table below indicates the estimated fair value of each of the intangibles identified and the approximate useful life of each.

(dollars in millions) Intangible Asset	Estimated Fair Value	Estimated Useful Life
Customer relationships	$161.0	15 years
Trademarks and trade names	71.3	Indefinite
Software	4.7	4 years
Total	**$237.0**	

For purposes of valuing the intangible assets, the income approach was primarily used. Specifically, the relief from royalty method was used to value the trademarks and trade names, and the multi-period excess earnings method was used to value the customer relationships.

The estimated effect of amortization of the customer relationships on the operating results for the five years following the acquisition is expected to be as follows:

(dollars in millions)	Year 1	Year 2	Year 3	Year 4	Year 5
Amortization of customer relationships	$23.3	20.1	16.8	14.5	12.3

(g) Represents adjustment to income tax expense as a result of the tax impact on the pro forma adjustments related to purchase price allocation adjustments based on an estimated statutory tax rate of approximately 20.0% for the year ended January 2, 2016 and the three and twelve month period ended April 2, 2016.

(h) Represents pro forma basic and diluted loss per share ("EPS"). To calculate diluted EPS, any impact of the potential dilutive instruments (i.e. stock options, performance-based restricted share units ("RSU"), timed based RSUs and the Convertible Preferred Shares) would be antidilutive as these would decrease the loss per share. As such, the basic and diluted EPS are the same for the pro forma periods presented.

Pro Forma Basic and Diluted Loss Per Common Share	For the Year Ended January 2, 2016	Three Months Ended April 2, 2016
Pro forma net loss attributable to Cott (dollars in millions)	$ (31.6)	$ (10.1)
Weighted average outstanding shares (basic and diluted, in thousands)	103,037	113,267
Basic and diluted loss per share	$ (0.31)	$ (0.09)

BUSINESS OF COTT CORPORATION

For the purposes of this section "Business of Cott Corporation," the words "we," "us," "our," "Cott," "Company" and words of similar import refer to Cott Corporation and its subsidiaries on a consolidated basis.

Our Company

With the acquisition of DSS in December 2014, we combined a leading provider in the direct-to-consumer beverage services industry with our traditional business, one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. We now have the largest volume-based national presence in the North American HOD industry for bottled water and one of the five largest national market share positions in the U.S. OCS and filtration services industries. We reach over 1.5 million customers (approximately 60% commercial and 40% residential) through over 2,000 routes located across our national network supported by national sales and distribution facilities, as well as a fleet of over 2,000 vehicles. Our broad portfolio allows us to offer, on a direct-to-consumer basis, a variety of bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment. With the ability to cover approximately 90% of U.S. households, in terms of geography, we believe we have the broadest distribution network in the direct-to-consumer beverage services industry in the United States, which enables us to efficiently service residences and small and medium size businesses, as well as national corporations, universities and government agencies. Cott Corporation is publicly-listed on both the New York Stock Exchange under the ticker "COT" as well as the Toronto Stock Exchange under the ticker "BCB." As of June 10, 2016, our market capitalization totaled $1.97 billion.

Our Operations

Our business operates through four reporting segments: DSS, Cott North America, Cott U.K. and All Other (which includes our Mexico operating segment, RCI operating segment and other miscellaneous expenses). We refer to our Cott North America, Cott U.K. and All Other reporting segments together as our "traditional business."

DSS

Our DSS reporting segment provides direct-to-consumer bottled water, coffee and water filtration services to customers in North America. DSS products include bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment. For the twelve month period ended April 2, 2016, DSS' net revenue was $1,038.1 million and represented 35.4% of our total net revenue.

Traditional Business

Our traditional business consists of our Cott North America, Cott U.K. and All Other reporting segments. Our traditional business produces, either directly or through third-party manufacturers with whom we have co-packing arrangements, CSDs, 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks and shots, sports drinks, new age beverages, ready-to-drink teas, liquid enhancers, freezables, ready-to-drink alcoholic beverages, hot chocolate, coffee, malt drinks, creamers/whiteners, cereals and beverage concentrates. Cott North America's net revenue from external customers was $1,290.9 million and represented 44.0% of our total net revenue for the twelve month period ended April 2, 2016. Cott U.K.'s net revenue was $545.4 million and represented 18.6% of our total revenue for the twelve month period ended April 2, 2016. All Other's net revenue was $58.2 million and represented 2.0% of our total net revenue for the twelve month period ended April 2, 2016. Collectively, our traditional business' net revenue was $1,894.5 million and represented 64.6% of our total net revenue for the twelve month period ended April 2, 2016.

Aquaterra Acquisition

On January 4, 2016, Cott acquired Aquaterra, Canada's oldest and largest direct-to-consumer home and office water delivery business delivering water and coffee to homes and offices. The aggregate purchase price paid by the Company in the Aquaterra Acquisition was approximately C$62 million (approximately U.S. $44.5 million). We have integrated Aquaterra into our DSS reporting segment.

The Eden Acquisition

On June 7, 2016, Carbon Acquisition Co B.V., a private company with limited liability incorporated under the laws of the Netherlands and a wholly-owned subsidiary of Cott Corporation, as the purchaser, entered into the Share Purchase Agreement with Hydra Luxembourg Holdings S.à.r.l., a private limited liability company incorporated in Luxembourg, the seller, and Cott Corporation, the purchaser's guarantor, to acquire the sole issued and outstanding share in the share capital of Eden Holdings, the indirect parent company of Eden Springs Europe B.V., a leading provider of water and coffee solutions in Europe, for a purchase price of approximately €470 million, subject to customary adjustments for cash, debt, working capital and other items. Consistent with Cott's acquisition and diversification strategy, the Eden Acquisition will allow us to further improve product and channel mix while reducing exposure to large format retailers, create a strong international HOD platform with further tuck-in and expansion opportunities, provide us with meaningful scale across Europe with access to attractive end-markets with a positive growth outlook, and expand our direct to consumer business (by combining DSS, Aquaterra and Eden we will have over 2 million direct to customer delivery points across North America, Europe and Israel). On a pro forma basis, for the twelve months ended April 2, 2016, assuming that the Eden Acquisition had occurred on January 4, 2015, we would have had net sales and Combined Acquisition Adjusted EBITDA of approximately $3.3 billion and $437.6 million, respectively.

Eden is a leading provider of water and coffee solutions in Europe. Eden operates in 17 European countries, and Israel, and has a higher combined water and coffee installed client base than any of its competitors. Eden offers a variety of integrated water and coffee solutions designed to cater to the broad range of tastes and requirements of its diverse customer base. Its offerings are segmented into water and coffee solutions:

Water Solutions

- Eden's stand-alone BWC offering is its principal business and consists of the installation, rental and servicing of stand-alone bottled water coolers and the sale and delivery of bottled water and accessory products to its customers. According to a report by Zenith International from 2015, it is the largest BWC provider in Europe and holds the largest or second largest presence by BWC client base in 16 of the 17 European countries in which it operates, as well as in Israel.
- Eden's point of use POU offering consists of the installation, rental and servicing of point of use plumbed in water coolers that access and filter tap water, as well as the sale of accessory products. According to a report by Zenith International from 2015, Eden holds the second largest POU position by client base across the 17 European countries that it is present in and it believes POU represents a significant opportunity for sustainable growth.
- Eden's PET offering consists of the sale of branded small pack plastic bottles of water for personal use. It offers its PET products primarily in Israel to retail outlets through a third party distributor and it believes it currently holds the largest share of the Israeli PET segment.

Coffee Solutions

- Eden's OCS offering consists of the installation, rental and servicing of a variety of stand-alone coffee machines and the sale and delivery of coffee (capsule, bean, ground and soluble), tea, chocolate and accessory products. It has been growing its OCS presence and is a leading OCS provider in the UK and, according to a 2012 report by GIL-CSC, in Israel.

Eden's water and coffee business models have significant operational overlap in areas such as customer service, billing and collection, sales and marketing and administration, which allows it to integrate new coffee customers onto its existing water business platforms and offer a dual water and coffee solution with increased operational efficiency. In recent years, Eden has achieved revenue growth and consolidated its position in the water and coffee space through strategic acquisitions. For the twelve months ended March 31, 2016, Eden generated revenues of €357.0 million and Adjusted EBITDA of €65.5 million.

We believe the Eden Acquisition will create substantial strategic and financial benefits, including:

- *Improves product and channel mix while reducing exposure to large format retailers*: As detailed in the charts below, the Eden Acquisition will further improve our product mix outside of CSDs and shelf stable juices, and drive our channel mix beyond large format retailers.
- *Creates a strong international HOD platform with further tuck-in and expansion opportunities*: Eden is a leading provider in the water solutions space and currently holds the largest or second largest share by BWC client base in 17 of the 18 countries in which it operates. Following the closing of the Eden Acquisition, we intend to proactively pursue accretive, synergistic acquisitions to continually build customer density and reduce the overall cost of servicing Eden's existing customer base
- *Provides meaningful scale across Europe with access to attractive end-markets with positive growth outlook*: The combined BWC and POU segment in Europe (based on the number of water coolers installed) is forecasted by Zenith International to grow at a CAGR of approximately 3.1% from 2015 through 2019, driven primarily by growth in GDP, total hours worked and a continued focus on well-being and the health benefits of water consumption. We believe that Eden's leading presence in the BWC segment and pan-European scale strongly positions it to capture an increasing portion of growth in the water solutions space, cross-sell coffee and water solutions and continue to generate increased operational efficiencies.
- *Expands our direct to consumer business*: The Eden Acquisition provides us access to a customer base that is broad in terms of customer size, industry and geographic region, including a diversified base of offices and homes ranging from recognized blue chip companies to individual homes and offices across 18 countries. Like DSS, Eden has a low customer concentration. For the year ended December 31, 2015, its top 10 customers in aggregate accounted for less than 5% of its total revenue. The new route-to-market also creates synergy opportunities by allowing us to sell Cott products through this new channel to existing Eden customers.
- *Continues Cott's acquisition and diversification strategy*: Our business strategy includes evaluating mid-to-larger scale opportunities to expand our positions in the HOD water, OCS and filtration services categories, as well as other higher margin or growth-oriented categories where our platform, operating strength and synergies can be leveraged. We believe that the Eden Acquisition represents such an opportunity, and is consistent with our ongoing strategy to continue to accelerate the pace and scale of our acquisition-based diversification outside of CSDs and shelf stable juices, with a focus on other beverage categories and beverage adjacencies, as well as driving our channel mix beyond large format retailers while ensuring our transactions are value-creative.

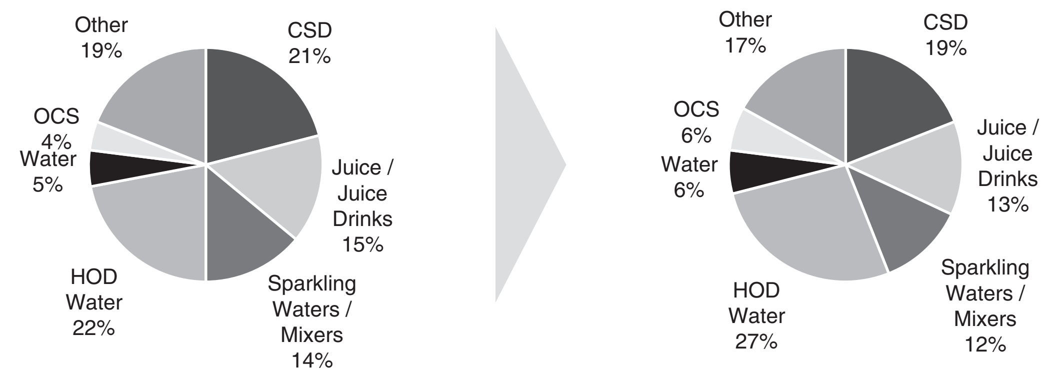
Product Categories and Channels

We have a diversified product portfolio across major beverage categories with an expanding presence in beverages that are on-trend with consumer demand. Since 2009, we have invested in developing new products and completed a number of acquisitions to enhance the breadth of our product focus and to continue to diversify our revenues and channel mix. Comparing Cott's and DSS category and channel mix to that of the combined Cott, DSS and Eden Holdings business, CSDs and shelf stable juices would have been reduced from 36% to 32% of our revenues for the year ended January 2, 2016, and private label beverages sold would have been reduced from 48% to 42% of our portfolio on a historical combined basis for the year ended January 2, 2016.

The following chart sets forth Cott's net revenues for the year ended January 2, 2016 by product category and channel mix, on a stand-alone basis and on a pro forma basis, assuming the Eden Acquisition had occurred on January 4, 2015:

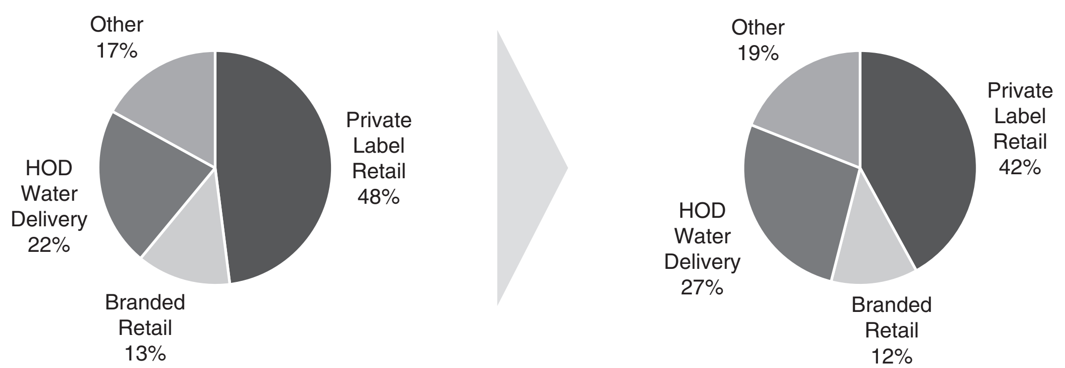
Revenues by Product for the year ended January 2, 2016

Existing Cott Business | Pro Forma for the Eden Acquisition



Revenues by Channel for the year ended January 2, 2016

Existing Cott Business | Pro Forma for the Eden Acquisition



Competitive Strengths

The combination of our national scale and density of our routes in key markets, our industry-leading infrastructure, and our emphasis on superior customer service is intended to create significant competitive strengths. With respect to our DSS business, we continually invest in our delivery infrastructure, call center and service capabilities to maintain our established position as a leader in this segment. We believe these investments have positioned us to capitalize on a number of positive industry dynamics and new growth opportunities. First, we intend to capture new customers as we capitalize on favorable consumer trends across our addressable markets, including increased focus on health and wellness, concerns about deteriorating municipal water quality and the shift to single-cup coffee systems. Second, we believe our ability to cross-sell complementary water and coffee products and services represents a significant untapped opportunity; only around 5% of our commercial water delivery customer locations purchase our coffee products. Third, the highly fragmented market in which we operate affords us ample opportunity to make the most of our scale, systems and customer density to execute synergistic tuck-in acquisitions across all of our service areas. We believe these strengths, along with the strengths outlined below, will allow us to capitalize on growth opportunities, such as the Eden Acquisition, to drive sustainable and profitable growth.

Leading Position in Multiple Beverage Categories with Diverse Products and Services Portfolio

With the DSS Acquisition, we combined a leading provider in the direct-to-consumer beverage services industry with our traditional business, one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. We have the largest national presence in the North American HOD bottled water industry by volume and are one of the top five presences in the U.S. OCS and filtration services industries. The HOD bottled water and OCS market segments in the U.S. exhibited strong growth, and we believe we are well-positioned to capitalize on future growth given our leading position in both market segments. In bottled water, we offer a portfolio of well-known regional brands with longstanding heritages, such as Sparkletts, Hinckley Springs, and Kentwood Springs, which have contributed to our being the largest or one of the largest HOD bottled water providers in most cities in which we operate. In OCS, we offer a complete range of products under leading brands including Keurig, Mars Alterra, Starbucks Coffee, Caribou Coffee, Peet's Coffee & Tea and Javarama. We are one of the only direct-to-customer providers that can offer comprehensive services to residential customers and small and medium-sized businesses, as well as large regional and national corporations and retailers, universities and government agencies. Our broad direct-to-consumer network creates an advantage in marketing and customer reach, while our extensive range of products and capabilities allows us to offer customers a convenient, single solution for coffee, tea and high quality drinking water. We believe our position will be further strengthened through our ongoing efforts to enhance and promote our full-service beverage offering to new and existing customers.

Our traditional business focuses on marketing or supplying retailer, licensed and company-owned brands, as well as manufacturing beverages on a contract basis for national brand customers. We also sell CSD concentrates and non-carbonated concentrates internationally. We believe that our position as a market leader, our broad portfolio offering and our existing infrastructure will enable us to continue to penetrate the contract manufacturing, private-label and value brand markets, whether by winning new customers, launching new product SKUs with existing customers, or supplying retailers who currently self-manufacture.

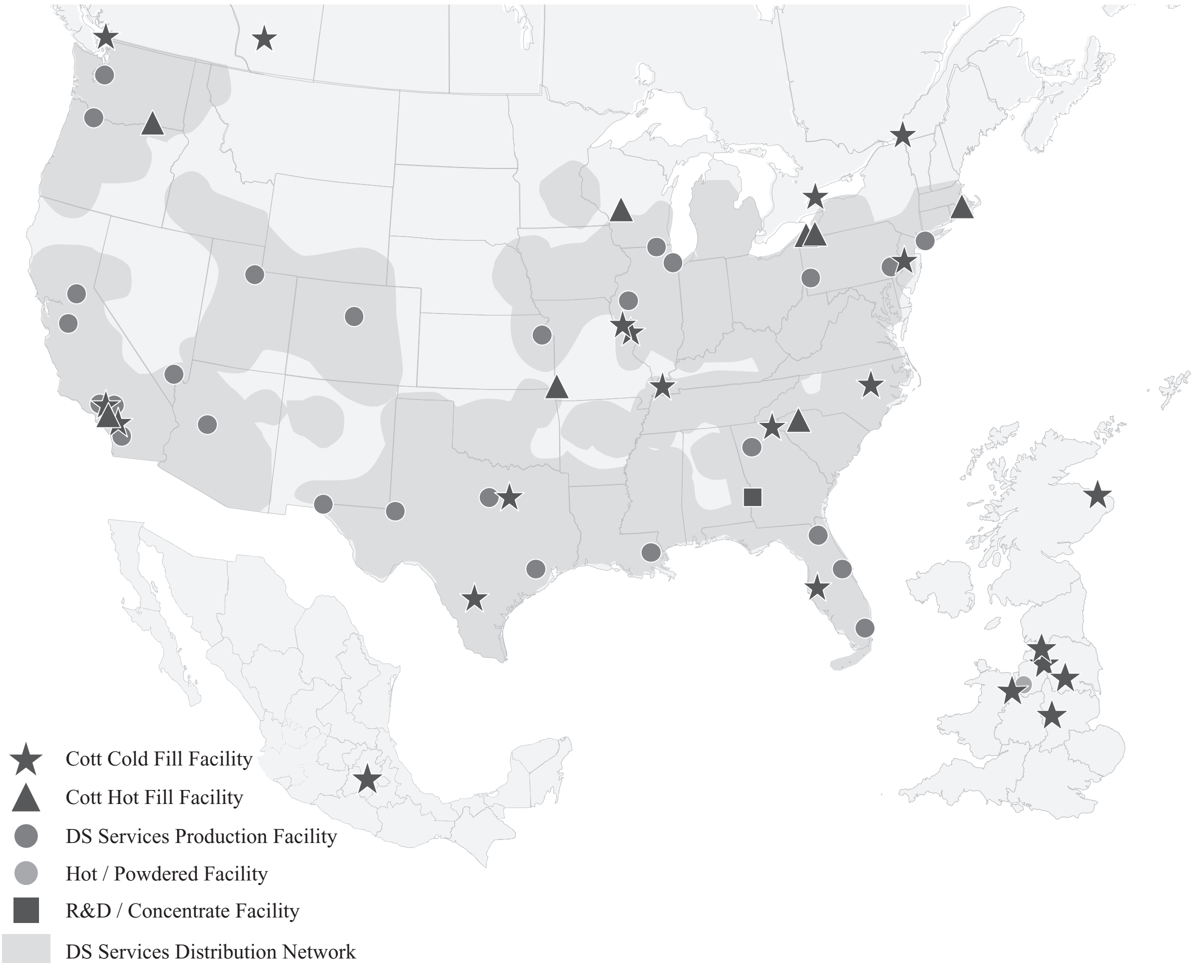
Eden is a leading provider in the water solutions space and currently holds the largest or second largest share by BWC client base in 17 of the 18 countries in which it operates. Eden launched its POU offering in Europe in 2008 and by 2015 had already become the second largest player by client base across the European countries in which it is present, a position Eden retains today. The combined BWC and POU segment in Europe (based on the number of water coolers installed) is forecasted by Zenith International to grow at a CAGR of approximately 3.1% from 2015 through 2019, driven primarily by growth in GDP, total hours worked and a continued focus on well-being and the health benefits of water consumption.

Extensive, Flexible Manufacturing and Distribution Capabilities

We believe we own the largest combined national production and distribution network for HOD, OCS and filtration services, serving approximately 1.5 million customers in the United States and Canada. DSS operates a national footprint of branch distribution facilities, combined production and distribution facilities and over 2,000 direct-to-consumer routes. With the Aquaterra Acquisition, we believe we have a leading position in Canada serving approximately 70,000 customers in Canada. We believe that having the largest North American HOD production and distribution network in the industry gives us the ability to reduce our purchasing, manufacturing and delivery costs relative to our competitors.

Manufacturing flexibility is one of the core competencies within our traditional business and is critical to our success, as our products will typically feature customized packaging, design and graphics for our key customers. We believe our ability to produce multiple SKUs and packages on our production lines and manage complexities through quick-line changeover processes differentiates us from our competition.

The map below depicts our manufacturing footprint, prior to the Eden Acquisition, in the United States, Canada, Mexico and the United Kingdom:



The acquisition of Eden further expands our European capabilities and is highly complementary to our existing footprint. We believe that our large distribution footprint in the water-and-coffee solutions space in Europe will differentiate us from our competitors, providing us with nationwide coverage for our most significant businesses and allows us to meet the water and coffee needs of our diversified customer base, including both small and medium sized businesses and larger national customer accounts.

High Levels of Customer Service and Strong Customer Integration

Customer service and customer retention are key indicators of success within our DSS business. The consumer-facing part of the business (RSRs), is an important part of the customer relationship and not only drives customer service, but also generates around 20% of our new organic customer growth. DSS provides reliable deliveries and closely tracks call center and customer service metrics to continually improve customer satisfaction.

Our traditional business requires a high level of coordination with our customers in areas such as supply chain, product development and customer service. In addition to efficiently managing complex product manufacturing, we have a proven track record of maintaining high service levels across our customer base. We partner closely with customers on supply chain planning and execution to minimize freight costs, reduce working capital requirements and increase in-store product availability. We work as partners with our customers on new product development and packaging designs. Our role includes providing market expertise as well as knowledge of category trends that may present opportunities for our customers. A high level of customer integration and partnership coupled with an international manufacturing footprint is critical for the development of successful beverage programs for our customers.

We expect to maintain these high service levels at Eden following the closing of the Eden Acquisition. Eden has historically enjoyed high retention rates and long-standing customer relationships across its business, which we believe is a result of the high quality service Eden offers. As of March 31, 2016, the average length of customer relationships (excluding PET) was more than seven years. Eden has consistently increased its retention rate across water and coffee solutions (excluding PET) in recent years. We believe Eden's successes with high customer retention rates are attributable to its ongoing operational excellence activities, including consistent improvement of quality of service and implementation of a variety of tools to identify the satisfaction level of customers. We believe we will benefit from sharing of best practices and continue to improve customer service and retention.

Strategic Importance to Our Customers

We have an extensive HOD and OCS distribution network with a unique ability to service customers. We believe few competitors have a comparable footprint or infrastructure to support local, regional and national accounts directly, which differentiates us in the industry. DSS's scaled network has allowed it to secure strategic relationships, which have been successful in attracting new customers and leveraging its production and delivery infrastructure. Furthermore, with DSS's HOD and OCS trucks and RSRs, we are able to provide multiple products to our customers at minimal additional cost and generate additional profits on those incremental sales. We believe the Eden Acquisition is similar to the DSS Acquisition in this regard, and will allow us to service customers through an extensive distribution network across Europe and Israel.

We have longstanding partnerships with many of the world's leading retailers in the grocery, mass-merchandise and drug store channels, as well as customers for whom we manufacture beverages on a contract basis, giving our customers access to high-quality, affordable beverages. Our competitive advantages include beverage manufacturing expertise; vertically integrated, low-cost production platform; one-stop sourcing; category insights and marketing expertise; supply chain and high quality consistency in products; and product innovation and differentiation.

For 2015, our top 10 customers accounted for 32.2% of total revenue, with Walmart accounting for 18.0% of our total revenue for the year. We have established long-standing relationships with most of our top 10 customers. As a result of our high product quality and commitment to service, coupled with an international manufacturing and distribution footprint, we believe we will continue to play a meaningful role in helping our customers develop strategies to build loyalty with consumers.

Strong Management Team with Significant Operating Experience

We have in place a strong executive team with extensive beverage and consumer goods industry experience to build on our strengths and to implement our business strategy. Our management team has a proven track record of successful management with positive operating results, both with us and in previous leadership roles in the consumer goods and beverage industries.

Our management team is led by Jerry Fowden, our Chief Executive Officer. Mr. Fowden has significant experience in the beverage industry, including leadership positions at AB InBev (formerly known as InBev), Hero Group AG and PepsiCo. In addition, our management team includes Jay Wells, our Chief Financial Officer. Mr. Wells has held senior finance positions in both public and private companies, including approximately seven years at Molson Coors. Thomas J. Harrington, Chief Executive Officer of DSS, has over 30 years of industry experience including various roles with Coca-Cola Enterprises, Inc. and Pepperidge Farm. Steven Kitching, the current President of our North America business unit, will return to the United Kingdom to be the President of the Company's Cott United Kingdom/Europe business unit, a position similar to the one he previously held from 2008 to 2013. We have appointed Bradley J. Goist to assume the role of President of the Company's Cott North America business unit. Mr. Goist has held various sales and marketing positions at the Kellog Company and The Coca-Cola Company.

Business Strategy

Our vision is to continue to strengthen the business and progressively move Cott from a position of volume stability to one with topline growth and a higher margin profile thereby creating a business with higher free cash flows, lower customer concentration, and hence lower risk. This future business profile should offer greater earnings predictability and increased cash flow alongside lower volatility. Our vision combines four elements: (1) focus on DSS growth, (2) capture DSS, Aquaterra and Eden synergies, (3) grow contract manufacturing and other beverage categories in our traditional business and (4) evaluate mid-to-larger scale acquisitions. We believe that executing on these four elements will collectively create a highly cash generative business, in higher margin, stable to growing "Better For You" beverage categories distributed through multiple channels with a reduced dependence on large format retailers.

Focus on DSS Growth

Organic Growth

Our goal is to position DSS to profitably grow the business as consumers move to healthier beverage options, and increase free cash flow through ongoing growth in consumption as employment continues to grow, focusing on expanding the customer base, and price improvement.

We will remain focused on small and medium-sized businesses, a market segment that we believe remains underpenetrated by continuing to capitalize on our strong direct-to-consumer distribution network, national sales and marketing efforts as well as our strategic partnerships to expand our customer base. Our nation-wide coverage provides us a significant advantage in competing for national commercial accounts, which is an additional component of our distribution strategy and marketing efforts.

We believe our ability to cross-sell complementary water and coffee products and services represents a significant untapped opportunity as nearly all our existing and target customers consume both products. We believe we are well-positioned to capitalize on this opportunity given the large installed customer base with which we have strong relationships and frequent face-to-face interactions. RSRs are trained to sell across our product set and are highly incentivized through our commission structure to promote new products to existing customers, which increases sales and average revenue per customer. We currently provide office coffee products to approximately 5% of our commercial water delivery customer locations, and, as a result, we believe there exists substantial opportunity to cross-sell our coffee products, which would generate incremental revenue per customer with minimal increases in delivery costs. To assist our RSRs in cross-selling coffee products, we have successfully rolled out the AquaCafe, a newly designed bottom loading bottled water cooler with an integrated single-cup coffee brewer. This machine not only capitalizes on growth in the single-cup coffee market, but increases overall consumption as the bottled water is used to produce the single-cup coffee.

Pursue Synergistic HOD Water, OCS and Filtration Tuck-In Acquisitions

We intend to proactively pursue accretive acquisitions to complement our organic growth. The highly fragmented market in which we operate affords us ample opportunities to execute synergistic HOD water, OCS and filtration tuck-in acquisitions. Our acquisition strategy is consistent with our objective to continually build customer density and reduce the overall cost of servicing our existing customer base. We have a proven track record of achieving significant synergies and integrating companies onto our platform and we believe we will continue to improve our profitability and margins through acquisitions.

During the year ended January 2, 2016, we acquired nine separate HOD water businesses. These acquisitions support our previously announced objective of acquisitions where we expect to be able to capitalize on synergies with our existing business.

We have managed to pursue this acquisition strategy while reducing leverage levels from the time of the DSS acquisition by employing a combination of disciplined purchase pricing, successful integration and synergy realization, and opportunistic access to the equity capital markets.

Consistent with our acquisition strategy, we regularly pursue acquisition opportunities and we are currently participating in processes regarding several potential acquisition opportunities, including ones that would be significant to us. We cannot predict the timing of any contemplated transaction and none are currently probable.

Capture DSS, Aquaterra and Eden Synergies

We captured $10.0 million of DSS synergies in 2015. We have established a goal of delivering approximately $10.0 million of incremental synergies in each of 2016 and 2017, for a total expected delivery of $30.8 million of DSS synergies by the end of 2017, consisting of approximately $23.8 million in cost synergies and approximately $7.0 million in revenue synergies. In addition, we expect to capitalize on both the capture of synergies and the expansion of our partnerships in 2017 and beyond once we have fully integrated the Aquaterra Acquisition in 2016. With respect to the Eden Acquisition, we expect that we will capture approximately $11.0 million of synergies by the end of 2019. These synergies are comprised predominantly of procurement and administrative cost savings opportunities by leveraging our procurement expertise and optimizing our consolidated corporate and back office platform. Collectively, we believe the DSS, Aquaterra and Eden synergy opportunities will facilitate cash flow and margin improvement as we integrate these businesses and operate them as a consolidated, global water and coffee delivery platform.

Grow Contract Manufacturing and Other Beverage Categories in Our Traditional Business with a Focus on the "4Cs"

The business strategy of our traditional business is to hold volumes broadly stable through growing our sparkling water and mixer category and contract manufacturing channel to offset declines in private label CSDs and shelf stable juices, and continue to focus on our "4Cs" of customers, costs, capex and cash.

Maintain Customer Focus

Customer relationships are important for any business, but at Cott, where many of our products bear our customers' brand names, we must maintain particularly close partnerships with our customers. We will continue to provide our customers with high quality products and services at an attractive value that will help them provide quality, value-oriented products to their consumers. We will continue to focus on our high levels of customer service, as well as innovations through the introduction of new packages, flavors and varieties of beverages. We believe our focus on our customers will enable us to leverage our existing relationships and to develop new ones in current and new markets.

Control Operating Costs

We understand that our long-term success will be closely tied to our ability to remain a low-cost supplier. Effective management of our operating costs is critical to our success. As part of our ongoing management of costs, we enter into contract commitments with suppliers of key raw materials such as aluminum sheet metal, HFCS, PET bottles, caps and preforms, fruit and fruit concentrates. On an ongoing basis we review our fixed overhead and manufacturing costs for opportunities for further reductions. In 2011, we transformed the Company's information technology function from a nearly 100% outsourced, single vendor relationship to a combination of in-house resources and multi-vendor strategy, significantly reducing our total information technology spending. In 2012, we vertically integrated our manufacturing capabilities in order to manufacture our products with increased efficiency and at a lower cost. In 2014, we implemented our three-year $30.0 million Cott North America cost reduction plan, which focuses on reducing production costs by improving procurement practices, increasing operational efficiency, eliminating waste and reducing packaging cost, resulting in approximately $9.0 million and $6.0 million in cost savings in 2015 and 2014, respectively. In 2015, Cott launched a multi-year cost and efficiency savings program (2015-2018) within our Cott UK/Europe business unit in order to better position the business within the competitive landscape. Our low cost position will be further supported by cost saving initiatives at DSS, which included reformulation of DSS's periodic surcharge in 2012 to more closely align with the cost of petroleum-based products used in the business to mitigate the effect of increases in petroleum-based product costs.

Control Capital Expenditures and Rigorously Manage Working Capital

Consistent with our status as a low-cost supplier, we leverage our existing manufacturing capacity to maintain an efficient supply chain. We are committed to carefully prioritizing our capital investments that provide the best financial returns for Cott and for our customers, while maintaining safety, efficiency and superior product quality. Our manufacturing facilities operate according to the highest standards of safety and product quality. We perform regular third-party audits of our facilities and are subject to quality audits on behalf of our customers. We will continue to evaluate growth and other opportunities, while remaining mindful of our total capital expenditure targets. As a low-cost supplier, we actively manage our manufacturing capacity and routinely rationalize under-utilized assets. In 2015, our capital expenditures were devoted primarily to supporting growth in our business, maintaining existing facilities, making equipment upgrades and continuing to implement our cost reduction plan.

Cash Flow Management

We believe that a strong financial position will enable us to capitalize on opportunities in the marketplace. As a result, we continuously review and improve the effectiveness of our cash management processes. We strive to achieve the most optimal working capital level, rationalize our capital expenditures and continuously drive operating cost improvements to enhance cash flow.

Evaluate Mid-to-Larger Scale Acquisitions

Our business strategy also includes evaluating additional mid-to-larger scale opportunities (like the Eden Acquisition) to expand our positions in the HOD water, OCS and filtration services categories, as well as other higher margin or growth-oriented categories where our platform, operating strength and synergies can be leveraged. This is consistent with our ongoing strategy to continue to accelerate the pace and scale of our acquisition-based diversification outside of CSDs and shelf stable juices, with a focus on other beverage categories and beverage adjacencies, as well as driving our channel mix beyond large format retailers while ensuring our transactions are value-creative. Consistent with our acquisition strategy, we regularly pursue acquisition opportunities and we are currently participating in processes regarding several potential acquisition opportunities, including ones that would be significant to us. We cannot predict the timing of any contemplated transaction and none are currently probable.

Principal Market Segments and Products

We estimate that we are one of the largest service providers of HOD bottled water, and produce (either directly or through third-party manufacturers with whom we have co-packing agreements) a significant portion of all retailer brand CSDs and juice sold in North America, as well as a significant portion of all retailer brand CSDs, sports and energy products sold in the United Kingdom.

As a producer of beverages on behalf of retailers, brand owners and distributors, we have a diversified product portfolio across major beverage categories, including beverages that are on-trend with consumer demand. With the DSS Acquisition, we believe we have the largest national presence in the HOD industry for bottled water, with a distribution network reaching approximately 90% of the U.S. population, and one of the top five positions in the U.S. OCS and filtration services industries.

We believe that opportunities exist to increase sales of our products in our core markets by optimizing existing customer relationships, capitalizing on cross-selling and up-selling opportunities, obtaining new customers, manufacturing beverages (including alcoholic beverages) on a contract basis for new and existing customers, exploring new channels of distribution, introducing new products and vertically integrating our traditional and DSS businesses which will allow us to manufacture, sell and distribute a variety of beverages through our DSS delivery channel and its broad reaching distribution network.

Restructuring Initiatives

We implement restructuring programs from time to time that are designed to improve operating effectiveness and lower costs. When we implement these programs, we incur various charges, including severance and other employment related costs. We did not incur any restructuring charges in 2015.

During the first quarter of 2014, we implemented one such program, which involved the closure of two of our smaller plants, one located in North America and the other located in the United Kingdom (the "2014 Restructuring Plan"). For the year ended January 3, 2015, we incurred charges of approximately $4.1 million related primarily to employee redundancy costs and relocation of assets, and non-cash charges related to asset impairments and accelerated depreciation on property, plant and equipment in connection with the 2014 Restructuring Plan. During June 2013, we implemented another such program, which consisted primarily of headcount reductions and resulted in charges of approximately $2.0 million during the year ended December 28, 2013.

Manufacturing and Distribution Network

Our business is supported by our extensive international manufacturing and distribution network and our flexible production capabilities. Our manufacturing footprint encompasses strategically located beverage manufacturing, production, distribution and fruit processing facilities in North America, which includes combined production and distribution facilities supporting our DSS business, in the United Kingdom and Mexico.

In our traditional business, our products are either picked up by our customers at our facilities or delivered by us, a common carrier, or third-party distributors to our customers' distribution centers, or to retail or wholesaler locations.

In our DSS business, we operate a national footprint of branch distribution facilities, combined production and distribution facilities and over 2,000 direct-to-consumer routes. We believe that having the broadest national HOD production and distribution network in the industry gives us the ability to reduce our purchasing, manufacturing and delivery costs relative to our competitors.

Ingredient and Packaging Supplies

In addition to water, the principal raw materials required to produce our products are aluminum cans and ends, resin for PET, high-density polyethylene ("HDPE") and polycarbonate bottles, caps and preforms, labels, cartons and trays, sweeteners, such as HFCS and sugar, fruit concentrates and fruit. The cost of these raw materials can fluctuate substantially over time.

Under many of our supply arrangements for these raw materials, the price we pay fluctuates along with certain changes in underlying commodity costs, such as aluminum in the case of cans and ends, resin in the case of PET, HDPE and polycarbonate bottles, caps and preforms, corn in the case of HFCS, fruit and fruit concentrates. We believe that we will be able to either renegotiate contracts with these suppliers when they expire or find alternative sources for supply. We also believe there is adequate supply of the ingredient and packaging materials used to produce and package our products.

Generally, we bear the risk of increases in the costs of the ingredient and packaging materials used to produce our products, including the underlying costs of the commodities used to manufacture them and, to some extent, the costs of converting those commodities into the materials we purchase.

Aluminum for cans and ends, resin for PET, HDPE and polycarbonate bottles, caps and preforms, corn for HFCS, sugar, fruit and fruit concentrates are examples of underlying commodities for which we bear the risk of increases in costs. In addition, the contracts for certain of our ingredient and packaging materials permit our suppliers to increase the costs they charge us based on increases in their cost of converting the underlying commodities into the materials we purchase. In certain cases those increases are subject to negotiated limits. Changes in the prices we pay for ingredient and packaging materials occur at times that vary by product and supplier, and take place on a monthly, quarterly or annual basis.

PET resin prices have fluctuated significantly in recent years as the price of oil, one of its components, has fluctuated and demand for synthetic fibers, an alternate use, has increased. Because resin is not a traded commodity, no fixed price mechanism has been implemented, and we expect to pay prevailing market prices for our resin needs, although at times we have been able to enter into short-term fixed price commitments.

Corn has a history of volatile price changes. The sugar market is susceptible to volatility as well.

Fruit and fruit concentrate prices have been, and we expect them to continue to be, subject to significant volatility. While fruit is available from numerous independent suppliers, these raw materials are subject to fluctuations in price attributable to, among other things, changes in crop size and federal and state agricultural programs.

A portion of our revenues is derived from coffee product distribution. The supply and price of coffee beans may be affected by weather, international conditions, consumer demand, and access to transportation. An increase in the price of coffee beans could reduce our coffee sales and coffee product margins, which could adversely affect our business, financial condition and results of operations.

Trade Secrets, Copyrights, Trademarks and Licenses

We sell the majority of our beverages under retailer brands to customers who own the trademarks associated with those products. We also own registrations, or applications to register, various trademarks that are important to our worldwide business, including *Cott* and *Red Rain* in North America and the United Kingdom, *Stars & Stripes, Vess, Vintage, So Clear, Shanstar, Harvest Classic, Chadwick Bay, Exact, Alhambra*, *Belmont Springs*, *Deep Rock*, *Hinckley Springs*, *Sparkletts*, *Crystal Springs*, *Kentwood Springs*, *Mount Olympus Standard Coffee* and *Javarama* in the United States, *Emerge, Red Rooster, MacB, Carters, Calypso, Mr. Freeze, Jubbly, Suso*, *Cafe Nueva* and *Ben Shaws* in the United Kingdom, *Stars & Stripes* in Mexico, and RC mark in various formats in more than 120 countries and territories outside of North America. Moreover, we are licensed to use certain trademarks such as *Old Jamaica Ginger Beer* and *Ting* in the United Kingdom. The licenses to which we are a party are of varying terms, including some that are perpetual. Trademark ownership is generally of indefinite duration when marks are properly maintained in commercial use.

Our success depends in part on our intellectual property, which includes trade secrets in the form of concentrate formulas for our beverages and trademarks for the names of the beverages we sell. To protect this intellectual property, we rely principally on registration of trademarks, contractual responsibilities and restrictions in agreements (such as indemnification, nondisclosure and confidentiality agreements) with employees, consultants and customers, and on the common law and/or statutory protections afforded to trademarks, copyrights, trade secrets and proprietary "know-how." We also closely monitor the use of our trademarks and when necessary vigorously pursue any party that infringes on our trademarks, using all available legal remedies.

Seasonality of Sales and Working Capital

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

Customers

A significant portion of our revenue is concentrated in a small number of customers particularly in our traditional business. Our customers include many large national and regional grocery, mass-merchandise, drugstore, wholesale and convenience store chains, as well as customers for whom we manufacture beverages on a contract basis. For 2015, sales to Walmart accounted for 18.0% of our total revenue (2014—26.1%; 2013—30.1%), 33.2% of our Cott North America reporting segment revenue (2014—33.3%; 2013—36.1%), 11.5% of our Cott U.K. reporting segment revenue (2014—12.7%; 2013—14.8%), 3.7% of our All Other reporting segment revenue (2014—3.8%; 2013—3.9%) and 2.2% of our DSS reporting segment revenue (2014—2.7%). Walmart was the only customer that accounted for more than 10% of our total revenue in those periods. Sales to our top ten customers in 2015, 2014 and 2013 accounted for 32.2%, 46.5% and 50.0%, respectively, of our total revenue. We expect that sales of our products to a limited number of customers will continue to account for a high percentage of revenue in our traditional business for the foreseeable future. The loss of any customers that individually or in the aggregate represent a significant portion of our revenue, or a decline in sales to these customers, would have a material adverse effect on our operating results and cash flow.

We supply Walmart and its affiliated companies, under annual non-exclusive supply agreements, with a variety of products in North America, the United Kingdom, and Mexico, including CSDs, clear, still and sparkling flavored waters, 100% shelf stable juice, juice-based products, bottled water, energy products, sports products, new age beverages and ready-to-drink teas, hot chocolate, coffee, malt drinker, creamers and whiteners and cereals, as well as beverage concentrates, liquid enhancers, freezable and ready to drink alcoholic beverages. In 2015, we supplied Walmart with all of its private-label CSDs in the United States. In the event Walmart were to utilize additional suppliers to fulfill a portion of its requirements for CSDs, our operating results could be materially adversely affected.

Research and Development

We engage in a variety of research and development activities. These activities principally involve the development of new products, improvement in the quality of existing products, improvement and modernization of production processes, and the development and implementation of new technologies to enhance the quality and value of both current and proposed product lines. Consumer research is excluded from research and development costs and included in other marketing costs. Research and development costs were $2.8 million in 2015, $2.9 million in 2014 and $3.1 million in 2013 and are included as a component of selling, general and administrative expenses.

Competition

In our traditional business, we compete principally in the non-alcoholic beverages category, which is highly competitive in each region in which we operate. Competition for incremental retail volume is intense. The brands owned by the four major national non-alcoholic beverage companies, Coca-Cola, Pepsi, Nestle Waters North America and Dr. Pepper Snapple (formerly Cadbury Schweppes), control 62.2% of the total CSD and alternative beverage category within the United States. These companies have significant financial resources and spend heavily on promotional programs. They also have direct store delivery systems in North America, which enable their personnel to visit retailers frequently to promote new items, stock shelves and build displays. We also face competition in the juice category from juice brands such as Welch's, Ocean Spray and Mott's. In addition, we face competition in North America, the United Kingdom and Mexico from regional beverage manufacturers who sell aggressively priced brands and, in many cases, also supply retailer brand products. A few larger U.S. retailers also self-manufacture products for their own needs and regularly approach other retailers seeking additional business.

Our principal competitor in the 3G and 5G HOD bottled water business is Nestle, which competes with us directly in many of our markets within the United States. We face competition in our HOD business as distribution methods for residential and commercial bottled water products continue to change and evolve, including increasing availability of 3G and 5G water bottles in retail stores. This could affect our business as some customers may choose to purchase water in returnable bottles through retailers rather than through our sales and distribution network. We have a strategic alliance with Primo Water Corporation ("Primo") to bottle and distribute Primo's 3G and 5G water bottles through retail stores, however, customers could choose to purchase Primo's competitors' retail products. Our HOD business also faces increased competition from filtration units in the residential and commercial market, including countertop filtration, faucet mounted filtration, in-line whole-house filtration, water filtration dispensing products and refrigerator-dispensed filtration. Because homes and offices with installed filtration systems participate at a lower rate in the bottled water market, the installation of these systems poses a competitive threat to our business and reduces the number of potential customers for our bottled water products. Although we compete in the filtration area and have realized growth of our filtration customer base, we may not be able to offset a decline in revenue from bottled water customers that switch to filtered water. In addition, consumers may choose to drink from municipal water sources instead of purchasing bottled water or using a filtration unit.

Our OCS business is also subject to intense competition. Our coffee business consists of both large brewers and single-serve brewers, where increased competition has developed from food, beverage and office products distributors. Additionally, retail and internet availability of these products could negatively affect demand for the direct distribution sources we offer.

We seek to differentiate ourselves from our competitors by offering our customers high-quality products, category management strategies, packaging and marketing strategies, efficient distribution methods, and superior service.

Government Regulation and Environmental Matters

The production, distribution and sale in the United States of many of our products are subject to the Federal Food, Drug, and Cosmetic Act, the Federal Trade Commission Act, the Lanham Act, state consumer protection laws, federal, state and local workplace health and safety laws, various federal, state and local environmental protection laws and various other federal, state and local statutes and regulations applicable to the production, transportation, sale, safety, advertising, labeling and ingredients of such products. Outside the United States, the production, distribution and sale of our many products and related operations are also subject to numerous similar and other statutes and regulations.

A number of states have passed laws setting forth warning or labeling requirements relating to products made for human consumption. For example, the California law known as “Proposition 65” requires that a specific warning appear on any product sold in California containing a substance listed by that state as having been found to cause cancer or reproductive toxicity. This law, and others like it, exposes all food and beverage producers to the possibility of having to provide warnings on their products. The detection of even a trace amount of a listed substance can subject an affected product to the requirement of a warning label, although products containing listed substances that occur naturally or that are contributed to such products solely by a municipal water supply are generally exempt from the warning requirement. From time to time over the past several years, certain of our customers have received notices alleging that the labeling requirements of the relevant state regulation would apply to products manufactured by us and sold by them. There can be no assurance that we will not be adversely affected by actions against our customers or us relating to Proposition 65 or similar “failure to warn” laws.

We currently offer and use non-refillable recyclable containers in the United States and other countries around the world. We also offer and use refillable containers, which are also recyclable. Legal requirements apply in various jurisdictions in the United States and other countries requiring that deposits or certain taxes or fees be charged for the sale, marketing and use of certain non-refillable beverage containers. The precise requirements imposed by these measures vary. Other types of beverage container-related deposit, recycling, tax and/or product stewardship statutes and regulations also apply in various jurisdictions. We anticipate that additional, similar legal requirements may be proposed or enacted in the future at local, state and federal levels, both in the United States and elsewhere.

We are a member of the International Bottled Water Association (“IBWA”) and the Water Quality Association. These associations often set higher water quality standards than those set by governmental agencies. Members must comply with these standards, which are enforced by the members themselves. The IBWA requires submission to annual plant inspections administered by an independent third-party inspection agency, such as the National Sanitation Foundation. These inspections audit quality and testing records, review all areas of plant operations and the bottling process, and check compliance with relevant national standards, good manufacturing practices, and any other regulations set by the IBWA. If we fail to meet the standards set by the IBWA and Water Quality Association, there could be an adverse impact on our reputation, which could have a material adverse effect on our business and results of operations.

All of our beverage production facilities and other operations are subject to various environmental protection statutes and regulations, including those of the U.S. Environmental Protection Agency (“EPA”), which pertain to the use of water resources and the discharge of waste water. Failure to comply with these regulations can have serious consequences, including civil and administrative penalties. Compliance with these provisions has not had, and we do not expect such compliance to have, any material adverse effect on our capital expenditures, net income or competitive position. However, as discussed below, changes in how the Ontario Ministry of the Environment enforces the Ontario Environmental Protection Act could result in our having to make material expenditures for environmental compliance.

Subject to the terms and conditions of the applicable policies, we have coverage for product recalls and product liability claims that could result from the injury, illness or death of consumers using our products, contamination of our products, or damage to or mislabeling of our products.

The Ontario Environmental Protection Act

OEPA regulations provide that a minimum percentage of a bottler's soft drink sales within specified areas in Ontario must be made in refillable containers. The penalty for non-compliance by a corporation is a fine of C$250,000 per day beginning upon when the first offense occurs and continues until the first conviction, and then increasing to C$500,000 per day for each subsequent conviction. These fines may be increased to equal the amount of monetary benefit acquired by the offender as a result of the commission of the offense.

We, and we believe other industry participants, are currently not in compliance with the requirements of the OEPA. To comply with these requirements we, and we believe many other industry participants, would have to significantly increase sales in refillable containers to a minimum refillable sales ratio of 30%. We do not expect to be in compliance with these regulations in the foreseeable future. Ontario is not enforcing the OEPA at this time, despite the fact that it is still in effect and not amended, but if it chooses to enforce it in the future, we could incur fines for noncompliance and the possible prohibition of sales of soft drinks in non-refillable containers in Ontario. We estimate that approximately 2% of our sales in Canada would be affected by the possible limitation of sales of soft drinks in non-refillable containers in Ontario if the Ontario Ministry of the Environment initiated an action to enforce the provisions of the OEPA against us. Moreover, the Ontario Ministry of the Environment released a report in 1997 stating that these OEPA regulations are "outdated and unworkable." However, despite the "unworkable" nature of the OEPA regulations, they have not yet been revoked.

We believe that the magnitude of the potential fines that we could incur if the Ontario Ministry of the Environment chose to enforce these regulations is such that the costs to us of noncompliance could be, although are not contemplated to be, material. However, our management believes that probability of such enforcement is remote.

Employees

As of June 1, 2016, we had over 9,900 employees, of whom approximately 2,485 were in the Cott North America reporting segment, 5,730 were in the DSS reporting segment, 1,405 were in the Cott U.K. reporting segment, and 280 were in the All Other reporting segment. We have entered into collective bargaining agreements covering 1,233 employees in North America, the United Kingdom and Mexico that contain terms that we believe are typical in the beverage industry. As these agreements expire, we believe that they can be renegotiated on terms satisfactory to us. We consider our relations with employees to be generally good.

Other Matters

We are responsible for establishing and maintaining adequate internal control over financial reporting as required by the SEC. See "Management's Report on Internal Control over Financial Reporting" in Item 9A of our Form 10-K.

BUSINESS OF EDEN

For the purposes of this section "Business of Eden" only, the words "we," "us," "our," "Eden," "Eden Springs," "Company" and words of similar import refer to Eden and its subsidiaries on a consolidated basis. Eden Holdings refers to the parent holding company of Eden.

Overview

We are a leading provider of water and coffee solutions in Europe. We operate in 17 European countries, and Israel, and have a higher combined water and coffee installed client base than any of our competitors. We offer a variety of integrated water and coffee solutions designed to cater to the broad range of tastes and requirements of our diverse customer base. Our offerings are segmented into water and coffee solutions:

Water Solutions

- Our stand-alone BWC offering is our principal business and consists of the installation, rental and servicing of stand-alone bottled water coolers and the sale and delivery of bottled water and accessory products to our customers. Our BWC business provides a platform for continued growth of our other solutions. According to a report by Zenith International from 2015, we are the largest BWC provider in Europe and hold the largest or second largest presence by BWC client base in 16 of the 17 European countries in which we operate, as well as in Israel.
- Our POU offering consists of the installation, rental and servicing of point of use plumbed in water coolers that access and filter tap water, as well as the sale of accessory products. According to a report by Zenith International from 2015, we hold the second largest POU position by client base across the 17 European countries we are present in and believe POU represents a significant opportunity for sustainable growth.
- Our PET offering consists of the sale of branded small pack plastic bottles of water for personal use. We offer our PET products primarily in Israel to retail outlets through a third party distributor and we believe we currently hold the largest share of the Israeli PET segment by value.

Coffee Solutions

- Our OCS offering consists of the installation, rental and servicing of a variety of stand-alone coffee machines and the sale and delivery of coffee (capsule, bean, ground and soluble), tea, chocolate and accessory products. We have been growing our OCS presence in 17 European countries and are a leading OCS provider in the UK. We also hold a leading position in the Israeli OCS segment, according to a 2012 report by GIL-CSC.

Our water and coffee business models have significant operational overlap in areas such as customer service, billing and collection, sales and marketing and administration, which allows us to integrate new coffee customers onto our existing water business platforms and offer a dual water and coffee solution with increased operational efficiency. In recent years, we have achieved revenue growth and consolidated our position in the water and coffee space through strategic acquisitions, such as the acquisition of NWDE, which occurred in three stages, starting with the signing of the acquisition documents in September 2014 and the first closing on December 2014, and concluding on February 1, 2016 (the "NWDE Acquisition"). For the twelve months ended December 31, 2015, we generated revenue of €355.8 million.

As of March 31, 2016, we had an installed client base of around 955,000, comprising 800,000 water coolers and 155,000 coffee machines.

For the twelve months ended March 31, 2016, we distributed more than 31 million BWC bottles and more than 730 million liters of water in our BWC and PET offerings combined. Our water is sourced from 27 water sources. To deliver our water and coffee solutions, we manage a network of primarily third- party distribution assets, including production facilities, branches and service vehicles. Our bottles are washed, sterilized, filled and capped at 27 production facilities (9 of which we own and operate, with the other 18 owned and operated by third parties) located near the site of each facility's water source. We apply high-quality standards and perform quality control checks at the water sources and production facilities, including those managed by third- parties. As of March 31, 2016, we had approximately 1,200 service vehicles and employed approximately 3,200 full-time equivalent employees, of which approximately 90% are in Europe and 10% are in Israel.

Our Competitive Strengths

Our business benefits from the following competitive strengths:

Leading presence in an industry with attractive market dynamics.

We are a leading provider in the water solutions space and currently hold the largest or second largest share by BWC client base in 17 of the 18 countries in which we operate. We have a track record of achieving a leading presence in our chosen areas of operation. We were the first to develop BWC and PET offerings in Israel and had an approximately 74% BWC segment share in Israel in 2012, according to a report by GIL-CSC. We believe we also hold the leading presence in the Israeli PET segment. We were among the first companies to develop the BWC category in Europe in the late 1990s and by 2015 we had an approximately 28.7% aggregated share of the BWC installed client base across the European countries in which we are present and are reported on by Zenith International. We launched our POU offering in Europe in 2008 and by 2015 we had already become the second largest player by client base across the European countries in which we are present, a position we retain. The combined BWC and POU segment in Europe (based on the number of water coolers installed) is forecasted by Zenith International to grow at a CAGR of 3.1% from 2015 through 2019, driven primarily by growth in GDP, total hours worked and a continued focus on well-being and the health benefits of water consumption. We believe that our leading presence in the BWC segment and pan-European scale and strongly positions us to capture an increasing portion of growth in the water solutions space, cross-sell our coffee and water solutions and continue to generate increased operational efficiencies.

We have been growing our OCS presence in Europe and, following the acquisition of Kafevend Holdings Limited and its subsidiary in December 2013 (the "Kafevend Acquisition"), we are a leading OCS provider in the UK. Our Israeli coffee brand, Pauza, is the overall leader in the OCS segment with an approximately 45% share in 2012 according to a report by GIL-CSC. Overall coffee consumption per capita is increasing, with the office coffee segment showing a strong trend towards a shift in consumption to premium coffee (fresh ground and capsules as opposed to coffee granules and soluble coffee), which is our core focus. In conjunction with our preferred coffee suppliers Lavazza and Mars Drinks, we cater to the premium-taste portion of the OCS segment and we believe we are well positioned to capitalize on this trend. We have further increased our opportunities for growing our OCS presence through cross-selling our coffee solutions to a much larger geographic and customer base across Europe.

Diversified business profile.

We have a balanced and diversified business profile which favors revenue stability and creates significant growth opportunities.

Due to our strong brand recognition and reputation, we are a preferred supplier to a high-quality and diversified customer base. Our customer base is broad in terms of customer size, industry and geographic region, ranging from recognized blue chip companies to individual homes and offices across 18 countries. For the year ended December 31, 2015, our top 10 customers in aggregate accounted for less than 5% of our total revenue.

We offer a variety of integrated water and coffee solutions (including three water offerings), with coffee generating an increasing percentage of our revenue since launching our OCS business in Europe in 2010 and developing our strategy to integrate new coffee customers onto our existing water business platforms. Coffee accounted for revenue of €9.0 million (14.5% of our total revenue) for the three months ended December 31, 2013, €61.7 million (21.8% of our total revenue) for the year ended December 31, 2014, €70.4 million (19.8% of our total revenue) for the year ended December 31, 2015, and €17.5 million (20.9% of our total revenue) for the three months ended March 31, 2016. In addition, we generate operational efficiencies from overlaps in areas such as manufacturing, distribution, customer service, billing and collection, sales and marketing and administration.

We also have a broad geographical footprint. We offer our dual water-and-coffee solutions in 18 countries, with no single country generating more than 26% of our total revenue for the year ended December 31, 2015 and with the remaining countries generating 19% and lower for the same period. Our geographic diversification means we are less exposed to the general economic conditions affecting any single country or currency.

Our scale of operations provides us with competitive advantages.

According to a report by Zenith International from 2015, as the largest or second largest presence by BWC client base in 16 of the 17 European countries in which we operate, as well as in Israel, and as the second largest POU provider across the European countries in which we operate, we believe that our large distribution footprint in the water-and-coffee solutions space in Europe provides us with nationwide coverage for our most significant businesses and allows us to meet the water and coffee needs of our diversified customer base, including both small- and medium-sized businesses and larger national customer accounts. For example, in France, as of December 31, 2015, we service approximately 91,000 water coolers through a network of several branches and approximately 168 service vehicles. Our nationwide scale was a factor in securing a contract with SNCF, the French national railway company. The agreement with SNCF is dated January 17, 2014 and has a term of 3 years and 6 months. We focus our efforts towards markets with above-average potential customer density thereby allowing us to take advantage of our infrastructure and operational know-how to further increase our route density to generate incremental return on capital investment. This allows us to profitably serve small- and medium-sized businesses, which are our core customer base.

Best in class operational performance.

We have historically demonstrated sustained, strong margins, and achieved high return on capital investment as a result of our dense, scaled, well-managed operations and continued focus on operational improvements and customer satisfaction. To increase operational efficiency, we monitor operations with a precise profit and loss reporting system, monthly management reviews and a yearly audit on operational efficiency. We rigorously apply a highly data-driven approach to managing our business, in each case on a market-by-market basis across our branches to improve operational efficiency and increase customer satisfaction. As part of this system, we have developed an effective managerial reporting and control system that collects, tracks and allows us to regularly analyze a variety of key performance indicators ("KPIs") from each of the local markets across our supply chain. These KPIs are designed to optimize route density, increase customer satisfaction and help us quickly identify issues or trends in our business. For instance, we have implemented a tailor-made customer relationship management solution and software to optimize route sequence, cost and frequency of visits, and to provide reliable service to our customers, by closely following our service level agreements and making sure our customers, for instance, do not run low on inventory by monitoring their consumption. We believe our system of benchmarking performance across local markets and product segments and our system of remuneration in place for both our management and employees, based on profitability, growth and customer satisfaction has encouraged a culture of internal accountability and healthy competition, as well as the sharing of best practices.

We have historically enjoyed high retention rates and long-standing customer relationships across our business, which we believe is a result of the high quality service we offer. As of March 31, 2016, the average length of our customer relationships (excluding PET) was more than seven years. We have consistently increased our retention rate across our water and coffee solutions (excluding PET) in recent years, with an increase from

85.3% in 2013 to 86.5% in 2014 to 87.0% in 2015, and we seek to increase this rate further through our focus on operational improvements and customer satisfaction. We believe our successes with high customer retention rates are attributable to our ongoing operational excellence activities, including consistent improvement of our quality of service and our implementation of a variety of tools to identify the satisfaction level of our customers. For example, we initiated a customer's event driven survey tool that enables periodic tracking and benchmarking of various KPIs pertaining to our customer related activities, such as distribution, technical support, billing and collection.

Flexibility of our cost base and proven business resilience through the downturn.

We have a flexible cost base, which has historically provided us with resilient margins and allows us to adjust our cost base for seasonal variations in demand for water and coffee. Such continued resilience is bolstered by more recent operational efficiency initiatives such as our "FlexMax" program, which encourages managers to convert fixed costs into variable costs; for instance, by renting assets and utilizing self-employees (entrepreneurs that work for us on demand, with remuneration linked to volumes delivered, profitability and satisfaction of the customers on their routes). We estimate that our variable costs, including semi-variable distribution costs that we can downscale relatively quickly in reaction to variations in demand for water and coffee, represented more than 70% of our total cost base for the year ended December 31, 2015.

Strong acquisition and business integration track record.

We have acted as a consolidator in the highly fragmented water and coffee services industry and have successfully executed over 90 add-on acquisitions of varying sizes since 1998. We have completed 13 of these acquisitions since 2009 in support of our OCS business in Europe and Israel, including the Kafevend Acquisition in December 2013. Our dedicated mergers and acquisitions team and experienced local management have a disciplined and structured approach to identifying and targeting opportunities and in smoothly and efficiently executing acquisitions, including negotiating deal structure and pricing. We targeted opportunities that increased our customer base and generated a compelling return to complement our investment in sales and marketing and product development, focusing on selective bolt-on acquisitions that grew our customer base in a cost-efficient manner. We have a demonstrated ability to successfully integrate acquired companies and their customer base and generate significant synergies shortly after acquisition from supply chain optimization, implementation of operational efficiency initiatives and saving on overhead costs through economies of scale. For all other than our most material acquisitions, we operate a "90:90" model in which we target a realization of 90% of the company's acquired contribution margin within 90 days of close.

High cash conversion due to scalable capital expenditures and working capital requirements.

Our relatively modest and scalable capital expenditure and working capital requirements, driven by our focus on operational efficiency and an asset-light distribution network, has enabled us to increase the levels of cash generated by our business. Our strong cash flow generation has allowed us to effectively reinvest in our business and enabled us to pursue additional opportunistic acquisitions to further grow our customer base and consolidate our position.

Experienced senior management team with strong track record for achieving revenue growth, operational efficiency and successful acquisitions.

The experience, industry knowledge, leadership and entrepreneurial nature of our senior management team has been instrumental in establishing and expanding our position in the water and coffee solutions industry and in achieving our long term objective of delivering growth for our business. With over 50 years of combined senior management experience within Eden Springs, our senior management team has a strong track record of achieving revenue growth; and in driving operating excellence by using our KPI-driven reporting and control systems to effectively benchmark each of our local markets and identify, target and successfully execute and integrate bolt-on acquisitions.

Our History

We have an entrepreneurial culture of helping to pioneer new categories in the water solutions industry and a proven ability to achieve leading positions. We were the first to develop the PET and BWC categories in Israel, entering the PET segment in 1982, upon the company's founding, and the BWC segment in 1987.

In 1993, Eden Springs Ltd. (our former indirect majority-holder) underwent an initial public offering and was listed on the Tel Aviv Stock Exchange.

We were among the first group of entrepreneurs to develop the BWC category in Europe. We started our BWC operations in Poland in 1997, followed by Switzerland in 1999. Since 1999, we have expanded our BWC operations throughout Europe, including the United Kingdom, France, the Netherlands, Luxembourg, Spain, the Nordics and the Baltics, through organic growth, strategic acquisitions and a joint venture with Danone. In 2006, we acquired Nestlé Waters PowWow in Denmark and Nestlé Waters Direct Suisse in Switzerland while selling Eden Springs Greece to Nestlé Waters Direct. Recently we completed the NWDE Acquisition, which occurred in three stages and concluded on February 1, 2016, which has allowed us to expand our operations into Germany, Russia and Portugal.

Initially, our entry into the POU segment was restricted under our joint venture relationship with Danone, however, after purchasing Danone's stake in our company, we began expanding into the POU segments in Europe in 2008 and in Israel in 2013.

Leveraging our presence in the water solutions space and strong track record of successful acquisitions, we launched our OCS business in Israel in 1998 and in Europe in 2010 through a combination of organic growth (including greenfield expansions) and strategic acquisitions (with a total of 13 OCS acquisitions in Europe and Israel since 2009).

On October 23, 2013, Eden Springs Europe B.V. and its subsidiaries and the Israeli Subsidiaries were indirectly acquired by our management team and Rhône Fund IV, and became owned by Hydra Dutch Holdings 2 B.V. (the "2013 Eden Springs Acquisition").

Our Solutions

We offer a variety of integrated water and coffee solutions designed to cater to the broad range of tastes and requirements of our diverse customer base across 18 countries.

Water Solutions

Bottled Water Coolers (BWC): Eden "Pure Nature"

BWC is our principal business and consists of the installation, rental and servicing of stand-alone bottled water coolers and the sale and delivery of bottled water to our customers. We also generate revenue from the sale and delivery of accessory products such as cups, bottle racks and sanitization kits. According to a report by Zenith International from 2015, we are the overall leading provider of BWC solutions in Europe, and have the largest or second largest presence by client base in 16 of the 17 European countries in which we operate, as well as in Israel. As of March 31, 2016, we had an installation base in Europe and Israel, respectively, of 722,697 and 99,438 bottled water coolers. BWC accounted for 61.4% of our total revenue for the year ended December 31, 2015.

The majority of our BWC revenue is generated on a recurring basis. As of March 31, 2016 approximately 54% of our customers had a BWC rental contract and approximately 18% had a BWC package contract, which are often automatically renewed thereby contributing to our average customer relationship of seven years for our water and coffee solutions (excluding PET).

Our variety of BWC water coolers may dispense ambient, hot and/or cold water for 3 and 5 gallon returnable bottles which are designed to be easily installed. The units are available in floor-standing and tabletop models and in a variety of attractive designs.

Point-of-Use Filtration Systems (POU): Eden "Unlimited"

POU consists of the installation, rental and servicing of point-of-use plumbed-in water coolers that access and filter tap water, as well as the sale of accessory products. We believe that our POU offering represents a significant opportunity for sustainable growth. We intend to grow our POU platform by leveraging our competitive product offering and best-in-class distribution and sales and marketing expertise to cross-sell POU to our OCS customers and to convert BWC customers with higher consumption levels who may prefer POU as a more cost-efficient alternative and therefore potentially not renew a BWC contract. We seek to identify such potential BWC quits and convert those customers to our POU offering, thereby maintaining a high level of retention. POU accounted for 5.8% of our total revenue for the year ended December 31, 2015.

The majority of our POU revenue is generated on a recurring basis by rental contracts. Our rental contracts include installation, sanitization and maintenance services, with accessory products sold separately. We charge our customers on a regular cycle to cover both the rental and routine maintenance. We generate additional revenue if we are required to perform any other work on filtration equipment outside of our standard maintenance. Rental contracts for POU have historically generally had duration of three years, though are often automatically renewed and thereby contribute to our average customer relationship of seven years for our water and coffee solutions (excluding PET).

POU systems are connected at the customer's location to an existing water supply to reduce impurities and other contaminants found in tap water. Our variety of POU water coolers may dispense ambient, hot, cold and/or carbonated water. The units are available in floor-standing and table-top models and in a variety of attractive designs. Our POU water coolers are professionally installed and maintained by qualified filtration service engineers. We provide bi-annual sanitization and maintenance services, which includes visits to ensure that the filters are clean and operating properly and to replace the filters as necessary.

A customer may move from a BWC to POU solution for a variety of reasons, including cost, convenience and environmental considerations. Although installing a POU is more capital intensive for customers, it is generally more cost-effective and convenient at higher consumption levels because it does not require delivery, handling and storage of BWC bottles. POU is therefore often the preferred alternative for larger offices. POU is also perceived by many customers as being more environmentally friendly and having a reduced carbon footprint. Our POU offering is designed to enable us to promote retention by recapturing BWC customer churn while competitively servicing the higher-growth POU market. As of March 31, 2016, we had an installation base of almost 77,700 POU water coolers across Europe and Israel.

Small-Pack Bottles (PET): Eden "On-the-Go"

As part of our water offering in Israel, we also manufacture and distribute single-serve and small-pack bottled mineral water for personal use in 500 and 750 milliliter and other size PET water bottles. We distribute our PET bottles to most retail outlets in Israel through Jafora, our key third-party distributor. Marketed under the brand name "Mey Eden," our mineral water is commonly recognized as the leading bottled water brand in Israel. We currently hold the largest share of the Israeli PET water segment by revenue. A portion of our revenue in Europe is generated from up-selling single-serve and small- packed PET bottled spring and mineral water to BWC and POU customers and may include delivery of such bottles as part of a package contract. At the end of the three year period, we may enter discussions with Nestlé to continue this arrangement. PET accounted for 12% of our total revenue for the Year ended December 31, 2015.

Coffee Solutions (OCS)

Our OCS offering includes the installation, rental and servicing of a variety of stand-alone coffee machines, as well as the sale and delivery of coffee (capsule, bean, ground and soluble coffee), tea, chocolate and accessory products such as sugar and cups.

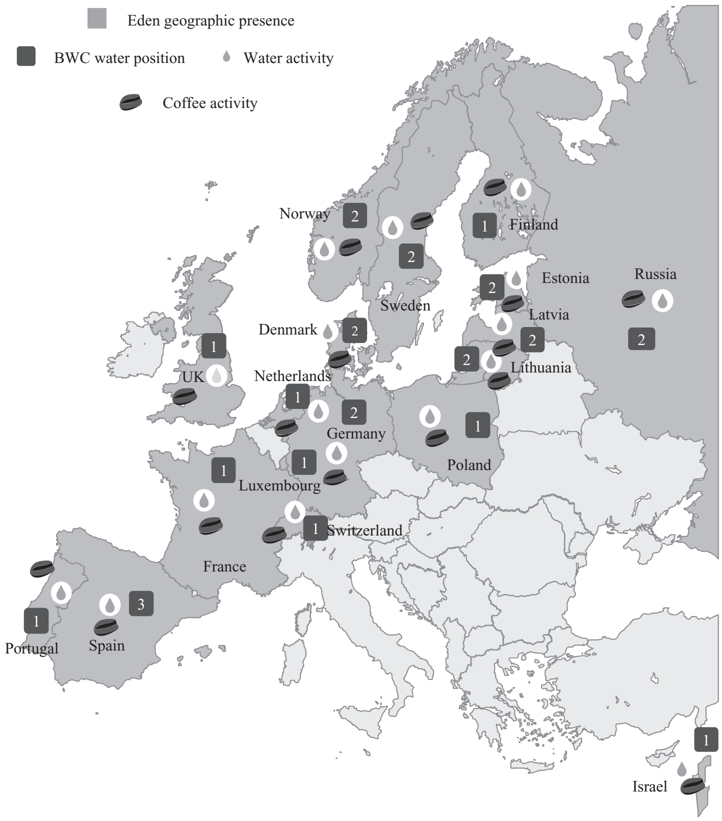
The water and coffee solutions business models have significant operational overlap, allowing us to integrate new coffee customers onto our existing water business platform and generate efficiencies in areas such as billing and collection, sales and marketing and administration. As with water, we believe nearly every office in the countries in which we operate requires a coffee solution, which creates opportunities for cross-selling our OCS solutions to our office water solutions customers. As of March 31, 2016, we had an installation base of approximately 155,000 coffee machines across Europe and Israel, representing an increase of almost 19,000 since December 31, 2014, and an increase of approximately 11,000 since December 31, 2015. We believe that with our large, existing BWC and POU installation base, and our competitive coffee offering, we are well positioned to grow our emerging leadership position in OCS and capitalize on the trend towards consumption of higher-quality, premium coffee, often in the form of single-serve capsules, which typically require a rented or purchased coffee machine and an OCS supplier to provide regular service. OCS accounted for 19.7% of our total revenue for the year ended December 31, 2015.

We have developed a portfolio of coffee products for capsule, bean, ground and soluble coffee preparations and have partnered with coffee machine manufacturers and brands to cover a broad spectrum from premium to value-oriented solutions for customers with varying levels of coffee consumption. We offer coffee machines and capsules mainly from our partner Lavazza, but we also partner with and purchase coffee machines and coffee products from other suppliers. Since our acquisition of Kafevend in December 2013, we also offer Flavia coffee machines and premium single-serve coffee supplied by Mars Drinks. We have developed our own private label brand, Edenissimo, which is positioned at a lower price point and complements our Lavazza offering. We also offer Kenco (Kraft Foods). As part of the NWDE Acquisition, we will enter an agreement with Nestlé to sell-through for a three year period Nestlé branded food products, including a range of Nestlé coffee products such as Nescafe, Sical, Buondi and Dolce Gusto. At the end of the initial three year period we may enter discussions with Nestlé to continue this arrangement. The majority of our OCS revenue is generated on a recurring basis by rental and package contracts. Historically, our rental contracts for OCS have generally had a duration of between two and four years, and package contracts have generally had a duration of five years, though our customer relationships are typically longer as a result of renewals, which are often automatically renewed and thereby contribute to our average customer relationship of seven years for our water and coffee solutions (excluding PET).

In Israel, we provide an OCS offering under the Pauza brand. The majority of our machines are purchased from Lavazza, but we also partner with and purchase machines and other coffee products from other suppliers, including Saeco, Illy, Nescafé and Mokador.

Geographical Footprint

As the map below illustrates, we hold the leading or second-leading position by BWC client base in 17 of the 18 countries in which we operate. This broad water customer base facilitates our ability to sell our coffee and other water offerings. We offer a dual water-and-coffee solution in each of the countries in which we currently operate and therefore have a strong water customer base from which to sell our coffee and other water offerings.



Note: BWC represents total bottled water coolers but is not a market in and of itself as the HOD water business consists of coolers, bottled water as well as other products such as case pack water and single serve products

Source: Zenith report and Company information/management assesment

The following table sets forth the percentage of total revenue generated in the twelve months ended March 31, 2016 in each of the countries specified below:

	Eden
Baltics(1)	2%
France(2)	12%
Germany	5%
Israel	26%
The Netherlands	3%
Nordics(3)	5%
Poland	10%
Portugal	3%
Russia	6%
Spain	4%
Switzerland	5%
UK	19%
Total	**100%**

(1) Includes Estonia, Latvia and Lithuania.
(2) Includes Luxembourg.
(3) Includes Sweden, Norway, Denmark and Finland.

With respect to Eden Springs, the following table sets forth the historical evolution of the percentage of our total revenue in each of the countries specified below for the year ended below:

	2013	2014	2015
Total revenue	**100%**	**100%**	**100%**
France(1)	18%	14%	12%
Israel	33%	27%	26%
Poland	10%	8%	10%
UK	14%	19%	19%
Other(2)	25%	32%	31%

(1) Includes Luxembourg.

(2) Includes Denmark, Estonia, Finland, Latvia, Lithuania, the Netherlands, Norway, Sweden, Spain and Switzerland.

The increase in the revenue percentage generated in the UK from 14.0% in 2014 to 19.0% in the year ended December 31, 2015 has been primarily driven by the acquisition of Kafevend.

Our Operations

Procurement

We believe that with the exception of our mutually beneficial relationship with Lavazza and Mars Drinks, we have limited supplier dependence and that our wide geographic presence affords us greater purchasing power. We regularly evaluate our needs and our suppliers' capacities and from time to time switch suppliers for pricing, quality or other reasons.

An important commodity is fuel, which is used for trucks and as a raw material for the plastic-related products we purchase from suppliers. Other key commodities we purchase are coffee and plastic-related purchases such as cups, bottle caps, coffee capsules, PET water bottles and our 3 and 5 gallon water bottles. Since 2011, the prices of two key inputs, fuel and plastic products, have increased meaningfully but have had a limited impact on our gross margins. We have historically been able to mitigate the rise in fuel costs by passing on this cost to customers with increases in prices and monthly fuel surcharges on our invoices.

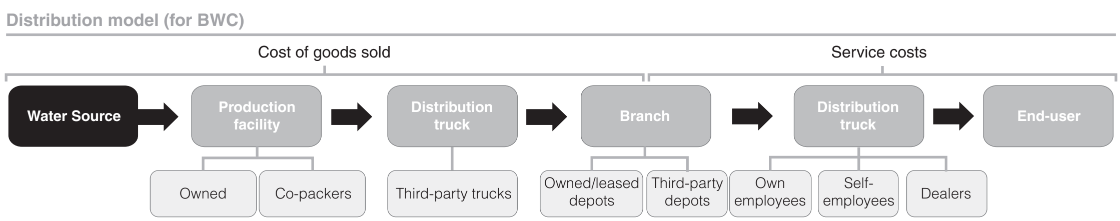
We also purchase water coolers and coffee machines. We purchase the majority of our BWC water coolers primarily from Oasis and Ebac and our POU water coolers primarily from Champ. We purchase our BWC and POU water coolers from other suppliers, as well, and believe there are a number of alternative suppliers that could satisfy our demand at any given time. We regularly evaluate our needs and the capacities of our suppliers, and we may switch suppliers for pricing, quality or other reasons.

Our coffee machines are purchased mainly from Lavazza, but we also partner with and purchase machines from other suppliers. We have individual contracts with Lavazza in some countries and these contracts are generally renewed annually. Coffee prices charged by Lavazza can be changed once a year by Lavazza and that is normally done in mutual understanding, with both parties considering market conditions. We believe that Lavazza is a key supplier that cannot be easily replaced, though our relationship with Lavazza is mutually-beneficial. We provide Lavazza with access to a steady, growing customer base in Europe and Israel and as that base grows the relationship becomes increasingly beneficial for Lavazza. In the UK, since the Kafevend Acquisition, we also rely on Mars Drinks to supply Flavia and Klix drinks machines and single serve capsules for those machines. The agreement with Nestlé to sell-through Nestlé products that NWDE offered to its customers means that we additionally sell certain Nestlé products, including Nescafe, Sical, Buondi and Dolce Gusto.

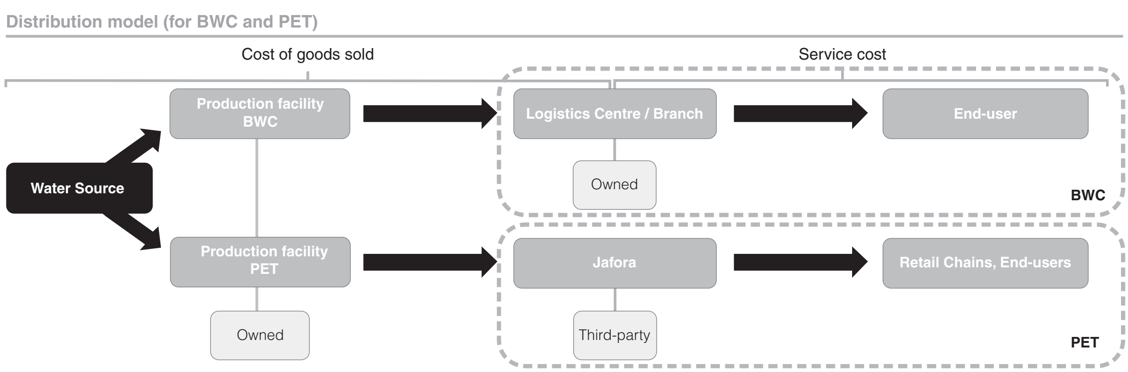
Production, Distribution & Service

To maximize the operational synergies from our water and coffee solutions offerings, we have partly unified our supply chains for our water and coffee solutions in Europe to enable both solutions to be delivered via a single distribution process where possible and primarily in dense delivery areas. Where it is more economically beneficial, we deliver certain OCS solutions via couriers. Our BWC and PET supply chain begins at the water source and bottling production facilities. Below is a depiction of our BWC distribution model in Europe and our BWC and PET supply chains in Israel:

European BWC Distribution Model:



Israeli BWC and PET Distribution Models:



Production and Distribution:

Our water is sourced from 27 water sources, 26 in Europe and one in Israel. We aim to source our water locally in order to limit the distance between the customers and the source and thus reduce fuel and other transportation costs.

Our bottles are washed, sterilized, filled, capped and packed at production facilities located near the site of the water source. Nine of these facilities are managed and operated by us, and 18 are owned and operated by third -parties, (referred to as "co-packers") with whom we have strategic relationships to reduce operational costs.

We seek to run an efficient production process, which is based on a "just-in-time" principle to minimize our stock of bottles and optimize working capital. Water is pumped or springs out naturally from boreholes drilled in the ground at the water sources and then piped to our production facilities where it is then collected in water tanks to ensure a continuous flow for the bottling lines, filtered and disinfected for quality control, before being emptied into sterilized bottles. In parallel, empty bottles are collected from customers, and cleaned and sterilized along the bottling line so they may be re-filled with water.

After the water is bottled, the full bottles are packed and shipped to one of our operating facilities or our third-party managed branches, primarily by third-party distributors who are also responsible for bringing empty bottles (that were recovered from our customers) from the branches back to the production facilities. The branches generally hold enough bottles to be able to supply the expected demand for the next three to four days, including ad hoc requests. From the branches, the bottles are distributed to the customer by a mix of three types of distributors depending on which method is most cost effective based on route density and other factors. The three types of distributors are: our own-employees using Eden Springs vehicles, most of which are leased; self-employees (entrepreneurs that work for us on demand, with remuneration linked to volumes delivered, profitability and satisfaction of the customers on their routes) and dealers (common carrier distributors that work for other parties as well and are generally more expensive than own- and self-employees). Dealers work in certain more remote locations with sub-optimal customer density. The percentage of own-employees, self-employees and dealers we use varies in each country in which we operate. We had a fleet of approximately 1,200 service vehicles as of March 31, 2016, including vehicles we owned or leased, and which are used by own- or self-employees.

In Israel, our water is sourced from the Salukia Spring. Our activities include the filling of BWC and PET bottles, as well as related activities such as sealing, labeling, sanitizing and storing of bottles. We have relatively rapid turnover and usually maintain an inventory of BWC and PET bottles for up to 18 working days of production. After the water is bottled, sealed BWC bottles are transported to one of our logistics centers or one of our rented storage locations before being distributed by our own network of vehicles to the customer.

Our PET solutions are distributed directly from our production facility by our key third-party distributor, Jafora, to retail outlets. Jafora is a joint owner of Ein Gedi, a primary competitor in the Israeli PET market, and therefore the distribution agreement with Jafora required approval by the Israel Antitrust Authority, which was granted in 2004, extended until March 2015 and recently extended for five additional years. Jafora purchases our PET products on 60-day terms and does not put up collateral against the credit it receives.

Service:

Our water coolers, coffee machines and other products are mostly delivered to a central warehouse in each location and dispatched to the different branches based on local demand. Our refilled water bottles are then delivered to customers through our own distribution system by route sales managers (“RSMs”). RSMs act as a one-stop-shop for our customers and optimize visits by delivering all of our water and coffee products and providing some technical service, including installation and sanitization of water coolers and coffee machines. Qualified filtration service professionals install and service our POU cooler, and experienced technicians install and service our more sophisticated coffee machines. Upon termination of service or conversion from BWC to POU, water coolers and coffee machines are picked up, cleaned, sanitized, refurbished and re-issued to other customers generally at relatively low cost.

We apply a highly data-driven approach to managing our business. To increase operational efficiency and increase customer satisfaction, we monitor operations with a precise profit and loss reporting system, monthly management reviews and a yearly audit on operations. We believe our system of benchmarking performance across countries and product categories and system of remuneration for both management and employees based on profitability, growth and customer satisfaction has encouraged a culture of internal accountability and competition, as well as the sharing of best practices. As part of this system, we collect, track and analyze a variety of key performance indicators (“KPIs”) from each of our local markets across our supply chain. These KPIs are designed to optimize route density, increase customer satisfaction and help us quickly identify issues or trends in our business. For instance, we have implemented a tailor-made customer relationship management solution and software to optimize the route sequence, cost and frequency of visits, and to provide reliable service to our customers, closely following our service level agreements and making sure our customers, for instance, do not run low on inventory by monitoring their consumption. We have also implemented an operational system named “FlexMax,” which encourage managers to convert fixed costs into variable costs; for instance, by renting assets. We have been able to reduce our distribution costs as a percentage of revenue from 19.1% in 2013 to 17% in 2014 and to 17.8% in 2015. We estimate that our variable costs, including semi-variable distribution costs that we can downscale relatively quickly in reaction to variations in demand for water and coffee, represented more than 70% of our total cost base for the year ended December 31, 2015.

Two of our operational KPIs for our BWC supply chain are the average number of bottles delivered per distribution employee (including self-employees) per day and the average number of bottles per stop. Our average number of bottles delivered per distribution employee (including self-employees) per day increased from 113.4 in 2013 to 114.2 in 2014 to 118.1 in 2015. Larger numbers are achieved by RSMs in areas where we have strong route density. RSM remuneration is generally tied to profitability, increase in the number of installations and customer satisfaction for the route. We believe that delivery efficiency is a key factor governing our success as the delivery cost per day tends to be fixed and a greater number of bottles and other products and services delivered in a day increases the profitability per customer.

We believe we have created a best-in-class and highly scalable platform. In addition, our strong operational capabilities have historically enabled us to quickly and easily integrate acquired businesses and realize significant cost savings with minimal disruption to our business.

We continually evaluate our operations to identify areas to improve productivity or reduce costs. We believe our established systems and processes and ability to efficiently construct and manage an asset-light distribution network sets us apart from our competition and has been a key success factor in allowing us to achieve superior returns on capital and stable cash flow generation. As operational efficiency is correlated to customer density, our continued consolidation through organic growth and acquisition in any one location will further improve our efficiency and therefore increase profitability at each location.

Customer Service

Customer service is responsible for receiving calls from customers on a daily basis, varying from a request for information to a request for additional bottle deliveries. They also make proactive calls after the contacts are executed to verify customer satisfaction levels and rectify any problems down to the route level. We believe that the quality, reliability and frequency of our service, both at the route level and in the back office, including call centers and billing and collections departments, are competitive factors within our markets.

We currently maintain call centers in certain markets, we outsource customer service to third parties in the same country or to other areas. Our employees at the call centers strive to answer customer calls within 20 seconds and to address any complaints or questions within the first call. We manage the efficiency of our customer service through KPIs, including the number of calls per 1,000 customers, the number of calls being answered within 20 seconds, the average length of calls and problem resolution during the first call. We believe our call center capabilities allow us to respond to our customers' needs, quickly and efficiently, differentiating us from our competitors. We also have a self-service website, which enables customers to better handle their needs online as opposed to through the call centers. We believe we compete favorably in this area and continue to work on improving our service to our customer base.

Customers and Contracts

We are a preferred supplier to a high-quality and diversified customer base, leading to stable revenue and significant growth opportunities such as cross-selling of our coffee and water services to existing customers. Our customer base is broad in terms of customer size, industry and geographic region, ranging from recognized blue chip companies to individual homes and offices across 18 countries. For the year ended December 31, 2015 our top 10 customers in aggregate accounted for less than 5% of our total revenue.

In order to grow our business or even retain our market share, we focus on maintaining a high retention rate. We have consistently increased our retention rate across our water and coffee segments (excluding PET) in recent years with an increase from 85.3% in 2013 to 86.5% in 2014 to 87.0% in 2015.

The majority of our BWC, POU and OCS revenue is generated on a recurring basis. As of March 31, 2016, approximately 52% of our BWC, POU and OCS customers, in aggregate, had a "rental contract" and approximately 19% had a "package contract." Our "rental contracts" usually include sanitization and maintenance services, with sale and delivery of accessory products and bottles not included. "Rental contracts" have historically had a duration of two to four years, though our customer relationships are typically longer as a result of renewals. Our "package contracts" may include rental, sanitization, maintenance and delivery of bottles, and in some cases, other accessories. On a "package contract," the price of water and bottles is normally locked-in for the length of the contract. "Package contracts" have historically had a duration of one to five years, though our customer relationships are typically longer due to renewals. A limited percentage of our BWC revenue is generated from the ad hoc sale of bottled water coolers and a contract for servicing and bottle delivery. Our country management has a high degree of autonomy in determining local pricing for each contract.

As of March 31, 2016, our average customer relationship (excluding PET) was approximately seven years. We believe the loyalty of our customers is evidence of our high quality service and proven ability to continuously evolve and grow our business to meet their ongoing needs. The growth of our installed water and coffee client base reflects this, with an installed aggregate client base, as of December 31, of approximately 656,000 in 2013, 764,000 in 2014, 899,000 in 2015 and 955,000 as of March 31, 2016.

The table below shows the growth of the Eden Springs' client base development over the historical period from January 1, 2013 to March 31, 2016.

	2013	2014	2015	Three months ended March 31, 2015	Three months ended March 31, 2016
Client base at beginning of period	654,220	655,733	763,703	763,703	898,681
Change in client base attributable to organic growth (net)	(13,721)	4,592	18,513	(1,629)	6,485
Change in client base attributable to acquisitions (net)	15,234	103,378	116,465	75,771	49,824
Client base at end of period	655,733	763,703	898,681	837,845	954,990

Our client base gains attributable to acquisitions has increased our client base by 15,000 clients in 2013, 103,000 in 2014, 116,000 in 2015 and 50,000 in the first quarter ended March 31, 2016. The number of acquired clients varies depending on the cost effectiveness of the opportunities identified during the acquisition process and the resources allocated by management to take advantage of those opportunities.

Monthly ARPU was 29.6 in average during full year ended 2015.

Sales and Marketing

Our marketing operation consists of local teams which are consolidated at the company level. The core of our marketing activity is to support and create lead-generating commercial initiatives, enhance brand visibility, develop a coherent brand image and manage communications related to the company.

We market our products through various media channels, including Internet activities (which includes our regional and corporate websites), telephone, television, radio, billboard, trucks, direct mail and various referral programs. Our marketing activities emphasize the benefits of bottled water and the convenience of a water dispenser, including the associated convenience of receiving regularly scheduled bottled water delivery. Potential new customers are often offered various introductory promotions, including complimentary products, as an inducement to start the service. Our marketing efforts also support our strategy of cross-selling our water and coffee services.

We make use of several sales channels, based on customer segmentation, to support our marketing activities. As of March 31, 2016, our sales team consisted of 622 full -time equivalent employees, including key account representatives for our larger customers, field sales representatives focused on small and medium enterprises and telesales representatives focused on private consumers and small offices and homes offices. We have training for our sales team, adapted for each of the different channels.

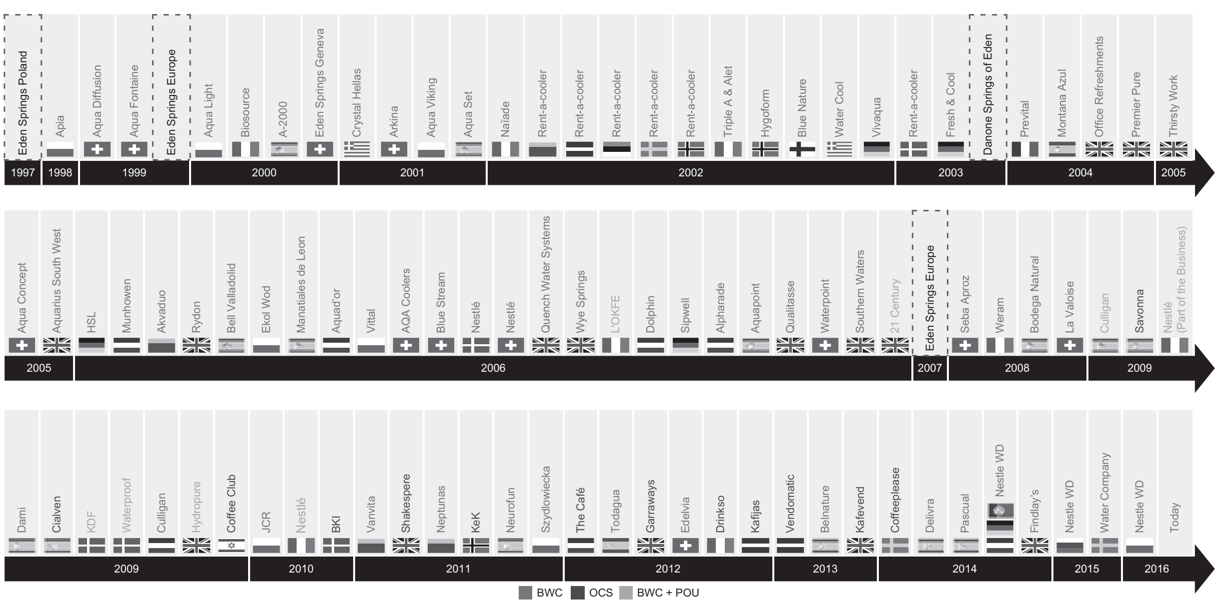
In addition to servicing the needs of our existing customers, our RSMs also generate sales by signing up new customers or selling new products to existing customers. RSMs earn a commission based on sales and are additionally compensated for each new customer contract they originate.

We also have a customer retention team that accounts for approximately 14% of our selling positions and deals with retention activity in every customer segment, excluding key accounts handled by key account representatives. Our customer retention team monitors our customers' behavior for quit signals such as complaints and decreased consumption and proactively makes direct contact with the aim of maximizing customer satisfaction and increasing retention. Our customer retention team also re-negotiates service levels and other aspects of existing customer contracts to increase retention.

We have numerous KPIs in place to track sales force efficiencies and return on investment per customer segment and per sales channel. In order to optimize resources and cost effectiveness, a sales "barometer" is used to optimize resources between segments and channels, as the sales platform allows the flexibility to shift resources between different customers segments. Our sales force uses software that links our front and back office support. As part of our strategies to accelerate organic growth and consolidate our water and coffee positions through strategic acquisitions, we use decision-making software to consider the relative cost effectiveness of acquiring customers through targeted investment in sales and marketing and product development and through acquisition opportunities.

Acquisitions

We have acted as a consolidator in the fragmented water and coffee services industry and have successfully executed over 90 acquisitions of varying sizes since 1998.



Our dedicated mergers and acquisitions team and experienced local management have a disciplined and structured approach to identifying and targeting opportunities and in smoothly and efficiently executing acquisitions, including negotiating deal structure and pricing. We have targeted opportunities that increased our customer base and generated a compelling return to complement our investment in sales and marketing and product development, focusing mostly on selective bolt -on acquisitions. We have a demonstrated ability to successfully integrate acquired companies and their customer base and generate significant synergies shortly after acquisition. For all other than our most material acquisitions, we operate a "90:90" model in which we target realization of 90% of the company's acquired contribution margin within 90 days of close.

Acquisitions are driven by a dedicated mergers and acquisitions team, supported by local management and other departments, including legal, human resources, finance, operations, sales and marketing, business development and IT. When we have identified a potential target, we consider a series of key factors such as the size, location, geographical coverage, mode of operation, execution probability, strategic fit, synergies, market positioning and potential investment profitability and follow detailed procedures before deciding whether to acquire the business. Every acquisition is ultimately approved by our senior management, and for larger acquisitions, our board of directors.

We generally extract synergies from bolt-on acquisitions from supply chain optimization, implementation of operational efficiency initiatives and saving on overhead costs through economies of scale. For instance, we increase route density and thereby decrease transportation cost per customer when the acquired company has customers in the same geographical area as our existing operations. Synergies extracted from overhead costs include savings resulting from shared functions and support systems such as management supervision, sales force, accounting and finance, payroll and information systems, and allow for instance, for a reduction in headcount, vehicles and premises, while increasing our customer base. As part of our structured integration approach, we have developed a sophisticated communication strategy with customers, new and existing employees and suppliers. These communications are intended to ensure a smooth integration of the acquired business with minimal loss of customers, while maintaining a high level of employee trust and fair cooperation with suppliers. After execution, our follow-up acquisition reporting monitors results of our integration plan.

Properties

We own or manage nine production facilities, as well as several branches located across Europe.

Research and Development

We engage in a variety of research and development activities. These activities principally involve the development of new products to meet customers' needs, improvement of existing products, and improvement and modernization of processes to optimize our operations and decrease costs.

Our development activities are led by our business development and research and development functions and support our strategy to offer a dual water- and-coffee solution and improve operation excellence. Our business development team is responsible for identifying our customers' needs evaluating potential profitability of new developments and managing the development cycle. We have a research and development department that consists of a small team of engineers and is responsible for, among other things, performing quality testing on our products and developing new technologies and processes. Each of our other departments, including finance, operations, sales and procurement support the project development lifecycle through implementation. In addition, we outsource research and development to engineers and manufacturers in Europe, Israel and Asia.

Intellectual Property

We own a substantial number of registered and unregistered trade names and trademarks in the countries in which we operate for use in the sale and marketing of our various products. These trade names and trademarks are important because brand name recognition is a key factor in the success of many of our product lines. The current registrations of these trade names and trademarks are effective for varying periods of time and may be renewed periodically, provided that we comply with the applicable requirements. We are not aware of any material challenge to the ownership of any of our major trademarks nor are we aware of any violation of our intellectual property rights in any of our primary markets or elsewhere. Our key brands are Eden, Eden Springs, Chateau d'Eau, Mey Eden, Pauza and Edenissimo.

Employees

As of March 31, 2016, we had approximately 3,200 full -time equivalent employees (including self-employees), of which approximately 90% are in Europe and 10% are in Israel.

The following table sets forth a breakdown of our fulltime equivalent employees by function:

	As of March 31, 2016	
	(FTEs)	
Service(1)	2,003	63%
Sales(2)	622	20%
COGS(3)	326	10%
G&A(4)	222	7%
Total	3,173	100.0%

(1) Includes employees in distribution to customers (including RSMs), branch, central operations, technical / customer service and information technology.
(2) Includes employees in sales and marketing.
(3) Includes employees in production, purchasing and primary transportation.
(4) Includes employees in administrative support functions, finance, human resources and management.

Some of our employees are represented by unions or work councils or are covered by collective bargaining agreements. In France, some of our employees are represented by works councils and unions, and in Israel, some employees are represented by unions. Further, we are subject to collective bargaining agreements with some of our employees in Israel and Spain and the Nordics. We believe that overall, we have good relations with our employees.

Insurance

We maintain liability, property, directors' and officers' and other insurance coverage. We consider our insurance coverage to be adequate both as to the nature of the risks covered and amounts insured for our business operations. However, there can be no assurance given that we may not suffer a loss or losses which are not covered by our insurance policies or which may be in excess of the amount of insurance coverage.

Legal Proceedings

We have been, and continue to be, subject to various legal proceedings arising in the ordinary course of our business, such as commercial disputes with our customers, suppliers and/or employees. In addition we currently are subject to commercial investigations in the context of two class actions which have been filed in Israel. At this stage, despite the fact that we do not anticipate any critical adverse effect on our business arising from any current legal proceedings, we estimate that the total exposure under these claims will range between €200,000 and €500,000.

Regulatory Framework

Our properties, including our water sources and production facilities, and the operations of our production and distribution facilities, and those owned and operated by our third-party producers and primary operators, are subject to various health, environmental and workplace laws and regulations. Specifically, we are subject to health and environmental laws in the jurisdictions in which we operate due to our ownership, leasing and use of real property, the extraction and processing of water, and the storage of fuel and other regulated substances at our facilities. These laws may impose joint and several liability and may apply to conditions at properties presently or formerly owned or operated by us or our predecessor entities or at which waste or other environmental contamination attributable to us or our predecessor entities has been sent or otherwise comes to be located. For example, at certain of our properties, we engage in or have in the past engaged in the handling, storage or use of hazardous substances, including for the maintenance and fueling of our vehicle fleet.

As a beverage producer, we are also subject to various regulations in the countries in which we operate. For example, such regulations are related to water source permits and licenses, production, water quality, inspection and licensing of bottling facilities, and labeling and packaging requirements.

In the European Union, these include Directive 2009/54/EC on the exploitation and marketing of natural mineral waters, Directive 98/83/EEC relating to the quality of water intended for human consumption, Directive 2003/40/EC establishing the list, concentration limits and labeling requirements for constituents of natural mineral waters, and Directive 2000/13/EC relating to the labeling, presentation and advertising of foodstuffs. Alongside other pertinent EU Directives and Regulations, the regulatory framework under which we operate:

- sets the conditions for exploiting sources and defines the routine water quality controls, and production facility audits, to be performed;
- monitors the standards related to the permitted contents and composition of our bottled water products;
- sets the terms on which water types are recognized and sets and enforces the applicable standards by which we are permitted to package and label our water;
- sets the standards applicable to the construction, operation and cleanliness of our production facilities.

In the Russian Federation, the regulatory framework relating to the bottled potable water production industry comprises both regulations adopted at the level of the Russian Federation and regulations enacted at the level of the Customs Union composed of the Russian Federation, Belarus and Kazakhstan. The Russian regulations are being gradually replaced with the unified regulations adopted, and as may be adopted in the future, within the framework of the Customs Union. The regulations include the Russian law No. 184-FZ on the Technical Regulation, the Russian Sanitary and Epidemiological Rules No. 2.1.4.1116-02 “Potable water. Hygienic requirements to the quality of bottled water. Quality control”, state standard R 52109-2003 on “Drinking bottled water. General specifications”, state standard R51074- 2003 on “Food products. Information for consumer. General requirements”, Technical Regulations of the Customs Union 021/2011 “On the safety of food products”, Technical Regulations of the Customs Union 022/2011 “On the food products in terms of their labelling” and Customs Union Resolution No. 299 “On the application of the sanitary rules in the Customs Union” and other pertinent Customs Union and Russian regulations. The overall regulatory framework, amongst other things:

- sets standards and provide information on the mandatory safety indicators;
- establish the compliance assessment requirements in terms of the bottled potable water production processes and quality control procedures; and,
- set sanitary and epidemiological rules to be complied with.

In Israel, we are subject to the Public Health Ordinance—1940 and its regulations, which relate to the quality of water intended for human use; the Licensing of Business Law—1968 and its regulations, which set the terms of the business licenses, including certain environmental conditions and obligations such as the applicable standards of cleanliness of our products and facilities (provided in order to prevent water pollution); the Water Law—1959 and its regulations, which establish the framework for the control and protection of water sources, including the grant of water quotas which are regulated and granted by the Israeli Water Authority; the Packing Law—2011, which governs the packaging of products; Nature Reserves National Sites Law—1998 and its regulations, which provide the legal structure for the protection of natural assets such as the Salukia Spring; the Pharmacies Ordinance—1981 in relation to the radioactive permit granted to us; and, the Hazardous Substances Law—1993 and its regulations, which provide the legal framework of hazardous substances in Israel and set the terms and conditions to be provided with the Toxic Substance Permit.

We are also subject to various similar regulations relating to coffee production and our coffee related products.

Quality Control

We are committed to the quality and safety of our products and apply quality control programs designed to maintain compliance with applicable governmental regulations as well as standards and best practices set by the organization of which we are a part. Water quality is regularly monitored at our water sources and production facilities, including at those owned and managed by third- parties.

Water quality is tested on a regular basis by a system of internal controls at each production facility. In addition, a comprehensive yearly audit is conducted with respect to the water at each production facility. We use an independent and accredited laboratory (ISO 17025) to support this initiative and this laboratory performs individual water controls and provides an annual Group synthesis of waters distributed per Eden Springs in Europe and Israel.

In addition, we are a member of the European Water Cooler Association ("WE"), which sets and self-enforces practical water quality standards and good manufacturing and hygiene practices, which supplement the applicable European laws and regulations.

These inspection audits, and quality and testing procedures cover all areas of plant operations and the bottling process, and check compliance with relevant national standards, good manufacturing practices, and any other local regulations. Additionally, our quality assurance staff routinely conducts comprehensive internal quality management at each of our water sources and production facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF EDEN

The following is a discussion of Eden's results of operations for, and financial condition as of the end of, the twelve months ended December 31, 2015 and the three months ended March 31, 2016 and should be read together with Eden's audited consolidated financial statements for the year ended December 31, 2015 and unaudited condensed interim consolidated financial statements for the three months ended March 31, 2016 and the related notes thereto, each of which is included elsewhere herein. The discussions in this section may contain forward-looking statements that reflect our plans, estimates and beliefs and involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements. For the purposes of this section "Management's Discussion and Analysis of Financial Condition and Results of Operations of Eden" only, the words "we," "us," "our," "Eden," "Eden Springs," "Company" and words of similar import refer to Eden and its subsidiaries on a consolidated basis. Eden Holdings refers to the parent holding company of Eden.

The financial information of Eden has been prepared in accordance with IFRS as issued by IASB and not U.S. GAAP. IFRS differs in certain respects from GAAP. See the section entitled "Presentation of Financial Information."

Overview

Headquartered in Switzerland, we are a leading provider of water and coffee solutions in Europe. After giving effect to the NWD Acquisition, we operate in 17 European countries, and Israel, and according to a report by Zenith International from 2015, we have a higher combined water and coffee installed client base than any of our competitors. We offer a variety of integrated water and coffee solutions designed to cater to the broad range of tastes and requirements of our diverse customer base. Our offerings are segmented into water and coffee solutions:

Water Solutions

- Our stand alone BWC offering is our principal business and consists of the installation, rental and servicing of stand-alone bottled water coolers and the sale and delivery of bottled water and accessory products to our customers. Our BWC business provides a platform for continued growth of our other solutions. According to a report by Zenith International from 2015, we are the largest BWC provider in Europe and hold the largest or second largest presence by BWC client base in 16 of the 17 European countries in which we operate, as well as in Israel.
- Our POU offering consists of the installation, rental and servicing of point of use plumbed in water coolers that access and filter tap water, as well as the sale of accessory products. According to a report by Zenith International from 2015, we currently hold the second largest POU position by client base across the European countries we are present in and believe POU represents a significant opportunity for sustainable growth.
- Our PET offering consists of the sale of branded small pack plastic bottles of water for personal use. We offer our PET products primarily in Israel to retail outlets through a third party distributor and we believe we currently hold the largest share of the Israeli PET segment.

Coffee Solutions

- Our OCS offering consists of the installation, rental and servicing of a variety of stand-alone coffee machines and the sale and delivery of coffee (capsule, bean, ground and soluble), tea, chocolate and accessory products. We have been growing our OCS presence in Europe and are a leading OCS provider in the UK. We also hold a leading position in the Israeli OCS segment, according to a 2012 report by GIL-CSC.

Our water and coffee business models have significant operational overlap in areas such as customer service, billing and collection, sales and marketing and administration, which allows us to integrate new coffee customers onto our existing water business platforms and offer a dual water and coffee solution with increased operational efficiency. In recent years, we have achieved revenue growth and consolidated our position in the water and coffee space through strategic acquisitions. For the twelve months ended December 31, 2015, we generated revenue of €355.8 million. For the three months ended March 31, 2016, we generated revenue of €83.5 million.

As of December, 2015, we had an installed client base of approximately 899,000 (including the NWDE acquired customers in Phases 1 and 2, as per Eden rules, but not including the customers acquired from NWDE Poland) comprising 755,000 water coolers and machines and 144,000 coffee machines. As of March, 2016, we had an installed client base of approximately 955,000 (including the NWDE acquired customers in Phases 1, 2 and 3 as per Eden rules) comprising 800,000 water coolers and machines and 155,000 coffee machines.

For the twelve months ended December 31, 2015, we distributed more than 28 million BWC bottles and approximately 676 million liters of water in our BWC and PET offerings combined. As of December 31, 2015, we had approximately 1,100 service vehicles and employed approximately 3,100 full time equivalent employees (including "self-employees"), of which approximately 76% are in Europe and 24% are in Israel. For the three months ended March 31, 2016, we distributed more than 6.7 million BWC bottles and more than 156 million liters of water in our BWC and PET offerings combined. As of March 31, 2016, we had approximately 1,200 service vehicles and employed approximately 3,200 full time equivalent employees (including "self-employees"), of which approximately 90% are in Europe and 10% are in Israel.

Comparability of Financial Data

Financial Information

On October 23, 2013, Eden Springs Europe B.V. and its subsidiaries and the Israeli Subsidiaries were indirectly acquired by our management and Rhône Fund IV, and became owned by Eden.

On December 23, 2013, we completed the Kafevend Acquisition which has significantly strengthened our presence in the UK.

On September 3, 2014 we signed the agreement to acquire NWDE and on December 1, 2014, we completed Stage 1 of the NWDE Acquisition including NWDE's companies in Germany, Netherlands and Portugal.

On February 2, 2015 we completed Stage 2 of the NWDE Acquisition and acquired its operations in Russia.

On February 1, 2016 we completed Stage 3 of the NWDE Acquisition and acquired a portion of its operations in Poland.

This financial information hereto includes the year ended December 31, 2015 and 2014 (audited) and three months ended March 31, 2016 and 2015 (unaudited) – Hydra Dutch Holding 2 B.V. consolidated financial information.

Foreign Currency Fluctuations and Translation

We conduct our business in various currencies other than the euro, primarily, Swedish Kroner, Danish Kroner, Norwegian Kroner, Polish Zloty, British Pound, Swiss Franc, U.S. Dollar, and Israeli New Shekel. Following the completion of Stage 2 of the NWD Acquisition, we also conduct business in Russian Rubles. As a result, our financial position and results of operations are subject to currency translation risks. Currency translation risk arises through fluctuations in the exchange rate of the currencies of the countries that are not part of the European Monetary Union and their impact on our results of operations and balance sheet positions as we translate the financial results from our subsidiaries in those countries to the euro. We largely benefit from natural hedging and face limited transactional currency exchange risk because although a significant portion of our revenue is denominated in currencies other than the euro, they are generally accompanied by costs in the same currency. Our Israeli activity, however, is exposed to foreign currency exchange risk on imported goods and on charges to other companies within the group for IT services, which are located in Israel. We are therefore subject to foreign currency exchange rate risk on cash flows related to sales, expenses, financing and investing transactions conducted in currencies other than the euro. Significant fluctuations in exchange rates against the euro may have an adverse impact on our financial performance. See "Risk Factors—Risks Related to Eden's Business and Industry—Fluctuations in foreign currency exchange rates may adversely affect our results of operations."

Presentation of our Financial Information

Critical Accounting Estimates and Assumptions

The preparation of the Eden Springs Consolidated Financial Statements in conformity with IFRS requires management to make estimates, assumptions and judgments which affect the reported amounts of assets, liabilities and contingent liabilities at the date of the Eden Springs Consolidated Financial Statements and the reported amounts of revenue and expenses during the reporting periods. The estimates and associated assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

Estimated impairment of goodwill

We test whether goodwill has suffered any impairment once a year, or more frequently, in the presence of events or circumstances indicating a possible impairment in the value of such assets. The recoverable amounts of cash generating units have been determined based on value-in-use (or fair value less cost to dispose) calculations. These calculations require the use of estimates.

Deferred tax asset

We are subject to income tax in numerous jurisdictions. Significant judgment is required in determining the portion of tax losses carried forward which can be offset against future taxable profit. In order to assess if there is any future benefit, forecasts are made of the future taxable profits by legal entity. Actual tax outcomes could vary significantly from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Provisions for contingencies

Provisions are recognized when we have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle such obligation and the amount has been reliably estimated. The provision for contingencies in respect of legal claims is carried at the discretion of the management as to the likelihood that cash flows will be allocated to settle such liabilities, and is based on an estimate of the present value of the cash flows that is expected to be required to settle such liabilities.

Useful lives of depreciable and amortizable assets

We estimate the useful asset lives and the related depreciation and amortization costs in respect of our fixed assets and intangible assets. The estimate is based on the expected life cycle of our products. Estimates may vary significantly commensurate with changes in customer installations and quits and other technological changes.

Key Income Statement Items

Below is a summary description of our key income statement line items.

Revenue consists primarily of revenue generated from the rental of water coolers and coffee machines and sale of goods in our water and coffee solutions segments. BWC revenue is generated from the rental and servicing of BWC water coolers and the sale and delivery of bottled water to our customers, as well as the sale and delivery of accessory products such as cups and sanitization kits. POU revenue is generated from the installation, rental and maintenance of POU water coolers, as well as the sale of accessory products. PET revenue is generated primarily from the sale of our PET bottles in Israel, as well as to BWC and POU customers in Europe. OCS revenue is generated from the installation, rental and servicing of coffee machines, as well as the sale and delivery of coffee (capsule, bean, ground and soluble coffee), tea, chocolate and accessory products such as cups.

Cost of goods sold includes primarily depreciation of our production equipment, returnable bottles, water coolers, coffee machines and other rental equipment; maintenance and repair of rental equipment; raw materials, including non-returnable bottles and the cost of coffee and coffee accessory products for resale; production expenses related to the bottling process; and the cost of freight (including fuel costs) to transport products from our production facilities to our branches and distribution centers.

Service expenses includes operating expenses relating to our distribution activities from branches to customers, including costs of labor, vehicle and fuel costs, cost of dealers and self-employees as well as customer service, billing and collection and information technology.

Selling expenses includes selling and advertising costs, including costs of labor, commissions and outside marketing related expenditures.

General and administration expenses includes costs related to executive, finance, legal and human resources functions, as well as bad debt costs.

Amortization of customer relations and tradenames includes amortization of customer account portfolios, as well as tradenames.

Other operating expenses consists primarily of restructuring and certain acquisition-related integration costs, establishment of a new business line such as POU in Israel, litigation and release of unused provisions and liabilities such as customer deposits received, as well as business development expenses with long-term payback periods.

Financial income represents primarily foreign exchange gains, gains on derivatives that do not qualify for hedge accounting and interest receivables on funds invested.

Financial expenses represents foreign exchange losses, losses on derivatives that do not qualify for hedge accounting, interest payable on borrowings and borrowing costs amortization.

Taxes on income includes current and deferred income tax expense.

Results of Operations for the Twelve Months Ended December 31, 2014 and 2015

The following table sets out certain items from our consolidated statements of income for the periods indicated:

	12 months ended December 31, 2014	12 months ended December 31, 2015	Percentage change	12 months ended December 31, 2014	12 months ended December 31, 2015
	(€ in thousands)			(% of total revenue)	
Revenue	**283,144**	**355,816**	**25.7%**	**100.0%**	**100.0%**
Cost of goods sold	(99,093)	(118,349)	19.4%	(35.0%)	(33.3%)
Gross Profit	184,051	237,467	29.0%	65.0%	66.7%
Service expenses	(106,800)	(135,390)	26.8%.	(37.7%)	(38.1%)
Direct Margin	77,251	102,077	32.1%	27.3%	28.7%
Selling expenses	(25,933)	(35,909)	38.5%	(9.2%)	(10.1%)
General and administration expenses	(19,467)	(26,446)	35.9%	(6.9%)	(7.4%)
Amortization of customer relations and tradenames	(8,041)	(11,209)	39.4%	(2.8%)	(3.2%)
Other operating expenses	(14,142)	(19,348)	36.8%	(5.0%)	(5.4%)
NWDE Acquisition related costs	(2,569)	(2,592)	0.9%	(0.9%)	(0.7%)
Profit/(Loss) from operations	7,099	6,573	(7.4%)	2.5%	1.8%
Net financial expenses	(32,181)	(36,852)	14.5%	(11.4%)	(10.4%)
Profit//(Loss) before taxes on income	(25,082)	(30,279)	20.7%	(8.9%)	(8.5%)
Taxes on income	(2,818)	(72)	(97.4%)	(1.0%)	(0.0%)
Net Profit (loss)	(27,900)	(30,351)	8.8%	(9.9%)	(8.5%)

Revenue

Our revenue amounted to €355.8 million for the twelve months ended December 31, 2015, an increase of €72.7 million, or 25.7%, from €283.1 million for the twelve months ended December 31, 2014. This growth was primarily attributable to the acquisition of Nestle Water Direct.

The table below shows our consolidated sales by solutions for the twelve months ended December 31, 2014 and 2015, respectively:

	12 months ended December 31, 2014	12 months ended December 31, 2015	Percentage change	12 months ended December 31, 2014	12 months ended December 31, 2015
	(€ in thousands)			(% of total revenue)	
Solutions:					
Water	221,402	285,411	28.9%	78,2%	80.2%
Coffee	61,652	70,405	14.2%	21.8%	19.8%
Total	**283,054**	**355,816**	**25.7%**	**100.0%**	**100.0%**

The table below shows our consolidated sales by geographic segment for the twelve months ended December 31, 2014 and 2015, respectively:

	12 months ended December 31, 2014	12 months ended December 31, 2015	Percentage change	12 months ended December 31, 2014	12 months ended December 31, 2015
	(€ in thousands)			(% of total revenue)	
Geographical:					
Europe	197,160	261,698	32.7%	69.6%	73.5%
Israel	85,984	94,118	9.5%	30.4%	26.5%
Total	**283,144**	**355,816**	**25.7%**	**100.0%**	**100.0%**

(1) Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland and United Kingdom.

Our revenue from water solutions increased to about €285.4 million for the twelve months ended December 31, 2015, versus about €221.4 million for the twelve months ended December 31, 2014. This is mainly reflecting the contribution the acquired NWDE businesses in Germany, Russia, Portugal and The Netherlands, as well as good development in the various water segments across the markets.

Our revenue from coffee solutions increased by about €8.8 million, or 14.2%, from €61.7 million for the twelve months ended December 31, 2014 to €70.4 million for the twelve months ended December 31, 2015. This increase was primarily attributable to an improvement in most countries, as well as additional sales coming from the NWDE acquired markets.

Cost of goods sold

Cost of goods sold increased by €19.3 million, or 19.4%, from €99.1 million for the twelve months ended December 31, 2014 to € 118.3 million for the twelve months ended December 31, 2015. As a percentage of revenue, cost of goods sold decreased by 1.7 percentage points comparing to the prior year. Increase of cost of goods sold was primarily attributable to the contribution of the NWDE Acquisition in line with the increasing revenue.

Service expenses

Service expenses increased by €28.6 million, or 26.8%, from €106.8 million for the twelve months ended December 31, 2014 to €135.4 million for the twelve months ended December 31, 2015. As a percentage of revenue, service expenses increased by 0.4 percentage points. Increase of service expenses was primarily attributable to the contribution of the NWDE Acquisition in line with the increasing revenue.

Selling expenses

Selling expenses increased by €10.0 million, or 38.5%, from €25.9 million for the twelve months ended December 31, 2014 to €35.9 million for the twelve months ended December 31, 2015. As percentage of revenue, the selling expenses increased by 0.9 percentage points from 9.2% to 10.1%. This increase was attributable to additional selling expenses related to our plans to keep on enhancing our overall growth, as well as due to the impact from the NWDE Acquisition.

General and administration expenses

General and administration expenses increased from €19.5 million for the twelve months ended December 31, 2014 to €26.4 million for the twelve months ended December 31, 2015. As a percentage of revenue, general and administrative expenses increased by 0.5 percentage points and is mainly explained by the NWDE Acquisition addition, pre partial of the expected synergies.

Amortization of customer relations and tradenames

Amortization of customer relations and tradenames, which is a non-cash expense, increased by €3.2 million, or 39.4%, from €8.0 million for the twelve months ended December 31, 2014 to €11.2 million for the twelve months ended December 31, 2015. This increase is primarily explained by amortization of intangible assets coming from NWDE acquired business.

Other operating expenses

Other operating expenses, excluding €2.6 million of NWDE Acquisition costs, accounted for €19.3 million for the twelve months ended December 31, 2015, which includes the following: €9.7 million of acquisition integration cost, mainly related to the NWDE integration, as planned; €1.8 million related to restructuring activities aimed at optimizing manufacturing and service activities, and exceptional cost related to the re-organization of branches and back-functions, including redundancy payments following re-routing optimization activities; €0.6 million related to business development expenses with long-term payback periods, including the related cost of consultants, such as for example the exploration and testing of new products alternatives; €4.7 million of establishment costs related to POU in Israel as well as one-off costs related to the acceleration plan including related third-party advisors to support projects; €2.5 million of other expenses, including legal costs for insurance and other cases, net loss on sale or disposal of assets, shareholder monitoring fees, and other non-recurring costs.

Net financial expenses

Net financial expenses increased from €32.2 million for the twelve months ended December 31, 2014 to €36.9 million for the twelve months ended December 31, 2015, which reflects the new group financing structure, as well as non-cash items such as the accrued shareholders loan financial expenses, borrowing costs amortization, including previously capitalized borrowing costs upon the refinancing of debt, and foreign exchange impacts.

Taxes on income

Taxes on income decreased from €2.8 million for the twelve months ended December 31, 2014 to the €0.1 million for the twelve months ended December 31, 2015.

Results of Operations for the Three Months Ended March 31, 2015 and 2016

The following table sets out certain items from our consolidated statements of income for the periods indicated:

	3 months ended March 31, 2015	3 months ended March 31, 2016	Percentage change	3 months ended March 31, 2015	3 months ended March 31, 2016
	(€ in thousands)			(% of total revenue)	
Revenue	**82,306**	**83,508**	**1.5%**	**100.0%**	**100.0%**
Cost of goods sold	(28,173)	(27,376)	(2.8%)	(34.2%)	(32.8%)
Gross Profit	54,133	56,132	3.7%	65.8%	67.2%
Service expenses	(32,194)	(32,066)	(0.4%)	(39.1%)	(38.4%)
Direct Margin	**21,939**	**24,066**	**9.7%**	**26.7%**	**28.8%**
Selling expenses	(8,497)	(8,544)	0.6%	(10.3%)	(10.2%)
General and administration expenses	(6,428)	(6,483)	0.9%	(7.8%)	(7.8%)
Amortization of customer relations and tradenames	(2,608)	(2,791)	7.0%	(3.2%)	(3.3%)
Other operating expenses	(4,566)	(3,461)	(24.2%)	(5.5%)	(4.1%)
NW DE Acquisition related costs	(112)	(33)	(70.5%)	(0.1%)	(0.0%)
Profit/(Loss) from operations	**(272)**	**2,754**	**1,112.5%**	**(0.3%)**	**3.3%**
Net financial expenses	(8,402)	(9,765)	16.2%	(10.2%)	(11.7%)
Profit/(Loss) before taxes on Income	**(8,674)**	**(7,011)**	**(19.2%)**	**(10.5%)**	**(8.4%)**
Taxes on income	(499)	(539)	8.0%	(0.6%)	(0.6%)
Net Profit / (Loss)	**(9,173)**	**(7,550)**	**(17.7%)**	**(11.1%)**	**(9.0%)**

Revenue

Our revenue amounted to €83.5 million for the three months ended March 31, 2016, an increase of €1.2 million, or 1.5%, from €82.3 million for the three months ended March 31, 2015. This growth was primarily attributable to the acquisition of Nestle Water Direct in Poland and Russia.

Revenue increased 3.2% compared to first quarter 2015, excluding translational impact of foreign exchange rates.

The table below shows our consolidated sales by solutions for the three months ended March 31, 2015 and 2016, respectively:

	3 months ended March 31, 2015	3 months ended March 31, 2016	Percentage change	3 months ended March 31, 2015	3 months ended March 31, 2016
	(€ in thousands)			(% of total revenue)	
Solutions:					
Water	64,727	66,039	2.0%	78.6%	79.1%
Coffee	17,579	17,469	-0.6%	21.4%	20.9%
Total	**82,306**	**83,508**	**1.5%**	**100.0%**	**100.0%**

At current FX	3 months ended March 31, 2015	3 months ended March 31, 2016	Percentage change	3 months ended March 31, 2015	3 months ended March 31, 2016
	(€ in thousands)			(% of total revenue)	
Solutions:					
Water	63,758	66,039	3.6%	78.8%	79.1%
Coffee	17,145	17,469	1.9%	21.2%	20.9%
Total	**80,903**	**83,508**	**3.2%**	**100.0%**	**100.0%**

The table below shows our consolidated sales by geographic segment for the three months ended March 31, 2015 and 2016, respectively:

	3 months ended March 31, 2015	3 months ended March 31, 2016	Percentage change	3 months ended March 31, 2015	3 months ended March 31, 2016
	(€ in thousands)			(% of total revenue)	
Geography:					
Europe (1)	62,032	61,918	(0.2%)	75.4%	74.1%
Israel	20,274	21,590	6.5%	24.6%	25.9%
Total	**82,306**	**83,508**	**1.5%**	**100.0%**	**100.0%**

	3 months ended March 31, 2015	3 months ended March 31, 2016	Percentage change	3 months ended March 31, 2015	3 months ended March 31, 2016
	(€ in thousands)			(% of total revenue)	
At current FX					
Europe (1)	59,958	61,918	3.3%	74.1%	74.1%
Israel	20,946	21,590	3.1%	25.9%	25.9%
Total	**80,903**	**83,508**	**3.2%**	**100.0%**	**100.0%**

(1) Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Russia, Spain, Sweden, Switzerland and United Kingdom.

Our revenue from water solutions increased to about €66.0 million for the three months ended March 31, 2016, versus about €64.7 million for the three months ended March 31, 2015. This is mainly reflecting the contribution the acquired NWDE businesses in Russia and Poland.

Our revenue from coffee solutions slightly decreased by about €0.1 million, or 0.6%, from €17.6 million for the three months ended March 31, 2015 to €17.5 million for the three months ended March 31, 2016. Revenue from Coffee solutions increased 1.9% compared to first quarter 2015 excluding translational impact of foreign exchange rates. Taking into account the UK special revenues in the parallel quarter last year, relating to the "Klix Starter Packs," the Coffee growth year-on-year would be around 5%.

Cost of goods sold

Cost of goods sold decreased by €0.8 million, or 2.8%, from €28.2 million for the three months ended March 31, 2015 to € 27.4 million for the three months ended March 31, 2016. As a percentage of revenue, cost of goods sold decreased by 1.4 percentage points compared to the last year. Decrease of cost of goods sold was primarily attributable to the European markets and being a result of the operational excellence activities conducted during the last few quarters.

Service expenses

Service expenses decreased by €0.1 million, or 0.4%, from €32.2 million for the three months ended March 31, 2015 to €32.1 million for the three months ended March 31, 2016. As a percentage of revenue, service expenses decreased by 0.7 percentage points. This is in line with the general trend where revenue in the growing markets is increasing faster than operating costs.

Selling expenses

Selling expenses remained at the stable level of €8.5 million for the three months ended March 31, 2016. As percentage of revenue, the selling expenses decreased by 0.1 percentage points from 10.3% to 10.2%.

General and administration expenses

General and administration expenses slightly increased from €6.4 million for the three months ended March 31, 2015 to €6.5 million for the three months ended March 31, 2016. As a percentage of revenue, general and administrative expenses stayed at the stable level of 7.8 % of revenue.

Amortization of customer relations and tradenames

Amortization of customer relations and tradenames, which is a non-cash expense, increased by €0.2 million, or 7.0%, from €2.6 million for the three months ended March 31, 2015 to €2.8 million for the three months ended March 31, 2016. This increase is primarily explained by amortization of intangible assets coming from NWDE acquired business.

Other operating expenses

Other operating expenses accounted for €3.5 million for the three months ended March 31, 2016, which includes the following: €2.0 million of acquisition integration cost, mainly related to the NWDE integration, as planned; €0.2 million related to restructuring activities aimed at optimizing manufacturing and service activities, and exceptional cost related to the re-organization of branches and back-functions, including redundancy payments following re-routing optimization activities; €0.1 million related to business development expenses with long-term payback periods, including the related cost of consultants, such as for example the exploration and testing of new products alternatives; €0.8 million of establishment costs related to POU in Israel as well as one-off costs related to the acceleration plan including related third party advisors to support projects; €0.4 million of other expenses, including legal costs for insurance and other cases, notice period compensation of redundant FTEs, net loss on sale or disposal of assets, net impact of evaluation of assets or liabilities, shareholder monitoring fees, and other one-time costs normalized by management.

Net financial expenses

Net financial expenses increased from €8.4 million for the three months ended March 31, 2015 to €9.8 million for the three months ended March 31, 2016, which reflects the new group financing structure, as well as non-cash items such as the accrued shareholders loan financial expenses, borrowing costs amortization, including previously capitalized borrowing costs upon the refinancing of debt, and foreign exchange impacts.

Taxes on income

Taxes on income remained stable at €0.5 million for the three months ended March 31, 2016 comparing to March 31, 2015.

Liquidity and Capital Resources

Overview

Liquidity and capital resources describe the ability of a company to generate sufficient cash flows to meet the cash requirements of its business operations, including working capital needs, capital expenditures (excluding significant acquisitions), debt service obligations, other commitments, contractual obligations and acquisitions. We manage our liquidity risk by on-going monitoring of our cash flows. We budget and appropriately follow up our cash flows and manage available cash deposits and approved credit lines. We believe the unutilized approved credit lines available to us are sufficient to cover our reasonably foreseeable liquidity needs.

Cash flow data

Cash from operating activities

Operating cash flow amounts to €32.5 million for the twelve months ended December 31, 2015, which represents a €3.6 million decrease versus the comparative period for the twelve months ended December 31, 2014.

Operating cash flow before working capital changes amounts to €6.9 million for the three months ended March 31, 2016, which represents a €6.1 million increase versus comparative period for the three months ended March 31, 2015.

Net cash (used in)/from investing activities (Net Capital expenditures)

Net cash used in the investing activities amounted to about €62.5 million for the twelve months ended December 31, 2015. This was primarily attributable to the new acquisitions of €40.0 million mainly from stage 2 of the NWDE Acquisition and cash used for Operational Capex investments (net), in the amount of about €22.7 million, as normally needed for the ongoing business.

Net cash used in the investing activities amounted to about €34.8 million for the three months ended March 31, 2016. This was primarily attributable to the new acquisitions of €18.5 million from stage 3 of the NWDE Acquisition, the purchase of Get Fresh bonds of €11.1 million, as part offstage 3 of the NWDE Acquisition, and cash used for Operational Capex investments (net), in the amount of about €5.3 million, as normally needed for the ongoing business.

Net cash (used in)/from financing activities

Net cash from financing activities amounted to €22.1 million for the twelve months ended December 31, 2015, substantially reflecting the net movement in the company indebtedness as well as interest payments during the period of €20.6 million.

Net cash from financing activities amounted to €33.5 million for the three months ended March 31, 2016, substantially reflecting the net movement in the company indebtedness as well as interest payments during the period of €8.4 million.

Changes in Operating Working Capital

Changes in operating working capital amounted to about €3.9 million cash outflow for the twelve months ended December 31, 2015, versus about €6.2 million cash inflow (including special impacts) in the twelve months ended December 31, 2014. The working capital consumption reflects the increase of trade receivables and an increased level of inventories, partly off-set by the increase in trade payables and other current liabilities. The overall consumption of working capital is following the growth of the business versus the prior year, and reflects a year-on-year improvement in the working capital ratio.

Changes in operating working capital amounted to about €3.0 million cash outflow for the three months ended March 31, 2016, versus about €6.3 million cash outflow in the three months ended March 31, 2015. The working capital consumption reflects the increase of prepaid and other assets and an increased level of inventories as well as decreased level of other current liabilities and provisions, partly off-set by the decrease in trade receivables and increase in trade payables. The overall consumption of working capital was due to a normal course of business operational needs, and in line with the seasonality cycle for this period of the year, when the business is preparing for the higher growth season as typically expected during the second and third quarters of the year.

Quantitative and Qualitative Disclosures about Financial Risk

Interest rate risk

Our exposure to the risk of changes in market interest rates relates primarily to our long-term Euros-denominated Notes, based on EURIBOR floating interest rates. We closed in 2014 interest rate swaps to hedge a substantial portion of our exposure to interest rate risks from our notes. These derivative instruments are floating-to-fixed interest rate swaps which have the economic effect of converting floating rates to fixed rates.

Risk Factors Associated with the Group

We refer to risk related disclosures under the caption “Risk Factors—Risks Related to Eden’s Business and Industry” herein.

DESCRIPTION OF OTHER INDEBTEDNESS

The following is a summary of certain of our indebtedness that is outstanding. To the extent such summary contains descriptions of our ABL Facility, the 2022 Notes and the indenture governing the 2022 Notes, the 2021 Notes and the indenture governing the 2021 Notes, the 2020 Notes and the indenture governing the 2020 Notes, such descriptions do not purport to be complete and are qualified in their entirety by reference to those and related documents, copies of which have been filed with the SEC and which we will provide you upon request. See "Where You Can Find More Information" and "Incorporation by Reference of Certain Documents."

ABL Facility

On March 31, 2008, Cott Corporation, Cott Beverages Inc. and Cott Beverages Limited, as borrowers, entered into our ABL Facility with various lenders led by JPMorgan Chase Bank, N.A. to provide financing for our operating segments in North America, the U.K. and Mexico. The debt under our ABL Facility is guaranteed by most of our United States, United Kingdom, Canadian and Mexican subsidiaries and is secured by substantially all of the assets of the borrowers and guarantors. Following the DSS Acquisition, DSS, DS Services Holdings, Inc. and certain of its subsidiaries became guarantors under the ABL Facility.

We have amended and refinanced the ABL Facility from time to time and incurred related financing fees, $9.0 million of which have been capitalized and deferred and are being amortized using the straight-line method over the duration of the amended ABL facility.

As of April 2, 2016, our total availability under the ABL Facility was $342.2 million, which was based on our borrowing base (accounts receivables, inventory, and fixed assets as of the March month end under the terms of the credit agreement governing the ABL facility). We had $62.8 million of outstanding borrowings under the ABL Facility and $40.9 million in outstanding letters of credit. As a result, our excess availability under the ABL Facility was $238.5 million. The commitment fee was 0.375% per annum of the unused commitment of $296.3 million, which was based on our total ABL Facility commitment of $400.0 million excluding outstanding borrowings and outstanding letters of credit.

On June 7, 2016, we amended the ABL Facility to permit (i) the Eden Acquisition, (ii) the issuance of the notes hereunder, (iii) the sale and leaseback of certain property located in the United Kingdom, and (iv) certain other miscellaneous and technical changes. We intend to draw approximately $71.0 million under our ABL Facility to finance a portion of the purchase price payable with respect to the Eden Acquisition, to repay a portion of Eden's and its subsidiaries' outstanding indebtedness and to pay certain related fees and expenses.

5.375% Senior Notes due 2022

On June 24, 2014, Cott Beverages Inc., a wholly-owned subsidiary of Cott Corporation, issued $525.0 million of senior notes due 2022 to qualified purchasers in a private placement under Rule 144A and Regulation S under the Securities Act. The 2022 Notes are senior unsecured obligations of Cott Beverages Inc. and are guaranteed on a senior basis by Cott Corporation and most of our U.S., Canadian and U.K. subsidiaries. Following the DSS Acquisition, DSS, DS Services Holdings, Inc. and certain of its subsidiaries became guarantors under the 2022 Notes. The notes were subsequently registered under the Securities Act and do not contain transfer restrictions.

The 2022 Notes will mature on July 1, 2022. Interest on the 2022 Notes accrues at a rate of 5.375% per annum and is payable semi-annually in arrears on January 1 and July 1 of each year, commencing on January 1, 2015. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months. Prior to July 1, 2017, Cott Beverages Inc. may redeem some or all of the 2022 Notes at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium. On or after July 1, 2017, Cott Beverages Inc. may redeem all or a part of the 2022 Notes at its option, upon not less than

30 nor more than 60 days' notice, at the redemption prices (expressed as a percentage of the principal amount) set forth below, plus accrued and unpaid interest and "Additional Interest," if any, on the senior notes to be redeemed to the applicable redemption date if redeemed during the twelve-month period beginning on July 1 of the years indicated below:

Year	Percentage
2017	104.031%
2018	102.688%
2019	101.344%
2020 and thereafter	100.000%

The indenture governing the 2022 Notes contains substantially similar covenants to the notes offered hereby, including, among other things, covenants that restrict the ability of us and certain of our subsidiaries to: incur, assume or guarantee additional indebtedness; pay dividends or redeem or repurchase capital stock; make other restricted payments; incur liens; redeem debt that is junior in right of payment to the senior notes; sell or otherwise dispose of assets, including capital stock of subsidiaries; enter into mergers or consolidations; and enter into transactions with affiliates. These covenants are subject to a number of important exceptions and qualifications. In addition, in certain circumstances, if we sell assets or experience certain changes of control, Cott Beverages Inc. must offer to repurchase the 2022 Notes.

10.000% Second-Priority Senior Secured Notes due 2021

On August 30, 2013, DSS (formerly DS Waters of America, Inc.) issued $350.0 million of second-priority senior secured notes due 2021 to qualified purchasers in a private placement under Rule 144A and Regulation S under the Securities Act. The 2021 Notes are senior secured obligations of DSS and are guaranteed on a senior basis by DS Services Holdings, Inc. and each of DSS's existing and future direct and indirect 100% owned domestic restricted subsidiaries. Upon our acquisition of DSS in December 2014, Cott, its U.S. subsidiaries that guaranty our ABL Facility, as well as certain Canadian and U.K. subsidiaries, became guarantors of the 2021 Notes. Following the DSS Acquisition, the 2021 Notes and related guarantees of our U.S. subsidiaries are secured by substantially all of those entities' assets securing the ABL Facility, subject to certain exceptions, on a second priority basis junior to the obligations secured under our ABL Facility. The notes were subsequently registered under the Securities Act and do not contain transfer restrictions.

The 2021 Notes will mature on September 1, 2021. Interest on the 2021 Notes accrues at a rate of 10.000% per annum and is payable semi-annually in arrears on March 1 and September 1 of each year, commencing on March 1, 2014. The 2021 Notes were issued at a discount of 2.663%. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months. Prior to September 1, 2017, DSS may redeem some or all of the 2021 Notes at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium. In addition, DSS may redeem up to 35% of the aggregate principal amount of the 2021 Notes on or prior to September 1, 2016 with the net proceeds from certain equity offerings at a redemption price of 110% plus accrued and unpaid interest and additional interest, if any, to the redemption date. On or after September 1, 2017, DSS may redeem all or a part of the 2021 Notes at its option, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as a percentage of the principal amount) set forth below, plus accrued and unpaid interest and "Additional Interest," if any, on the senior notes to be redeemed to the applicable redemption date if redeemed during the twelve-month period beginning on September 1 of the years indicated below:

Year	Percentage
2017	105.000%
2018	102.500%
2019 and thereafter	100.000%

The indenture governing the 2021 Notes contains a number of customary high yield covenants that, among other things, restrict, subject to certain exceptions, DSS's ability, and the ability of its subsidiaries, to: incur additional debt or issue certain preferred shares; create liens on certain assets; make certain loans or investments (including acquisitions); pay dividends on or make distributions in respect of their capital stock or make other restricted payments; consolidate, merge, sell or otherwise dispose of all or substantially all of its assets; enter into certain transactions with affiliates; and restrict dividends from subsidiaries. In addition, in certain circumstances, if we sell assets or experiences certain changes of control, DSS must offer to repurchase the 2021 Notes.

6.75% Senior Notes due 2020

On December 12, 2014, Cott Beverages Inc. issued $625.0 million of senior notes due 2020 to qualified purchasers in a private placement under Rule 144A and Regulation S under the Securities Act. The 2020 Notes are senior unsecured obligations of Cott Beverages Inc. and are guaranteed on a senior basis by Cott Corporation and most of our U.S., Canadian and U.K. subsidiaries. Following the DSS Acquisition, DSS, DS Services Holdings, Inc. and certain of its subsidiaries became guarantors under the 2020 Notes. The notes were subsequently registered under the Securities Act and do not contain transfer restrictions.

The 2020 Notes will mature on January 1, 2020. Interest on the 2020 Notes accrues at a rate of 6.75% per annum and is payable semi-annually in arrears on January 1 and July 1 of each year, commencing on July 1, 2015. Interest is computed on the basis of a 360-day year comprised of twelve 30-day months. Prior to January 1, 2017, Cott Beverages Inc. may redeem some or all of the 2020 Notes at a price equal to 100% of the principal amount of the notes redeemed plus accrued and unpaid interest, if any, plus a "make-whole" premium. On or after January 1, 2017, Cott Beverages Inc. may redeem all or a part of the 2020 Notes at its option, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as a percentage of the principal amount) set forth below, plus accrued and unpaid interest and "Additional Interest," if any, on the senior notes to be redeemed to the applicable redemption date if redeemed during the twelve-month period beginning on January 1 of the years indicated below:

Year	Percentage
2017	103.375%
2018	101.688%
2019 and thereafter	100.000%

The indenture governing the 2020 Notes contains substantially similar covenants to the notes offered hereby, including, among other things, covenants that restrict the ability of us and certain of our subsidiaries to: incur, assume or guarantee additional indebtedness; pay dividends or redeem or repurchase capital stock; make other restricted payments; incur liens; redeem debt that is junior in right of payment to the senior notes; sell or otherwise dispose of assets, including capital stock of subsidiaries; enter into mergers or consolidations; and enter into transactions with affiliates. These covenants are subject to a number of important exceptions and qualifications. In addition, in certain circumstances, if we sell assets or experience certain changes of control, Cott Beverages Inc. must offer to repurchase the 2020 Notes.

GE Term Loan

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

DESCRIPTION OF NOTES

The following is a description of the €450 million aggregate principal amount of % senior notes due 2024 (the "*Notes*"). The Notes will be issued by Cott Finance Corporation, a wholly-owned subsidiary of Cott Corporation (the "*Escrow Issuer*"). On the Escrow Release Date, (i) the Escrow Issuer will amalgamate with Cott Corporation (the "Company"), (ii) the Company will assume all of the obligations of the Escrow Issuer under the Notes and the Indenture and (iii) the Guarantors will become parties to the Indenture and will guarantee the Notes.

In this Description of Notes, the term "Issuer" refers only (i) to the Escrow Issuer prior to the Escrow Release Date and (ii) to the Company and not to any of its Subsidiaries after the Escrow Release Date.

The Issuer will initially issue the Notes under an indenture (the "*Indenture*") to be dated as of the Issue Date among the Issuer, BNY Trust Company of Canada, as Canadian co-trustee (in such capacity, the "Canadian Co-Trustee") and The Bank of New York Mellon, as U.S. co-trustee (in such capacity, the "U.S. Co-Trustee" and, together with the Canadian Co-Trustee, the "Trustee"). The Notes will be issued in a private transaction that is not subject to the registration requirements of the Securities Act. See "Notice to Investors." The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms pursuant to the provisions of the Indenture, and Holders of the Notes are referred to the Indenture for a statement thereof.

The following is a summary of the material provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to you. You should read the Indenture in its entirety. Copies of the proposed form of the Indenture are available as described under "Where You Can Find More Information." You can find the definitions of certain terms used in this description under "—Certain Definitions."

Brief Description of Notes and the Note Guarantees

The Notes will be:

- general unsecured senior obligations of the Issuer;
- *pari passu* in right of payment with any existing and future senior Indebtedness (including the Existing Credit Agreement and the Existing Notes);
- effectively subordinated to all Secured Indebtedness of the Issuer (including the Existing Credit Agreement and the 2021 Notes) to the extent of the value of the assets securing such Indebtedness;
- senior in right of payment to any future Subordinated Indebtedness of the Issuer;
- guaranteed on a senior unsecured basis by each Guarantor; and
- structurally subordinated to any existing and future Indebtedness and other liabilities, including preferred stock, of the Non-Guarantors.

The Notes and the Indenture will be, jointly and severally, unconditionally guaranteed on a senior unsecured basis by all of the Guarantors. See the section entitled "—Guarantees."

Each Note Guarantee (as defined below) will be:

- a general unsecured senior obligation of the Guarantor;
- *pari passu* in right of payment with any existing and future senior Indebtedness of the Guarantors (including the Existing Credit Agreement and the Existing Notes);
- effectively subordinated to all Secured Indebtedness of the Guarantors (including the Existing Credit Agreement and the 2021 Notes) to the extent of the value of the assets securing such Indebtedness; and
- senior in right of payment to any future Subordinated Indebtedness of the Guarantors.

Principal, Maturity and Interest

The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The rights of Holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and/or Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

The Notes will be issued in an aggregate principal amount of €450 million on the Issue Date. The Notes will mature on , 2024. Interest on the Notes will accrue at the rate per annum set forth on the cover of this offering memorandum and will be payable, in cash, semi-annually in arrears on January and July of each year, commencing on , 2017 to Holders of record on the immediately preceding and , respectively. Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of original issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period will end on (but not include) the relevant interest payment date.

Additional Notes

The Indenture will provide for the issuance of additional notes having identical terms and conditions to the Notes offered hereby, subject to compliance with the covenants contained in the Indenture ("*Additional Notes*"). Additional Notes will be part of the same issue as the Notes offered hereby under the Indenture for all purposes, including, without limitation, waivers, amendments, redemptions and offers to purchase, provided that Additional Notes will not be issued with the same CUSIP or ISIN, as applicable, as existing Notes unless such Additional Notes are fungible with the existing Notes for U.S. federal income tax purposes.

Payments

Principal of, and premium, if any, and interest on the Notes will be payable at the office or agency of the Issuer maintained for such purpose in the United States or London, England or, at the option of the paying agent, payment of interest may be made by check mailed to the Holders of the Notes at their respective addresses set forth in the register of Holders provided that all payments of principal, premium, if any, and interest with respect to Notes represented by one or more global notes registered in the name of or held by common depository of Euroclear and Clearstream or its nominee will be made by wire transfer of immediately available funds to the accounts specified by the Holder or Holders thereof. Such payments to the paying agent will be made to and received by it one Business Day prior to the relevant payment date. Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the paying agent maintained for such purpose in London, England.

Escrow of Proceeds; Escrow Conditions

Upon initial issuance, the Notes will be obligations of the Escrow Issuer and will not be obligations of the Company or any of the Guarantors. The Escrow Issuer was created solely to issue the Notes and organized under the laws of Canada and is a wholly-owned by the Company. The Escrow Issuer will enter into an escrow agreement (as amended, supplemented or modified from time to time, the "*Escrow Agreement*") with the Trustee and The Bank of New York Mellon, London Branch, as escrow agent (in such capacity, together with its successors, the "*Escrow Agent*"). Pursuant to the Indenture, unless the Hydra Acquisition shall have been consummated simultaneously with the consummation of the offering of the Notes contemplated hereby, on the Issue Date, the Escrow Issuer will deposit the gross proceeds of the offering of the Notes sold on the Issue Date into an escrow account (the "*Escrow Account*") and the Escrow Issuer will also deposit (or cause to be deposited) to the Escrow Account an amount of cash that, when taken together with the proceeds of the offering of the Notes deposited into the Escrow Account, will be sufficient to fund a Special Mandatory Redemption (as defined below) of the Notes on July 31, 2016, if a Special Mandatory Redemption were to occur on such date, plus an amount equal to six days of interest accrued on the Notes (collectively, and together with any other property from time to time held by the Escrow Agent in the Escrow Account, the "*Escrowed Property*").

In addition, the Escrow Agreement will provide that on the date that is three Business Days prior to the last day of each month beginning on , 2016, and ending on , 2016 (in each case, unless the Escrow Release Date has occurred), the Escrow Issuer will deposit (or cause to be deposited) to the Escrow Account an amount of cash equal to 30 days of interest accrued on the Notes (or with respect to the deposit three Business Days prior to , 2016, equal to interest from 2016 to and including , 2016) (in each case, as calculated in accordance with the terms of the Indenture).

The Escrowed Property will be held in the Escrow Account until the earliest of (i) the date on which the Escrow Issuer delivers to the Escrow Agent the Officer's Certificate referred to in the succeeding paragraph, (ii) the Escrow End Date, (iii) the date on which the Escrow Issuer delivers notice to the Escrow Agent to the effect set forth in clause (ii) under "—Special Mandatory Redemption" below and (iv) the date that is five Business Days after the Escrow Issuer fails to timely deposit (or cause to be timely deposited) any amounts required by the preceding paragraph on any applicable deposit date; *provided*, that, if an interest payment date in respect of the Notes occurs prior to the Escrow Release, then, on such interest payment date, a portion of the Escrowed Property in an amount equal to the amount of accrued and unpaid interest from the Issue Date or the most recent interest payment date, as applicable, shall be released from the Escrow Account by the Escrow Agent and paid to the paying agent for payment to Holders of beneficial interests in the Notes in accordance with the Indenture. The Escrow Issuer will grant the Trustee, for its benefit and the benefit of the Holders of the Notes, a first-priority security interest in the Escrow Account and all deposits and investment property therein to secure the payment of the Special Mandatory Redemption Price (as defined below); *provided*, *however*, that such lien and security interest shall automatically be released and terminate at such time as the Escrowed Property is released from the escrow on the Escrow Release Date. The Escrow Agent will invest the Escrowed Property in such Eligible Escrow Investments as the Escrow Issuer may from time to time direct in writing. The Escrow Agreement shall provide for the Escrow Agent to release a portion of the Escrowed Property in an amount equal to the amount of accrued and unpaid interest from the Issue Date or the most recent interest payment date, as applicable, prior to the Escrow Release in order to satisfy the interest payment obligations in respect of the Notes under the Indenture as set forth under "—Principal, Maturity and Interest."

Other than in connection with the payment of a semi-annual interest payment as set forth under "—Principal, Maturity and Interest" and pursuant to the previous paragraph, the Escrow Issuer will only be entitled to direct the Escrow Agent to release Escrowed Property (in which case the Escrowed Property will be paid to or as directed by the Escrow Issuer) (the "*Escrow Release*") upon delivery to the Escrow Agent, on or prior to the Escrow End Date, of an Officer's Certificate, certifying that the following conditions have been or, substantially concurrently with the release of the Escrowed Property, will be satisfied (the date of the Escrow Release is hereinafter referred to as the "*Escrow Release Date*"):

(1) (A) all conditions precedent to the consummation of the Hydra Acquisition will have been satisfied or waived in accordance with the terms of the Share Purchase Agreement (other than those conditions that by their terms are to be satisfied substantially concurrently with the consummation of the Hydra Acquisition) and (B) the Escrowed Property will have been used to consummate the Transactions; *provided* that the terms of the Share Purchase Agreement shall not have been amended, modified, consented to or waived and the Share Purchase Agreement shall not have been terminated on or prior to the Escrow Release Date except for such amendments, consents or waivers that are not materially adverse to the Issuer or any of its subsidiaries (after giving effect to the consummation of the Transactions), taken as a whole, or to the Holders of the Notes (it being understood that any reduction in the purchase price of, or consideration for, the Hydra Acquisition is not materially adverse to the interests of the Holders of the Notes); and

(2) the Guarantors shall have, by supplemental indenture or joinder, as applicable, effective upon the Escrow Release Date, become, or substantially concurrently with the release of the Escrowed Property shall become, parties to the Indenture and the other transaction documents.

The Escrow Release shall occur promptly upon satisfaction of the conditions set forth above. Upon the occurrence of the Escrow Release, the Escrow Account shall be reduced to zero and the Escrowed Property and interest thereon shall be paid out in accordance with the Escrow Agreement.

Special Mandatory Redemption

If (i) the Escrow Agent has not received the Officer's Certificate described above under "—Escrow of Proceeds; Escrow Conditions," on or prior to the Escrow End Date, (ii) the Escrow Issuer notifies the Escrow Agent and the Trustee in writing that the Company will not pursue the consummation of the Hydra Acquisition and that the Share Purchase Agreement has been terminated in accordance with its terms, or (iii) the Escrow Issuer fails to timely deposit (or cause to be timely deposited) any amounts required by the second paragraph under "—Escrow of Proceeds; Escrow Conditions" above within five Business Days of the applicable deposit date (each of the above, a "*Special Mandatory Redemption Event*"), then the Escrow Agent shall, without the requirement of notice to or action by the Escrow Issuer, the Trustee or any other Person, liquidate and release the Escrowed Property (including investment earnings thereon and proceeds thereof) to the Trustee and the Trustee shall apply (or cause a paying agent to apply) such proceeds to redeem the Notes (the *"Special Mandatory Redemption*") on the third Business Day following the Special Mandatory Redemption Event (the *"Special Mandatory Redemption Date*") or as otherwise required by the applicable procedures of Euroclear or Clearstream, as applicable, at a redemption price (the *"Special Mandatory Redemption Price"*), equal to 100% of the issue price of the Notes, plus accrued and unpaid interest from the Issue Date or the most recent date to which interest has been paid or duly provided for on the Notes, as the case may be, to, but excluding, the Special Mandatory Redemption Date. On the Special Mandatory Redemption Date, the Trustee will pay to the Escrow Issuer any Escrowed Property in excess of the amount necessary to effect the Special Mandatory Redemption.

Activities Prior to the Escrow Release

Prior to the Escrow Release Date, the Escrow Issuer's primary activities will be restricted to issuing the Notes, issuing capital stock and receiving capital contributions, performing its obligations in respect of the Notes under the Indenture and the Escrow Agreement, performing its obligations under the Share Purchase Agreement, if any, consummating the Transactions and the Escrow Release, redeeming the Notes pursuant to the Special Mandatory Redemption, if applicable, and conducting such other activities as are necessary or appropriate to carry out the activities described above and in the Share Purchase Agreement. Prior to the Escrow Release Date, the Escrow Issuer will not own, hold or otherwise have any interest in any assets other than the Escrow Account, cash and Cash Equivalents and its rights under the Share Purchase Agreement.

Prior to the Escrow Release Date, the Company and its Subsidiaries (other than the Escrow Issuer), and Hydra and its Subsidiaries, shall not be subject to any of the covenants set forth in the Indenture or otherwise obligated under the Indenture.

Guarantees

On the Escrow Release Date, the obligations of the Issuer under the Notes and the Indenture will be, jointly and severally, unconditionally guaranteed on a senior unsecured basis (the "*Note Guarantees*") by each Restricted Subsidiary that is an obligor under the Existing Credit Agreement and the Existing Notes (each, a "*Guarantor*").

In addition, if the Company or any Restricted Subsidiary acquires or creates a Wholly Owned Domestic Subsidiary that is a Restricted Subsidiary (and non-Wholly Owned Subsidiaries if such non-Wholly Owned Subsidiaries guarantee other capital markets debt of the Issuer or any Guarantor) (other than an Immaterial Subsidiary) after the Issue Date, which Subsidiary guarantees the payment of any Indebtedness of the Issuer or any Guarantor, then the Company will cause such new Subsidiary to provide a Note Guarantee.

Each Note Guarantee will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law to comply with corporate benefit, financial assistance and other laws. By virtue of this limitation, a Guarantor's obligation under its Note Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Note Guarantee. See "Risk Factors—Risks Related to the Notes."

The Note Guarantee of a Guarantor will terminate upon:

(1) a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of such Guarantor (after which such Guarantor is no longer a Restricted Subsidiary) or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture;

(2) the designation in accordance with the Indenture of the Guarantor as an Unrestricted Subsidiary or the occurrence of any event after which the Guarantor is no longer a Restricted Subsidiary;

(3) defeasance or discharge of the Notes, as provided in "—Defeasance" and "—Satisfaction and Discharge";

(4) to the extent that such Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (i) of the definition of "Immaterial Subsidiary," upon the release of the guarantee referred to in such clause; or

(5) to the extent such Guarantor is also a guarantor or borrower under the Existing Credit Agreement and, at the time of release of its Guarantee, (x) has been released from its guarantee of, and all pledges and security, if any, granted in connection with the Existing Credit Agreement, (y) does not Guarantee any Indebtedness of the Company or any of the other Guarantors (or for the avoidance of doubt is substantially simultaneously released therefrom), and (z) there is no Indebtedness outstanding that was Incurred by such Guarantor under the first paragraph of "—Limitation on Indebtedness" in its status as a Guarantor.

Claims of creditors of non-guarantor Subsidiaries, including trade creditors, secured creditors and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries and claims against joint ventures generally will have priority with respect to the assets and earnings of those Subsidiaries and joint ventures over the claims of creditors of the Company, including Holders of the Notes. The Notes and each Note Guarantee therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Company (other than the Guarantors) and joint ventures. Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "—Certain Covenants—Limitation on Indebtedness."

Optional Redemption

Except as set forth in the next three paragraphs, the Notes are not redeemable at the option of the Issuer.

At any time prior to   , 2019, the Issuer may redeem the Notes in whole or in part, at its option, upon not less than 10 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Applicable Premium as of, and accrued and unpaid interest, if any, to the redemption date.

At any time and from time to time on or after   , 2019, the Issuer may redeem the Notes, in whole or in part, upon not less than 10 nor more than 60 days' notice at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on of the year indicated below:

Year	Percentage
2019	%
2020	%
2021	%
2022 and thereafter	100.000%

At any time and from time to time prior to , 2019, the Issuer may redeem Notes with the Net Cash Proceeds received by the Company from any Equity Offering at a redemption price equal to % plus accrued and unpaid interest, if any, to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 40% of the original aggregate principal amount of the Notes (including Additional Notes), *provided* that:

(1) in each case the redemption takes place not later than 180 days after the closing of the related Equity Offering; and

(2) not less than 60% of the original aggregate principal amount of the Notes (including Additional Notes) issued under the Indenture remains outstanding immediately thereafter (excluding Notes held by the Company or any of its Subsidiaries).

Notice of redemption will be provided as set forth under "—Selection and Notice" below.

Any redemption and notice of redemption may, at the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, an incurrence of Indebtedness, a Change of Control or other transaction). In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Issuer's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date so delayed.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer. If the Issuer delivers global notes to the Trustee for cancellation on a date that is after the record date and on or before the next interest payment date, then interest shall be paid in accordance with the procedures of Euroclear or Clearstream, as applicable.

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Sinking Fund

The Issuer is not required to make mandatory redemption payments or sinking fund payments with respect to the Notes, other than a Special Mandatory Redemption as described under "—Special Mandatory Redemption." However, under certain circumstances, the Issuer may be required to offer to purchase Notes as described under the captions "Change of Control," and "Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock." The Company may at any time and from time to time purchase Notes in the open market or otherwise.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Notes for redemption will be selected in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee by the Issuer, and in compliance with the requirements of Euroclear or Clearstream, as applicable, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream, as applicable, or Euroclear or Clearstream, as applicable, prescribes no method of selection, on a pro rata basis; *provided*, *however*, that no Note in an unauthorized denomination shall be redeemed in part. The paying agent may perform the functions of the trustee related to the redemptions with respect to the Notes.

Notices of redemption will be delivered electronically or mailed by first class mail at least 10 but not more than 60 days before the redemption date to each Holder to be redeemed at the address of such Holder appearing in the security register or otherwise in accordance with the procedures of Euroclear or Clearstream, as applicable, except that redemption notices may be delivered electronically or mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, unless the Issuer defaults in the payment of the redemption price, interest ceases to accrue on Notes or portions of them called for redemption.

Payment of Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes shall be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or any province or territory thereof, any jurisdiction in which any Guarantor is organized or resident for tax purposes, any jurisdiction from or through which payment is made or by any authority or agency therein or thereof having power to tax (hereinafter "*Relevant Taxes*"), unless the Issuer is required to withhold or deduct Relevant Taxes by law or by the interpretation or administration thereof by the relevant government authority or agency. If the Issuer is so required to withhold or deduct any amount for or on account of Relevant Taxes from any payment made under or with respect to the Notes, then, subject to the provisions of the Indenture described in the immediately following paragraph, we will pay to each holder or beneficial owner of Notes as additional interest such additional amounts ("*Additional Amounts*") as may be necessary so that the net amount received by each such holder or beneficial owner after such withholding or deduction (and after deducting any Relevant Taxes on such Additional Amounts) will not be less than the amount such holder or beneficial owner would have received if such Relevant Taxes had not been withheld or deducted. However, notwithstanding the foregoing, no Additional Amounts will be payable with respect to a payment made to a holder or beneficial owner of Notes:

(1) with which the Issuer does not deal at arm's length (for the purposes of the *Income Tax Act* (Canada)) at the time of the making of such payment;

(2) which is subject to such Relevant Taxes by reason of the holder or beneficial owner of Notes being a resident, domicile or national of, or engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some connection with Canada or any province or territory thereof otherwise than by the mere holding of the Notes or the receipt of payments thereunder;

(3) which is subject to such Relevant Taxes by reason of the failure of the holder or beneficial owner of the Notes to comply with any certification, identification, documentation or other reporting requirements if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Relevant Taxes;

(4) which is subject to any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

(5) which is subject to any Relevant Taxes that are imposed with respect to any payment on a Note to any holder or beneficial owner who is a fiduciary, partnership, limited liability company or any person other than the sole beneficial owner of such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or limited liability company or the beneficial owner of such payment would not have been entitled to the Additional Amounts had such beneficiary, settlor, member or beneficial owner been the actual holder or beneficial owner of such Note;

(6) who is a "specified shareholder" of the Issuer or who does not deal at arm's length with a "specified shareholder" of the Issuer as defined in subsection 18(5) of the *Income Tax Act* (Canada);

(7) which is subject to any tax, assessment, withholding or deduction required by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended ("*FATCA*") (and any amended or successor version that is substantially comparable), any current or future Treasury Regulations or rulings promulgated thereunder, any law, regulation or other official guidance enacted in any jurisdiction implementing FATCA, any intergovernmental agreement between the United States and any other jurisdiction to implement FATCA, or any agreement with the U.S. Internal Revenue Service under FATCA;

(8) which is subject to any backup withholding pursuant to Section 3406 of the Code; or

(9) which is subject to Relevant Taxes by reason of any combination of (1) through (8) above.

As soon as practicable after the Issuer pays the amount withheld or deducted to the relevant governmental authority in accordance with applicable law, the Issuer will provide the Trustee with official receipts or other documentation satisfactory to the Trustee evidencing the payment of the Relevant Taxes with respect to which Additional Amounts are paid.

The Issuer will pay any present or future stamp, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise from the execution, delivery, enforcement or registration of the Notes, the Indenture or any other document or instrument in relation thereof, or the receipt of any payments with respect to the Notes.

Wherever in this "Description of Notes" there is mentioned, in any context, the payment of principal (and premium, if any), interest, if any, or any other amount payable under or with respect to a Note, such mention will be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The foregoing obligations will survive termination, defeasance or discharge of the indenture.

Optional Tax Redemption

The Issuer may redeem the Notes at its option, at any time as a whole but not in part, at a redemption price equal to the principal amount thereof together with accrued and unpaid interest to the date fixed for redemption, upon the giving of a notice as described below, if the Issuer determines that:

(1) as a result of (A) any change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada or of any political subdivision or taxing authority thereof or therein, any

jurisdiction in which any Guarantor is organized or resident for tax purposes or any jurisdiction from or through which payment is made or by any authority or agency therein or thereof having power to tax, affecting taxation, or (B) any change in the official position regarding the application or interpretation of such laws, regulations or rulings by any legislative body, court, governmental agency or regulatory authority (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the date of this Offering Memorandum, the Issuer has or will become obligated to pay, on the next succeeding date on which interest is due, Additional Amounts with respect to the Notes to any holder or beneficial owner thereof; or

(2) on or after the date of this Offering Memorandum, any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in Canada, including any of those actions specified in (1), whether or not such action was taken or such decision was rendered with respect to us, or any change, amendment, application or interpretation has been officially proposed, which, in any such case, will result in us becoming obligated to pay, on the next succeeding date on which interest is due, Additional Amounts with respect to the Notes,

and, in any such case, the Issuer, in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to the Issuer.

In the event that the Issuer elects to redeem the Notes pursuant to the provisions set forth in the preceding paragraph, the Issuer will deliver to the Trustee an opinion of independent legal counsel of recognized standing stating that the Issuer would be obligated to pay Additional Amounts as a result of a change in tax laws or regulations or the application or interpretation of such laws or regulations.

Notice of intention to redeem the Notes as described above will be given to the holders not more than 60 nor less than 30 days prior to the date fixed for redemption and will specify the date fixed for redemption.

Change of Control

If a Change of Control occurs, unless the Issuer has previously or substantially concurrently delivered a redemption notice with respect to all of the outstanding Notes as described under "—Optional Redemption," each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or an integral multiple of €1,000 in excess thereof) of that holder's Notes pursuant to a "*Change of Control Offer*." In the Change of Control Offer, the Issuer will offer a "*Change of Control Payment*" in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest, if any, to the date of purchase. If the Change of Control Payment Date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to the Change of Control Payment by the Issuer.

Within 30 days following any Change of Control, the Issuer will deliver a notice to each holder (with a copy to the Trustee) describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on a certain date (the "*Change of Control Payment Date*") specified in such notice, which will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this covenant, the Issuer's compliance with such laws and regulations shall not in and of itself cause a breach of their obligations under such covenant.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Issuer.

The paying agent will promptly mail to each holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail, or cause to be transferred by book entry, to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of €100,000 or an integral multiple of €1,000 in excess thereof.

Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require that the Issuer repurchases or redeems the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

In the event that holders of not less than 90% of the aggregate principal amount of the outstanding Notes accept a Change of Control Offer and the Issuer purchases all of the Notes held by such holders, the Issuer will have the right, upon not less than 10 nor more than 60 days' prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the Notes that remain outstanding, to, but not including, the date of redemption (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date).

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of the Company and its Subsidiaries, taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Issuer and its Subsidiaries, taken as a whole, or of the Company and its Subsidiaries, taken as a whole, to another Person or group may be uncertain.

The Existing Credit Agreement provides that certain change of control events with respect to the Company would constitute a default under the Existing Credit Agreement. Any future credit agreements or other similar agreements to which the Company or the Issuer becomes a party may contain similar restrictions and provisions and may also prohibit the Issuer from purchasing any Notes. In the event a Change of Control occurs at a time when the Company or the Issuer is prohibited from purchasing Notes, the Company or the Issuer could seek the consent of its lenders to the purchase of Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company or the Issuer does not obtain such a consent or repay such borrowings, the Issuer will remain prohibited from purchasing Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture which would, in turn, constitute a default under such other agreements. In addition, the exercise by the holders of Notes of their right to require the Issuer to repurchase the Notes upon a Change of Control could cause a default under these other agreements, even if the Change of Control itself does not, due to the financial effect of such repurchase on the Company. Finally, the Issuer's ability to pay cash to the holders of Notes upon a repurchase may be limited by the Company's or the Issuer's then existing financial resources.

The provisions under the Indenture relative to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of the Holders of a majority in principal amount of the Notes then outstanding.

Certain Covenants

Set forth below are summaries of certain covenants that will be contained in the Indenture. For the avoidance of doubt, the closing of the Hydra Acquisition on substantially the terms set forth in the Share Purchase Agreement as in effect on the Issue Date and as amended as set forth under clause (1) under "Escrow of Proceeds; Escrow Conditions" and the consummation (on substantially the terms described in this offering memorandum) of the Transactions shall not be prohibited by the covenants in the Indenture below under "—Certain Covenants."

Suspension of Covenants on Achievement of Investment Grade Status

Following the first day:

(a) the Notes have achieved Investment Grade Status; and

(b) no Default or Event of Default has occurred and is continuing under the Indenture,

then, beginning on that day, and continuing until the Reversion Date (as defined below), the Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the following headings (collectively, the "Suspended Covenants"):

- "—Limitation on Indebtedness,"
- "—Limitation on Restricted Payments,"
- "—Limitation on Restrictions on Distributions from Restricted Subsidiaries,"
- "—Limitation on Sales of Assets and Subsidiary Stock,"
- "—Limitation on Affiliate Transactions,"
- "—Limitation on Guarantees," and
- the provisions of clause (3) of the first paragraph of "—Merger and Consolidation."

No Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture or the Notes with respect to the Suspended Covenants based on, and none of the Company or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring after the Notes attain an Investment Grade Status, regardless of whether such actions or event would have been permitted if the applicable Suspended Covenants remained in effect. The Suspended Covenants will not be reinstated even if the Company subsequently does not satisfy the requirements set forth in clauses (a) and (b) above. After the Suspended Covenants have been suspended, the Company and its Restricted Subsidiaries shall remain subject to the provisions of the Indenture described above under the caption "Repurchase at the Option of Holders—Change of Control" and described under the following subheadings:

- "Limitation on Liens,"
- "Merger and Consolidation" (other than the financial test set forth in clause (3) of that covenant), and
- "Reports."

If at any time the Notes cease to have such Investment Grade Status or if a Default or Event of Default occurs and is continuing, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the "*Reversion Date*") and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the Notes subsequently attain Investment Grade Status and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the Notes maintain an Investment Grade Status and no Default or Event of Default is in existence); *provided*, *however*, that no Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture or the Notes with respect to the Suspended Covenants based on, and none of the Company or any of its Subsidiaries shall bear any liability under the Indenture or the Notes for, any actions taken or events occurring during the Suspension Period (as defined below), or any actions taken at any time pursuant to any contractual obligation entered into during the Suspension Period and not in contemplation of an impending Reversion Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reversion Date is referred to as the "*Suspension Period*."

On the Reversion Date, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to the first paragraph of "—Limitation on Indebtedness" or one of the clauses set forth in the second paragraph of "—Limitation on Indebtedness" (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to the Indebtedness Incurred prior to the Suspension Period and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to the first and second paragraphs of "—Limitation on Indebtedness," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of "—Limitation on Indebtedness." Calculations made after the Reversion Date of the amount available to be made as Restricted Payments under "—Limitation on Restricted Payments" will be made as though the covenants described under "—Limitation on Restricted Payments" had been in effect since the Issue Date and throughout the Suspension Period; *provided*, that, no Subsidiaries may be designated as Unrestricted Subsidiaries during the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of "—Limitation on Restricted Payments." Any Affiliate Transaction entered into after the Reversion Date pursuant to an agreement entered into during any Suspension Period will be deemed to have been outstanding on the Escrow Release Date, so that it is classified as permitted under clause (5) of the second paragraph under "—Limitation on Restrictions on Distributions from Restricted Subsidiaries" that becomes effective during the Suspension Period will be deemed to have existed on the Escrow Release Date, so that it is classified as permitted under clause (1) of the second paragraph under "—Limitation on Restrictions on Distributions from Restricted Subsidiaries." During the Suspension Period, any future obligation to grant further Note Guarantees shall be suspended. All such further obligation to grant Note Guarantees shall be reinstated upon the Reversion Date.

There can be no assurance that the Notes will ever achieve or maintain Investment Grade Status.

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) and the Company will not issue any shares of Disqualified Stock and will not permit any Restricted Subsidiary to issue any shares of Disqualified Stock or Preferred Stock; *provided*, that the Company may incur Indebtedness (including Acquired Indebtedness) or issue shares of Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Indebtedness), issue shares of Disqualified Stock and issue shares of Preferred Stock, if the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries for the most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued would have been at least 2.00 to 1.00, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four- quarter period; *provided* that the then outstanding aggregate principal amount of Indebtedness (including Acquired Indebtedness), Disqualified Stock and Preferred Stock that may be incurred or issued, as applicable, pursuant to the foregoing by Restricted Subsidiaries that are not the Issuer or Guarantors shall not exceed $120.0 million.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) the incurrence of Indebtedness pursuant to any Credit Facility; *provided* that the aggregate principal amount of all such Indebtedness outstanding under this clause (1) as of any date of incurrence (after giving *pro forma* effect to the application of the proceeds of such incurrence) shall not exceed (i) the greater of (A) $450.0 million, and (B) the sum of (x) 85% of the net book value of the accounts receivable of the Company and its Restricted Subsidiaries, (y) 75% of the total Eligible Inventory of the Company and its Restricted Subsidiaries, and (z) the sum of (A) 75% of the Eligible Real Property of the Company and its Restricted Subsidiaries and (B) 85% of the value of the Eligible Equipment of the Company and its Restricted Subsidiaries, in each case, in each case determined in accordance with GAAP and calculated on a pro forma basis to give effect to any acquisitions or dispositions of assets made in connection with any transaction on the date of calculation; plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause or any portion thereof, the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) Guarantees by the Company or any Restricted Subsidiary of Indebtedness so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture;

(3) Indebtedness, Preferred Stock or Disqualified Stock held by the Company or any Restricted Subsidiary; *provided*, *however*, that:

   (a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness, Preferred Stock or Disqualified Stock being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company; and

   (b) any sale or other transfer of any such Indebtedness, Preferred Stock or Disqualified Stock to a Person other than the Company or a Restricted Subsidiary of the Company, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), including any Guarantee thereof, (b) any Indebtedness (other than Indebtedness incurred pursuant to clauses (1) and (3)) outstanding on the Issue Date, including the Existing Notes, and any Guarantee thereof and (c) Refinancing Indebtedness (including with respect to the Notes and the Existing Notes and any Guarantee thereof) Incurred in respect of any Indebtedness described in this clause or clauses (5), (7) or (13) of this paragraph or Incurred pursuant to the first paragraph of this covenant;

(5) Indebtedness of (x) the Company or any Restricted Subsidiary Incurred or issued to finance an acquisition or (y) Persons that are acquired by the Company or any Restricted Subsidiary or merged into or consolidated with the Company or a Restricted Subsidiary in accordance with the terms of the Indenture; provided that after giving effect to such acquisition, merger or consolidation, either:

   (a) the Company would be permitted to Incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of this covenant; or

   (b) the Fixed Charge Coverage Ratio of the Company and its Restricted Subsidiaries would not be lower than immediately prior to such acquisition, merger or consolidation.

(6) Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, in an aggregate principal amount which, when taken together with the principal amount of all other

Indebtedness Incurred pursuant to this clause and then outstanding, including Refinancing Indebtedness in respect thereof, does not exceed $150.0 million;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, value added or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or consistent with past practices (other than Guarantees for borrowed money), (b) the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or consistent with past practices; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of Incurrence; (c) customer deposits and advance payments received in the ordinary course of business or consistent with past practices from customers for goods or services purchased in the ordinary course of business or consistent with past practices; (d) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or consistent with past practices, and (e) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business or consistent with past practices;

(9) Indebtedness arising from agreements providing for guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness in connection with a Disposition shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) Indebtedness of Non-Guarantors in an aggregate amount not to exceed the greater of (a) $55.0 million and (b) 1.5% of the Total Assets of the Company at any time outstanding and any Refinancing Indebtedness in respect thereof;

(11) Indebtedness consisting of promissory notes issued by the Company or any of its Subsidiaries to any current or former employee, director or consultant of the Company or any of its Subsidiaries (or permitted transferees, assigns, estates, or heirs of such employee, director or consultant), to finance the purchase or redemption of Capital Stock of the Company that is permitted by the covenant described below under "—Limitation on Restricted Payments";

(12) Indebtedness of the Company or any of its Restricted Subsidiaries consisting of (i) the financing of insurance premiums Incurred in the ordinary course of business or (ii) take-or-pay obligations contained in supply arrangements, in each case; and

(13) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause and then outstanding, will not exceed the greater of (a) $250.0 million and (b) 6.75% of the Total Assets of the Company at the time of Incurrence.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) subject to clause (3) below, in the event that all or any portion of any item of Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify,

such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) subject to clause (3) below, additionally, all or any portion of any item of Indebtedness may later be reclassified as having been Incurred pursuant to any type of Indebtedness described in the first and second paragraphs of this covenant so long as such Indebtedness is permitted to be Incurred pursuant to such provision at the time of reclassification;

(3) all Indebtedness outstanding on the Issue Date under the Existing Credit Agreement shall be deemed Incurred on the Issue Date under clause (1) of the second paragraph of the description of this covenant;

(4) in the case of any Refinancing Indebtedness, such Indebtedness shall not include the aggregate amount of fees, underwriting discounts, accrued and unpaid interest, premiums (including, without limitation, tender premiums) and other costs and expenses (including, without limitation, upfront fees or similar fees) Incurred in connection with such refinancing;

(5) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(6) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (10) or (13) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(7) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(8) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(9) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of the Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under the covenant described under this "—Limitation on Indebtedness," the Company shall be in default of this covenant).

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such

Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. The Indenture will provide that the Company and the Issuer will not, and will not permit any Guarantor to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) that is subordinated or junior in right of payment to any Indebtedness of the Company, the Issuer or such Guarantor, as the case may be, unless such Indebtedness is expressly subordinated in right of payment to the Notes or such Guarantor's Guarantee to the extent and in the same manner as such Indebtedness is subordinated to other Indebtedness of the Company or such Guarantor, as the case may be.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to Secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral or is secured by different collateral.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

   (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company; and

   (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a pro rata basis);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company held by Persons other than the Company or a Restricted Subsidiary;

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "—Limitation on Indebtedness"); or

(4) make any Restricted Investment;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

   (a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

   (b) the Company is not able to Incur an additional $1.00 of Indebtedness pursuant to the first paragraph under the "—Limitation on Indebtedness" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

   (c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to October 1, 2001 (and not returned or rescinded) (including Permitted Payments permitted below by clause (6) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) beginning on October 1, 2001 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment, or, in the case such Consolidated Net Income for such period is a deficit, minus 100% of such deficit; *plus*

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock), including in connection with a merger or consolidation with another person, subsequent to December 12, 2014 or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Company subsequent to December 12, 2014 (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock pursuant to an incentive plan established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the next succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness or Disqualified Stock that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock) plus, without duplication, the amount of any cash, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange;

(iv) 100% of the aggregate amount received in cash and the fair market value, as determined in good faith by the Company, of marketable securities or other property received by means of: (i) the sale or other disposition (other than to the Company or a Restricted Subsidiary) of Restricted Investments made by the Company or its Restricted Subsidiaries and repurchases and redemptions of such Restricted Investments from the Company or its Restricted Subsidiaries and repayments of loans or advances, and releases of guarantees, which constitute Restricted Investments by the Company or its Restricted Subsidiaries, in each case after the Issue Date; or (ii) the sale (other than to the Company or a Restricted Subsidiary) of the stock of an Unrestricted Subsidiary or a distribution from an Unrestricted Subsidiary (other than in each case to the extent of the amount of the Investment that constituted a Permitted Investment) or a dividend from an Unrestricted Subsidiary after the Issue Date; and

(v) in the case of the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary or the merger or consolidation of an Unrestricted Subsidiary into the Company or a Restricted Subsidiary or the transfer of all or substantially all of the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary after the Issue Date, the fair market value of the Investment in such Unrestricted Subsidiary (or the assets transferred), as determined in good faith of the Company at the time of the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or at the time of such merger or consolidation or transfer of assets (after taking into consideration any Indebtedness associated with the Unrestricted Subsidiary so designated or merged or consolidated or Indebtedness associated with the assets so transferred), other than to the extent of the amount of the Investment that constituted a Permitted Investment.

As of April 2, 2016, the amount available for Restricted Payments pursuant to clause (c) above would have been approximately $606.4 million.

The foregoing provisions will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) the payment of any dividend or distribution within 60 days after the date of declaration thereof if at the date of declaration such payment would have complied with the provisions of the Indenture, or the redemption, repurchase or retirement of Indebtedness if, at the date of any irrevocable redemption notice, such payment would have complied with the provisions of the Indenture as if it were and is deemed at such time to be a Restricted Payment at the time of such notice;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock ("*Treasury Capital Stock*") or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock) ("*Refunding Capital Stock*") or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock or such contribution will be excluded from clause (c) of the preceding paragraph;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock (other than an issuance of Disqualified Stock of the Company or Preferred Stock of a Restricted Subsidiary to replace Preferred Stock (other than Disqualified Stock) of the Company) of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "—Limitation on Indebtedness" above;

(5) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness or Disqualified Stock or Preferred Stock of a Restricted Subsidiary:

    (a) from Net Available Cash to the extent permitted under "—Limitation on Sales of Assets and Subsidiary Stock" below, but only if the Company shall have first complied with the terms described under "—Limitation on Sales of Assets and Subsidiary Stock" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock; or

    (b) to the extent required by the agreement governing such Subordinated Indebtedness, Disqualified Stock or Preferred Stock, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only if the Company shall have first complied with the terms described under "—Change of Control" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness, Disqualified Stock or Preferred Stock;

(6) a Restricted Payment to pay for the repurchase, retirement or other acquisition or retirement for value of Capital Stock (other than Disqualified Stock) of the Company held by any future, present or former employee, director or consultant of the Company or any of its Subsidiaries (or permitted transferees, assigns, estates, trusts or heirs of such employee, director or consultant) either pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or upon the termination of such employee, director or consultant's employment or directorship; *provided*, *however*, that the aggregate Restricted Payments made under this clause do not exceed $7.5 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years subject to a maximum of $15.0 million in any calendar year); *provided further* that such amount in any calendar year may be increased by an amount not to exceed:

   (a) the cash proceeds from the sale of Capital Stock (other than Disqualified Stock) of the Company to members of management, directors or consultants of the Company or any of its Subsidiaries that occurred after the Issue Date, to the extent the cash proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments by virtue of clause (c) of the preceding paragraph; plus

   (b) the cash proceeds of key man life insurance policies received by the Company and its Restricted Subsidiaries after the Issue Date; less

   (c) the amount of any Restricted Payments made in previous calendar years pursuant to clauses (a) and (b) of this clause;

   and *provided further* that cancellation of Indebtedness owing to the Company or any Restricted Subsidiary from members of management, directors, employees or consultants of the Company or Restricted Subsidiaries in connection with a repurchase of Capital Stock of the Company will not be deemed to constitute a Restricted Payment for purposes of this covenant or any other provision of the Indenture;

(7) the declaration and payment of dividends on Disqualified Stock, or Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "—Limitation on Indebtedness" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends or other distributions by the Company in an amount to be paid per fiscal quarter not to exceed $0.06 per share of the Company's Common Stock (as such amount shall be appropriately adjusted for any stock splits, stock dividends, reverse stock splits, stock consolidations or other similar transactions);

(10) payments by the Company to holders of Capital Stock of the Company in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);

(11) Restricted Payments that are made with Excluded Contributions;

(12) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at the time made not to exceed $100.0 million;

(13) so long as no Default or Event of Default has occurred and is continuing (or would result therefrom), mandatory redemptions of Disqualified Stock issued as a Restricted Payment or as consideration for a Permitted Investment;

(14) any Restricted Payments made by the Company or any Restricted Subsidiary; provided that, immediately after giving pro forma effect thereto and the Incurrence of any Indebtedness the net proceeds of which are used to finance such Restricted Payment, the Consolidated Total Leverage Ratio would be no greater than 2.75 to 1.00; and

(16) the designation of a Restricted Subsidiary as an Unrestricted Subsidiary; provided that (x) the assets of such Restricted Subsidiary immediately prior to such designation consists only of operations in the United Kingdom, (y) the total assets of such Restricted Subsidiary less all liabilities of such Restricted Subsidiary (other than liabilities for which the Company or any Restricted Subsidiary will be liable immediately after such designation) is less than 15% of the Company's total consolidated assets less total consolidated liabilities (on the most recently available quarterly or annual consolidated balance sheet of the Company prepared in conformity with GAAP), provided further, that the net assets of such Restricted Subsidiary may exceed 15% of the Company's net assets to the extent that the Company would be permitted to make a Restricted Payment in an amount equal to such excess and (z) immediately prior to and after giving effect to such designation, the Company could incur at least $1.0 of additional Indebtedness under the first paragraph set forth under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock" as if the Fixed Charge Coverage Ratio were 2.75 to 1.

For purposes of determining compliance with this "Restricted Payments" covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (15) above, or is permitted pursuant to the first paragraph of this covenant and/or one or more of the clauses contained in the definition of "Permitted Investments," the Company will be entitled to classify such Restricted Payment (or portion thereof) on the date of its payment or later reclassify (based on circumstances existing on the date of such reclassification) such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, except that the Company may not reclassify any Restricted Payments as having been made under clause (14) above if originally made under another clause or pursuant to the first paragraph of this covenant.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be their face amount, and the fair market value of any non-cash Restricted Payment, property or assets other than cash shall be determined conclusively by the Board of Directors of the Company acting in good faith.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or permit to exist any Lien that secures Indebtedness (other than Permitted Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the Issue Date or acquired after that date, (such Lien, the "*Initial Lien*"), without effectively providing that the Notes shall be secured equally and ratably with (or prior to) the obligations so secured for so long as such obligations are so secured.

Any Lien created for the benefit of the Holders of the Notes pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien.

With respect to any Lien securing Indebtedness that was permitted to secure such Indebtedness at the time of the Incurrence of such Indebtedness, such Lien shall also be permitted to secure any Increased Amount of such Indebtedness. The "Increased Amount" of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness with the same terms, accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies or increases in the value of property securing Indebtedness.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary (other than the Issuer or a Guarantor) to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(B) make any loans or advances to the Company or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary; *provided* that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility, (b) the Existing Notes or (c) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date (or otherwise required as of the Issue Date);

(2) the Indenture, the Notes and the Note Guarantees;

(3) any encumbrance or restriction pursuant to applicable law, rule, regulation or order;

(4) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary or such agreement or instrument was entered into in contemplation of or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause, if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(5) any encumbrance or restriction:

    (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract or agreement, or the assignment or transfer of any lease, license or other contract or agreement;

    (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer or encumbrance of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(6) any encumbrance or restriction pursuant to Purchase Money Obligations or Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired;

(7) any encumbrance or restriction imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of the Company or any Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(8) customary provisions in leases, licenses, shareholder agreements, joint venture agreements, organizational documents and other similar agreements and instruments;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business or consistent with past practices;

(10) any encumbrance or restriction pursuant to Hedging Obligations;

(11) other Indebtedness, Disqualified Stock or Preferred Stock of Foreign Subsidiaries permitted to be Incurred or issued subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Limitation on Indebtedness" that impose restrictions solely on the Foreign Subsidiaries party thereto or their Subsidiaries;

(12) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Limitation on Indebtedness" if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Existing Credit Agreement, together with the security documents associated therewith as in effect on the Issue Date or (ii) in comparable financings (as determined in good faith by the Company) and where, in the case of clause (ii), either (a) the Company determines at the time of issuance of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes or (b) such encumbrance or restriction applies only during the continuance of a default relating to such Indebtedness;

(13) any encumbrance or restriction existing by reason of any lien permitted under "—Limitation on Liens"; or

(14) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise extends, renews, restates, replaces, restructures or refinances, an agreement or instrument referred to in clauses (1) to (13) of this paragraph or this clause (an "*Initial Agreement*") or contained in any amendment, supplement, extension, renewal, restatement, replacement, restructuring or other modification to an agreement referred to in clauses (1) to (13) of this paragraph or this clause (14); *provided*, *however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are not materially less favorable to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company).

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; and

(3) the Company or any of its Restricted Subsidiaries, at its respective option, will apply such Net Available Cash from any Asset Disposition:

   (a) (i) to prepay, repay or purchase any Indebtedness of a Non-Guarantor or that is secured by a Lien (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) or Indebtedness under the Existing Credit Agreement (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness; provided further that, to the extent the Company redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii), the Company shall equally and ratably reduce Obligations under the Notes as provided under "—Optional Redemption," through open-market purchases (to the extent such purchases are at or above 100% of the principal amount thereof) or by making an offer (in accordance with the procedures set forth below for an Asset Disposition Offer) to all Holders to purchase their Notes at 100% of the principal amount thereof, plus the amount of accrued but unpaid interest, if any, on the amount of Notes that would otherwise be prepaid; or

   (b) to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided*, *however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day;

provided that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise use such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "*Excess Proceeds*" under the Indenture. On the 366th day after the later of an Asset Disposition or the receipt of such Net Available Cash, if the aggregate amount of Excess Proceeds under the Indenture exceeds $50.0 million, the Company will within 10

Business Days be required to make an offer ("*Asset Disposition Offer*") to all Holders of Notes issued under such Indenture and, to the extent the Company or the Issuer elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to 100% of the principal amount of the Notes and Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, and, with respect to the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The Company will deliver notice of such Asset Disposition Offer electronically or by first-class mail, with a copy to the Trustee and paying agent, to each Holder of Notes at the address of such Holder appearing in the security register or otherwise in accordance with the procedures of Euroclear or Clearstream, as applicable, describing the transaction or transactions that constitute the Asset Disposition and offering to repurchase the Notes for the specified purchase price on the date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is delivered, pursuant to the procedures required by the Indenture and described in such notice.

To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for any purpose not prohibited by the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness, provided that no Notes or other Pari Passu Indebtedness will be selected and purchased in an unauthorized denomination. Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than euro, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in euro that is actually received by the Company upon converting such portion into euro.

Notwithstanding any other provisions of this covenant, (i) to the extent that any of or all the Net Available Cash of any Asset Disposition by a Foreign Subsidiary (a "Foreign Disposition") is (x) prohibited or delayed by applicable local law, (y) restricted by applicable organizational documents or any agreement or (z) subject to other onerous organizational or administrative impediments from being repatriated to the United States, the portion of such Net Available Cash so affected will not be required to be applied in compliance with this covenant, and such amounts may be retained by the applicable Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Company hereby agreeing to use reasonable efforts (as determined in the Company's reasonable business judgment) to otherwise cause the applicable Foreign Subsidiary to within one year following the date on which the respective payment would otherwise have been required, promptly take all actions reasonably required by the applicable local law, applicable organizational impediments or other impediment to permit such repatriation), and if within one year following the date on which the respective payment would otherwise have been required, such repatriation of any of such affected Net Available Cash is permitted under the applicable local law, applicable organizational impediment or other impediment, such repatriation will be promptly effected and such repatriated Net Available Cash will be promptly (and in any event not later than five (5) Business Days after such repatriation could be made) applied (net of additional Taxes payable or reserved against as a result thereof) (whether or not repatriation actually occurs) in compliance with this covenant and (ii) to the extent that the Company has determined in good faith that repatriation of any of or all the Net Available Cash of any Foreign Disposition would have an adverse Tax cost consequence with respect to such Net Available Cash (which for the avoidance of doubt, includes, but is not limited to, any prepayment whereby doing so Holdings, the Company, any Restricted Subsidiary or any of their respective affiliates and/or equity partners would incur a tax liability, including a tax dividend, deemed dividend pursuant to Code Section 956 or a withholding tax), the Net Available

Cash so affected may be retained by the applicable Foreign Subsidiary. The non-application of any prepayment amounts as a consequence of the foregoing provisions will not, for the avoidance of doubt, constitute a Default or an Event of Default.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness or other liabilities of the Company or a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness or other liability in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary of the Company from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed the greater of (i) $100.0 million; and (ii) 3.0% of the Total Assets of the Company (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

To the extent that the provisions of any securities laws or regulations conflict with the provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations described in the Indenture by virtue thereof.

The Existing Credit Agreement prohibits the Issuer from purchasing any Notes and also provides that certain asset sale events with respect to the Company or the Issuer would constitute a default under the Existing Credit Agreement. Any future credit agreements or other similar agreements to which the Company or the Issuer becomes a party may contain similar restrictions and provisions and may also prohibit the Issuer from purchasing any Notes. In the event an Asset Disposition occurs at a time when the Company or the Issuer is prohibited from purchasing the Notes, the Company or the Issuer could seek the consent of its lenders to the purchase of the Notes or could attempt to refinance the borrowings that contain such prohibition. If the Company or the Issuer does not obtain such consent or repay such borrowings, the Issuer will remain prohibited from purchasing the Notes. In such case, the Issuer's failure to purchase tendered Notes would constitute an Event of Default under the Indenture.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "*Affiliate Transaction*") involving aggregate value in excess of $10.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of $50.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (2) of this paragraph if such Affiliate Transaction is approved by a majority of the Disinterested Directors, if any.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "—Limitation on Restricted Payments," or any Permitted Investment;

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company or any Restricted Subsidiary, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business or consistent with past practices;

(3) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(4) the payment of compensation, reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company or any Restricted Subsidiary of the Company (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(5) the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect;

(6) transactions with customers, clients, joint venture partners, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business or consistent with past practices, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(7) any transaction between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(8) issuances or sales of Capital Stock (other than Disqualified Stock) of the Company or options, warrants or other rights to acquire such Capital Stock and the granting of registration and other customary rights in connection therewith or any contribution to capital of the Company or any Restricted Subsidiary;

(9) transactions in which the Company or any Restricted Subsidiary, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or meets the requirements of clause (1) of the preceding paragraph;

(10) any purchases by the Company's Affiliates of Indebtedness or Disqualified Stock of the Company or any of its Restricted Subsidiaries the majority of which Indebtedness or Disqualified Stock is purchased by Persons who are not the Company's Affiliates; *provided* that such purchases by the Company's Affiliates are on the same terms as such purchases by such Persons who are not the Company's Affiliates; and

(11) transactions entered into by an Unrestricted Subsidiary, so long as not entered in contemplation of the redesignation as a Restricted Subsidiary, with an Affiliate prior to the redesignation of any such Unrestricted Subsidiary as a Restricted Subsidiary as described under the caption "Designation of Restricted and Unrestricted Subsidiaries."

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as Unrestricted will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments" or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions and was permitted by the covenant described above under the caption "—Certain Covenants—Limitation on Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness," the Company will be in default of such covenant.

The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Certain Covenants—Limitation on Indebtedness," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence before or after such designation. Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the preceding conditions.

Reports

Whether or not the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, so long as any Notes are outstanding, from and after the Escrow Release Date, the Company will furnish to the Trustee:

(1) within 90 days after the end of each fiscal year, annual reports of the Company containing substantially all of the financial information that would have been required to be contained in an Annual Report on Form 10-K under the Exchange Act if the Company had been a reporting company under the Exchange Act (but only to the extent similar information is included in this Offering Memorandum), including (A) "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (B) audited financial statements prepared in accordance with GAAP;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, quarterly reports of the Company containing substantially all of the financial information that would have been required to be contained in a Quarterly Report on Form 10-Q under the Exchange Act if the Company had been a reporting company under the Exchange Act, including (A) "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (B) unaudited quarterly financial statements prepared in accordance with GAAP; and

(3) within the time periods specified for filing Current Reports on Form 8-K after the occurrence of each event that would have been required to be reported in a Current Report on Form 8-K under the Exchange Act if the Company had been a reporting company under the Exchange Act, current reports containing substantially all of the information that would have been required to be contained in a Current Report on Form 8-K under the Exchange Act if the Company had been a reporting company under the Exchange Act.

Notwithstanding the foregoing, such reports (A) will not be required to comply with Section 302, Section 906 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 and 308 of Regulation S-K promulgated by the SEC, or Item 10(e) of Regulation S-K (with respect to any non- GAAP financial measures contained therein) and (B) will not be required to contain the separate financial information for Guarantors or Subsidiaries whose securities are pledged to secure the Notes contemplated by Rule 3-10 or Rule 3-16 of Regulation S-X promulgated by the SEC.

In addition, the Company shall furnish to noteholders, prospective investors, broker-dealers and securities analysts, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

If at any time any of the Subsidiaries of the Company that have been designated as Unrestricted Subsidiaries have combined net assets exceeding 10% of the Company's consolidated net assets, then the quarterly and annual financial information required by the first paragraph of this covenant will include or be accompanied by a reasonably detailed presentation of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In the event that any parent of the Company becomes a guarantor of the Notes, the Indenture will permit the Company to satisfy its obligations in this covenant with respect to financial information relating to the Company by furnishing financial information relating to such parent; *provided* that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to such parent, on the one hand, and the information relating to the Company and its Restricted Subsidiaries on a standalone basis, on the other hand.

Notwithstanding the foregoing, the Company will be deemed to have furnished such reports referred to above to the Trustee and the Holders of the Notes if the Company has filed such reports with the SEC via the EDGAR filing system and such reports are publicly available; *provided*, *however*, that the Trustee shall have no responsibility whatsoever to determine if such filing has occurred.

Limitation on Guarantees

The Company will not permit any of its Wholly Owned Subsidiaries that are Restricted Subsidiaries (and non-Wholly Owned Subsidiaries if such non-Wholly Owned Subsidiaries guarantee other capital markets debt of the Issuer or any Guarantor), other than a Guarantor, to Guarantee any Indebtedness of the Issuer or any Guarantor or and, unless:

(1) such Restricted Subsidiary within 30 days executes and delivers a supplemental indenture to the Indenture providing for a senior Guarantee by such Restricted Subsidiary, except that with respect to a guarantee of Indebtedness of the Issuer or any Guarantor, if such Indebtedness is by its express terms subordinated in right of payment to the Notes or such Guarantor's Note Guarantee, any such guarantee by such Restricted Subsidiary with respect to such Indebtedness shall be subordinated in right of payment to such Guarantee substantially to the same extent as such Indebtedness is subordinated to the Notes or such Guarantor's Note Guarantee;

(2) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Guarantee until payment in full of Obligations under the Indenture; and

(3) such Restricted Subsidiary shall deliver to the Trustee an Opinion of Counsel stating that:

    (a) such Guarantee has been duly executed and authorized; and

    (b) such Guarantee constitutes a valid, binding and enforceable obligation of such Restricted Subsidiary, except insofar as enforcement thereof may be limited by bankruptcy, insolvency or similar laws (including all laws relating to fraudulent transfers) and except insofar as enforcement thereof is subject to general principals of equity;

provided that this covenant shall not be applicable (i) to any guarantee of any Restricted Subsidiary that existed at the time such Person became a Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary, or (ii) in the event that the Guarantee of the Company's obligations under the Notes or the Indenture by such Subsidiary would not be permitted under applicable law, or if a consent is required thereunder and cannot be reasonably obtained in the good faith judgment of the Company.

The Company may elect, in its sole discretion, to cause any Subsidiary that is not otherwise required to be a Guarantor to become a Guarantor, in which case, such Subsidiary shall only be required to comply with the 30-day period described above.

If any Guarantor becomes an Immaterial Subsidiary, the Company shall have the right, by execution and delivery of a supplemental indenture to the Trustee, to cause such Immaterial Subsidiary to cease to be a Guarantor, subject to the requirement described in the first paragraph above that such Subsidiary shall be required to become a Guarantor if it ceases to be an Immaterial Subsidiary (except that if such Subsidiary has been properly designated as an Unrestricted Subsidiary it shall not be so required to become a Guarantor or execute a supplemental indenture); provided, further, that such Immaterial Subsidiary shall not be permitted to Guarantee any Indebtedness of the Company or the other Guarantors, unless it again becomes a Guarantor.

Merger and Consolidation

The Company

Neither the Company nor the Issuer will consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Company*") will be a Person organized and existing under the laws of the United States of America, any State thereof or the District of Columbia, Canada, Switzerland, the United Kingdom, any member of the European Union, or any state, province or division of any of the foregoing countries and the Successor Company (if not the Company or the Issuer, as the case may be) will expressly assume, by supplemental indenture, executed and delivered to the Trustee, all the obligations of the Company or the Issuer, as the case may be under the Notes and the Indenture, provided that if such Successor Company is not a corporation, a co-obligor of the Notes that is a Restricted Subsidiary is a corporation organized under such laws;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional $1.00 of Indebtedness pursuant to the first paragraph of the covenant described under "—Limitation on Indebtedness" or (b) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company, *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (2) and (3) above.

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2), (3) and (4) (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding the preceding clauses (2) and (3) (which do not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) shall not apply to the creation of a new Subsidiary as a Restricted Subsidiary of the Company.

Guarantors

No Guarantor (other than the Company) may:

(1) consolidate with or merge with or into any Person, or

(2) sell, convey, transfer or dispose of, all or substantially all its assets, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into the Guarantor, unless:

   (A) the other Person is the Issuer or a Guarantor or becomes a Guarantor concurrently with the transaction; or

   (B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee of the Notes; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

   (C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture

There is no precise established definition of the phrase “substantially all” under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

Events of Default

Each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply with the Company’s agreements or obligations contained in the Indenture for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in principal amount of the outstanding Notes;

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

   (a) is caused by a failure to pay principal of such Indebtedness, at its stated final maturity (after giving effect to any applicable grace periods) provided in such Indebtedness (“*payment default*”); or

   (b) results in the acceleration of such Indebtedness prior to its stated final maturity (the “*cross acceleration provision*”);

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

(5) certain events of bankruptcy, insolvency or court protection of the Company or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "*bankruptcy provisions*");

(6) failure by the Company or any Significant Subsidiary (or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries) would constitute a Significant Subsidiary), to pay final judgments aggregating in excess of $50.0 million other than any judgments covered by indemnities provided by, or insurance policies issued by, reputable and creditworthy issuers, which final judgments remain unpaid, undischarged and unstayed for a period of more than 60 days after such judgment becomes final, and in the event such judgment is covered by insurance, an enforcement proceeding has been commenced by any creditor upon such judgment or decree which is not promptly stayed (the "*judgment default provision*"); or

(7) any Guarantee of the Notes ceases to be in full force and effect, other than in accordance with the terms of the Indenture or a Guarantor denies or disaffirms its obligations under its Guarantee of the Notes, other than in accordance with the terms thereof or upon release of such Guarantee in accordance with the Indenture.

However, a default under clauses (3), (4) or (6) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (3) and (6) the Company does not cure such default within the time specified in clauses (3) or (6), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (5) above with respect to the Company) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 30% in principal amount of the outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee (subject to certain conditions) at the request of such Holders shall, declare the principal of, and accrued and unpaid interest, if any, on all the Notes to be due and payable and to the extent such Event of Default arises from the failure to pay the redemption price that is then due and not subject to any conditions in connection with an optional redemption, the premium then due with respect to such optional redemption on all the Notes to be due and payable. Upon such a declaration, the principal of, and accrued and unpaid interest, if any, on the Notes will be due and payable immediately together with any premium new with respect to an optional redemption. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (4) under "—Events of Default" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, in each case, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default described in clause (5) above with respect to the Company occurs and is continuing the principal of, and accrued and unpaid interest, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

If an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against any fee, loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 30% in principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines, on the advice of counsel or other experts, advisors or agents, is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification satisfactory to it against all liabilities, losses, expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Company in writing, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as it in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which they are aware which would constitute certain Defaults, their status and what action the Company is taking or proposes to take in respect thereof.

Notwithstanding any other provision of the Indenture, the sole remedy for an Event of Default relating to the failure to comply with the reporting obligations described above under the heading "—Certain Covenants—Reports" will for the 60 days after the occurrence of such an Event of Default consist exclusively of the right to receive additional interest on the principal amount of the Notes at a rate equal to 0.25% per annum. This additional interest will be payable in the same manner and subject to the same terms as other interest payable under the Indenture. This additional interest will accrue on all outstanding Notes from and including the date on which an Event of Default relating to a failure to comply with the reporting obligations described above under the heading "—Certain Covenants—Reports" first occurs, if applicable, to but excluding the 60th day thereafter (or such earlier date on which the Event of Default relating to such reporting obligations is cured or waived). If the Event of Default resulting from such failure to comply with the reporting obligations is continuing on such 60th day, such additional interest will cease to accrue and the Notes will be subject to the other remedies provided under the heading "—Events of Default."

The Notes will provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly.

Amendments and Waivers

Subject to certain exceptions, the Note Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note (other than provisions relating to Change of Control and Asset Dispositions);

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "—Optional Redemption";

(5) make any such Note payable in money other than that stated in such Note;

(6) impair the right of any Holder to institute suit for the enforcement of any payment of principal of and interest on such Holder's Notes on or after the due dates therefor;

(7) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(8) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company and the Trustee may amend or supplement any Note Documents to:

(1) cure any ambiguity, omission, mistake, defect, error or inconsistency, conform any provision to this "Description of Notes," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Company under any Note Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes;

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect;

(6) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes;

(7) provide for any Restricted Subsidiary to provide a Guarantee in accordance with the covenant described under "—Certain Covenants—Limitation on Indebtedness," to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture;

(8) at the Company's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;

(9) evidence and provide for the acceptance and appointment under the Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document;

(10) make any amendment to the provisions of the Indenture relating to the transfer and legending of Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of Notes; *provided*, *however*, that (i) compliance with the Indenture as so amended would not result in Notes being transferred in violation of the Securities Act or any applicable securities law and (ii) such amendment does not materially and adversely affect the rights of Holders to transfer Notes; or

(11) make any amendments to the Indenture or the Notes to amend the identity of the Issuer as permitted under the terms of the Indenture and the CUSIP or ISIN, as applicable.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Note Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

Defeasance

The Issuer at any time may terminate all obligations of the Issuer under the Notes and the Indenture ("*legal defeasance*") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Issuer in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust.

The Issuer at any time may terminate its obligations under the covenants described under "—Certain Covenants" (other than clauses (1) and (2) of "—Merger and Consolidation") and "—Change of Control" and the default provisions relating to such covenants described under "—Events of Default" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the bankruptcy provisions with respect to the Company and Significant Subsidiaries, the judgment default provision and the guarantee provision described under "—Events of Default" above ("*covenant defeasance*").

The Issuer at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Issuer exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Issuer exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clause (3), (4), (5) (with respect only to the Company and Significant Subsidiaries), (6) or (7) under "—Events of Default" above.

In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the "*defeasance trust*") with the Trustee (including any co-trustee or separate trustee) or the paying agent, cash in euro or euro-denominated Government Securities, or a combination thereof, deemed sufficient in the opinion of a nationally recognized firm of public accountants for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States stating that Holders of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions, following the deposit, the trust funds will not be subject to the effect of Section 547 of Title 11 of the United States Code, as amended;

(3) an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuer; and

(4) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee (and the paying agent, if applicable) in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (including any co-trustee or separate trustee) or the paying agent, as applicable, money or euro-denominated Government Securities, or a combination thereof deemed sufficient in the opinion of a nationally recognized firm of public accountants, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee (including any co-trustee or separate trustee) or paying agent for cancellation, for principal, premium, if any, and interest, if any, to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; and (4) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "—Satisfaction and Discharge" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator, stockholder or shareholder of the Company or any of its respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Issuer or any Guarantor under the Note Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee and Certain Agents

BNY Trust Company of Canada, as Canadian co-trustee, and The Bank of New York Mellon, as U.S. co-trustee, will together be appointed as Trustee. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in such Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will impose certain limitations on the rights of the Trustee, should it become a creditor of the Company, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture sets out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of then outstanding Notes, or may resign at any time by giving written notice to the Issuer and (2) that if the Trustee at any time (a) has or acquires a conflict of interest that is not eliminated, (b) fails to meet certain minimum limits regarding the aggregate of its capital and surplus or (c) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Issuer may remove the Trustee, or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee for any loss, liability, taxes and expenses incurred without gross negligence or willful misconduct on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders of Notes will be validly given if electronically delivered or mailed to them at their respective addresses in the register of the Holders of the Notes, if any, maintained by the registrar. For so long as any Notes are represented by global notes, all notices to Holders of the Notes will be delivered to Euroclear or Clearstream, as applicable, delivery of which shall be deemed to satisfy the requirements of this paragraph, which will give such notices to the Holders of book-entry interests.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the earlier of such publication and the fifth day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to him if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Governing Law

The Indenture and the Notes, including any Note Guarantees, and the rights and duties of the parties thereunder shall be governed by and construed in accordance with the laws of the State of New York.

Listing

An application will be made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes to trading on the Global Exchange Market thereof. There are no assurances that the Notes will be admitted to the Official List of the Irish Stock Exchange or to trading on the Global Exchange Market. As long as the Notes remain outstanding, the Issuer shall, to the extent reasonably practicable and permitted as a matter of law, ensure that there is a paying agent for the Notes in a member state of the European Union (if such a state exists) that will not be obliged to withhold or deduct tax (1) pursuant to U.S. law in the event definitive registered Notes are issued or (2) pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to any such Directive.

The Bank of New York Mellon will act as the paying agent for the euro notes. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market, the Issuer will publish a notice of any change of paying agent, registrar or transfer agent in a newspaper having a general circulation in Ireland (which is expected to be The Irish Times) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (www.ise.ie).

Certain Definitions

"*2020 Notes*" means the 6.75% Senior Note due 2020 issued pursuant to an Indenture, dated as of December 12, 2014, by and among Cott Beverages Inc., the guarantors party thereto from time to time and Wells Fargo Bank, National Association, as trustee, as such indenture may be amended, supplemented or otherwise modified from time to time.

"*2021 Notes*" means the 10.000% Second-Priority Senior Secured Notes due 2021 issued pursuant to an Indenture, dated as of August 30, 2013, by and among DS Services Holdings, Inc., the guarantors party thereto from time to time and Wilmington Trust, National Association, as trustee and as collateral agent, as such indenture may be amended, supplemented or otherwise modified from time to time.

"*2022 Notes*" means the 5.375% Senior Notes due 2022 issued pursuant to an Indenture, dated as of June 24, 2014, by and among Cott Beverages Inc., the guarantors party thereto from time to time and Wells Fargo Bank, National Association, as trustee, as such indenture may be amended, supplemented or otherwise modified from time to time.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Additional Assets*" means:

(1) any property or assets (other than Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in a Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary of the Company; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Company.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Applicable Premium*" means the greater of (A) 1.0% of the principal amount of such Note and (B) on any redemption date, the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the redemption price of such Note at , 2019 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—Optional Redemption" (excluding accrued but unpaid interest)), plus (ii) all required interest payments due on such Note to and including such date set forth in clause (i) (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus basis points; over

(b) the then outstanding principal amount of such Note;

in each case, as calculated by the Company or on behalf of the Company by such Person as the Company shall designate.

For the avoidance of doubt, the Trustee, any paying agent, or Escrow Agent, must agree in writing to perform such calculation.

"*Asset Disposition*" means:

(a) the sale, conveyance, transfer or other disposition, whether in a single transaction or a series of related transactions, of property or assets (including by way of a Sale and Leaseback Transaction) of the Company (other than Capital Stock of the Company) or any of its Restricted Subsidiaries (each referred to in this definition as a "*disposition*"); or

(b) the issuance or sale of Capital Stock of any Restricted Subsidiary (other than Preferred Stock or Disqualified Stock of Restricted Subsidiaries issued in compliance with the covenant described under "—Certain Covenants—Limitation on Indebtedness" or directors' qualifying shares and shares issued to foreign nationals as required under applicable law), whether in a single transaction or a series of related transactions;

in each case, other than:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash or Cash Equivalents;

(3) a disposition of inventory or other assets in the ordinary course of business or consistent with past practice or held for sale;

(4) a disposition of obsolete, worn out, uneconomic, damaged or surplus property, equipment or other assets or property or equipment or other assets that are no longer economically practical or commercially desirable to maintain or used or useful in the business of the Company and its Restricted Subsidiaries whether now or hereafter owned or leased or acquired in connection with an acquisition or used or useful in the conduct of the business of the Company and its Restricted Subsidiaries (including

by ceasing to enforce, allowing the lapse, abandonment or invalidation of or discontinuing the use or maintenance of or putting into the public domain any intellectual property that is, in the reasonable judgment of the Issuer or the Restricted Subsidiaries, no longer used or useful, or economically practicable to maintain, or in respect of which the Issuer or any Restricted Subsidiary determines in its reasonable business judgment that such action or inaction is desirable);

(5) transactions permitted under "—Certain Covenants—Merger and Consolidation—The Company" or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than $35.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "—Certain Covenants—Limitation on Restricted Payments" and the making of any Permitted Payment or Permitted Investment or, solely for purposes of clause (3) of the first paragraph under "—Certain Covenants Limitation on Sales of Assets and Subsidiary Stock," asset sales, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens and granting of Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or consistent with past practices or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) conveyances, sales, transfers, licenses or sub-licenses or other dispositions of intellectual property, software or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business or consistent with past practice;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business or consistent with past practices, or the conversion or exchange of accounts receivable for notes receivable;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) to the extent allowable under Section 1031 of the Code, any exchange of like property (excluding any boot thereon) for use in a Similar Business;

(17) any financing transaction with respect to property constructed, acquired, replaced, repaired or improved (including any reconstruction, refurbishment, renovation and/or development of real property) by the Company or any Restricted Subsidiary after the Issue Date, including Sale and Leaseback Transactions and asset securitizations, permitted by the Indenture;

(18) any surrender, amendment or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and

(19) any disposition in connection with the Transactions, including any regulatory divestitures.

In the event that a transaction (or any portion thereof) meets the criteria of a permitted Asset Disposition and would also be a Permitted Investment or an Investment permitted under "—Certain Covenants—Limitation on Restricted Payments," the Issuer, in its sole discretion, will be entitled to divide and classify such transaction (or a portion thereof) as an Asset Disposition and/or one or more of the types of Permitted Investments or Investments permitted under "—Certain Covenants—Limitation on Restricted Payments."

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock or (ii) any joint venture entered into by the Company or any Restricted Subsidiary of the Company.

"*Board of Directors*" means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, unless otherwise stated, such Board of Directors is of the Company and such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" means the yield to maturity at the time of computation of the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to , 2019 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to , 2019; provided, however, that, if the period from such redemption date to , 2019 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to , 2019 is less than one year, a fixed maturity of one year shall be used.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York, or the place of payment on the Notes are authorized or required by law, regulation or executive order to close or on which the Trans-European Automated Real-time Gross Settlement Express Transfer system (the TARGET2 system), or any successor thereto, is closed.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants, options or depositary receipts for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) (a) dollars, euro, Israeli shekel, Canadian dollar, or any national currency of any member state of the European Union; or (b) any other foreign currency held by the Company and the Restricted Subsidiaries in the ordinary course of business or consistent with past practices;

(2) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(3) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by (x) any lender affiliate thereof or (y) by any bank or trust company (a) whose commercial paper is rated at least "A-2" or the equivalent thereof by S&P or at least "P-2" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of $100 million;

(4) repurchase obligations for underlying securities of the types described in clauses (2) and (3) entered into with any Person referenced in clause (3) above;

(5) securities with maturities of one year or less from the date of acquisition backed by standby letters of credit issued by any Person referenced in clause (3);

(6) commercial paper and variable or fixed rate notes issued by a bank meeting the qualifications specified in clause (3) above (or by the parent company thereof) maturing within one year after the date of creation thereof or any commercial paper and variable or fixed rate note issued by, or guaranteed by a corporation rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper or fixed rate notes, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(7) readily marketable direct obligations issued by any state, commonwealth or territory of the United States of America, any province of Canada, any member of the European Union, any other foreign government, or any political subdivision or taxing authority thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(8) Indebtedness or preferred stock issued by Persons with a one of the three highest ratings from S&P or Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(9) bills of exchange issued in the United States, Canada, a member state of the European Union or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(10) interests in any investment company, money market or enhanced high yield fund which invests 90% or more of its assets in instruments of the type specified in clauses (1) through (9) above;

(11) instruments and investments of the type and maturity described in clause (1) through (10) denominated in any foreign currency or of foreign obligors, which investments or obligors are, in the reasonable judgment of the Company, comparable in investment quality to those referred to above; and

(12) solely with respect to any Restricted Subsidiary that is a Foreign Subsidiary, investments of comparable tenor and credit quality to those described in the foregoing clauses (2) through (11) customarily utilized in countries in which such Foreign Subsidiary operates for short term cash management purposes.

Notwithstanding the foregoing, Cash Equivalents shall include amounts denominated in currencies other than set forth in clause (1) above; provided that such amounts are converted into currencies listed in clause (1) within 10 Business Days following receipt of such amounts.

"*Cash Management Services*" means any of the following to the extent not constituting a line of credit (other than an overnight draft facility that is not in default): ACH transactions, treasury and/or cash management services, including, without limitation, controlled disbursement services, overdraft facilities, foreign exchange facilities, deposit and other accounts and merchant services or other cash management arrangements in the ordinary course of business or consistent with past practice.

"*Change of Control*" means:

(1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company; or

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control if (1) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"*Clearstream*" means Clearstream Banking, a société anonyme or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Consolidated Depreciation and Amortization Expense*" means, with respect to any Person for any period, the total amount of depreciation and amortization expense, including amortization of deferred financing fees of such Person and its Restricted Subsidiaries for such period on a consolidated basis and otherwise determined in accordance with GAAP.

"*Consolidated EBITDA*" for any period means the Consolidated Net Income for such period:

(1) increased (without duplication) by:

   (a) provision for taxes based on income or profits, revenue or capital, including, without limitation, federal, state, provincial, local, foreign, unitary, excise, property, franchise and similar taxes and foreign withholding and similar taxes (including penalties and interest) of such Person paid or accrued during such period deducted (and not added back) in computing Consolidated Net Income; *plus*

(b) Fixed Charges of such Person for such period (including (x) net losses on Hedging Obligations or other derivative instruments entered into for the purpose of hedging interest rate risk and (y) costs of surety bonds in connection with financing activities), plus amounts excluded from the definition of "Consolidated Interest Expense" pursuant to clauses (w), (x) and (y) in clause (1) thereof, to the extent the same were deducted (and not added back) in calculating such Consolidated Net Income; *plus*

(c) Consolidated Depreciation and Amortization Expense of such Person for such period to the extent the same were deducted (and not added back) in computing Consolidated Net Income; *plus*

(d) any fees, costs, expenses or charges (other than depreciation or amortization expense) related to any actual, proposed or contemplated issuance or registration (actual or proposed) of an Equity Offering, any Investment, acquisition, disposition, recapitalization, Restricted Payment or the incurrence or registration (actual or proposed) of Indebtedness (including a refinancing thereof) (in each case, whether or not successful or consummated), including (i) such fees, expenses or charges related to the offering of the Notes, the Existing Notes and the Existing Credit Agreement, and (ii) any amendment or other modification of the Notes, the Existing Notes or the Existing Credit Agreement, in each case, whether or not consummated, deducted (and not added back) in computing Consolidated Net Income; *plus*

(e) the amount of any restructuring charge, reserve, integration cost, or other business optimization expense or cost (including charges directly related to implementation of cost-savings initiatives), that is deducted (and not added back) in such period in computing Consolidated Net Income including, without limitation, those related to severance, retention, signing bonuses, relocation; *plus*

(f) recruiting and other employee related costs, future lease commitments and costs related to the opening and closure and/or consolidation of facilities; *plus*

(g) any other non-cash charges, write-downs, expenses, losses or items reducing Consolidated Net Income for such period including any impairment charges or the impact of purchase accounting (excluding any such non-cash charge, write-down or item to the extent it represents an accrual or reserve for a cash expenditure for a future period) or other items classified by the Company as special items less other non-cash items of income increasing Consolidated Net Income (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period); *plus*

(h) the amount of cost savings (including, without limitation, for the avoidance of doubt, cost savings with respect to salary, benefit and other direct savings resulting from workforce reductions and facility, benefit and insurance savings), operating expense reductions, other operating improvements and initiatives and synergies projected by the Company in good faith to be reasonably anticipated to be realizable in connection with any Investment, acquisition, disposition, merger, consolidation, reorganization or restructuring (each, a "Specified Transaction"), taken or initiated prior to or during such period (calculated on a pro forma basis as though such cost savings had been realized on the first day of such period), net of the amount of actual benefits realized or expected to be realized prior to or during such period from such actions; provided that (x) such cost savings are reasonably identifiable and factually supportable and (y) such actions have been taken or are to be taken within 18 months of such Specified Transaction and (z) the aggregate amount of such cost savings, operating expense reductions, other operating improvements or synergies do not exceed 20% of Consolidated EBITDA in any four quarter period; *plus*

(i) any costs or expense incurred by the Company or a Restricted Subsidiary pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such cost or expenses are funded with cash proceeds contributed to the capital of the Company or Net Cash Proceeds of an issuance of equity interest of the Company (other than Disqualified Stock) solely to the extent that such Net Cash Proceeds are excluded from the calculation set forth in clause (3) of the first paragraph under "Certain Covenants—Limitation on Restricted Payments"; *plus*

(j) cash receipts (or any netting arrangements resulting in reduced cash expenditures) not representing Consolidated EBITDA or Consolidated Net Income in any period to the extent non-cash gains relating to such income were deducted in the calculation of Consolidated EBITDA pursuant to clause (2) below for any previous period and not added back; *plus*

(k) the amount of any minority interest expense consisting of Subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Subsidiary deducted in calculating Consolidated Net Income (and not added back in such period to Consolidated Net Income); *plus*

(l) any net pension or other post-employment benefit costs representing amortization of unrecognized prior service costs, actuarial losses, including amortization of such amounts arising in prior periods, amortization of the unrecognized net obligation (and loss or cost) existing at the date of initial application of Accounting Standards Codification Topic 715, and any other items of a similar nature;

(2) decreased (without duplication) by (a) non-cash gains increasing Consolidated Net Income of such Person for such period, excluding any non-cash gains to the extent they represent the reversal of an accrual or reserve for a potential cash item that reduced Consolidated EBITDA in any prior period and any non-cash gains with respect to cash actually received in a prior period so long as such cash did not increase Consolidated EBITDA in such prior period; plus (b) all cash payments made during such period to the extent made on account of non-cash reserves and other non-cash charges added back to Consolidated Net Income pursuant to clause (g) above in a previous period (it being understood that this clause (2)(b) shall not be utilized in reversing any non-cash reserve or charge added to Consolidated Net Income), plus (c) the amount of any minority interest income consisting of Subsidiary loss attributable to minority equity interests of third parties in any non- wholly owned Subsidiary added to Consolidated Net Income (and not deducted in such period from Consolidated Net Income); and

(3) increased or decreased (without duplication) by, as applicable, any adjustments resulting from the application of Accounting Standards Codification Topic 460 or any comparable regulation.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount or premium resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances or any similar facilities or financing and hedging agreements, (c) non-cash interest payments (but excluding any non- cash interest expense attributable to the movement in the mark to market valuation of any Hedging Obligations or other derivative instruments pursuant to GAAP), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (t) penalties and interest relating to taxes, (u) accretion or accrual of discounted liabilities other than Indebtedness, (v) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (w) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (x) any expensing of bridge, commitment and other financing fees and (y) interest with respect to Indebtedness of any parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under GAAP; plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; less

(3) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any Person, for any period, the net income (loss) of such Person and its Restricted Subsidiaries for such period determined on a consolidated basis on the basis of GAAP; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary (including any net income (loss) from investments recorded in such Person under equity method accounting), except that any equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "—Certain Covenants—Limitation on Restricted Payments," any net income (loss) of any Restricted Subsidiary (other than the Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, and (b) restrictions pursuant to the Existing Credit Agreement, the Notes, the Indenture, the Existing Notes or the indenture governing the Existing Notes, except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any Sale and Leaseback Transaction) which is not sold or otherwise disposed of or discontinued in the ordinary course of business or consistent with past practices (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, charge or expense (including Transaction Expenses) or any charges, expenses or reserves in respect of any restructuring, redundancy or severance expense or relocation costs, integration and facilities' opening costs and other business optimization expenses (including related to new product introductions), restructuring charges, accruals or reserves (including restructuring and integration costs related to acquisitions after the Issue Date and adjustments to existing reserves), whether or not classified as restructuring expense on the consolidated financial statements, signing costs, retention or completion bonuses, transition costs, costs related to closure/consolidation of facilities, internal costs in respect of strategic initiatives and curtailments or modifications to pension and post-retirement employee benefit plans (including any settlement of pension liabilities);

(5) the cumulative effect of a change in accounting principles

(6) any (i) non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions and (ii) income (loss) attributable to deferred compensation plans or trusts;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge or write-off;

(13) any after-tax effect of income (loss) from the early extinguishment or cancellation of Indebtedness or Hedging Obligations or other derivative instruments;

(14) accruals and reserves that are established within twelve months after the Issue Date that are so required to be established as a result of the Transactions in accordance with GAAP;

(15) [reserved];

(16) cash and non-cash charges, paid or accrued, and gains resulting from the application of Financial Accounting Standards No. 141R (Accounting Standards Codification Topic 805) (including with respect to earn-outs incurred by the Company or any of its Restricted Subsidiaries);

(17) proceeds from any business interruption insurance to the extent not already included in Consolidated Net Income;

(18) the amount of any expense to the extent a corresponding amount is received in cash by the Company and the Restricted Subsidiaries from a Person other than the Company or any Restricted Subsidiaries (with no requirements to repay such amounts and no other encumbrances associated therewith), provided such payment has not been included in determining Consolidated Net Income (it being understood that if the amounts received in cash under any such agreement in any period exceed the amount of expense in respect of such period, such excess amounts received may be carried forward and applied against expense in future periods); and

(19) any non-cash expenses, accruals or reserves related to adjustments to historical tax exposures and any deferred tax expense associated with tax deductions or net operating losses arising as a result of the Transactions, or the release of any valuation allowances related to such item.

In addition, to the extent not already included in the Consolidated Net Income of such Person and its Restricted Subsidiaries, notwithstanding anything to the contrary in the foregoing, Consolidated Net Income shall exclude (i) any expenses and charges that are reimbursed by indemnification or other reimbursement provisions, or so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be indemnified or reimbursed (and such amount is in fact reimbursed within 365 days of the date of such charge or payment (with a deduction for any amount so added back to the extent not so reimbursed within such 365 days)), in connection with any investment or any sale, conveyance, transfer or other disposition of assets permitted hereunder, (ii) to the extent covered by insurance and actually reimbursed, or, so long as the Company has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and such amount is (A) not denied by the applicable carrier in writing within 180 days and (B) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption.

"*Consolidated Total Indebtedness*" means, as of any date of determination, (a) the aggregate principal amount of Indebtedness for borrowed money (other than Indebtedness with respect to Cash Management Services and intercompany Indebtedness) of the Company and its Restricted Subsidiaries, letters of credit (only in respect of any unreimbursed drawings thereunder), debt obligations evidenced by promissory notes and similar instruments and any Guarantees in respect of the foregoing or any Liens on the assets of the Company or any Restricted Subsidiary securing any of the foregoing outstanding on such date plus (b) the aggregate amount of all Disqualified Stock of the Company and all Disqualified Stock and Preferred Stock of any Restricted Subsidiary minus (c) the aggregate amount of cash and Cash Equivalents included in the consolidated balance sheet of the Company and its Restricted Subsidiaries as of the end of the most recent fiscal period for which internal financial statements of the Company are available with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio" and as determined in good faith determined by the Company.

"*Consolidated Total Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Total Indebtedness as of such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available, in each case with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio."

"*Consolidated Total Secured Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Total Indebtedness secured by a Lien as of such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available, in each case with such pro forma adjustments as are consistent with the pro forma adjustments set forth in the definition of "Fixed Charge Coverage Ratio;" *provided*, *however*, that solely for purposes of the calculation of the Consolidated Total Secured Leverage Ratio, in connection with the incurrence of any Lien pursuant to clause (31) of the definition of "Permitted Liens," (i) the Company and its Restricted Subsidiaries must treat the maximum amount of Indebtedness that is permitted to be incurred pursuant to clause (1)(A) of the second paragraph of the covenant described above under the caption "—Certain Covenants—Limitation on Indebtedness" at the time of such calculation as being Incurred and outstanding at such time, and (ii) the calculation shall not give effect to any Indebtedness Incurred on such determination date secured pursuant to clause (29) of the definition of "Permitted Lien."

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Existing Credit Agreement or commercial paper facilities, receivables financing and overdraft facilities) with banks, other institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the Existing Credit Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee, Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder, (4) changing the administrative agent or lenders or (5) otherwise altering the terms and conditions thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default; provided that any Default that results solely from the taking of an action that would have been permitted but for the continuation of a previous Default will be deemed to be cured if such previous Default is cured prior to becoming an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non- Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise; or

(2) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part, in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "—Certain Covenants—Limitation on Restricted Payments;" *provided*, *however*, that if such Capital Stock is issued to any plan for the benefit of employees of the Company or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations.

"*dollar*" or "*$*" means the lawful currency of the United States of America.

"*Domestic Subsidiary*" means, with respect to any Person, any Restricted Subsidiary of such Person other than a Foreign Subsidiary and not including Cott Investment LLC.

"*Eligible Equipment*" means any equipment owned by the Company or any of its Restricted Subsidiaries for which the full purchase price for such equipment has been paid.

"*Eligible Escrow Investments*" means (1) Government Securities maturing no later than the Business Day preceding the Escrow End Date and (2) money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Securities Act, and rated "AAAm" or "AAAm-G" by S&P and "Aaa" if rated by Moody's, including any mutual fund for which the Escrow Agent or its affiliate serves as investment manager, administrator, shareholder servicing agent, and/or custodian and (3) euro denominated deposit accounts with national or commercial banks, including the Escrow Agent or an affiliate of the Escrow Agent, that have short term issuer rating on the date of purchase of "A-1+" or "A-1" by S&P or "Prime-1" or better by Moody's and maturing no more than 360 days after the date of purchase.

"*Eligible Inventory*" means, with respect to any Person, inventory (net of reserves for slow moving inventory) consisting of finished goods held for sale in the ordinary course of such Person's business, that are located at such Person's premises and replacement parts and accessories inventory located at such Person's premises. Eligible Inventory shall not include obsolete items, work-in-process, spare parts, supplies used or consumed in such Person's business, bill and hold goods, defective goods, if non-salable, "seconds," and inventory acquired on consignment.

"*Eligible Real Property*" means real property in each case that is owned directly, indirectly or beneficially by the Company or any of its Restricted Subsidiaries other than held by an Unrestricted Subsidiary.

"*Equity Offering*" means a sale of Capital Stock (other than Disqualified Stock) of the Company other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions.

"*Escrow End Date*" means the date that is three Business Days after October 31, 2016.

"*euro*" means the single currency of participating member states of the economic and monetary union as contemplated in the Treaty on European Union.

"*Euroclear*" means Euroclear Bank SA/NV or any successor clearing agency.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of their employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*Existing Credit Agreement*" means the Credit Agreement dated as of August 17, 2010, by and among the Company, the Issuer, Cott Beverages Limited, Cliffstar LLC, and any additional subsidiaries of the Company which may provide credit support 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 the other parties party thereto, as the same was amended by that certain Amendment No.1 to Credit Agreement, dated as of April 19, 2012, as further amended by that certain Amendment No.2 to Credit Agreement, dated as of July 19, 2012, as further amended by that certain Amendment No.3 to Credit Agreement, dated as of October 22, 2013, as further amended by that certain Amendment No.4 to Credit Agreement, dated as of May 28, 2014, as further amended by that certain Amendment No.5 to Credit Agreement, dated as of December 12, 2014, as further amended by that certain Amendment No. 6 to Credit Agreement, dated as of May 26, 2015, as further amended by that Amendment No. 7 to Credit Agreement, dated as of June 7, 2016, together with the related documents thereto (including the revolving loans thereunder, any letters of credit and reimbursement obligations related thereto, any Guarantees, security documents, mortgages, instruments and security agreements), as amended, extended, renewed, restated, refunded, replaced, restructured, refinanced, supplemented, modified or otherwise changed (in whole or in part, and without limitation as to amount, terms, conditions, covenants and other provisions) from time to time, and any one or more agreements (and related documents) governing Indebtedness, including indentures, incurred to refinance, amend, extend, renew, restate, refund, replace, restructure, supplement or modify, substitute, supplement, replace or add to (including increasing the amount available for borrowing or adding or removing any Person as a borrower, issuer or guarantor thereunder), in whole or in part, the borrowings and commitments then outstanding or permitted to be outstanding under such Credit Agreement, or to refinance different lenders or one or more successors to the Credit Agreement or one or more new credit agreements.

"*Existing Notes*" means, collectively, the 2020 Notes, the 2021 Notes and the 2022 Notes.

"*fair market value*" may be conclusively established by means of an Officer's Certificate or resolutions of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

"*Fitch*" means Fitch Ratings or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements are available to the Fixed Charges of such Person for four consecutive fiscal quarters. In the event that the Company or any Restricted Subsidiary Incurs, assumes, Guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio (solely for purposes of Incurring Indebtedness) shall be calculated giving pro forma effect to such Incurrence, assumption, Guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period; *provided*, *however*, that the *pro forma* calculation shall not give effect to any Indebtedness Incurred on such determination date pursuant to the provisions described in the second paragraph under "—Certain Covenants—Limitation on Indebtedness" excluding Indebtedness Incurred under clauses (4) and (5) thereof.

For purposes of making the computation referred to above, any Investments, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by the Company or any of its Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a *pro forma* basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four- quarter period.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (including cost savings; *provided* that (x) such cost savings are reasonably identifiable, reasonably attributable to the action specified and reasonably anticipated to result from such actions and (y) such actions have been taken or initiated and the benefits resulting therefrom are anticipated by the Company to be realized within twelve (12) months). If any Indebtedness bears a floating rate of interest and is being given *pro forma* effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a *pro forma* basis shall be computed based on the Fixed Charge Coverage Ratio Calculation Date except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense of such Person for such Period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock of any Restricted Subsidiary of such Person during such period;

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period; and

(4) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon.

"*Foreign Subsidiary*" means, with respect to any Person, any Subsidiary of such Person that is not organized or existing under the laws of the United States, any state thereof or the District of Columbia, and any Subsidiary of such Subsidiary.

"*GAAP*" means generally accepted accounting principles in the United States of America as in effect on June 24, 2014. Except as otherwise set forth in the Indenture, all ratios and calculations based on GAAP contained in the Indenture shall be computed in accordance with GAAP. At any time after the Issue Date, the Company may elect to apply IFRS accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided in the Indenture), including as to the ability of the Company to make an election pursuant to the previous sentence; *provided* that any such election, once made, shall be irrevocable; *provided*, *further*, that any calculation or determination in the Indenture that require the application of GAAP for periods that include fiscal quarters ended prior to the Company's election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP; *provided*, *further again*, that the Company may only make such election if it also elects to report any subsequent financial reports required to be made by the Company, including pursuant to Section 13 or Section 15(d) of the Exchange Act and the covenants set forth under "Reports," in IFRS. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the Holders.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Government Securities*" means securities that are direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union as of the date of the Indenture (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged; *provided*, *however*, that such member state has a long-term government debt rating of "A1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term "Guarantee" will not include (x) endorsements for collection or deposit in the ordinary course of business or consistent with past practice and (y) standard contractual indemnities or product warranties provided in the ordinary course of business, and provided further that the amount of any Guarantee shall be deemed to be the lower of (i) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee is made and (ii) the maximum amount for which such guaranteeing Person may be liable pursuant to the terms of the instrument embodying such Guarantee or, if such Guarantee is not an unconditional guarantee of the entire amount of the primary obligation and such maximum amount is not stated or determinable, the amount of such guaranteeing Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"*Guarantor*" means the Company and any Restricted Subsidiary that Guarantees the Notes, until such Note Guarantee is released pursuant to the Indenture.

"*Hedging Obligations*" means, with respect to any person, the obligations of such Person under any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, commodity swap agreement, commodity cap agreement, commodity collar agreement, foreign exchange contracts, currency swap agreement or similar agreement providing for the transfer or mitigation of interest rate, commodity price or currency risks either generally or under specific contingencies.

"*Holder*" means each Person in whose name the Notes are registered on the registrar's books, which shall initially be the nominee of the common depositary for the accounts of Euroclear and Clearstream.

"*Hydra Acquisition*" means the sale and purchase of the sole issued and outstanding share in the share capital of Hydra Dutch Holdings 1 B.V. pursuant to the Share Purchase Agreement.

"*IFRS*" means International Financial Reporting Standards as issued by the International Accounting Standards Board.

"*Immaterial Subsidiary*" means, at any date of determination, each Restricted Subsidiary of the Company that (i) has not guaranteed any other Indebtedness of the Company, the Issuer or another Guarantor, (ii) has Total Assets together with all other Immaterial Subsidiaries as of the last day of the then most recent fiscal year of the Company for which financial statements have been delivered, of less than 5% of the Total Assets of the Company and the Restricted Subsidiaries at such date, determined on a pro forma basis giving effect to any acquisitions or dispositions of companies, divisions or lines of business since the start of such four quarter period and on or prior to the date of determination and (iii) has consolidated revenues (other than revenues generated from the sale or license of property between any of the Issuer and its Restricted Subsidiaries), together with all other Immaterial Subsidiaries for the then most recent fiscal year of the Company for which financial statements have been delivered, of less than 5% of the consolidated revenues (other than revenues generated from the sale or license of property between any of the Company and its Restricted Subsidiaries) of the Company and the Restricted Subsidiaries for such period, determined on a pro forma basis giving effect to any acquisitions or dispositions of companies, divisions or lines of business since the start of such four quarter period and on or prior to the date of determination).

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "Incurred" and "Incurrence" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Hedging Obligations (the amount of any such obligations to be equal at any time to the net payments under such agreement or arrangement giving rise to such obligation that would be payable by such Person at the termination of such agreement or arrangement),

if and to the extent that any of the foregoing Indebtedness (other than clause (3), (7), (8) or (9)) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of such Person prepared in accordance with GAAP.

The term "Indebtedness" shall not include any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Issue Date, any prepayments of deposits received from clients or customers in the ordinary course of business or consistent with past practices, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business or consistent with past practice.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amount of funds borrowed and then outstanding. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount of Indebtedness, or liquidation preference thereof, in the case of any other Indebtedness.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business or consistent with past practices;

(ii) Cash Management Services;

(iii) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid in a timely manner;

(iv) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(v) Capital Stock (other than Disqualified Stock and Preferred Stock of Restricted Subsidiaries);

(vi) amounts owed to dissenting stockholders in connection with, or as a result, of their exercise of appraisal rights and the settlement of any claims or action (whether actual, contingent or potential) with respect thereto (including any accrued interest), with respect to the Transactions.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; provided, however, that such firm or appraiser is not an Affiliate of the Company.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business or consistent with past practices, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of GAAP; *provided, however*, that endorsements of negotiable instruments and documents in the ordinary course of business or consistent with past practices will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "—Certain Covenants—Limitation on Restricted Payments" and "—Designation of Restricted and Unrestricted Subsidiaries":

(1) "*Investment*" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

"*Investment Grade Status*" shall occur when the Notes receive each of the following:

(1) a rating of "BBB-" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's,

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*Issue Date*" means the date on which Notes are first issued.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof); provided, that, for the avoidance of doubt, in no event shall an operating lease be deemed to constitute a Lien.

"*Management Advances*" means loans or advances made in the ordinary course of business or consistent with past practices to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Company or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or consistent with past practices or (b) for purposes of funding any such person's purchase of Capital Stock (or similar obligations) of the Company or its Subsidiaries with (in the case of this sub-clause (b)) the approval of the Board of Directors; and

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or reasonably estimated to be required to be paid or accrued as a liability under GAAP (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any otherwise available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than the Company or any of its respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition;

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition; and

(5) any funded escrow established pursuant to the documents evidencing such sale or disposition to secure any indemnification obligations or adjustments top the purchase price associated with any such sale or disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of Taxes paid or reasonably estimated to be actually payable as a result of such issuance or sale (including, for the avoidance of doubt, any income, withholding and other Taxes payable as a result of the distribution of such proceeds to the Company and after taking into account any available tax credit or deductions and any tax sharing agreements).

"*Non-Guarantor*" means any Restricted Subsidiary that is not the Issuer or a Guarantor.

"*Note Documents*" means the Notes (including Additional Notes), the Guarantees and the Indenture.

"*Obligations*" means any principal, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization relating to the Issuer or any Guarantor whether or not a claim for Post-Petition Interest is allowed in such proceedings), penalties, fees, indemnifications, reimbursements (including, without limitation, reimbursement obligations with respect to letters of credit and bankers' acceptances), damages and other liabilities payable under the documentation governing any Indebtedness.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director, the Secretary or any Assistant Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion reasonably satisfactory to the Trustee from legal counsel. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Pari Passu Indebtedness*" means Indebtedness of the Issuer which ranks equally in right of payment to the Notes or any Guarantor if such Guarantee ranks equally in right of payment to the Guarantees of the Notes.

"*paying agent*" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any of the Notes on behalf of the Company.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock."

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash or Cash Equivalents;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business or consistent with past practices;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business or consistent with past practices;

(6) Management Advances not to exceed $10.0 million in amount outstanding at any time;

(7) Investments received in settlement of debts created in the ordinary course of business or consistent with past practices and owing to the Company or any Restricted Subsidiary or in exchange for any other Investment or accounts receivable held by the Company or any such Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor or otherwise with respect to any secured Investment or other transfer of title with respect to any secured Investment in default;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition;

(9) Investments existing or pursuant to agreements or arrangements in effect on the Issue Date and any modification, replacement, renewal or extension thereof; provided that the amount of any such Investment may not be increased except (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(10) Hedging Obligations, which transactions or obligations are Incurred in compliance with "—Certain Covenants—Limitation on Indebtedness";

(11) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or consistent with past practices or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "—Certain Covenants—Limitation on Liens";

(12) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) as consideration;

(13) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Affiliate Transactions" (except those described in clauses (1), (3), (6), (7), (8) and (10) of that paragraph);

(14) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business or consistent with past practices and in accordance with the Indenture;

(15) (i) Guarantees not prohibited by the covenant described under "—Certain Covenants—Limitation on Indebtedness" and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business or consistent with past practices, and (ii) performance guarantees with respect to obligations incurred by the Company or any of its Restricted Subsidiaries that are permitted by the Indenture;

(16) Investments consisting of earnest money deposits required in connection with a purchase agreement, or letter of intent, or other acquisitions to the extent not otherwise prohibited by the Indenture;

(17) Investments of a Restricted Subsidiary acquired after the Issue Date or of an entity merged into the Company or merged into or consolidated with a Restricted Subsidiary after the Issue Date to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation;

(18) Investments consisting of licensing of intellectual property pursuant to joint marketing arrangements with other Persons;

(19) contributions to a "rabbi" trust for the benefit of employees or other grantor trust subject to claims of creditors in the case of a bankruptcy of the Company;

(20) Investments in joint ventures and Unrestricted Subsidiaries having an aggregate fair market value, when taken together with all other Investments made pursuant to this clause that are at the time outstanding, not to exceed $60.0 million (in each case, with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) plus the amount of any distributions, dividends, payments or other returns in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "—Certain Covenants—Limitation on Restricted Payments" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant);

(21) additional Investments having an aggregate fair market value, taken together with all other Investments made pursuant to this clause (21) that are at that time outstanding, not to exceed the greater of (a) $250.0 million and (b) 6.75% of the Total Assets of the Company (with the fair market value of each Investment being measured at the time made and without giving effect to subsequent changes in value) plus the amount of any distributions, dividends, payments or other returns in respect of such Investments (without duplication for purposes of the covenant described in the section entitled "—Certain Covenants—Limitation on Restricted Payments" of any amounts applied pursuant to clause (c) of the first paragraph of such covenant); *provided* that if such Investment is in Capital Stock of a Person that subsequently becomes a Restricted Subsidiary, such Investment shall thereafter be deemed permitted under clause (1) or (2) above and shall not be included as having been made pursuant to this clause (21);

(22) loans, advances and guarantees to or in favor of co-packers and other suppliers to assist them, by making plant improvements or purchasing materials or equipment or otherwise, in meeting production requirements of the Company or any of its Subsidiaries in an amount not to exceed $35.0 million outstanding at any one time; and

(23) Investments made pursuant to obligations entered into when the investment would have been permitted hereunder so long as such Investment when made reduces the amount available under the clause under which the Investment would have been permitted.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets of the Company or any of its Restricted Subsidiaries securing Indebtedness and other obligations under the Credit Facilities that were permitted by the terms of the Indenture to be incurred pursuant to clause (1) of the second paragraph of the covenant described above under the caption "—Certain Covenants Limitation on Indebtedness" and/or securing Hedging Obligations related thereto;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure the performance of bids, trade contracts, government contracts and leases, statutory obligations, surety, stay, indemnity, judgment, customs, appeal or performance bonds, return-of-money bonds, bankers' acceptance facilities (or other similar bonds, instruments or obligations), obligations in respect of letters of credit, bank guarantees or similar instruments that have been posted to support the same, or as security for contested taxes or import or custom duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business or consistent with past practices;

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's, construction contractors' or other like Liens;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; provided that appropriate reserves required pursuant to GAAP have been made in respect thereof;

(5) encumbrances, charges, ground leases, easements (including reciprocal easement agreements), survey exceptions, restrictions, encroachments, protrusions, by-law, regulation, zoning restrictions or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of their properties, including servicing agreements, development agreements, site plan agreements, subdivision agreements, facilities sharing agreements, cost sharing agreements and other agreements, which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Restricted Subsidiaries;

(6) Liens (a) on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations or Cash Management Services permitted under the Indenture; (b) that are contractual rights of set-off or, in the case of clause (i) or (ii) below, other bankers' Liens (i) relating to treasury, depository and Cash Management Services or any automated clearing house transfers of funds in the ordinary course of business or consistent with past practices and not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business or consistent with past practices of the Company or any Subsidiary or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any Restricted Subsidiary in the ordinary course of business or consistent with past practices; (c) on cash accounts securing Indebtedness incurred under clause (8)(c) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness" with financial institutions; (d) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business or consistent with past practices and not for speculative purposes; and/or (e) (i) of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection and (ii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off) arising in the ordinary course of business or consistent with past practices in connection with the maintenance of such accounts and (iii) arising under customary general terms of the account bank in relation to any bank account maintained with such bank and attaching only to such account and the products and proceeds thereof, which Liens, in any event, do not to secure any Indebtedness;

(7) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business or consistent with past practices;

(8) Liens arising out of judgments, decrees, attachments, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(9) Liens arising from Uniform Commercial Code financing statement filings, including precautionary UCC financing statements, (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business or consistent with past practices;

(10) Liens existing on the Issue Date, excluding Liens securing the Existing Credit Agreement;

(11) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(12) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(13) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture (other than any Liens securing the Credit Facility Incurred pursuant to clause (1) of the second paragraph under "—Certain Covenants—Limitation on Indebtedness"); provided that any such Lien is limited to all or part of the same property or assets (any improvements, replacements of such property or assets and additions and accessions thereto, after-acquired property subjected to a Lien securing Indebtedness and other obligations Incurred prior to such time and which Indebtedness and other obligations are permitted hereunder that require, pursuant to their terms at such time, a pledge of after-acquired property, and the proceeds and the products thereof and customary security deposits in respect thereof and in the case of multiple financings of equipment provided by any lender, other equipment financed by such lender) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced;

(14) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(15) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(16) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(17) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business or consistent with past practices;

(18) [reserved];

(19) Liens Incurred to secure Obligations in respect of any Indebtedness permitted by clause (7) of the second paragraph of the covenant described under "—Certain Covenants—Limitation on Indebtedness"; *provided* that such Liens shall in no event extend to or cover any assets other than such assets acquired or constructed with the proceeds of such Capital Lease Obligations or Purchase Money Obligations (plus improvements, accession, proceeds or dividends to or distributions in connection with the original assets);

(20) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(21) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party;

(22) Liens securing Indebtedness of Restricted Subsidiaries that are not Guarantors;

(23) Liens on (i) goods the purchase price of which is financed by a documentary letter of credit issued for the account of the Issuer or any Restricted Subsidiary or Liens on bills of lading, drafts or other documents of title arising by operation of law or pursuant to the standard terms of agreements relating to letters of credit, bank guarantees and other similar instruments and (ii) specific items of inventory of other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(24) Liens on equipment of the Company or any Restricted Subsidiary and located on the premises of any client or supplier in the ordinary course of business or consistent with past practices;

(25) Liens on assets or securities deemed to arise in connection with and solely as a result of the execution, delivery or performance of contracts to sell such assets or securities if such sale is otherwise permitted by the Indenture;

(26) Liens arising by operation of law or contract on insurance policies and the proceeds thereof to secure premiums thereunder, and Liens, pledges and deposits in the ordinary course of business or consistent with past practices securing liability for premiums or reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefits of) insurance carriers;

(27) Liens solely on any cash earnest money deposits made in connection with any letter of intent or purchase agreement permitted hereunder;

(28) Liens (i) on cash advances in favor of the seller of any property to be acquired in an Investment permitted pursuant to Permitted Investments to be applied against the purchase price for such Investment, and (ii) consisting of an agreement to sell any property in an asset sale permitted under the covenant described under "—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock," in each case, solely to the extent such Investment or asset sale, as the case may be, would have been permitted on the date of the creation of such Lien;

(29) Liens securing Indebtedness and other obligations (including Refinancing Indebtedness incurred in respect of Liens Incurred under this clause (29)) in an aggregate principal amount not to exceed $250.0 million at any one time outstanding;

(30) Liens securing industrial revenue bonds, pollution control bonds or similar types of tax-exempt bonds;

(31) Liens Incurred to secure Obligations in respect of any Indebtedness permitted to be Incurred pursuant to the covenant described under "—Certain Covenants—Limitation on Indebtedness"; provided that, with respect to liens securing Obligations permitted under this clause, at the time of Incurrence and after giving pro forma effect thereto, the Consolidated Total Secured Leverage Ratio would be no greater than 3.00 to 1.00; and

(32) Liens securing Obligations under the Notes and Guarantees.

For purposes of this definition, the term Indebtedness shall be deemed to include interest on such Indebtedness including interest which increases the principal amount of such Indebtedness.

In the event that a Permitted Lien meets the criteria of more than one of the types of Permitted Liens (at the time of Incurrence or at a later date), the Company in its sole discretion may divide, classify or from time to time reclassify all or any portion of such Permitted Lien in any manner that complies with this covenant and such Permitted Lien shall be treated as having been made pursuant only to the clause or clauses of the definition of Permitted Lien to which such Permitted Lien has been classified or reclassified.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Post-Petition Interest*" means any interest or entitlement to fees or expenses or other charges that accrue after the commencement of any bankruptcy or insolvency proceeding, whether or not allowed or allowable as a claim in any such bankruptcy or insolvency proceeding.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Rating Agency*" means (1) each of Moody's, Fitch and S&P and (2) if Moody's, Fitch or S&P ceases to rate the Notes for reasons outside of the Company's control, a Nationally Recognized Statistical Rating Organization selected by the Company as a replacement agency for Moody's, Fitch or S&P, as the case may be.

"*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Company in good faith.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred Refinance (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the Issue Date or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) (a) such Refinancing Indebtedness has a Weighted Average Life to Maturity at the time such Refinancing Indebtedness is Incurred which is not less than the remaining Weighted Average Life to Maturity of the Indebtedness, Disqualified Stock or Preferred Stock being Refinanced; and (b) to the extent such Refinancing Indebtedness refinances Subordinated Indebtedness, such Refinancing Indebtedness is Subordinated Indebtedness;

(2) Refinancing Indebtedness shall not include:

    (i) Indebtedness, Disqualified Stock or Preferred Stock of a Subsidiary of the Issuer that is not a Guarantor that refinances Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Guarantor; or

    (ii) Indebtedness, Disqualified Stock or Preferred Stock of the Issuer or a Restricted Subsidiary that refinances Indebtedness, Disqualified Stock or Preferred Stock of an Unrestricted Subsidiary; and

(3) such Refinancing Indebtedness has an aggregate principal amount (or if Incurred with original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if Incurred with original issue discount, the aggregate accreted value) then outstanding (plus fees and expenses, including any premium and defeasance costs) under the Indebtedness being Refinanced.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of all or any part of any such Credit Facility or other Indebtedness.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Sale and Leaseback Transaction*" means any arrangement providing for the leasing by the Company or any of its Restricted Subsidiaries of any real or tangible personal property, which property has been or is to be sold or transferred by the Company or such Restricted Subsidiary to a third Person in contemplation of such leasing.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Secured Indebtedness*" means any Indebtedness secured by a Lien other than Indebtedness with respect to Cash Management Services.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Share Purchase Agreement*" means the Share Purchase Agreement, dated June 7, 2016, by and among Hydra Luxembourg Holdings S.à.r.l., a private limited liability company incorporated in Luxembourg, as the seller, Carbon Acquisition Co B.V., a wholly owned subsidiary of the Company, as the purchaser, and the Company, as the purchaser's guarantor, as the same may be amended, restated, or otherwise modified prior to the Escrow Release Date.

"*Significant Subsidiary*" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing, which shall include, but not be limited to, businesses, services or activities related to beverages, food, packing, co-packing and shipping thereof or are extensions or developments of any thereof.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of

Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

(a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

(b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Total Assets*" mean, as of any date, the total consolidated assets of the Company and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Company and its Restricted Subsidiaries, determined on a *pro forma* basis in a manner consistent with the *pro forma* basis contained in the definition of Fixed Charge Coverage Ratio.

"*Transaction Expenses*" means any charges, fees or expenses (including all legal, accounting, advisory, financing-related or other transaction-related charges, fees, costs and expenses and any bonuses or success fee payments and amortization or write-offs of debt issuance costs, deferred financing costs, premiums and prepayment penalties) incurred or paid by the Company or any Restricted Subsidiary in connection with the Transactions.

"*Transactions*" means the transactions contemplated by the Share Purchase Agreement, the issuance of the Notes and the use of proceeds therefrom, the amendment of the Existing Credit Agreement, the borrowings under the Existing Credit Agreement and the use of proceeds therefrom, repayment of existing indebtedness and other related transactions, as in effect on the Escrow Release Date.

"*Trust Indenture Act*" means the Trust Indenture Act of 1939, as amended.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below);

(2) Northeast Retailer Brands, L.L.C. and Cott IP Holdings Corp.; and

(3) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company, respectively, (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with "—Certain Covenants—Limitation on Restricted Payments."

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness, Disqualified Stock or Preferred Stock, as the case may be, at any date, the quotient obtained by dividing:

(1) the sum of the products of the number of years from the date of determination to the date of each successive scheduled principal payment of such Indebtedness or redemption or similar payment with respect to such Disqualified Stock or Preferred Stock multiplied by the amount of such payment, by

(2) the sum of all such payments.

"*Wholly Owned Domestic Subsidiary*" means a Domestic Subsidiary of the Company, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Domestic Subsidiary) is owned by the Company or another Domestic Subsidiary.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain United States federal income tax considerations relating to the purchase, ownership and disposition of the notes by United States Holders (as defined below), but is not intended to be a complete analysis of all potential tax considerations. This summary deals only with beneficial owners of notes that purchase the notes in this offering at their issue price (generally, the first price at which a substantial amount of the notes is sold for money to the public, not including bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and that will hold the notes as “capital assets” within the meaning of section 1221 of the United States Internal Revenue Code of 1986, as amended (the “Code”) (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to a particular holder in light of its personal investment circumstances or status, nor does it address tax considerations applicable to an investor that may be subject to special tax rules, such as certain financial institutions, individual retirement and other tax-deferred accounts, tax exempt organizations, S corporations, partnerships or other pass through entities for United States federal income tax purposes or investors in such entities, insurance companies, broker dealers, dealers or traders in securities or currencies, certain former citizens or residents of the United States subject to section 877 of the Code, direct and indirect shareholders and taxpayers subject to the alternative minimum tax. This summary also does not discuss notes held as part of a hedge, straddle, synthetic security or conversion transaction, or situations in which the “functional currency” of a holder is not the United States dollar. Moreover, the effect of any applicable United States federal estate or gift, state or local or non-United States tax laws is not discussed.

This summary addresses only United States Holders. As used herein, the term “United States Holder” means a beneficial owner of a note that is, for United States federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation created or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before August 20, 1996, a valid election is in place under applicable Treasury regulations to treat such trust as a domestic trust.

In the case of a beneficial owner of notes that is classified as a partnership for United States federal income tax purposes, the United States federal income tax treatment of the notes to a partner of the partnership generally will depend upon the tax status of the partner and the activities of the partnership. A partner of a partnership holding notes should consult its own tax advisor.

This summary is based on the provisions of the Code, the Treasury regulations promulgated thereunder (the “Treasury Regulations”), judicial authority, published administrative positions of the United States Internal Revenue Service (the “IRS”) and other applicable authorities, each as in effect on the date of this document. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the United States federal income tax considerations discussed below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached herein and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors considering the purchase of notes should consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the federal estate or gift tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable tax treaty.

Assumption of notes by Cott Corporation

If the notes are issued by the Escrow Issuer and subsequently assumed by Cott Corporation, as described on the cover page of this offering memorandum, the assumption may be treated for United States federal income tax purposes as an exchange of existing notes issued by the Escrow Issuer (the "old notes") for new notes issued by Cott Corporation if the initial issuance of the notes by the Escrow Issuer is not disregarded as transitory for United States federal income tax purposes and if the assumption results in a "change in payment expectations" within the meaning of applicable Treasury regulations. Although the issue is not free from doubt and may depend on events that may occur after the issuance of the notes, we currently intend to take the position that the assumption of the notes by Cott Corporation will not be treated as an exchange of the old notes for new notes for United States federal income tax purposes. If the assumption is so treated, then a United States Holder may recognize gain or loss in an amount equal to the difference, if any, between the amount realized on the receipt of the new notes and its tax basis in the old notes deemed to be surrendered in exchange therefor, and this gain or loss may include foreign currency exchange gain or loss as described below under "—Sale, exchange, redemption, retirement or other taxable disposition of notes." Investors considering the purchase of notes should consult their own tax advisors with respect to the possible treatment of the assumption of the notes by Cott Corporation for United States federal income tax purposes.

Additional payments

We may be required to pay amounts in redemption of the notes in addition to the stated principal amount of and interest on the notes in certain circumstances (e.g., in the case of a change in control and, under certain circumstances, if we sell certain assets, as described in "Description of Notes—Change of Control" and "Description of Notes—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock"). Although the issue is not free from doubt, we intend to take the position that the possibility of payment of such additional amounts in redemption of, or such additional interest on, the notes does not result in the notes being treated as contingent payment debt instruments under applicable Treasury regulations. If we become obligated to pay additional amounts in redemption of the notes, then we intend to take the position that such amounts will be treated as additional proceeds and taxed as described below under "—Sale, exchange, redemption, retirement or other taxable disposition of notes." If we become obligated to pay additional interest on the notes, then we intend to take the position that such amounts will be treated as ordinary interest income and taxed as described below under "—Payment of stated interest." These positions will be based on our determination that, as of the date of the issuance of the notes, the possibility that additional amounts in redemption of, or additional interest on, the notes will have to be paid is a remote or incidental contingency within the meaning of applicable Treasury regulations.

Our determination that a contingency is remote or incidental is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the year during which it acquires the notes that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, then the notes may be treated as contingent payment debt instruments. In that case, a United States Holder may be required to accrue ordinary interest income on the notes at a rate in excess of the stated interest on the notes, regardless of its regular method of accounting for United States federal income tax purposes, and to treat any gain recognized on the sale, exchange, redemption, retirement or other taxable disposition of the notes as ordinary income rather than capital gain. Each holder should consult its own tax advisor regarding the tax consequences of a note being treated as a contingent payment debt instrument. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments.

Payment of stated interest

Stated interest on a note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld in respect of withholding taxes) will be included in the gross income of a United States Holder as ordinary income at the time such interest is accrued or received, in accordance with the holder's method of accounting for United States federal income tax purposes.

In the case of a United States Holder that uses the cash method of accounting for United States federal income tax purposes, the amount required to be included in income will be the U.S. dollar value of the interest received (determined based on the spot rate on the date the payment is received), regardless of whether the payment is in fact converted into U.S. dollars at the time. A cash method United States Holder will not recognize any foreign currency exchange gain or loss with respect to the receipt of such payment of stated interest but may recognize exchange gain or loss upon the later exchange of such payment into U.S. dollars as described below in "—Exchange of foreign currency."

In the case of a United States Holder that uses the accrual method of accounting for United States federal income tax purposes, the amount of interest income required to be included will be the U.S. dollar value of the stated interest that has accrued with respect to the note during an accrual period. In general, the U.S. dollar value of such accrued income will be determined by translating such income at the average spot rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within each taxable year. However, a United States Holder may elect (a "Spot Rate Convention Election") to instead translate such accrued stated interest income into U.S. dollars at the spot rate on the last day of the accrual period or, with respect to an accrual period that spans two taxable years, at the spot rate on the last day of the portion of the accrual period within each taxable year. If the last day of an accrual period is within five business days of the date of receipt of the accrued stated interest, a United States Holder may translate such interest at the spot rate on the date of receipt. The Spot Rate Convention Election will apply to other applicable obligations held by the United States Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the holder and may not be revoked without the consent of the IRS. A United States Holder should consult its own tax advisor as to the availability and advisability of making such election.

In addition, upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or exchange of a note), an accrual method United States Holder will recognize foreign currency exchange gain or loss in an amount equal to the difference, if any, between the U.S. dollar value of the interest received (translated at the spot rate on the date such payment is received or the note is disposed of) and the U.S. dollar value of the interest income such United States Holder has previously included in income with respect to such payment (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss will be treated as ordinary income or loss, and generally will not be treated as interest income or expense, except to the extent provided by administrative pronouncements of the IRS. Upon the later exchange of such payment for U.S. dollars, a United States Holder may recognize foreign currency exchange gain or loss as described below in "—Exchange of foreign currency."

For purposes of this discussion, the "spot rate" generally means a rate demonstrated to the satisfaction of the IRS to reflect a fair market rate of exchange available to the public for currency under a "spot contract" in a free market and involving representative amounts. A "spot contract" is a contract to buy or sell a currency on the nearest conventional settlement date, generally on or before two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the IRS has the authority to determine the spot rate.

Original issue discount

If the stated principal amount of the notes exceeds their issue price (as defined above) by an amount equal to or greater than a statutorily defined *de minimis* amount (generally, 1/4 of 1 percent of the principal amount of the notes multiplied by the number of complete years to maturity from their original issue date), then the notes will be considered to be issued with OID for United States federal income tax purposes. The amount of OID on a note generally is equal to the excess of the note's stated principal amount (determined in euros) over its issue price (as defined above, determined in euros). If the notes are issued with OID, a United States Holder of a note generally (i) will be required to include the U.S. dollar amount of OID on the note in gross income as ordinary interest income (in addition to stated interest on the note) as such OID accrues on a constant yield basis over the term of the note, in advance of the receipt of the cash attributable to such OID and regardless of the holder's method of accounting for tax purposes, but (ii) will not be required to recognize any additional income (except to the extent of any foreign currency exchange gain or loss as described in the following paragraph) upon the receipt of any cash payment on the note that is attributable to previously accrued OID that has been included in such holder's income. The accrual of OID on a note will be computed in euros, and such amount will then be translated into U.S. dollars in the same manner as accrued stated interest on a note in the hands of an accrual basis United States Holder, including the possible application of a Spot Rate Convention Election described above under "—Payment of stated interest."

Upon receipt of a payment attributable to OID previously accrued on a note (including upon the sale or exchange of a note), a United States Holder generally will recognize foreign currency exchange gain or loss in an amount equal to the difference, if any, between the U.S. dollar value of the interest received (translated at the spot rate on the date such payment is received or the note is disposed of) and the U.S. dollar value of the interest income such United States Holder has previously included in income with respect to such payment (as determined above), regardless of whether the payment is in fact converted to U.S. dollars at such time. Any such exchange gain or loss will be treated as ordinary income or loss, and generally will not be treated as interest income or expense, except to the extent provided by administrative pronouncements of the IRS. Upon the later exchange of such payment for U.S. dollars, a United States Holder may recognize foreign currency exchange gain or loss as described below in "—Exchange of foreign currency."

Sale, exchange, redemption, retirement or other taxable disposition of notes

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States Holder generally will recognize gain or loss equal to the difference between (i) the amount realized upon the disposition (which, in the case of any amount received in a foreign currency, generally will be equal to the U.S. dollar value of such amount at the spot rate on the date of the disposition, or, in the case of a note held by a cash basis taxpayer or an electing accrual basis taxpayer that is traded on an established securities market as defined in applicable Treasury regulations, at the spot rate on the settlement date), except to the extent such amount is attributable to accrued but unpaid interest, which will be taxed as described above under "—Payments of stated interest" or "—Original issue discount", and (ii) the holder's adjusted tax basis in the note. A United States Holder's adjusted tax basis in a note generally will equal the U.S. dollar cost of the note to such holder (which, in the case of a note purchased with foreign currency, will be determined by translating the purchase price at the spot rate on the date of purchase or, in the case of a note that is traded on an established securities market as defined in applicable Treasury regulations, on the settlement date of the purchase if the holder is a cash basis taxpayer or an accrual basis taxpayer that so elects), increased by any OID included in income by such United States Holder with respect to such note as described above under "—Original issue discount."

Subject to the paragraph below regarding foreign currency exchange gain or loss, any gain or loss recognized upon the sale, exchange, redemption, retirement or other taxable disposition of a note generally will be capital gain or loss, and will be long-term capital gain or loss if the United States Holder has held the note for more than one year. In general, long-term capital gains of a non-corporate United States Holder are taxed at lower rates than those applicable to ordinary income. The deductibility of capital losses is subject to limitations. United States Holders should consult their tax advisors as to the deductibility of capital losses in their particular circumstances.

In connection with the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States Holder may recognize foreign currency exchange gain or loss equal to the difference, if any, between (i) the U.S. dollar value of the principal amount of the note, determined at the spot rate on the date the note is disposed of or the payment is received and (ii) the U.S. dollar value of the principal amount of the note, determined at the spot rate on the date the United States Holder acquired the note (unless, as noted above, the notes are publicly traded on an established securities market, in which case a cash basis holder or an electing accrual basis holder generally would compute any foreign currency exchange gain or loss by reference to the settlement date of disposition or purchase, as applicable). Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realized only to the extent of total gain or loss realized on the sale, retirement or other taxable disposition.

The special election available to accrual method United States Holders in regard to the purchase and sale of notes traded on an established securities market, discussed in the foregoing paragraphs, must be applied consistently to all debt instruments (as applicable) from year to year and cannot be revoked without the consent of the IRS. If an accrual method United States Holder is not able to make or has not made such election, such holder will recognize foreign currency exchange gain or loss to the extent that the U.S. dollar value of the foreign currency received (based on the spot rate on the settlement date) differs from the U.S. dollar value of the amount realized (based on the spot rate on the disposition date). Any such exchange gain or loss will be treated as ordinary income or loss, and generally will not be treated as interest income or expense, except to the extent provided by administrative pronouncements of the IRS.

Exchange of foreign currency

On a sale or other taxable disposition of foreign currency, a United States Holder generally will recognize gain or loss in an amount equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of other property, received by the holder in the disposition and (ii) the holder’s tax basis in the foreign currency. Any such gain or loss will be ordinary income or loss and will not be treated as interest income or expense, except to the extent provided by administrative pronouncements of the IRS.

Foreign currency received as interest on a note or on the sale, retirement or other taxable disposition of a note generally will have a tax basis equal to its U.S. dollar value on the date the foreign currency is received or the note is disposed of (except that foreign currency received from the sale, retirement or other taxable disposition of a note that is traded on an established securities market generally will have a tax basis equal to its U.S. dollar value on the disposition date in the case of an accrual basis taxpayer that does not make the election described above). Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase.

Foreign tax credit

Interest paid by Cott Corporation on the notes, and OID, if any, accrued with respect to the notes generally will constitute income from sources outside the United States. Gain or loss from the sale, exchange, redemption, retirement or other taxable disposition of a note, and any foreign currency exchange gain or loss with respect to a note, generally will be treated as U.S. source gain or loss. Prospective purchasers should consult their tax advisers concerning the applicability of the source of income and foreign tax credit rules to income attributable to the notes.

Reportable transactions

A United States Holder may be required to report a sale, exchange, retirement, redemption or other taxable disposition of notes (or, in the case of a United States Holder who uses the accrual method of accounting for United States federal income tax purposes, a payment of accrued stated interest) or the disposition of foreign currency received in respect of a note on IRS Form 8886 (Reportable Transaction Disclosure Statement) if such holder recognizes foreign currency exchange loss that equals or exceeds certain threshold amounts ($50,000 in a single transaction for an individual or trust, and higher amounts for non-individual, non-trust taxpayers). United States Holders are urged to consult their own tax advisors to determine the reporting obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 as part of their U.S. federal income tax return.

Information reporting and backup withholding

In general, certain information must be reported to the IRS with respect to payments of interest and accruals of OID (if any) on a note and payments of the proceeds of the sale or other disposition (including a retirement or redemption) of a note, in each case, paid by a United States paying agent or other United States intermediary to certain non-corporate United States Holders. Backup withholding (currently at a rate of 28%) may apply to such payments, if (i) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding; (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect; (iii) there has been a notified payee underreporting described in section 3406(c) of the Code; or (iv) the payee has not certified under penalties of perjury that it has furnished a correct TIN and that the IRS has not notified the payee that it is subject to backup withholding under the Code. Any amounts withheld under the backup withholding rules from a payment to a United States Holder will be allowed as a credit against that holder's United States federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

Additional tax on net investment income

Certain United States Holders that are individuals, trusts or estates and that have modified adjusted gross income (or adjusted gross income, in the case of a trust or estate) above a certain threshold (which in the case of an individual is between $125,000 and $250,000, depending on the individual's circumstances) may be subject to a 3.8% tax on their "net investment income" (or undistributed "net investment income," in the case of a trust or estate). A United States Holder's "net investment income" generally includes, among other things, interest income (including OID) on and capital gain from the disposition of securities like the notes, subject to certain exceptions. If you are a United States holder that is an individual, estate or trust, you are urged to consult your own tax advisor regarding the applicability of this tax to your investment in the notes.

Foreign Financial Asset Reporting

Certain United States holders may be subject to reporting requirements on the holding of certain foreign financial assets, including debt of foreign entities, if the aggregate value of all of these assets exceeds $50,000. The notes are expected to constitute foreign financial assets subject to these requirements, unless the notes are held in an account at a domestic financial institution. United States Holders should consult their tax advisers regarding the application of this legislation.

PLAN OF DISTRIBUTION

Deutsche Bank Securities Inc., is acting as the representative (the "Representative") of the initial purchasers. Subject to the terms and conditions of a purchase agreement, dated , 2016, among the Escrow Issuer and the initial purchasers, we have agreed to sell to the initial purchasers, and each of the initial purchasers has agreed, severally and not jointly, to purchase from us, all of the notes sold under the purchase agreement if any of these notes are purchased. If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

Commissions and Discounts

The Representative has advised us that the initial purchasers propose initially to offer the notes at the offering price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The initial purchasers may offer and sell notes through certain of their affiliates.

Notes Are Not Being Registered

The notes have not been registered under the Securities Act or any state securities laws. The initial purchasers propose to offer the notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S. The initial purchasers will not offer or sell the notes except to persons they reasonably believe to be qualified institutional buyers or pursuant to offers and sales to non-U.S. persons that occur outside of the United States within the meaning of Regulation S. In addition, until 40 days following the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act unless the dealer makes the offer or sale in compliance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgments, representations and agreements as described under "Notice to Investors."

New Issue of Notes

The notes are a new issue of securities with no established trading market. An application will be made to list the notes on the Official List of the Irish Stock Exchange and to admit the notes for trading on the Global Exchange Market thereof. There are no assurances that our application to list the notes on the Official List of the Irish Stock Exchange will be approved or that the notes will be admitted to trade on the Global Exchange Market. We have been advised by the initial purchasers that they presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

Settlement

We expect that delivery of the notes will be made to investors on or about , 2016, which will be the business day following the date of this offering memorandum (such settlement being referred to as "T+ "). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes hereunder will be required, by virtue of the fact that the notes initially settle in T+ , to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

No Sales of Similar Securities

We have agreed that we will not, for a period of 60 days after the Escrow Release Date, without first obtaining the prior written consent of Deutsche Bank Securities Inc., directly or indirectly, issue, sell, offer to contract or grant any option to sell, pledge, transfer or otherwise dispose of, any debt securities or securities exchangeable for or convertible into debt securities, except for the notes sold to the initial purchasers pursuant to the purchase agreement.

Short Positions

In connection with the offering, the initial purchasers may purchase and sell the notes in the open market. These transactions may include short sales and purchases on the open market to cover positions created by short sales. Short sales involve the sale by the initial purchasers of a greater principal amount of notes than they are required to purchase in the offering. The initial purchasers must close out any short position by purchasing notes in the open market. A short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the notes in the open market after pricing that could adversely affect investors who purchase in the offering.

Similar to other purchase transactions, the initial purchasers' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the notes or preventing or retarding a decline in the market price of the notes. As a result, the price of the notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the initial purchasers make any representation that we will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking commercial banking and other financial advisory and commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. Deutsche Bank Securities Inc., J.P. Morgan Securities plc, Wells Fargo Securities, Merrill Lynch International and SunTrust Robinson Humphrey, Inc., or affiliates of the foregoing entities, have agreed to provide committed financing in an aggregate amount of €450 million to support the Eden Acquisition. The commitments with respect to the interim bridge financing will be reduced by the aggregate proceeds of this offering on a dollar for dollar basis.

In addition, each of the initial purchasers or their respective affiliates, other than SunTrust Robinson Humphrey, Inc., are lenders under the ABL facility and Wells Fargo Bank, National Association, an affiliate of Wells Fargo Securities International Limited, is a co-collateral agent under the ABL facility. In connection with the Eden Acquisition, we will repay certain outstanding indebtedness of Eden and its subsidiaries, including €175.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2019, €125.1 million aggregate principal amount of 8.00% Senior Secured Notes due 2019 and €50.0 million under a revolving credit facility, plus in each case any accrued and unpaid interest and premium, if any. Any initial purchaser or its affiliates which holds positions in the outstanding indebtedness of Eden and its subsidiaries may receive a portion of the proceeds of this offering.

The initial purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the initial purchasers or their affiliates has or enters into a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge and certain other of those initial purchasers or their affiliates may hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area (each, a “Member State”) with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the “relevant implementation date”) no offer of notes may be made to the public in that Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Representative; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Escrow Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each purchaser of notes described in this offering memorandum located within a Member State will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of the law in that Member State implementing Article 2(1)(e) of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of notes in any Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of notes. Accordingly any person making or intending to make an offer in that Member State of notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the Escrow Issuer or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Escrow Issuer nor the initial purchasers have authorized, nor do they authorize, the making of any offer of notes in circumstances in which an obligation arises for the Escrow Issuer or the initial purchasers to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe to the notes, as the same may be varied in the Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended) and includes any relevant implementing measure in that Member State.

Notice to Prospective Investors in the United Kingdom

This document and any other material in relation to the notes described herein are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (and amendments thereto) and Section 86(7) of the Financial Services and Markets Act 2000 (United Kingdom), as amended (the "FSMA") that are also (i) investment professionals falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended (the "Order") or (ii) persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc.") of the Order or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The notes are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such notes will be engaged only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents. The notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Notice to Prospective Investors in Switzerland

This offering memorandum does not constitute an issue prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations and the notes will not be listed on the SIX Swiss Exchange. Therefore, this offering memorandum may not comply with the disclosure standards of the listing rules (including any additional listing rules or prospectus schemes) of the SIX Swiss Exchange. Accordingly, the notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the notes with a view to distribution. Any such investors will be individually approached by the initial purchasers from time to time.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for the offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

BOOK-ENTRY; DELIVERY AND FORM

General

The notes sold to QIBs in reliance on Rule 144A under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the "Rule 144A Global Note"). The notes sold to certain non-U.S. persons in transactions outside the United States in reliance on Regulation S under the Securities Act will be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Note" and, together with the Rule 144A Note, the "Global Notes"). The Global Notes will be deposited with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "Rule 144A Book-entry Interests") and in the Regulation S Global Note (the "Regulation S Book-entry Interests" and, together with the Rule 144A Book-entry Interests, the "Book-entry Interests") will be limited to persons who have accounts with Euroclear and/or Clearstream, or persons who hold interests through such participants, or otherwise in accordance with applicable transfer restrictions set forth in the Indenture and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, Book-entry Interests will not be held in definitive certificated form.

Book-entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book-entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair the ability to own, transfer or pledge Book-entry Interests. In addition, while the notes are in global form, holders of Book-entry Interests will not be considered the owners or "holders" of notes for any purpose.

So long as the notes are held in global form, Euroclear and/or Clearstream, as applicable (or their respective nominees), will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-entry Interests, to transfer their interests or to exercise any rights of holders of the notes under the Indenture.

Neither we nor the Trustee, the Paying Agent or the Registrar will have any responsibility, or be liable, for any aspect of the records relating to the Book-entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable (or their respective nominees), will redeem an equal amount of the Book-entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The common depositary will surrender such Global Note to the Registrar for cancellation or, in the case of a partial redemption, the common depositary will request the Registrar or the Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). If less than all of the notes are to be redeemed at any time, the Trustee will select the applicable notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which such notes are listed, as certified to the Trustee by the Company, and in compliance with the requirements of Euroclear and/or Clearstream, as applicable. We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of a series of notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-entry Interest of less than €100,000 principal amount as applicable may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, and interest) to the Paying Agent, which will in turn make such payments to the common depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their respective customary procedures. Such payments to the Paying Agent will be made to and received by it one Business Day prior to the relevant payment date. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "Description of Notes—Payment of Additional Amounts". If any such deduction or withholding is required to be made, then, to the extent described under "Description of Notes—Payment of Additional Amounts", we will pay additional amounts as may be necessary in order that the net amounts received by any holder of the relevant Global Notes or owner of Book-entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-entry Interests held through such participants.

Under the terms of the Indenture, the Issuer, the Trustee, the Registrar and the Paying Agent will treat the registered holder of the Global Notes (e.g., Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee, the Paying Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-entry Interest, or Euroclear, Clearstream or any participant or indirect participant.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder of the notes, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes, will be paid to holders of interests in such notes through Euroclear and/or Clearstream in euro.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither we nor the Trustee nor the initial purchasers nor any of our or their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of notes (including the presentation of notes for exchange as described below) only at the direction of one or more participants to whose account the Book-entry Interests are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the Indenture, each of Euroclear and Clearstream, at the request of the holders of the notes, reserves the right to exchange the Global Notes for definitive registered notes in certificated form ("Definitive Registered Notes") and to distribute Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell notes to persons in jurisdictions that require physical delivery of securities or to pledge such notes, such holder must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture, as applicable.

The Global Notes will bear a legend to the effect set forth under "Notice to Investors." Book-entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors."

Through and including the 40th day after the later of the commencement of the offering of the notes and the closing of the offering (the "Distribution Compliance Period"), Regulation S Book-entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-entry Interest only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "Notice to Investors" and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the Distribution Compliance Period, Regulation S Book-entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-entry Interest without compliance with these certification requirements.

Rule 144A Book-entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act or any other exemption (if available under the Securities Act).

In connection with transfers involving an exchange of a Regulation S Book-entry Interest for a Rule 144A Book-entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-entry Interest in any other Global Note will, upon transfer, cease to be a Book-entry Interest in the first mentioned Global Note and become a Book-entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-entry Interests in such other Global Note for as long as it remains such a Book-entry Interest.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-entry Interests will receive Definitive Registered Notes:

(1) if Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by us within 120 days;

(2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture; or

(3) if the owner of a Book-entry Interest requests such an exchange in writing delivered through Euroclear or Clearstream following an Event of Default under the Indenture.

Euroclear and Clearstream have advised us that upon request by an owner of a Book-entry Interest described in the immediately preceding clause (3), their current procedure is to request that we issue or cause to be issued notes in definitive registered form to all owners of Book-entry Interests.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the registrar or transfer agent. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than €100,000 will be issued. We will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes.

We will not be required to register the transfer or exchange of Definitive Registered Notes for a period of 15 calendar days preceding (i) the record date for any payment of interest on the applicable series of notes, (ii) any date fixed for redemption of the applicable series of notes or (iii) the date fixed for selection of the applicable series of notes to be redeemed in part. Also, we are not required to register the transfer or exchange of any notes selected for redemption. In the event of the transfer of any Definitive Registered Note, the Trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents as described in the applicable Indenture. We may require a holder to pay any taxes and fees required by law and permitted by the applicable Indenture and the applicable series of notes.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Note has been lost, destroyed or wrongfully taken, or if such Definitive Registered Note is mutilated and is surrendered to the registrar or at the office of the transfer agent, we will issue and the Trustee, upon receipt of an authentication order, will authenticate a replacement Definitive Registered Note if the Trustee's and our requirements are met. Either Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both to protect us, the Trustee, the Paying Agent or any other agent of the Notes appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for any expenses incurred by us in replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer, in its discretion, may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged only after the transferor first delivers to the Trustee a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such notes. See "Notice to Investors."

Information Concerning Euroclear and Clearstream

Euroclear and Clearstream

Our understanding with respect to the organization and operations of Euroclear and Clearstream is as follows. Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear and Clearstream systems will receive distributions attributable to the 144A Global Notes only through Euroclear and Clearstream participants.

Global Clearance and Settlement Under the Book-Entry System

Initial Settlement

Initial settlement for the notes will be made in Euro. Book-entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional notes in registered form. Book-entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-entry Interests will trade through participants of Euroclear or Clearstream and will establish at the time of trading of any Book-entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States.

U.S. investors who wish to transfer their interests in the notes, or to receive or make a payment or delivery of notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information

The Issuer expects that the notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers, common codes and ISIN numbers for the notes are set out under "Listing and General Information."

Although Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants of Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Registrar or any Paying Agent will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

NOTICE TO INVESTORS

The notes have not been registered under the Securities Act or any securities laws of any other jurisdiction, and may not be offered, sold, pledged or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and such other securities laws. Accordingly, the notes are being offered and issued only (a) in the United States, to "qualified institutional buyers" as defined under Rule 144A under the Securities Act in private sales exempt from the registration requirements of the Securities Act provided by Rule 144A, and (b) outside the United States, to persons other than U.S. persons in reliance on Regulation S under the Securities Act.

By its purchase of the notes, each purchaser of notes will be deemed to have acknowledged, represented and warranted to, and agreed with the initial purchasers and us as follows (terms used in this paragraph that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- The purchaser is not an "affiliate," as defined in Rule 144 under the Securities Act, of the Company, or acting on behalf of the Company and it is either (A) (i) a qualified institutional buyer, (ii) is aware that the sale of the notes to it is being made in reliance on Rule 144A and (iii) is acquiring such notes for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion or (B) is not a U.S. person and is acquiring the notes outside the United States pursuant to Regulation S.
- The purchaser understands that the notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that such notes have not been registered under the Securities Act and agrees that (A) if in the future, the purchaser decides to offer, resell, pledge or otherwise transfer any of the notes, such notes may be offered, resold, pledged or otherwise transferred only (i) in the United States to a person whom the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) outside the United States in a transaction complying with the provisions of Rule 904 under the Securities Act, (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), (iv) pursuant to an effective registration statement under the Securities Act, (v) to Cott or its subsidiaries or (vi) to an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act), or (vii) in accordance with another exemption from the registration requirements of the Securities Act, in each of cases (i) through (vii) in accordance with any applicable securities laws of any State of the United States, and that (B) the purchaser will, and each subsequent holder is required to, notify any subsequent purchaser of the notes from it of the resale restrictions referred to in (A) above.
- The purchaser acknowledges that none of the Company or their affiliates, nor the initial purchasers, nor any persons acting on behalf of any of the foregoing has made any statement, representation or

warranty to the purchaser with respect to the Company or the offer or sale of any notes, other than the information included in this offering memorandum (including the information incorporated herein by reference), which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the notes. The purchaser acknowledges that any information it desires concerning the Company, the notes or any other matter relevant to its decision to acquire the notes (including this offering memorandum) is or has been made available to it.

- The purchaser acknowledges that we, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements. If you are acquiring any notes for the account of one or more qualified institutional buyers, you represent that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.
- The purchaser understands that the notes will bear a legend to the following effect, unless otherwise agreed to by us and the holder thereof:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING ITS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE WHICH IS ONE YEAR (OR SUCH SHORTER PERIOD OF TIME AS PERMITTED BY RULE 144 UNDER THE SECURITIES ACT OR ANY SUCCESSOR PROVISION THEREUNDER) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS SECURITY) OR THE LAST DAY ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE COMPANY, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION, ALL IN FORM AND SUBSTANCE SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON

THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

- The purchaser understands that in addition to the above legend, notes issued pursuant to an offshore transaction complying with Regulation S will bear other legends relating to restriction on transfer specific to it.
- The purchaser agrees that it will give to each person to whom it transfers notes notice of any restrictions on transfer of such security.
- If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S under the Securities Act, you acknowledge that until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 of Regulation S, any offer or sale of the notes shall not be made by you to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act.
- By acceptance of a note, the purchaser shall be deemed to have represented and warranted that either (1) no portion of the assets used to acquire the notes constitutes assets of any employee benefit plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), any plan, account or other arrangement subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement or any other plan subject to provisions under any federal, state, local laws or regulations (including non-U.S.) that are similar to prohibited transaction provisions of ERISA or the Code ("Similar Laws") or (2) the acquisition and holding of the notes will not constitute a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

LEGAL MATTERS

We have been represented by Kirkland & Ellis LLP, New York, New York, as United States counsel, and Goodmans LLP, as Canadian counsel. The initial purchasers have been represented by Shearman & Sterling LLP, with respect to United States legal matters.

INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

The financial statements of Cott Corporation and its subsidiaries as of January 3, 2015 and January 2, 2016 and for each of the three years in the period ended January 2, 2016, included and incorporated by reference in this offering memorandum, and the effectiveness of internal control over financial reporting as of January 2, 2016 have been audited by PricewaterhouseCoopers LLP, an independent registered certified public accounting firm, as stated in their report appearing and incorporated herein.

INDEPENDENT AUDITORS

The financial statements of Hydra Dutch Holdings 2 B.V. as of December 31, 2013, December 31, 2014 and December 31, 2015, and for the three-month period ended December 31, 2013 and for each of the years in the two-year period ended December 31, 2015, included in this offering memorandum have been audited by Kesselman & Kesselman, Certified Public Accountants (Isr) and a member firm of PricewaterhouseCoopers International Limited, independent auditors, as stated in their report included herein.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements, and other information with the SEC. These reports, proxy statements, and other information can be read and copied at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains a website (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including us. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

LISTING AND GENERAL INFORMATION

An application will be made to list the notes on the Official List of the Irish Stock Exchange and for trading on the Global Exchange Market. There are no assurances that the notes will be admitted to the Official List of the Irish Stock Exchange. Notice of any optional redemption, change of control or any change in the rate of interest payable on the notes will be published in a newspaper of general circulation in Dublin (which is expected to be *The Irish Times*) or, to the extent and in the manner permitted by the rules of the Irish Stock Exchange, posted on the official website of such exchange (www.ise.ie).

For so long as the notes are listed on the Irish Stock Exchange and the rules of that exchange require, copies of our most recent audited consolidated financial statements and any unaudited quarterly interim financial statements published by us may be inspected and obtained at the specified office of the listing agent in Ireland during normal business hours on any weekday.

In addition, the following documents may be inspected at the specified office of the listing agent in Ireland during normal business hours on any weekday:

- our organizational documents;
- the purchase agreement relating to the notes; and
- the indenture relating to the notes (which includes the form of the notes).

We have appointed Dillon Eustace Solicitors as listing agent. Their registered address is 33 Sir John Rogerson's Quay, Dublin, Ireland.

The issuance of the notes offered hereby was authorized by our board of directors on June 10, 2016. The total expenses related to the admission of the notes to trading on the Irish Stock Exchange are expected to be less than €6,000.

Except as disclosed in this offering memorandum, we have not been involved in any governmental, legal or arbitration proceeding relating to claims or amounts that, individually or in the aggregate, are material in the context of the issuance of the notes and may have, or have had during the twelve months preceding the date of this offering memorandum, a significant effect on our financial position. So far as we are aware, having made all reasonable inquiries, there is no such litigation, arbitration or governmental proceedings pending or threatened. As of the date of this offering memorandum, our most recent audited financial statements available were as of and for the year ended January 2, 2016. Except as disclosed in this offering memorandum, there has been no significant or material adverse change in our financial position since January 2, 2016. Our audited consolidated financial statements as of and for the year ended January 2, 2016, will be available free of charge at the office of our Irish listing agent. The Issuer accepts responsibility for the information contained in this offering memorandum. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this offering memorandum is, to the best of its knowledge, except as otherwise noted, in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

The Canadian Co-Trustee is BNY Trust Company of Canada and its address is 320 Bay Street, 11th Floor, Toronto, Ontario M5H 4A6, Canada. The U.S. Co-Trustee is The Bank of New York Mellon and its address is 101 Barclay Street, 7E, New York, NY 10286. The Trustee will be acting in its capacity of Trustee for the holders of the notes and will provide such services to the holders of the notes as described in the Indenture.

Clearing Information

At the closing of this offering, the notes will have been accepted for clearance through the facilities of Clearstream and Euroclear. Relevant trading information is set forth below.

	Common Code	ISIN
Rule 144A		
Reg. S		

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Certified Public Accounting Firm

To the Board of Directors and Shareholders of Cott Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive (loss) income, of equity, and of cash flows present fairly, in all material respects, the financial position of Cott Corporation and its subsidiaries at January 2, 2016 and January 3, 2015, and the results of their operations and their cash flows for each of the three years in the period ended January 2, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 2, 2016, 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 January 2, 2016, based on criteria established in *Internal Control—Integrated Framework* (2013) 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.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it classifies debt issuance costs and the manner in which it classifies deferred income taxes in 2015.

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, 2016

COTT CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Year Ended		
	January 2, 2016	January 3, 2015	December 28, 2013
Revenue, net	**$ 2,944.0**	$2,102.8	$2,094.0
Cost of sales	**2,048.5**	1,826.3	1,818.6
Gross profit	**895.5**	276.5	275.4
Selling, general and administrative expenses	**768.6**	213.7	180.3
Loss on disposal of property, plant & equipment	**6.9**	1.7	1.8
Restructuring	**—**	2.4	2.0
Asset impairments	**—**	1.7	—
Acquisition and integration expenses	**20.6**	41.3	3.1
Operating income	**99.4**	15.7	88.2
Other (income) expense, net	**(9.5)**	21.0	12.8
Interest expense, net	**111.0**	39.7	51.6
(Loss) income before income taxes	**(2.1)**	(45.0)	23.8
Income tax (benefit) expense	**(22.7)**	(61.4)	1.8
Net income	**$ 20.6**	$ 16.4	$ 22.0
Less: Net income attributable to non-controlling interests	**6.1**	5.6	5.0
Less: Accumulated dividends on convertible preferred shares	**4.5**	0.6	—
Less: Accumulated dividends on non-convertible preferred shares	**1.4**	0.2	—
Less: Foreign exchange impact on redemption of preferred shares	**12.0**	—	—
Net (loss) income attributed to Cott Corporation	**$ (3.4)**	$ 10.0	$ 17.0
Net (loss) income per common share attributed to Cott Corporation			
Basic	**$ (0.03)**	$ 0.11	$ 0.18
Diluted	**(0.03)**	0.10	0.18
Weighted average outstanding shares (thousands) attributed to Cott Corporation			
Basic	**103,037**	93,777	94,750
Diluted	**103,037**	95,900	95,633
Dividends declared per common share	**$ 0.24**	$ 0.24	$ 0.24

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

COTT CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in millions of U.S. dollars)

	For the Year Ended		
	January 2, 2016	**January 3, 2015**	**December 28, 2013**
Net income	**$ 20.6**	$ 16.4	$22.0
Other comprehensive (loss) income:			
Currency translation adjustment	**(23.0)**	(29.9)	(5.1)
Pension benefit plan, net of tax[1]	**2.3**	(4.0)	0.7
Unrealized loss on derivative instruments, net of tax[2]	**(4.9)**	—	—
Total other comprehensive loss	**(25.6)**	(33.9)	(4.4)
Comprehensive (loss) income	**$ (5.0)**	$(17.5)	$17.6
Less: Comprehensive income attributable to non-controlling interests	**6.4**	5.9	5.0
Less: Accumulated dividends on convertible preferred shares	**4.5**	—	—
Less: Accumulated dividends on non-convertible preferred shares	**1.4**	—	—
Less: Foreign exchange impact on redemption of preferred shares	**12.0**	—	—
Comprehensive (loss) income attributed to Cott Corporation	**$(29.3)**	$(23.4)	$12.6

1. Net of the effect of a $1.0 million tax expense, $0.4 million tax benefit and $0.3 million tax expense for the years ended January 2, 2016, January 3, 2015 and December 28, 2013, respectively.
2. Net of the effect of a $2.5 million tax benefit for the year ended January 2, 2016.

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

COTT CORPORATION

CONSOLIDATED BALANCE SHEETS

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

	January 2, 2016	January 3, 2015
ASSETS		
Current assets		
Cash & cash equivalents	**$ 77.1**	$ 86.2
Accounts receivable, net of allowance of $9.2 ($6.5 as of January 3, 2015)	**293.3**	305.7
Income taxes recoverable	**1.6**	1.6
Inventories	**249.4**	262.4
Prepaid expenses and other current assets	**17.2**	47.6
Total current assets	**638.6**	703.5
Property, plant & equipment, net	**769.8**	864.5
Goodwill	**759.6**	743.6
Intangibles and other assets, net	**711.7**	758.0
Deferred tax assets	**7.6**	3.4
Other tax receivable	**—**	0.2
Total assets	**$2,887.3**	$3,073.2
LIABILITIES, PREFERRED SHARES AND EQUITY		
Current liabilities		
Short-term borrowings	**$ 122.0**	$ 229.0
Current maturities of long-term debt	**3.4**	4.0
Accounts payable and accrued liabilities	**437.6**	420.0
Total current liabilities	**563.0**	653.0
Long-term debt	**1,525.4**	1,541.3
Deferred tax liabilities	**76.5**	109.4
Other long-term liabilities	**76.5**	71.8
Total liabilities	**2,241.4**	2,375.5
Commitments and contingencies—Note 18		
Convertible preferred shares, $1,000 stated value, no shares issued (January 3, 2015—116,054 shares issued)	**—**	116.1
Non-convertible preferred shares, $1,000 stated value, no shares issued (January 3, 2015—32,711 shares issued)	**—**	32.7
Equity		
Common shares, no par—109,695,435 shares issued (January 3, 2015—93,072,850 shares issued)	**534.7**	388.3
Additional paid-in-capital	**51.2**	46.6
Retained earnings	**129.6**	158.1
Accumulated other comprehensive loss	**(76.2)**	(51.0)
Total Cott Corporation equity	**639.3**	542.0
Non-controlling interests	**6.6**	6.9
Total equity	**645.9**	548.9
Total liabilities, preferred shares and equity	**$2,887.3**	$3,073.2

Approved by the Board of Directors:

/s/ Graham Savage

Director

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

COTT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions of U.S. dollars)

	For the Year Ended		
	January 2, 2016	**January 3, 2015**	**December 28, 2013**
Operating Activities			
Net income	**$ 20.6**	$ 16.4	$ 22.0
Depreciation & amortization	**223.8**	110.7	100.6
Amortization of financing fees	**4.8**	2.5	2.8
Amortization of senior notes premium	**(5.6)**	(0.4)	—
Share-based compensation expense	**10.3**	5.8	4.0
(Decrease) increase in deferred income taxes	**(30.4)**	(65.8)	0.5
Write-off of financing fees and discount	**—**	4.1	4.0
Loss on disposal of property, plant & equipment	**6.9**	1.7	1.8
Asset impairments	**—**	1.7	—
Other non-cash items	**(9.4)**	0.3	0.9
Change in operating assets and liabilities, net of acquisitions:			
Accounts receivable	**4.5**	1.5	13.9
Inventories	**6.5**	12.9	(1.0)
Prepaid expenses and other current assets	**30.8**	(25.2)	(1.3)
Other assets	**(8.5)**	1.7	6.1
Accounts payable and accrued liabilities, and other liabilities	**(3.3)**	(6.8)	(1.1)
Income taxes recoverable	**3.6**	(4.4)	1.7
Net cash provided by operating activities	**254.6**	56.7	154.9
Investing Activities			
Acquisitions, net of cash received	**(24.0)**	(798.5)	(11.2)
Additions to property, plant & equipment	**(110.8)**	(46.7)	(55.3)
Additions to intangibles and other assets	**(4.6)**	(6.9)	(5.9)
Proceeds from sale of property, plant & equipment and sale-leaseback	**40.9**	1.8	0.2
Proceeds from insurance recoveries	**—**	—	0.6
Other investing activities	**(1.2)**	—	—
Net cash used in investing activities	**(99.7)**	(850.3)	(71.6)
Financing Activities			
Payments of long-term debt	**(3.7)**	(393.6)	(220.8)
Issuance of long-term debt	**—**	1,150.0	—
Borrowings under ABL	**994.5**	959.0	131.9
Payments under ABL	**(1,101.8)**	(779.6)	(82.1)
Distributions to non-controlling interests	**(8.5)**	(8.5)	(6.6)
Issuance of common shares	**143.1**	—	—
Financing fees	**(0.6)**	(24.0)	(0.8)
Preferred shares repurchased and cancelled	**(148.8)**	—	—
Common shares repurchased and cancelled	**(0.8)**	(12.1)	(13.0)
Dividends to common and preferred shareholders	**(31.0)**	(22.8)	(21.9)
Payment of deferred consideration for acquisitions	**(2.5)**	(32.4)	—
Other financing activities	**—**	(0.3)	—
Net cash (used in) provided by financing activities	**(160.1)**	835.7	(213.3)
Effect of exchange rate changes on cash	**(3.9)**	(3.1)	(2.2)
Net (decrease) increase in cash & cash equivalents	**(9.1)**	39.0	(132.2)
Cash & cash equivalents, beginning of period	**86.2**	47.2	179.4
Cash & cash equivalents, end of period	**$ 77.1**	$ 86.2	$ 47.2
Supplemental Non-cash Investing and Financing Activities:			
Additions to property, plant & equipment through accounts payable and accrued liabilities	**$ 5.8**	$ 7.8	$ 3.9
Capital lease additions	**—**	—	1.3
Acquisition related deferred consideration	**—**	19.0	5.1
Accrued deferred financing fees	**—**	1.5	1.2
Preferred Shares issued as consideration for DSS Acquisition	**—**	148.8	—
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	**$ 113.2**	$ 45.5	$ 50.9
Cash paid for income taxes, net	**2.8**	2.5	0.1

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

COTT CORPORATION

CONSOLIDATED STATEMENTS OF EQUITY

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

	Cott Corporation Equity						
	Number of Common Shares (In thousands)	Common Shares	Additional Paid-in-Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interests	Total Equity
Balance at December 29, 2012	**95,371**	**$ 397.8**	**$ 40.4**	**$ 184.5**	**$(12.4)**	**$ 11.1**	**$ 621.4**
Common shares issued—Director Share Awards	87	—	0.8	—	—	—	0.8
Common shares repurchased and cancelled	(1,251)	(5.3)	—	(4.8)	—	—	(10.1)
Common shares issued—Time-based RSUs	31	0.3	(0.3)	—	—	—	—
Share-based compensation	—	—	3.2	—	—	—	3.2
Common shares dividend	—	—	—	(21.9)	—	—	(21.9)
Distributions to non-controlling interests	—	—	—	—	—	(6.6)	(6.6)
Comprehensive income (loss)							
Currency translation adjustment	—	—	—	—	(5.1)	—	(5.1)
Pension benefit plan, net of tax	—	—	—	—	0.7	—	0.7
Net income	—	—	—	17.0	—	5.0	22.0
Balance at December 28, 2013	**94,238**	**$ 392.8**	**$ 44.1**	**$ 174.8**	**$(16.8)**	**$ 9.5**	**$ 604.4**
Common shares issued—Director Share Awards	112	—	0.8	—	—	—	0.8
Common shares repurchased and cancelled	(1,744)	(7.8)	—	(4.3)	—	—	(12.1)
Common shares issued—Time-based RSUs	467	3.3	(3.3)	—	—	—	—
Share-based compensation	—	—	5.0	—	—	—	5.0
Common shares dividend	—	—	—	(22.0)	—	—	(22.0)
Distributions to non-controlling interests	—	—	—	—	—	(8.5)	(8.5)
Preferred shares issuance costs	—	—	—	(0.4)	—	—	(0.4)
Comprehensive income (loss)							
Currency translation adjustment	—	—	—	—	(30.2)	0.3	(29.9)
Pension benefit plan, net of tax	—	—	—	—	(4.0)	—	(4.0)
Preferred shares dividend	—	—	—	(0.8)	—	—	(0.8)
Net income	—	—	—	10.8	—	5.6	16.4
Balance at January 3, 2015	**93,073**	**$ 388.3**	**$ 46.6**	**$ 158.1**	**$(51.0)**	**$ 6.9**	**$ 548.9**
Common shares issued—Director Share Awards	110	—	1.0	—	—	—	1.0
Common shares repurchased and cancelled	(92)	(0.8)	—	—	—	—	(0.8)
Common shares issued—Performance-based RSUs	255	1.7	(1.7)	—	—	—	—
Common shares issued—Time-based RSUs	10	0.1	(0.1)	—	—	—	—
Common shares issued—Equity issuance	16,215	144.6	—	—	—	—	144.6
Common shares issued—Dividend reinvestment plan	11	0.1	—	—	—	—	0.1
Options exercised	113	0.7	(0.2)	—	—	—	0.5
Share-based compensation	—	—	9.3	—	—	—	9.3
Common shares dividend	—	—	—	(25.1)	—	—	(25.1)
Redemption of preferred shares	—	—	—	(12.0)	—	—	(12.0)
Distributions to non-controlling interests	—	—	—	—	—	(8.5)	(8.5)
Purchase of subsidiary shares from non-controlling interest	—	—	(3.7)	—	0.7	1.8	(1.2)
Comprehensive (loss) income							
Currency translation adjustment	—	—	—	—	(23.3)	0.3	(23.0)
Pension benefit plan, net of tax	—	—	—	—	2.3	—	2.3
Unrealized loss on derivative instruments, net of tax	—	—	—	—	(4.9)	—	(4.9)
Preferred shares dividend	—	—	—	(5.9)	—	—	(5.9)
Net income	—	—	—	14.5	—	6.1	20.6
Balance at January 2, 2016	**109,695**	**$ 534.7**	**$ 51.2**	**$ 129.6**	**$(76.2)**	**$ 6.6**	**$ 645.9**

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

Notes to Consolidated Financial Statements

Description of Business

As used herein, "Cott," "the Company," "our Company," "Cott Corporation," "we," "us," or "our" refers to Cott Corporation, together with its consolidated subsidiaries. With the acquisition of DS Services of America, Inc. ("DSS") in December 2014, we combined a leading provider in the direct-to-consumer beverage services industry with our traditional business, one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. We now have the largest volume-based national presence in the U.S. home and office delivery ("HOD") industry for bottled water and one of the five largest national market share positions in the U.S. office coffee services ("OCS") and filtration services industries. We reach over 1.5 million customers (approximately 60% commercial and 40% residential) through over 2,000 routes located across our national network supported by national sales and distribution facilities, as well as a fleet of over 2,000 vehicles. Our broad portfolio allows us to offer, on a direct-to-consumer basis, a variety of bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment. With the ability to cover approximately 90% of U.S. households, in terms of geography, we believe we have the broadest distribution network in the direct-to-consumer beverage services industry in the United States, which enables us to efficiently service residences and small and medium size businesses, as well as national corporations, universities and government agencies.

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 year ended January 3, 2015, we had 53 weeks of activity, compared to 52 weeks of activity for the years ended January 2, 2016 and December 28, 2013. The additional week contributed $29.1 million of additional revenue and $1.1 million of additional operating income for the year ended January 3, 2015.

During 2015, our business operated through four reporting segments: DSS, Cott North America, Cott United Kingdom ("Cott U.K."), and All Other (which includes our Mexico operating segment, Royal Crown International ("RCI") operating segment and other miscellaneous expenses). We refer to our Cott North America, Cott U.K. and All Other reporting segments together as our "traditional business". Our corporate oversight function ("Corporate") is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments. In December 2014, in connection with the acquisition of DSS (the "DSS Acquisition"), DSS was added as a fourth reporting segment. During the fourth quarter of 2013, management reviewed our reporting segments and determined to combine our Mexico, RCI and All Other reporting segments into one reporting segment classified as All Other. Prior year information has been updated to reflect the change in our reporting segments.

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. For the year ended December 28, 2013, the Company concluded that it was appropriate to reclassify the amortization of customer list intangible assets to selling, general and administrative ("SG&A") expenses. Previously, such amortization had been classified as cost of sales. Accordingly, the Company has changed the classification to report these SG&A expenses in the Consolidated Statement of Operations for the year ended December 28, 2013. Also, for the years ended January 3, 2015 and December 28, 2013, the Company concluded that it was appropriate to reclassify acquisition and integration expenses separately. Previously, such expenses had been classified as SG&A expenses. Accordingly, the Company has changed the classification to report these expenses separately in the Consolidated Statements of Operations for the years ended January 3, 2015 and December 28, 2013. Additionally, as of January 3, 2015, the Company concluded that it was appropriate to reclassify certain acquired assets in connection with the DSS Acquisition (see Note 2 to the Consolidated Financial Statements) from inventories to property, plant and equipment, net to be consistent with Cott's historical accounting treatment. Accordingly, the Company has changed the classification to report these assets under property, plant and equipment, net in the Consolidated Balance Sheet as of January 3, 2015. The impact of the reclassifications are shown in the tables below:

(in millions of U.S. dollars)	For the Year Ended December 28, 2013
Decrease to cost of sales	$(22.7)
Increase to SG&A expenses	$ 22.7

(in millions of U.S. dollars)	For the Year Ended January 3, 2015	For the Year Ended December 28, 2013
Decrease to SG&A expenses	$(41.3)	$(3.1)
Increase to acquisition and integration expenses	$ 41.3	$ 3.1

(in millions of U.S. dollars)	January 3, 2015
Decrease to inventories	$(8.9)
Increase to property, plant and equipment, net	$ 8.9

Basis of consolidation

The financial statements consolidate our accounts, our wholly-owned and majority-owned subsidiaries and joint ventures that 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 that, 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.

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 or determinable 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 occasionally accept returns of products from our customers occasionally, historically returns have not been material.

With regards to DSS, the Company recognizes rental income on filtration, brewers and dispensing equipment at customer locations based on the terms of the related rental agreements, which are generally measured based on 28-day periods. Amounts billed to customers for rental in future periods are deferred and included in accounts payable and accrued liabilities on the Consolidated Balance Sheets.

Sales incentives

We participate in various incentive programs with our customers, including volume-based incentives, contractual rebates and promotional allowances. Volume incentives are based on our customers achieving volume targets for a period of time. Volume incentives and contractual rebates 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. Promotional allowances are accrued at time of revenue recognition and are 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 and revenues accordingly.

Cost of sales

We record costs associated with the manufacturing of our products in costs of sales. Shipping and handling costs incurred to store, prepare and move products between production facilities or from production facilities to branch locations or storage facilities are recorded in cost of sales. Costs incurred in shipment of products from our production facilities to customer locations are also reflected in cost of sales, with the exception of shipping and handling costs incurred to deliver products from DSS branch locations to the end-user consumer of those products. 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 SG&A expenses. Costs incurred to deliver products from DSS branch locations to the end-user consumer are considered a selling expense and are included within SG&A expenses. Advertising costs are expensed at the commencement of an advertising campaign and are recognized as a component of SG&A expenses. Advertising costs are not significant to any reporting segment other than DSS. Advertising costs expensed by DSS for the year ended January 2, 2016 were approximately $18.0 million and for the period from acquisition to January 3, 2015 were approximately $0.4 million.

Share-based compensation

We have in effect equity incentive plans under which Time-based RSUs, Performance-based RSUs, non-qualified stock options and Director share awards have been granted (as such terms are defined in Note 7 of the Consolidated Financial Statements). Share-based compensation expense for all share-based compensation awards 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 2015, 2014 and 2013 share-based awards. The fair value of the Company's Time-based RSUs, Performance-based RSUs and Director share awards are based on the closing market price of its common shares on the date of grant as stated on the NYSE. We estimate the fair value of non-qualified options as of the date of grant using the Black-Scholes option pricing model. This model considers, among other factors, the expected life of the award, the expected volatility of the Company's stock price, and expected dividends. The Company records share-based compensation expense in SG&A expenses.

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 deductions. Our accounting policy for the allowance for doubtful accounts requires us to reserve an amount based on the evaluation of the aging of accounts receivable, detailed analysis of high-risk customers' accounts, and the overall market and economic conditions of our customers. This evaluation considers the customer demographic, such as supermarket retailers as compared to small business or individual consumers. We consider our accounts receivable delinquent or past due based on payment terms established with each customer. Accounts receivable are written off when the account is determined to be uncollectible.

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. 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 materials and finished goods.

Customer deposits

The Company generally collects deposits on three- and five-gallon bottles used by its DSS customers. Such deposits are refunded only after customers return such bottles in satisfactory condition. The associated bottle deposit liability is estimated based on the number of water customers, average consumption and return rates and bottle deposit market rates. The Company analyzes these assumptions quarterly and adjusts as necessary.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is allocated between cost of sales and SG&A expenses and is determined using the straight-line method over the estimated useful lives of the assets.

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

Goodwill and indefinite life intangible assets

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 for impairment at least annually. A company may 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, including goodwill. Alternatively, a company may bypass the qualitative assessment and perform the first step of the goodwill impairment test which compares the book value of a reporting unit, including goodwill, with its fair value. If the book value of a reporting unit exceeds its fair value, we complete the second step to determine the amount of goodwill impairment loss that we should record, if any. In the second step, we determine an implied fair value of the reporting unit's goodwill by allocating the fair value of the reporting unit to all of the assets and liabilities other than goodwill (including any unrecognized intangible assets). The amount of impairment loss is equal to the excess of the book value of the goodwill over the implied fair value of that goodwill, and any impairment loss would be recognized in our results of operations.

The following table summarizes our goodwill on a reporting segment basis as of January 2, 2016 and January 3, 2015:

(in millions of U.S. dollars)	Reporting Segment				
	Cott North America	DSS	Cott U.K.	All Other	Total
Balance December 29, 2013	$125.9	$ —	$ 8.8	$ 4.5	$139.2
Goodwill acquired during the year	—	556.9	54.5	—	611.4
Foreign exchange	(2.2)	—	(4.8)	—	(7.0)
Balance January 3, 2015	$123.7	$556.9	$58.5	$ 4.5	$743.6
Goodwill acquired during the year	—	4.7	—	—	4.7
Adjustments[1]	—	17.5	—	—	17.5
Foreign exchange	(3.7)	—	(2.5)	—	(6.2)
Balance January 2, 2016	$120.0	$579.1	$56.0	$ 4.5	$759.6

1. During the fiscal year ended January 2, 2016, we recorded adjustments to goodwill allocated to the DSS segment in connection with the DSS Acquisition (see Note 2 to the Consolidated Financial Statements).

We test goodwill for impairment at least annually in the fourth quarter, based on our reporting unit carrying values as of the end of the third 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 in 2015, we have determined our reporting units are Cott North America, DSS, Calypso Soft Drinks, Aimia, and Royal Crown International ("RCI"). Calypso Soft Drinks and Aimia are reporting units included in our Cott U.K. reporting segment. Calypso Soft Drinks was acquired in June of 2013 and Aimia was acquired in May of 2014 (see Note 2 to the Consolidated Financial Statements). The RCI reporting unit is included in the All Other reporting segment. We had goodwill of $759.6 million on our balance sheet at January 2, 2016, which represents amounts for the Cott North America, DSS, Calypso Soft Drinks, Aimia and RCI reporting units.

We have the option of performing a qualitative assessment to determine whether any further quantitative testing for a potential impairment is necessary. Our qualitative assessment will use judgments including, but not limited to, changes in the general economic environment, industry considerations, current economic performance compared to historical economic performance, entity-specific events and events affecting our reporting units, where applicable. If we elect to bypass the qualitative assessment or if we determine, based upon our assessment of those qualitative factors that it is more likely than not that the fair value of the reporting unit is less than its net carrying value, a quantitative assessment is required. The quantitative test is a two-step test. The first step identifies whether there is potential impairment by comparing the fair value of a reporting unit to the carrying amount, including goodwill. If the fair value of a reporting unit is less than its carrying amount, the second step of the impairment test is required to measure the amount of impairment loss, if any.

For the 2015 annual test, we elected to perform a qualitative assessment for our Calypso Soft Drinks reporting unit. In performing this assessment, management relied on a number of factors including, but not limited to, macroeconomic conditions, industry and market considerations, cost factors that would have a negative effect on earnings and cash flows, overall financial performance compared with forecasted projections in prior periods, and other relevant reporting unit events, the impact of which are all significant judgments and estimates. Additionally, management considered the recent fair value calculation performed during the third quarter of 2015 where the estimated fair value exceeded the reporting unit's carrying value by approximately 19%. Based on these factors, management concluded that it was more likely than not that the fair value of the Calypso Soft Drinks reporting unit was greater than its respective carrying amount, including goodwill, indicating no impairment. Goodwill allocated to the Calypso Soft Drinks reporting unit as of January 2, 2016 is $7.9 million.

For the Cott North America, DSS, Aimia and RCI reporting units, we elected to bypass the qualitative assessment and performed a quantitative analysis due to an overall CSD industry decline impacting the Cott North America reporting unit, the fact that a quantitative analysis has not been previously performed for DSS and Aimia and the length of time that has elapsed since the last quantitative analysis for the RCI reporting unit. We determined the fair value of each reporting unit being evaluated using a mix of the income approach (which is based on the discounted cash flows of the reporting unit) and the guideline public company approach. We believe using a combination of the two approaches provides a more accurate valuation because it incorporates the expected 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 flows includes a terminal value. Critical assumptions used in our 2015 valuation of the reporting units were weighted-average terminal growth rates of 1.0%, 2.5%, 2.0% and 2.0% for our Cott North America, DSS, Aimia and RCI reporting units, respectively, and discount rate ranging from 8.0% to 11.0%. The terminal growth rate assumption incorporated into the discounted cash flow calculation reflects our long-term view of the market and industry, projected changes in the sale of our products, pricing of such products and operating profit margins. The discount rate was determined using various factors and sensitive assumptions, including bond yields, company-specific risk and size premiums and tax rates. This rate was based on the weighted average cost of capital a market participant would use if evaluating the reporting unit as an investment. These assumptions are considered significant unobservable inputs and represent our best estimate of assumptions that market participants would use to determine the fair value of the respective reporting units. The key inputs into the discounted cash flow analysis were consistent with market data, where available, indicating that the assumptions used were in a reasonable range of observable market data.

Based on the quantitative assessment including consideration of the sensitivity of the assumptions made and methods used to determine fair value, industry trends and other relevant factors, we noted that the estimated fair values of the Cott North America, DSS, Aimia and RCI reporting units exceeded its carrying value by approximately 102%, 152%, 44% and 478%, respectively. Therefore, a second step analysis was not required and no goodwill impairment charges were recorded in the fourth quarter ended January 2, 2016. Goodwill allocated to Cott North America, DSS, Aimia and RCI reporting units as of January 2, 2016 are $120.0 million, $579.1 million, $48.1 million and $4.5 million, respectively.

Each year during the fourth quarter, we re-evaluate the assumptions used in our assessments, such as revenue growth rates, operating profit margins and discount rate, to reflect any significant changes in the business environment that could materially affect the fair value of our reporting units. Based on the evaluations performed in 2015, we determined that the fair value of each of our reporting units exceeded their carrying amounts.

Intangible and other assets

As of January 2, 2016, our intangible assets subject to amortization and other assets, net of accumulated amortization were $483.6 million, consisting principally of $422.9 million of customer relationships that arose from acquisitions, $9.9 million of deposits, $24.9 million of information technology assets, and $4.9 million of trademarks. Customer relationships are typically amortized on an accelerated straight-line basis for the period over which we expect to receive the economic benefits. With the DSS Acquisition, the acquired customer relationships are amortized over the expected remaining useful life of those relationships on a basis that reflects the pattern of realization of the estimated undiscounted after-tax cash flows. 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 significant customer. The permanent loss of, or significant decline in sales to any customer included in the intangible asset would result in either an impairment in the value of the intangible asset or an accelerated amortization of any remaining value and could lead to an impairment of the fixed assets that were used to service that customer. In 2014 we recorded $76.5 million of customer relationships acquired in connection with the Aimia Acquisition and $219.8 million of customer relationships acquired in connection with the DSS Acquisition. In 2013 we recorded $10.7 million of customer relationships acquired in connection with the Calypso Soft Drinks Acquisition. We did not record impairment charges for other intangible assets in 2015, 2014 or 2013.

Our intangible assets with indefinite lives relate 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”), and trademarks acquired in the DSS Acquisition (the “DSS Trademarks”). These assets have a net book value of $228.1 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 and DSS Trademarks are considered to be indefinite and therefore not amortized, but instead are tested for impairment at least annually or more frequently if we determine a triggering event has occurred during the year. We compare the carrying amount of the Rights and DSS Trademarks to their fair value and where the carrying amount is greater than the fair value, we recognize in income an impairment loss.

To determine the fair value of the Rights, we use a relief from royalty method of the income approach, 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 rate to reflect the risk of achieving the projected royalty savings attributable to the Rights. The assumptions used to estimate the fair value of the Rights are subjective and require significant management judgment, including estimated future volume, the fair value royalty rate (which is estimated to be a reasonable market royalty charge that would be charged by a licensor of the Rights) and the risk adjusted discount rate. Based on our impairment tests, the estimated fair value of the Rights significantly exceeded the carrying value for all periods presented.

To determine fair value of the DSS Trademarks, we use a relief from royalty method of the income approach, which calculates a fair value royalty rate that is applied to DSS revenue forecasts adjusted to exclude private label sales. The resulting cash flows are discounted using a rate to reflect the risk of achieving the projected royalty savings attributable to the DSS Trademarks. The assumptions used to estimate the fair value of the DSS Trademarks are subjective and require significant management judgment, including estimated future revenues, the fair value royalty rate (which is estimated to be a reasonable market royalty charge that would be charged by a licensor of the trademarks) and the risk adjusted discount rate. Based on our impairment tests, the estimated fair value of the DSS Trademarks exceeded the carrying value for all periods presented.

Impairment and disposal 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. As part of restructuring activities during 2014, we recorded impairments of long-lived assets of $1.0 million, which were recorded as a component of asset impairments in our Consolidated Statements of Operations. We did not record impairments of long-lived assets in 2015 or 2013. As part of normal business operations, we identify long-lived assets that are no longer productive and are disposed. Losses on disposals of assets are presented separately in our Consolidated Statements of Operations as part of operating income. We recognized losses on disposal of property, plant and equipment of $6.9 million for the year ended January 2, 2016 ($1.7 million—January 3, 2015; $1.8 million—December 28, 2013).

Derivative financial instruments

We use derivative financial instruments to manage our exposure to movements in foreign currencies and certain commodity prices. All derivative instruments are recorded at fair value in the Consolidated Balance

Sheets. We do not use derivative financial instruments for trading or speculative purposes. We manage credit risk related to the derivative financial instruments by requiring high credit standards for our counterparties and periodic settlements. Refer to Note 20 to the Consolidated Financial Statements for further information on our derivative financial instruments.

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.

Income taxes

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. The consideration of available evidence requires significant management judgment including an assessment of the future periods in which the deferred tax assets and liabilities are expected to be realized and projections of future taxable income. We classify interest and income tax penalties as income tax expense (benefit).

The ultimate realization of the deferred tax assets, related to net operating losses, is dependent upon the generation of future taxable income during the periods prior to their expiration. If our estimates and assumptions about future taxable income are not appropriate, the value of its deferred tax asset may not be recoverable, and may result in an increase to its valuation allowance that will impact current earnings.

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.

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.

Insurance accruals

For DSS, it is the Company's policy to retain a portion of expected losses related to workers' compensation, general, product, casualty, and property and vehicle liability through retentions or deductibles under DSS insurance programs. Provisions for losses expected under these programs are recorded based on estimates of the undiscounted aggregate liabilities for claims insured.

Recently issued accounting pronouncements

Update ASU 2014-09—Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB amended its guidance regarding revenue recognition and created a new Topic 606, Revenue from Contracts with Customers. The objectives for creating Topic 606 were to remove inconsistencies and weaknesses in revenue recognition, provide a more robust framework for addressing revenue issues, provide more useful information to users of the financial statements through improved disclosure requirements, simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer, and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principal of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve the core principle, an entity should apply the following steps: 1) identify the contract(s) with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; and 5) recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The amendments may be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the amendment recognized at the date of initial application. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2014-12—Compensation—Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period

In June 2014, the FASB amended its guidance regarding accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. A reporting entity should apply existing guidance in Topic 718 as it relates to awards with performance conditions that affect vesting to account for such awards. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Compensation cost should be recognized in the period in which it becomes probable that the performance target will be achieved and should represent the compensation cost attributable to the period(s) for which the requisite service has already been rendered. If the performance target becomes probable of being achieved before the end of the requisite service period, the remaining unrecognized compensation cost should be recognized prospectively over the remaining requisite service period. The total amount of compensation cost recognized during and after the requisite service period should reflect the number of awards that are expected to vest and should be adjusted to reflect those awards that ultimately vest. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. The stated vesting period (which includes the period in which the performance target could be achieved) may differ from the requisite service period. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2015, including interim periods within that reporting period. The amendments may be applied prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter. We believe that the adoption of these amendments will not have a material impact on our consolidated financial statements.

Update ASU 2015-03—Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB amended its guidance to simplify the presentation of debt issuance costs. The amendments require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by these amendments. For public entities, the amendments in this update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015 with early adoption permitted. An entity should apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. We have adopted this guidance and applied it retrospectively into the presentation of our consolidated financial statements. The January 3, 2015 consolidated balance sheet and related disclosures were adjusted to reflect the reclassification of $23.7 million of debt issuance costs from intangibles and other assets, net to long-term debt. There was no other impact to the consolidated financial statements from the adoption of this guidance.

Update ASU 2015-15—Interest—Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements

In April 2015, the FASB amended its guidance on the presentation and subsequent measurement of debt issuance costs associated with line-of-credit arrangements. The amendments update the guidance with ASU 2015-03 for debt issuance costs related to line-of-credit arrangements, the SEC staff would not object to an entity deferring and presenting debt issuance costs as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. For public entities, the amendments in this update are effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2015, with early adoption permitted. We have adopted this guidance and applied it retrospectively into the presentation of our consolidated financial statements.

Update ASU 2015-16—Simplifying the Accounting for Measurement-Period Adjustments

In September 2015, the FASB amended its guidance regarding business combinations. The amendment requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The amendment also requires that the acquirer record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date and requires the entity to present separately on the face of the income statement or disclose in the notes the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. For public entities, the amendments in this update are effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The amendments in this update should be applied prospectively to adjustments to provisional amounts that occur after the effective date of this update with earlier application permitted for financial statements that have not been issued. We have adopted this guidance and incorporated it into the presentation of our consolidated financial statements. See Note 2 to our Consolidated Financial Statements.

Update ASU 2015-17—Balance Sheet Classification of Deferred Taxes

In November 2015, the FASB amended its guidance to simplify the presentation of deferred income taxes. The amendment requires that deferred tax assets and liabilities be classified as noncurrent on the balance sheet. The current requirement that deferred tax assets and liabilities of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments in this update. For public entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. The amendments in this update may be applied prospectively to all deferred tax assets and liabilities or retrospectively to all periods presented. We have adopted this guidance and applied it retrospectively into the presentation of our consolidated financial statements. The adoption of this standard resulted in a decrease to prepaid expenses and other current assets, accounts payable and accrued liabilities and noncurrent deferred tax liabilities of $11.7 million, $0.3 million and $10.5 million, respectively, and an increase in noncurrent deferred tax assets of $0.9 million on the consolidated balance sheet as of January 3, 2015. There was no other impact to the consolidated financial statements from the adoption of this guidance.

Update ASU 2016-02—Leases (Topic 842)

In February 2016, the FASB issued an update to its guidance on lease accounting. This update revises accounting for operating leases by a lessee, among other changes, and requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the balance sheet. The distinction between finance and operating leases has not changed and the update does not significantly change the effect of finance and operating leases on the statement of operations and the effective for the first interim and annual periods beginning after December 15, 2018, with early adoption permitted. At adoption, this update will be applied using a modified retrospective approach. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Note 2—Acquisitions

HOD Water Business Acquisitions

During the year ended January 2, 2016, the Company acquired nine separate home and office delivery ("HOD") water businesses for an aggregate cash purchase price of $12.6 million. The Company has accounted for all of these transactions as business combinations in accordance with U.S. GAAP. These acquisitions support the Company's previously announced objective of strategic acquisitions where it expects to be able to leverage synergies with its existing business. Net assets, including goodwill, acquired have been allocated to the DSS reporting segment. All of the goodwill recorded is expected to be tax deductible.

DSS Acquisition

In December 2014, the Company completed the acquisition by merger of DSS Group, Inc. ("DSS Group"), parent company to DS Services of America, Inc., a leading bottled water and coffee direct-to-consumer services provider in the United States (the "DSS Acquisition"). The DSS Acquisition was consummated pursuant to an Agreement and Plan of Merger (the "DSS Merger Agreement") dated November 6, 2014. Aggregate consideration was approximately $1.246 billion paid through a combination of incremental borrowings under the ABL facility (defined below) of $180.0 million, the issuance of $625.0 million of our 6.75% senior notes due January 1, 2020, assumption of existing $350.0 million senior notes due 2021 originally issued by DSS, the issuance of Series A Convertible First Preferred Shares (the "Convertible Preferred Shares"), having an aggregate value of approximately $116.1 million and Series B Non-Convertible First Preferred Shares (the "Non-Convertible Preferred Shares" and together with the Convertible Preferred Shares, the "Preferred Shares"), having an aggregate value of approximately $32.7 million. Pursuant to the terms and conditions set forth in the Merger Agreement, a portion of the aggregate consideration is being held in escrow to secure the indemnification obligations of DSS's former security holders under the Merger Agreement. The Company amended its existing ABL facility in connection with the acquisition to increase the amount of borrowings available thereunder.

The total cash and stock consideration paid by us in the DSS Acquisition is summarized below:

(in millions of U.S. dollars)	
Cash paid to sellers	$449.7
Working capital adjustment	11.4
Cash paid on behalf of sellers for sellers expenses	25.3
Cash paid to retire term loan on behalf of sellers	317.3
Convertible Preferred Shares	116.1
Non-Convertible Preferred Shares	32.7
Total consideration	$952.5

The estimated merger consideration was subject to adjustment upon the determination of actual working capital, net indebtedness and certain transaction related expenses, which adjustment was resolved in July 2015 by the payment of $11.4 million to the former security holders of DSS.

Our primary strategic reasons for the DSS Acquisition were to accelerate Cott's acquisition based diversification outside of CSDs and shelf stable juices, broaden our distribution platform by adding a national direct-to-consumer distribution channel and extend our beverage portfolio into new and growing markets, including home and office bottled water delivery services, office coffee services and filtration services, while creating opportunities for revenue, cost synergies and growth prospects.

The DSS Acquisition was accounted for as a business combination which, among other things, requires that assets acquired and liabilities assumed be measured at their acquisition date fair values. The purchase price consideration of $952.5 million was allocated to the assets acquired and liabilities assumed based on management's estimates of their fair values as of the acquisition date. Measurement period adjustments were recorded during the year ended January 2, 2016, primarily for adjustments to certain assets and liabilities existing at the acquisition date. Included as part of these adjustments to the initial purchase price allocation is the correction of $6.2 million of certain balance sheet classification errors previously identified at January 3, 2015. The results of operations of DSS have been included in our operating results beginning as of the acquisition date. We allocated the total purchase price 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 following table summarizes the allocation of the purchase price to the fair value of the assets acquired and liabilities assumed in connection with the DSS Acquisition.

(in millions of U.S. dollars)	As reported at January 3, 2015	Adjustments	As reported at January 2, 2016
Cash and cash equivalents	$ 74.5	$ —	$ 74.5
Accounts receivable	103.4	(0.8)	102.6
Inventories	46.8	(0.4)	46.4
Prepaid expenses and other current assets	8.8	—	8.8
Deferred income taxes	2.8	0.9	3.7
Property, plant & equipment[1]	403.3	(13.3)	390.0
Goodwill[1]	556.9	17.5	574.4
Intangibles and other assets[1]	417.2	16.8	434.0
Accounts payable and accrued liabilities	(110.2)	(8.3)	(118.5)
Long-term debt	(406.0)	—	(406.0)
Deferred income tax liabilities[1]	(129.1)	1.2	(127.9)
Other long-term liabilities	(27.3)	(2.2)	(29.5)
Total	$ 941.1	$ 11.4	$ 952.5

1. During the fourth quarter of the year ended January 2, 2016, we adopted ASU 2015-16 and as a result measurement period adjustments were recorded in the fourth quarter of 2015, resulting in a $22.7 million decrease to property, plant & equipment, a $16.8 million increase to intangibles and other assets and a $5.0 million increase to deferred income tax liabilities, with a corresponding increase to goodwill of $10.9 million. This measurement period adjustment resulted in a decrease of $4.8 million, $0.2 million, and $1.9 million in cost of sales, SG&A expenses, and income tax benefit, respectively, associated with a decrease in depreciation expense offset by an increase in amortization expense associated with the adjustment, of which $0.2 million of the total change in cost of sales and less than $0.1 million of the total change in SG&A expenses and income tax benefit, respectively, related to the prior year and with the remainder related to the nine months ended October 3, 2015.

The Company recognized $35.9 million of acquisition related costs associated with the DSS Acquisition that were expensed during 2014. These costs are included in acquisition and integration expenses on the Consolidated Statements of Operations. These costs do not include financing fees related to the Preferred Shares financing, which were approximately $0.4 million. The Preferred Shares issuance costs were adjusted to retained earnings.

Selected Financial Data (unaudited)

The following unaudited financial information from the acquisition date through January 3, 2015 represents the activity of DSS that has been combined with our operations as of the acquisition date.

(in millions of U.S. dollars)	For the period from December 12, 2014 through January 3, 2015
Revenue	$28.7
Net loss	(2.8)

Aimia Acquisition

In May 2014, our Cott U.K. reporting segment acquired 100% of the share capital of Aimia Foods Holdings Limited (the "Aimia Acquisition"), which includes its operating subsidiary company, Aimia Foods Limited (together referred as "Aimia") pursuant to a Share Purchase Agreement dated May 30, 2014. Aimia produces and distributes hot chocolate, coffee and powdered beverages primarily through food service, vending and retail channels, and produces hot and cold cereal products on a contract manufacturing basis. The aggregate purchase price for the Aimia Acquisition was £52.1 million ($87.6 million) paid in cash, which included a payment for estimated closing balance sheet working capital, £19.9 million ($33.5 million) in deferred consideration paid in September 2014, and aggregate contingent consideration of up to £16.0 million ($23.6 million at exchange rates in effect on January 2, 2016), which is payable upon the achievement of certain measures related to Aimia's performance during the twelve months ending July 1, 2016. The closing payment and deferred consideration payment were funded from ABL borrowings and available cash.

The total consideration paid by us for the Aimia Acquisition is summarized below:

(in millions of U.S. dollars)	
Cash paid to sellers	$ 80.4
Deferred consideration	33.5
Contingent consideration[1]	17.9
Working capital payment	7.2
Total consideration	$139.0

1. Represents the estimated present value of the contingent consideration based on probability of achievement of performance targets recorded at fair value.

Our primary reasons for the Aimia Acquisition were to diversify Cott's product portfolio, packaging formats and channel mix, and enhance our customer offering and growth prospects.

The Aimia Acquisition was accounted for as a business combination which, among other things, requires that assets acquired and liabilities assumed be measured at their acquisition date fair values. Identified intangible assets, goodwill and property, plant and equipment were recorded at their estimated fair values. The results of operations of Aimia have been included in our operating results beginning as of the acquisition date. We allocated the total purchase price 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 sellers are entitled to contingent consideration of up to a maximum of £16.0 million ($23.6 million at exchange rates in effect on January 2, 2016), which will become due by us if and to the extent Aimia meets certain targets relating to net income plus interest, income taxes, depreciation and amortization ("EBITDA") for the twelve months ending July 1, 2016. We estimated the fair value of the contingent consideration based on financial projections of the acquired business and estimated probabilities of achievement of the EBITDA targets. We believe that our estimates and assumptions are reasonable, but there is significant judgment involved. The acquisition date fair value of the contingent consideration was determined to be £10.6 million ($15.6 million at exchange rates in effect on January 2, 2016) using a present valued probability-weighted income approach. During the second quarter of 2015, we recorded a fair value adjustment of £0.4 million ($0.6 million at exchange rates in effect on July 4, 2015) to the contingent consideration based on our review of the key assumptions used to calculate the fair value at the acquisition date. During the fourth quarter of 2015, we recorded a fair value adjustment of £0.1 million ($0.2 million at exchange rates in effect on January 2, 2016) to the contingent consideration based on review of the key assumptions used to calculate the fair value at the acquisition date. Key assumptions include probability-adjusted EBITDA amounts with discount rates consistent with the level of risk of achievement. The change in the fair value adjustment of the contingent consideration was recognized in other (income) expense, net in the Consolidated Statement of Operations for the year ended January 2, 2016.

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 Aimia Acquisition.

(in millions of U.S. dollars)	Acquired Value
Cash	$ 9.5
Accounts receivable	11.0
Inventories	9.6
Prepaid expenses and other assets	1.9
Property, plant & equipment	10.9
Goodwill	54.5
Intangibles and other assets	86.2
Accounts payable and accrued liabilities	(27.4)
Deferred tax liabilities	(17.2)
Total	$139.0

The Company recognized $2.2 million of acquisition related costs associated with the Aimia Acquisition that were expensed during the fiscal year 2014. These costs are included in the acquisition and integration expenses on the Consolidated Statements of Operations.

Selected Financial Data (unaudited)

The following unaudited financial information from the acquisition date through January 3, 2015 represents the activity of Aimia that has been combined with our operations as of the acquisition date.

(in millions of U.S. dollars)	For the period from May 30, 2014 through January 3, 2015
Revenue	$62.3
Net income	2.3

Calypso Soft Drinks Acquisition

In June 2013, our Cott U.K. reporting segment acquired 100% of the share capital of Cooke Bros Holdings Limited (the "Calypso Soft Drinks Acquisition"), which includes the subsidiary companies Calypso Soft Drinks Limited and Mr. Freeze (Europe) Limited (together, "Calypso Soft Drinks"). Calypso Soft Drinks produces fruit juices, juice drinks, soft drinks, and freezable products in the United Kingdom. The aggregate purchase price for the Calypso Soft Drinks Acquisition was $12.1 million, which included approximately $7.0 million paid at closing, deferred payments of approximately $2.3 million and $2.5 million, paid on the first and second anniversaries of the closing date, respectively. In connection with the Calypso Soft Drinks Acquisition, we paid $18.5 million of outstanding debt of the acquired companies. Each payment was funded from available cash.

The total consideration paid by us in the Calypso Soft Drinks Acquisition is summarized below:

(in millions of U.S. dollars)	
Cash paid to sellers	$ 7.0
Deferred consideration[1]	5.1
Total consideration	$12.1

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

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

The Calypso Soft Drinks Acquisition was accounted for as a business combination which, among other things, requires that assets acquired and liabilities assumed be measured at their acquisition date fair values. Identified intangible assets, goodwill and property, plant and equipment were recorded at their estimated fair values. The results of operations of Calypso Soft Drinks have been included in our operating results beginning as of the acquisition date. We allocated the total purchase price of the Calypso Soft Drinks 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.

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 Calypso Soft Drinks Acquisition.

(in millions of U.S. dollars)	Acquired Value
Cash	$ 0.5
Accounts receivable	15.9
Inventory	8.1
Prepaid expenses and other assets	0.6
Property, plant and equipment	8.7
Goodwill	8.5
Intangibles and other assets	15.0
Accounts payable and accrued liabilities	(15.0)
Shareholder loans	(1.6)
Deferred tax liabilities	(3.4)
Other long-term liabilities	(25.2)
Total	$ 12.1

The Company recognized $1.7 million of acquisition-related costs associated with the Calypso Soft Drinks Acquisition that were expensed during 2013. These costs are included in acquisition and integration expenses on the Consolidated Statements of Operations.

Intangible Assets

In our determination of the estimated fair value of intangible assets, we consider, among other factors, the best use of acquired assets, analysis of historical financial performance and estimates of future performance of the acquired business' products. The estimated fair values of identified intangible assets are calculated considering market participant assumptions and using an income approach and estimates and assumptions provided by management of the acquired business and our management.

The estimated fair value of customer relationships represent future after-tax discounted cash flows that will be derived from sales to existing customers of the acquired business as of the date of acquisition.

The estimated fair value of trademarks and trade names represent the future projected cost savings associated with the premium and brand image obtained as a result of owning the trademark or trade name as opposed to obtaining the benefit of the trademark or trade name through a royalty or rental fee.

The estimated fair value of non-competition agreements represent the future after-tax discounted cash flows that are expected to be retained by the acquired business as a result of preventing certain employees or prior owners from competing with us in the specified restricted territories for a period of time subsequent to the date of acquisition or the date of termination of their employment with us, as the case may be.

DSS Acquisition

The following table sets forth the components of identified intangible assets associated with the DSS Acquisition and their estimated weighted average useful lives:

	As Reported at January 3, 2015	
(in millions of U.S. dollars)	**Estimated Fair Market Value**	**Estimated Useful Life**
Customer relationships	$219.8	16 years
Trademarks and trade names	183.1	Indefinite
Non-competition agreements	0.4	5 years
Software	5.7	3 years
Total	$409.0	

Aimia Acquisition

The following table sets forth the components of identified intangible assets associated with the Aimia Acquisition and their estimated weighted average useful lives:

	As Reported at January 3, 2015	
(in millions of U.S. dollars)	**Estimated Fair Market Value**	**Estimated Useful Life**
Customer relationships	$76.5	15 years
Trademarks and trade names	1.5	20 years
Non-competition agreements	2.9	5 years
Total	$80.9	

Calypso Soft Drinks Acquisition

The following table sets forth the components of identified intangible assets associated with the Calypso Soft Drinks Acquisition and their estimated weighted average useful lives:

	As Reported at December 28, 2013	
(in millions of U.S. dollars)	**Estimated Fair Market Value**	**Estimated Useful Life**
Customer relationships	$10.7	15 years
Trademarks and trade names	3.0	20 years
Non-competition agreements	1.3	5 years
Total	$15.0	

Goodwill

DSS Acquisition

The principal factor that resulted in recognition of goodwill in the DSS Acquisition was that the purchase price 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. The goodwill recognized as part of the DSS Acquisition was allocated to the DSS reporting segment, a portion of which is expected to be tax deductible.

Aimia Acquisition

The principal factor that resulted in recognition of goodwill in the Aimia Acquisition was that the purchase price 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. The goodwill recognized as part of the Aimia Acquisition was allocated to the Cott U.K. reporting segment, none of which is expected to be tax deductible.

Calypso Soft Drinks Acquisition

The principal factor that resulted in recognition of goodwill in the Calypso Soft Drinks Acquisition was that the purchase price 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. The goodwill recognized as part of the Calypso Soft Drinks Acquisition was allocated to the Cott U.K. reporting segment, a portion of which is expected to be tax deductible.

Supplemental Pro Forma Data (unaudited)

The following unaudited financial information for the years ended January 3, 2015 and December 28, 2013 represent the combined results of operations as if the DSS Acquisition, the Aimia Acquisition and the Calypso Soft Drinks Acquisition had occurred on December 30, 2012. The unaudited pro forma results reflect certain adjustments related to these acquisitions 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 periods.

	For the Year Ended	
(in millions of U.S. dollars, except per share amounts)	**January 3, 2015**	**December 28, 2013**
Revenue	$3,099.1	$3,141.1
Net loss attributed to Cott Corporation	(8.1)	(102.0)
Net loss per common share attributed to Cott Corporation, diluted	$ (0.08)	$ (1.08)

Note 3—Restructuring

We implement restructuring programs from time to time that are designed to improve operating effectiveness and lower costs. When we implement these programs, we incur various charges, including severance, asset impairments, and other employment related costs. During the first quarter of 2014, we implemented one such program, which involved the closure of two of our smaller plants, one located in North America and the other located in the United Kingdom (the "2014 Restructuring Plan"). The plant closures were completed during our 2014 fiscal year and resulted in cash charges associated with employee redundancy costs and relocation of assets, and non-cash charges related to asset impairments and accelerated depreciation on property, plant and equipment. In connection with the 2014 Restructuring Plan, we incurred total charges of approximately $4.1 million. We also implemented a restructuring plan in June 2013, which consisted primarily of headcount reductions. We had no restructuring activities during the year ended January 2, 2016.

The following table summarizes restructuring and asset impairment charges for the years ended January 3, 2015 and December 28, 2013:

	For the Year Ended	
(in millions of U.S. dollars)	**January 3, 2015**	**December 28, 2013**
Restructuring	$2.4	$ 2.0
Asset impairments	1.7	—
	$4.1	$ 2.0

The following table summarizes our restructuring charges on a reporting segment basis.

(in millions of U.S. dollars)	For the Year Ended January 3, 2015	December 28, 2013
Cott North America	$ 2.3	$1.0
Cott U.K.	0.1	0.7
All Other	—	0.3
Total	$ 2.4	$2.0

The following table summarizes our asset impairment charges on a reporting segment basis for the year ended January 3, 2015. There were no asset impairment charges for the year ended December 28, 2013.

(in millions of U.S. dollars)	For the Year Ended January 3, 2015
Cott North America	$0.9
Cott U.K.	0.8
Total	$1.7

As of January 3, 2015 and December 28, 2013, no amounts were owed under our restructuring plans.

Note 4—Other (Income) Expense, Net

The following table summarizes other (income) expense, net for the years ended January 2, 2016, January 3, 2015 and December 28, 2013:

	For the Year Ended		
(in millions of U.S. dollars)	January 2, 2016	January 3, 2015	December 28, 2013
Foreign exchange (gain) loss	**$(7.8)**	$ (0.3)	$ 0.2
Proceeds from legal settlement	**(1.4)**	(3.5)	—
Proceeds from insurance recoveries	**—**	—	(0.1)
Bond redemption	**—**	20.8	8.7
Write-off of financing fees and discount	**—**	4.1	4.0
Other gain	**(0.3)**	(0.1)	—
Total	**$(9.5)**	$21.0	$12.8

Note 5—Interest Expense, Net

The following table summarizes interest expense, net for the years ended January 2, 2016, January 3, 2015 and December 28, 2013:

	For the Year Ended		
(in millions of U.S. dollars)	January 2, 2016	January 3, 2015	December 28, 2013
Interest on long-term debt	**$100.9**	$33.2	$47.4
Other interest expense, net	**10.1**	6.5	4.2
Total	**$111.0**	$39.7	$51.6

Note 6—Income Tax (Benefit) Expense

(Loss) income before income taxes consisted of the following:

(in millions of U.S. dollars)	For the Year Ended January 2, 2016	January 3, 2015	December 28, 2013
Canada	**$ 24.2**	$ 17.2	$30.7
Outside Canada	**(26.3)**	(62.2)	(6.9)
(Loss) income before income taxes	**$ (2.1)**	$(45.0)	$23.8

Income tax (benefit) expense consisted of the following:

(in millions of U.S. dollars)	For the Year Ended January 2, 2016	January 3, 2015	December 28, 2013
Current			
Canada	**$ 4.0**	$ —	$(0.3)
Outside Canada	**3.7**	2.5	(0.4)
	$ 7.7	$ 2.5	$(0.7)
Deferred			
Canada	**$ (2.5)**	$ 0.3	$(0.6)
Outside Canada	**(27.9)**	(64.2)	3.1
	$(30.4)	$(63.9)	$ 2.5
Income tax (benefit) expense	**$(22.7)**	$(61.4)	$ 1.8

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

(in millions of U.S. dollars)	For the Year Ended January 2, 2016	January 3, 2015	December 28, 2013
Income tax (benefit) expense based on Canadian statutory rates	**$ (0.5)**	$(11.5)	$ 5.7
Foreign tax rate differential	**(3.7)**	(9.3)	(0.6)
Nontaxable interest income	**(5.5)**	(9.3)	(9.7)
Nontaxable dividend income	**(13.8)**	(11.2)	(5.4)
Nontaxable capital (gain) loss	**(1.4)**	1.5	—
Dividend income	**0.9**	—	—
Changes in enacted tax rates	**1.3**	(1.4)	(1.5)
Change in valuation allowance	**(0.4)**	(29.4)	12.5
(Decrease) increase to uncertain tax positions	**(0.6)**	1.9	0.8
Non-controlling interests	**(2.1)**	(1.9)	(1.8)
Equity compensation adjustment to net operating loss	**—**	2.7	—
Permanent differences	**1.3**	1.7	0.4
Contingent consideration goodwill basis adjustments	**—**	1.0	(0.1)
Equity compensation permanent adjustment	**0.9**	0.6	0.6
Mexico deferred adjustment	**—**	2.5	—
Preferred share costs	**0.4**	—	—
Other items	**0.5**	0.7	0.9
Income tax (benefit) expense	**$(22.7)**	$(61.4)	$ 1.8

The income tax benefit differs from the statutory benefit due primarily to non-taxable interest income, non-taxable dividend income, and differences in foreign tax rates. In connection with the DSS Acquisition in 2014, it was determined that the valuation allowance should be released for all U.S. federal valuation allowances.

Deferred income tax assets and liabilities were recognized on temporary differences between the financial and tax bases of existing assets and liabilities as follows:

(in millions of U.S. dollars)	January 2, 2016	January 3, 2015
Deferred tax assets		
Loss carryforwards	**$ 136.9**	$ 148.9
Leases	**0.3**	0.1
Property, plant & equipment	**5.5**	3.3
Liabilities and reserves	**42.1**	22.3
Stock options	**5.9**	3.0
Inventories	**2.2**	2.6
Other	**5.6**	4.4
	198.5	184.6
Deferred tax liabilities		
Property, plant & equipment	**(105.6)**	(127.9)
Intangible assets	**(146.4)**	(146.4)
Other	**—**	(0.5)
	(252.0)	(274.8)
Valuation allowance	**(15.4)**	(15.8)
Net deferred tax liability	**$ (68.9)**	$(106.0)

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

(in millions of U.S. dollars)	January 2, 2016	January 3, 2015
Deferred tax assets:		
Current	**$ —**	$ —
Long-term	**7.6**	3.4
Deferred tax liabilities:		
Current	**$ —**	$ —
Long-term	**(76.5)**	(109.4)
Net deferred tax liability	**$(68.9)**	$(106.0)

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 January 2, 2016 and January 3, 2015 that arose directly from tax deductions related to equity compensation in excess of compensation recognized for financial reporting. As of January 2, 2016, equity will be increased by $2.8 million if and when such deferred tax assets are ultimately realized.

We treat our portion of all accumulated foreign subsidiary earnings through January 2, 2016, as indefinitely reinvested under the accounting guidance and accordingly, have not provided for any tax thereon. In order to arrive at this conclusion, we considered factors including, but not limited to, past experience, domestic cash requirements, cash requirements to satisfy the ongoing operations, capital expenditures and other financial obligations of our subsidiaries. As of January 2, 2016, approximately $17.9 million of retained earnings attributable to foreign subsidiaries was considered to be indefinitely invested. Our intention is to permanently reinvest the earnings outside of Canada. It is not practicable to determine the amount of incremental taxes that might arise if these earnings were to be remitted. The amount of tax payable could be significantly impacted by the jurisdiction in which a distribution was made, the amount of the distribution, foreign withholding taxes under applicable tax laws when distributed, relevant tax treaties and foreign tax credits. While it is not practical to determine the amount of tax, we believe that tax planning strategies would allow us to make remittances in a tax efficient manner.

As of January 2, 2016, undistributed earnings of foreign operations were considered to be permanently reinvested. Deferred taxes have not been recorded on the excess book basis in the shares of certain foreign subsidiaries as these basis differences are not expected to reverse in the foreseeable future and are expected to be permanent in duration. The basis differences arose primarily from undistributed book earnings, which we intend to reinvest indefinitely, except in certain instances where repatriation attributable to current earnings results in minimal or no taxes. We repatriated earnings of $17.3 million, nil and nil in 2015, 2014 and 2013, respectively, incurring no tax expense. The basis differences could reverse through a sale of the subsidiaries or the receipt of dividends from the subsidiaries, as well as various other events. These earnings will be permanently reinvested by such subsidiaries except in certain instances where repatriation attributable to current earnings results in minimal or no tax consequences.

As of January 2, 2016, we have operating loss carryforwards totaling $741.6 million, credit carryforwards totaling $3.7 million and capital loss carryforwards totaling $3.3 million. The operating loss carryforward amount was attributable to Mexico operating loss carryforwards of $20.1 million that will expire from 2018 to 2025 and U.S. federal and state operating loss carryforwards of $328.0 million and $333.9 million, respectively. The U.S. federal operating loss carryforwards will expire from 2028 to 2034 and the state operating loss carryforwards will expire from 2016 to 2035.

The credit carryforward amount was attributable to a U.S. federal alternative minimum tax credit carryforward of $1.3 million with an indefinite life, other U.S. federal credit carryforwards of $0.9 million with an indefinite life, and U.S. state credit carryforwards of $1.5 million that will expire from 2015 to 2021. The capital loss carryforward is attributable to a U.K. capital loss of $3.3 million 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 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 this jurisdiction will not be realized in the future. In recognition of this risk, we have provided a valuation allowance of $6.6 million to reduce our deferred tax assets in Mexico.

Additionally, we have determined that it is more likely than not that the benefit from our capital losses in the U.K. 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 $0.6 million on our U.K. capital losses.

In connection with the DSS Acquisition in 2014, it was determined that the valuation allowance should be released for all U.S. federal valuation allowances, due to the anticipated timing of deferred tax asset and liability reversal in future periods as well as projections of future taxable income in the U.S. An analysis of various U.S. state attributes indicated a need to continue providing a valuation allowance on certain filings in the amount of $8.2 million.

If our assumptions change and we determine we will be able to realize these deferred tax assets, an income tax benefit of $15.4 million will be realized as a result of the reversal of the valuation allowance at January 2, 2016.

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 Year Ended		
(in millions of U.S. dollars)	**January 2, 2016**	**January 3, 2015**	**December 28, 2013**
Unrecognized tax benefits at beginning of year	**$12.5**	$10.5	$ 9.2
Additions based on tax positions taken during a prior period	**0.2**	0.5	0.2
Reductions based on tax positions taken during a prior period	**(0.2)**	(0.9)	—
Settlement on tax positions taken during a prior period	**(0.6)**	(0.8)	(1.2)
Lapse in statute of limitations	**(1.8)**	—	—
Additions based on tax positions taken during the current period	**1.9**	3.9	2.4
Foreign exchange	**(0.5)**	(0.7)	(0.1)
Unrecognized tax benefits at end of year	**$11.5**	$12.5	$10.5

As of January 2, 2016, we had $11.5 million of unrecognized tax benefits, a net decrease of $1.0 million from $12.5 million as of January 3, 2015. If we recognized our tax positions, approximately $9.8 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 $0.2 million due to the settlement of certain tax positions and lapses in statutes of limitation in various tax jurisdictions.

We recognize interest and penalties related to unrecognized tax benefits in the provision for income taxes. We recovered nil of interest and penalties during the years ended January 2, 2016, January 3, 2015 and December 28, 2013. The amount of interest and penalties recognized as an asset in the Consolidated Balance Sheets for 2015 and 2014 was $0.1 million and $0.1 million, respectively.

Years through 2008 have been audited by the Internal Revenue Service, though the statutes are still open for the 2007 and later years due to certain net operating loss carryforwards. Years prior to 2010 are closed to audit by U.S. state jurisdictions. We are currently under audit in Canada by the Canada Revenue Agency (“CRA”) for tax years 2011 through 2012. Years prior to 2010 are closed to audit by the CRA. Years prior to 2014 are closed to audit by the U.K. tax authorities, while years prior to 2012 are closed to audit by the Mexico tax authorities.

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 approved.

In 2010, 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. As of January 2, 2016, no options were outstanding under the Option 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 February 14, 2013, our board of directors adopted an amendment and restatement of the 2010 Equity Incentive Plan (the "Amended and Restated Equity Plan"), pursuant to which the 2010 Equity Incentive Plan was amended and restated to, among other things, increase the number of shares that may be issued under the plan to 12,000,000 shares and to provide that the number of shares available for issuance will be reduced 2.0 shares for each share issued pursuant to a "full-value" award (i.e., an award other than an option or stock appreciation right) after the effective date of the amendment and restatement. The Amended and Restated Equity Plan was approved by Cott's shareowners on April 30, 2013. Awards made in 2012 prior to the amendment and restatement are generally governed by the 2010 Equity Incentive Plan.

On February 18, 2015, our board of directors adopted the Amended and Restated Equity Plan, pursuant to which the 2010 Equity Incentive Plan was amended and restated to, among other things, increase the number of shares that may be issued under the plan to 20,000,000 shares, increase the limitations of issuance of common shares to non-employee directors without further shareholder approval equal to the lesser of (i) 3% of Cott's issued and outstanding shares, and (ii) an annual equity award of $500,000, expands the list of situations in which the Company may accelerate the exercisability or vesting or otherwise terminate restrictions relating to an award, and decreases the minimum vesting for restricted shares and restricted share units that vest solely as a result of the passage of time and continued service by the participant (to not less than one year from the date of grant). Additionally, the amended Plan will provide a minimum vesting period for option and stock appreciation right awards that vest solely as a result of the passage of time and continued service by the participant (not less than one year from the date of grant). The Amended and Restated Equity Plan was approved by Cott's shareowners on May 5, 2015.

Awards under the Amended and Restated Equity 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 Amended and Restated Equity Plan is administered by the HRCC or any other board committee as may be designated by the board from time to time.

Shares to be issued pursuant to Time-based RSUs, Performance-based RSUs, or stock options that are forfeited, expired, or are cancelled or settled without the issuance of shares return to the pool of shares available for issuance under the Amended and Restated Equity Plan. As of January 2, 2016, there were 9,880,672 shares available for future issuance under the Amended and Restated Equity Plan.

The table below summarizes the share-based compensation expense for the years ended January 2, 2016, January 3, 2015, and December 28, 2013. This share-based compensation expense was recorded in SG&A expenses in our Consolidated Statements of Operations. As used below: (i) "Performance-based RSUs" mean restricted share units with performance-based vesting granted under the Company's 2010 Equity Incentive Plan (the "2010 Equity Incentive Plan") or Amended and Restated Equity Plan (as defined below), as the case may be, (ii) "Time-based RSUs" mean restricted share units with time-based vesting granted under the 2010 Equity Incentive Plan or Amended and Restated Equity Plan, as the case may be, (iii) "Stock options" mean non-qualified stock options granted under the Amended and Restated Equity Plan, the 2010 Equity Incentive Plan, or the Option Plan, as the case may be, (iv) "Director share awards" mean common shares issued in consideration of the annual board retainer fee to non-management members of our board of directors under the 2010 Equity Incentive Plan or Amended and Restated Equity Plan, as the case may be, and (v) "ESPP" means the Cott Corporation Employee Share Purchase Plan, under which common shares are issued to eligible employees at a discount through payroll deductions.

	For the Year Ended		
(in millions of U.S. dollars)	**January 2, 2016**	**January 3, 2015**	**December 28, 2013**
Stock options	**$ 1.9**	$ 1.6	$ 0.8
Performance-based RSUs	**4.9**	0.6	0.2
Time-based RSUs	**2.4**	2.8	2.2
Director share awards	**1.0**	0.8	0.8
Employee Share Purchase Plan	**0.1**	—	—
Total	**$10.3**	$ 5.8	$ 4.0

During the fourth quarter of 2013, we concluded that it was no longer probable that the targets established for the Performance-based RSUs awarded in 2013 would be met, and we no longer expect these awards to ultimately vest. We continue to accrue the compensation expense for the Performance-based RSUs awarded in 2014 and 2015.

The tax benefit recognized related to share-based compensation expense for the fiscal year ended January 2, 2016 was $2.7 million (January 3, 2015—$1.3 million; December 28, 2013—$1.0 million).

As of January 2, 2016, the unrecognized share-based compensation expense and weighted average years over which we expect to recognize it as compensation expense were as follows:

(in millions of U.S. dollars, except years)	**Unrecognized share-based compensation expense as of January 2, 2016**	**Weighted average years expected to recognize compensation**
Stock options	$ 2.6	1.8
Performance-based RSUs	7.9	1.9
Time-based RSUs	2.3	1.6
Total	$12.8	

Stock Options

During 2015, 2014 and 2013 approximately 684,000, 441,000 and 392,000 options were granted to certain of our employees under the Amended and Restated Equity Plan at a weighted-average exercise price of $9.22, $8.00 and $9.29 per share, respectively. The weighted-average grant date fair value of the options was estimated to be $4.31, $3.84 and $4.10 per share in 2015, 2014 and 2013, respectively, using the Black-Scholes option pricing model.

The grant date fair value of each option granted during the years ended January 2, 2016, January 3, 2015 and December 28, 2013 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Year Ended		
	January 2, 2016	January 3, 2015	December 28, 2013
Risk-free interest rate	2.0%	2.7%	1.7%
Average expected life (years)	10.0	10.0	10.0
Expected volatility	58.7%	58.5%	32.3%
Expected dividend yield	3.0%	2.9%	—

The following table summarizes the activity for Company stock options:

	Stock Options (in thousands)	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Outstanding at December 29, 2012	468	$ 7.13	7.3	$ 788.8
Granted	392	9.29		
Forfeited or expired	(30)	6.58		
Outstanding at December 28, 2013	830	8.17	7.6	811.9
Granted	441	8.00		
Forfeited or expired	(50)	16.45		
Outstanding at January 3, 2015	1,221	7.77	7.6	400.7
Granted	684	9.22		
Exercised	(113)	4.94	637.4	
Forfeited or expired	(35)	8.56		
Outstanding at January 2, 2016	1,757	$ 8.50	8.0	$4,373.8
Exercisable at January 2, 2016	670	$ 8.10	6.8	$1,929.0
Vested or expected to vest at January 2, 2016	1,757	$ 8.50	8.0	$4,373.8

The aggregate intrinsic value amounts in the table above represent the difference between the closing price of our common stock on the New York Stock Exchange on December 31, 2015, which was $10.99 (January 2, 2015—$7.00; December 27, 2013—$8.06), and the exercise price, multiplied by the number of in-the-money stock options as of the same date.

The total amount of cash received from the exercise of stock options was $0.5 million during the fiscal year ended January 2, 2016 with no associated tax benefit realized. There were no stock options exercised during the years ended January 3, 2015 and December 28, 2013. The total fair value of options that vested during the year ended January 2, 2016 was $1.5 million (January 3, 2015— $1.3 million; December 28, 2013—nil).

Outstanding options at January 2, 2016 were as follows:

	Options Outstanding			Options Exercisable	
Exercise Price	Number of Options (in thousands)	Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options (in thousands)	Weighted Average Exercise Price
$6.58	294	6.1	$6.58	294	$6.58
$8.00	421	8.1	$8.00	3	$8.00
$9.00	86	9.2	$9.00	—	$ —
$9.25	583	9.2	$9.25	—	$ —
$9.29	373	7.3	$9.29	373	$9.29
	1,757	8.0	$8.50	670	$8.10

Other Awards

On May 29, 2015, we granted 110,000 common shares to the non-management members of our board of directors under the Amended and Restated Equity Plan with a grant date fair value of approximately $1.0 million. The common shares were issued in consideration of the directors' annual board retainer fee and were vested upon issuance.

In 2015, we granted 320,180 Performance-based RSUs and 213,453 Time-based RSUs to certain of our employees. The Performance-based RSUs vest based on the achievement of a specified target level of pre-tax income for the period beginning on January 4, 2015 and ending on the last day of our 2017 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 4, 2015 and ending on the last day of our 2017 fiscal year. The Time-based RSUs and the stock options vest on the last day of our 2017 fiscal year.

In 2014, we granted 111,880 common shares to the non-management members of our board of directors under the Amended and Restated Equity Plan with a grant date fair value of approximately $0.8 million. The common shares were issued in consideration of the directors' annual board retainer fee and were vested upon issuance.

In 2014, we granted 273,906 Performance-based RSUs and 368,125 Time-based RSUs to certain of our employees. The Performance-based RSUs vest based on the achievement of a specified target level of pre-tax income for the period beginning on December 29, 2013 and ending on the last day of our 2016 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 December 29, 2013 and ending on the last day of our 2016 fiscal year. The Time-based RSUs and the stock options vest on the last day of our 2016 fiscal year.

In 2014, we granted 1,082,348 Performance-based RSUs to certain of our employees in connection with the DSS Acquisition. The Performance-based RSUs vest based upon the achievement of specified level of DSS EBITDA (weighted 60%), revenue (weighted 20%) and "net cooler rental activity" (which is net new cooler rental customers, or total cooler rental customer additions for the year less total cooler rental customers who terminated service in the year) (weighted 20%) over the three-year period ending at the end of fiscal 2017. The amount of Performance-based RSUs that may vest and the related unrecognized compensation cost is subject to change based on the level of performance objectives that are achieved during the period beginning on December 28, 2014 and ending on the last day of DSS's 2017 fiscal year.

In 2013, we granted 87,190 common shares to the non-management members of our board of directors under the Amended and Restated Equity Plan with a grant date fair value of approximately $0.8 million. The common shares were issued in consideration of the directors' annual board retainer fee and were vested upon issuance.

In 2013, we granted 247,181 Performance-based RSUs and 382,452 Time-based RSUs to certain of our employees. The Performance-based RSUs were to vest based on the achievement of a specified target level of pre-tax income for the period beginning on December 30, 2012 and ending on the last day of our 2015 fiscal year. The performance targets established for the Performance-based RSUs were not met at the end of our 2015 fiscal year, and as a result, those awards dis not vest. The Time-based RSUs and the stock options granted in 2013 vested on the last day of our 2015 fiscal year.

During the year ended January 2, 2016, Performance-based RSU and Time-based RSU activity was as follows:

	Number of Performance-based RSUs (in thousands)	Weighted Average Grant-Date Fair Value	Number of Time-based RSUs (in thousands)	Weighted Average Grant-Date Fair Value
Balance at January 3, 2015	1,782	$7.01	664	$8.63
Awarded	320	9.22	213	9.22
Awarded in connection with modification	55	7.90	—	—
Issued	(255)	6.87	(10)	8.60
Forfeited	(24)	8.61	(40)	8.67
Outstanding at January 2, 2016	1,878	$7.41	827	$8.78
Vested or expected to vest at January 2, 2016	1,878	$7.41	827	$8.78

Employee Share Purchase Plan

On March 9, 2015, the Company's Board of Directors authorized and approved the Cott Corporation Employee Share Purchase Plan (the "ESPP"), which was approved by Cott's shareowners on May 5, 2015. The ESPP was effective October 1, 2015 and qualifies as an "employee share purchase plan" under Section 423 of the Internal Revenue Code of 1986 ("IRC"), as amended. Substantially all employees are eligible to participate in the ESPP and may elect to participate at the beginning of any quarterly offering period. The ESPP authorizes the issuance, and the purchase by eligible employees, of up to 3,000,000 shares of Cott common shares through payroll deductions. Eligible employees who choose to participate may purchase Cott common shares at 90% of market value on the first or last day of the quarterly offering period, whichever is lower. The minimum contribution which an eligible employee may make under the ESPP is 1% of the employee's eligible compensation, with the maximum contribution limited to 15% of the employee's eligible compensation. At the end of each quarterly offering period for which the employee participates, the total amount of each employee's payroll deduction for that offering period will be used to purchase Cott common shares. The Company recognized $0.1 million of share-based compensation expense in SG&A expenses in our Consolidated Statement of Operations for the year ended January 2, 2016. At January 2, 2016, 2,970,838 shares remained available for issuance under the ESPP.

Note 8—Net (Loss) Income per Common Share

Basic net (loss) income per common share is calculated by dividing net (loss) income attributed to Cott Corporation by the weighted average number of common shares outstanding during the periods presented. Diluted net (loss) income per common share is calculated by dividing diluted net (loss) income attributed to Cott Corporation by the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, of the exercise of in-the-money stock options, Performance-based RSUs, Time-based RSUs and Convertible Preferred Shares during the periods presented. The dilutive effect of the Convertible Preferred Shares is calculated using the if-converted method. In applying the if-converted method, the convertible shares are assumed to have been converted at the beginning of the period (or at the time of issuance, if later).

Set forth below is a reconciliation of the numerator and denominator for the diluted (loss) income per common share computations for the periods indicated:

Numerator

(in millions of U.S. dollars)	For the Year Ended January 2, 2016	January 3, 2015	December 28, 2013
Net (loss) income attributed to Cott Corporation	**$(3.4)**	$10.0	$17.0
Plus:			
Accumulated dividends on convertible preferred shares[1]	**—**	0.6	—
Diluted net (loss) income attributed to Cott Corporation	**$(3.4)**	$10.6	$17.0

Denominator

(in thousands)	For the Year Ended January 2, 2016	January 3, 2015	December 28, 2013
Weighted average number of shares outstanding—basic	**103,037**	93,777	94,750
Dilutive effect of stock options	**—**	83	55
Dilutive effect of Performance-based RSUs	**—**	325	303
Dilutive effect of Time-based RSUs	**—**	619	525
Dilutive effect of Convertible Preferred Shares[1]	**—**	1,096	—
Adjusted weighted average number of shares outstanding—diluted	**103,037**	95,900	95,633

1. For the year ended January 3, 2015, the accumulated dividends on Convertible Preferred Shares were added back to the numerator to calculate diluted net income per common share because the Convertible Preferred Shares were assumed to have been converted at the time of issuance even though they were not actually convertible until three years after issuance.

The following table summarizes anti-dilutive securities excluded from the computation of diluted (loss) income per common share for the periods indicated:

(in thousands)	For the Year Ended January 2, 2016	January 3, 2015	December 28, 2013
Stock options	**1,757**	833	442
Performance-based RSUs[1]	**1,631**	—	—
Time-based RSUs	**827**	—	—

1. Performance-based RSUs represent the number of shares expected to be issued based on the estimated achievement of pre-tax income for these awards.

Note 9—Segment Reporting

Our broad portfolio of products include bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers, filtration equipment, CSDs, 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks and shots, sports products, new age beverages, ready-to-drink teas, liquid enhancers, freezables, ready-to-drink alcoholic beverages, hot chocolate, coffee, malt drinks, creamers/whiteners, cereals and beverage concentrates.

During 2015, our business operated through four reporting segments: DSS, Cott North America, Cott U.K. and All Other (which includes our Mexico operating segment, RCI operating segment and other miscellaneous expenses). We refer to our Cott North America, Cott U.K. and All Other reporting segments together as our "traditional business". Our Corporate function is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments.

	January 2, 2016						
(in millions of U.S. dollars)	**Cott North America**	**DSS**	**Cott U.K.**	**All Other**	**Corporate**	**Eliminations**	**Total**
Revenue, net[1]	**$1,330.9**	**$1,021.1**	**$557.0**	**$57.6**	**$ —**	**$(22.6)**	**2,944.0**
Depreciation and amortization	**79.6**	**119.9**	**22.7**	**1.6**	**—**	**—**	**223.8**
Operating income (loss)	**38.5**	**39.0**	**28.0**	**10.5**	**(16.6)**	**—**	**99.4**
Property, plant & equipment, net	**293.4**	**372.6**	**97.6**	**6.2**	**—**	**—**	**769.8**
Goodwill	**120.0**	**579.1**	**56.0**	**4.5**	**—**	**—**	**759.6**
Intangibles and other assets, net	**222.4**	**402.5**	**86.8**	**—**	**—**	**—**	**711.7**
Total assets[2]	**943.1**	**1,513.1**	**402.5**	**28.6**	**—**	**—**	**2,887.3**
Additions to property, plant & equipment	**30.9**	**67.2**	**11.6**	**1.1**	**—**	**—**	**110.8**

1. Intersegment revenue between Cott North America and the other reporting segments was $22.6 million for the year ended January 2, 2016.
2. Excludes intersegment receivables, investments and notes receivable.

	January 3, 2015						
(in millions of U.S. dollars)	**Cott North America**	**DSS**	**Cott U.K.**	**All Other**	**Corporate**	**Eliminations**	**Total**
Revenue, net[1]	$1,433.5	$ 28.7	$597.9	$65.0	$ —	$(22.3)	2,102.8
Depreciation and amortization	82.1	5.2	21.7	1.7	—	—	110.7
Operating income (loss)	29.7	(1.7)	26.3	10.0	(48.6)	—	15.7
Property, plant & equipment, net	331.9	415.4	109.9	7.3	—	—	864.5
Goodwill	123.7	556.9	58.5	4.5	—	—	743.6
Intangibles and other assets, net	243.1	415.5	99.2	0.2	—	—	758.0
Total assets[2]	1,048.4	1,567.6	426.8	30.4	—	—	3,073.2
Additions to property, plant & equipment	29.2	3.4	13.3	0.8	—	—	46.7

1. Intersegment revenue between Cott North America and the other reporting segments was $22.3 million for the year ended January 3, 2015.
2. Excludes intersegment receivables, investments and notes receivable.

(in millions of U.S. dollars)	December 28, 2013					
	Cott North America	Cott U.K.	All Other	Corporate	Eliminations	Total
Revenue, net[1]	$1,556.2	$494.3	$64.5	$ —	$(21.0)	2,094.0
Depreciation and amortization	84.2	14.2	2.2	—	—	100.6
Operating income (loss)	67.1	25.6	7.2	(11.7)	—	88.2
Property, plant & equipment, net	360.1	111.0	9.4	—	—	480.5
Goodwill	125.9	8.8	4.5	—	—	139.2
Intangibles and other assets, net	262.6	27.7	0.3	—	—	290.6
Total assets[2]	1,075.2	296.3	39.2	—	—	1,410.7
Additions to property, plant & equipment	41.6	12.4	1.3	—	—	55.3

1. Intersegment revenue between Cott North America and the other reporting segments was $21.0 million for the year ended December 28, 2013.
2. Excludes intersegment receivables, investments and notes receivable.

For the year ended January 2, 2016, sales to Walmart accounted for 18.0% of our total revenue (2014—26.1%; 2013—30.1%), 33.2% of our Cott North America reporting segment revenue (2014—33.3%; 2013—36.1%), 11.5% of our Cott U.K. reporting segment revenue (2014—12.7%; 2013—14.8%), 3.7% of our All Other reporting segment revenue (2014—3.8%; 2013—3.9%) and 2.2% of our DSS reporting segment revenue (2014—2.7%).

Credit risk arises from the potential default of a customer in meeting its financial obligations to 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 for our DSS reporting segment from sales to external customers were generated exclusively in the United States. In our other reporting segments, revenues attributed to external customers located outside of Canada are displayed separately within the Cott U.K. and All Other reporting segments above, with the exception of revenues attributed to external customers located in the United States, which are reported within the Cott North America reporting segment. Revenues generated from sales to external customers in the United States for the Cott North America reporting segment were as follows:

(in millions of U.S. dollars)	For the Year Ended		
	January 2, 2016	January 3, 2015	December 28, 2013
United States	**$2,198.0**	$1,259.7	$1,348.0
Total	**$2,198.0**	$1,259.7	$1,348.0

Revenues by channel by reporting segment were as follows:

(in millions of U.S. dollars)	For the Year Ended January 2, 2016					
	Cott North America	DSS	Cott U.K.	All Other	Eliminations	Total
Revenue						
Private label retail	**$1,075.9**	**$ 65.3**	**$262.3**	**$ 4.5**	**$ (1.6)**	**$1,406.4**
Branded retail	**114.9**	**84.1**	**169.8**	**4.1**	**(1.5)**	**371.4**
Contract packaging	**111.8**	**—**	**114.0**	**22.2**	**(6.5)**	**241.5**
Home and office bottled water delivery	**—**	**651.3**	**—**	**—**	**—**	**651.3**
Office coffee services	**—**	**121.3**	**—**	**—**	**—**	**121.3**
Concentrate and other	**28.3**	**99.1**	**10.9**	**26.8**	**(13.0)**	**152.1**
Total	**$1,330.9**	**$1,021.1**	**$557.0**	**$57.6**	**$(22.6)**	**$2,944.0**

(in millions of U.S. dollars)	For the Year Ended January 3, 2015					
	Cott North America	DSS	Cott U.K.	All Other	Eliminations	Total
Revenue						
Private label retail	$1,206.4	$ 2.1	$296.7	$ 7.4	$ (1.2)	$1,511.4
Branded retail	108.4	2.6	173.7	4.5	(1.6)	287.6
Contract packaging	86.9	—	120.8	24.6	(6.7)	225.6
Home and office bottled water delivery	—	12.2	—	—	—	12.2
Office coffee services	—	4.3	—	—	—	4.3
Concentrate and other	31.8	7.5	6.7	28.5	(12.8)	61.7
Total	$1,433.5	$28.7	$597.9	$65.0	$(22.3)	$2,102.8

(in millions of U.S. dollars)	For the Year Ended December 28, 2013				
	Cott North America	Cott U.K.	All Other	Eliminations	Total
Revenue					
Private label retail	$1,364.1	$283.4	$ 7.6	$ (0.2)	$1,654.9
Branded retail	114.0	111.6	5.4	(0.4)	230.6
Contract packaging	54.1	97.1	24.3	(7.1)	168.4
Home and office bottled water delivery	—	—	—	—	—
Office coffee services	—	—	—	—	—
Concentrate and other	24.0	2.2	27.2	(13.3)	40.1
Total	$1,556.2	$494.3	$64.5	$(21.0)	$2,094.0

Property, plant & equipment, net by geographic area as of January 2, 2016 and January 3, 2015 were as follows:

(in millions of U.S. dollars)	January 2, 2016	January 3, 2015
North America	**$666.0**	$747.3
United Kingdom	**97.6**	109.9
All Other	**6.2**	7.3
Total	**$769.8**	**$864.5**

Note 10—Accounts Receivable, Net

The following table summarizes accounts receivable, net as of January 2, 2016 and January 3, 2015:

(in millions of U.S. dollars)	January 2, 2016	January 3, 2015
Trade receivables	**$285.5**	$299.8
Allowance for doubtful accounts	**(9.2)**	(6.5)
Other	**17.0**	12.4
Total	**$293.3**	$305.7

Note 11—Inventories

The following table summarizes inventories as of January 2, 2016 and January 3, 2015:

(in millions of U.S. dollars)	January 2, 2016	January 3, 2015
Raw materials	**$ 95.3**	$105.8
Finished goods[1]	**118.4**	118.4
Resale items	**15.8**	17.4
Other	**19.9**	20.8
Total	**$249.4**	$262.4

1. DSS finished goods inventory of $8.9 million were reclassified to property plant & equipment, net as of January 3, 2015 (see Note 1 to the Consolidated Financial Statements) to be consistent with Cott's accounting treatment.

Note 12—Property, Plant & Equipment, Net

The following table summarizes property, plant and equipment, net as of January 2, 2016 and January 3, 2015:

		January 2, 2016			January 3, 2015		
(in millions of U.S. dollars)	Estimated Useful Life in Years	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
Land	n/a	**$ 86.6**	**—**	**$ 86.6**	$ 101.0	$ —	$101.0
Buildings	10-40	**207.4**	**74.7**	**132.7**	220.8	73.7	147.1
Machinery and equipment	7-15	**759.3**	**442.0**	**317.3**	759.8	402.8	357.0
Plates, films and molds	1-10	**19.2**	**11.5**	**7.7**	21.5	13.2	8.3
Vending	5-10	**10.4**	**10.2**	**0.2**	11.2	10.8	0.4
Vehicles and transportation equipment	3-15	**70.2**	**17.6**	**52.6**	64.3	1.3	63.0
Leasehold improvements[1]		**50.6**	**32.0**	**18.6**	46.5	26.9	19.6
IT Systems	3-7	**14.4**	**8.4**	**6.0**	13.4	7.1	6.3
Furniture and fixtures	3-10	**10.1**	**5.7**	**4.4**	9.2	5.9	3.3
Customer equipment[2]	3-7	**144.4**	**31.5**	**112.9**	129.4	1.5	127.9
Returnable bottles[3]	3	**32.7**	**8.8**	**23.9**	23.2	0.4	22.8
Capital leases[4]		**13.7**	**6.8**	**6.9**	14.4	6.6	7.8
Total		**$1,419.0**	**$649.2**	**$769.8**	$1,414.7	$550.2	$864.5

1. Leasehold improvements are amortized over the remaining life of the lease or remaining useful life, whichever is shorter.

2. Customer equipment consists of coolers, brewers, refrigerators, water purification devices and storage racks held on site at DSS customer locations.
3. Returnable bottles are those bottles on site at DSS customer locations.
4. Our recorded assets under capital leases relate primarily to buildings and machinery and equipment.

Depreciation expense, which includes depreciation recorded for assets under capital leases, for the year ended January 2, 2016 was $147.3 million ($74.7 million—January 3, 2015; $69.2 million—December 28, 2013).

Note 13—Intangibles and Other Assets

The following table summarizes intangibles and other assets as of January 2, 2016 and January 3, 2015:

	January 2, 2016			January 3, 2015		
(in millions of U.S. dollars)	Accumulated Cost	Accumulated Amortization	Net	Cost	Amortization	Net
Intangibles						
Not subject to amortization						
Rights[1]	**$ 45.0**	**—**	**$ 45.0**	$ 45.0	$ —	$ 45.0
DSS Trademarks	**183.1**	**—**	**183.1**	183.1	—	183.1
Total intangibles not subject to amortization	**228.1**	**—**	**228.1**	228.1	—	228.1
Subject to amortization						
Customer relationships	**663.9**	**241.0**	**422.9**	646.2	174.6	471.6
Trademarks	**33.0**	**28.1**	**4.9**	33.5	26.9	6.6
Information technology	**54.0**	**29.1**	**24.9**	53.3	25.7	27.6
Other	**7.8**	**4.5**	**3.3**	7.6	3.6	4.0
Total intangibles subject to amortization	**758.7**	**302.7**	**456.0**	740.6	230.8	509.8
Total Intangibles	**986.8**	**302.7**	**684.1**	968.7	230.8	737.9
Other Assets						
Financing costs	**12.6**	**8.5**	**4.1**	12.7	7.5	5.2
Deposits	**10.3**	**0.4**	**9.9**	7.8	—	7.8
Other	**15.2**	**1.6**	**13.6**	8.4	1.3	7.1
Total Other Assets	**38.1**	**10.5**	**27.6**	28.9	8.8	20.1
Total Intangibles & Other Assets	**$1,024.9**	**$313.2**	**$711.7**	$997.6	$239.6	$758.0

1. 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.

Amortization expense of intangible and other assets was $81.3 million during 2015 ($38.5 million—January 3, 2015; $34.2 million—December 28, 2013). Amortization of intangibles includes $6.5 million ($3.2 million—January 3, 2015; $2.9 million—December 28, 2013) relating to information technology assets and $4.8 million ($2.5 million—January 3, 2015; $2.8 million— December 28, 2013) relating to deferred financing assets.

The estimated amortization expense for intangible assets subject to amortization over the next five years is:

(in millions of U.S. dollars)	
2016	**$ 71.3**
2017	**61.6**
2018	**54.8**
2019	**46.5**
2020	**40.4**
Thereafter	**181.4**
Total	**$456.0**

Note 14—Accounts Payable and Accrued Liabilities

The following table summarizes accounts payable and accrued liabilities as of January 2, 2016 and January 3, 2015:

(in millions of U.S. dollars)	January 2, 2016	January 3, 2015
Trade payables	**$227.2**	$231.7
Accrued compensation	**49.8**	44.0
Accrued sales incentives	**25.2**	31.5
Accrued interest	**12.2**	4.2
Payroll, sales and other taxes	**13.3**	17.8
Accrued deposits	**28.6**	30.6
Other accrued liabilities	**81.3**	60.2
Total	**$437.6**	**$420.0**

Note 15—Debt

Our total debt as of January 2, 2016 and January 3, 2015 was as follows:

	January 2, 2016			January 3, 2015		
(in millions of U.S. dollars)	Principal	Unamortized Debt Issuance Costs	Net	Principal	Unamortized Debt Issuance Costs	Net
6.750% senior notes due in 2020	**$ 625.0**	**$12.0**	**$ 613.0**	$ 625.0	$14.2	$ 610.8
10.000% senior notes due in 2021[1]	**390.1**	**—**	**390.1**	405.6	—	405.6
5.375% senior notes due in 2022	**525.0**	**8.2**	**516.8**	525.0	8.8	516.2
ABL facility	**122.0**	**—**	**122.0**	229.0	—	229.0
GE Term Loan	**6.4**	**0.4**	**6.0**	8.2	0.7	7.5
Capital leases and other debt financing	**2.9**	**—**	**2.9**	5.2	—	5.2
Total debt	**1,671.4**	**20.6**	**1,650.8**	1,798.0	23.7	1,774.3
Less: Short-term borrowings and current debt:						
ABL facility	**122.0**	**—**	**122.0**	229.0	—	229.0
Total short-term borrowings	**122.0**	**—**	**122.0**	229.0	—	229.0
GE Term Loan—current maturities	**2.2**	**—**	**2.2**	2.0	—	2.0
Capital leases and other debt financing—current maturities	**1.2**	**—**	**1.2**	2.0	—	2.0
Total current debt	**125.4**	**—**	**125.4**	233.0	—	233.0
Total long-term debt	**$1,546.0**	**$20.6**	**$1,525.4**	$1,565.0	$23.7	$1,541.3

1. The outstanding aggregate principal amount of the DSS Notes of $350.0 million was assumed by Cott at fair value of $406.0 million in connection with the DSS Acquisition. The premium of $56.0 million is being amortized as an adjustment to interest expense using the effective interest method over the remaining contractual term of the DSS Notes. The effective interest rate is 7.515%.

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)
2016	**$ 125.4**
2017	**2.9**
2018	**2.3**
2019	**0.2**
2020	**625.2**
Thereafter	**875.3**
	$1,631.3

Asset-Based Lending Facility

In March 2008, we entered into a credit agreement with JPMorgan Chase Bank, N.A. as Agent that created the ABL facility to provide financing for our Cott North America, Cott U.K. and Mexico operations. We have amended and refinanced the ABL facility from time to time and incurred financing fees in connection therewith, an aggregate of $9.0 million of which have been capitalized and deferred and are being amortized using the straight-line method over the duration of the amended ABL facility.

On December 12, 2014, in connection with the DSS Acquisition, we amended the ABL facility to, among other things, (1) provide for an increase in the lenders' commitments under the ABL facility to $400.0 million (which, with the accordion feature, if used, permits us to increase the lenders' commitments under the ABL facility to $450.0 million, subject to certain conditions), (2) extend the maturity date to the earliest of (i) December 12, 2019, (ii) June 12, 2019, if we have not redeemed, repurchased or refinanced the 2020 Notes (described below) by May 28, 2019, or (iii) any earlier date on which the commitments under the ABL facility are reduced to zero or otherwise terminated, (3) include DSS and its subsidiaries as borrowers, (4) permit certain adjustments to the borrowing base calculation, (5) permit the debt, liens and intercreditor arrangements contemplated by the supplemental indenture entered into in connection with the DSS Notes (described below), (6) permit certain other indebtedness that we intend to issue or assume in connection with the DSS Acquisition, (7) permit certain other changes to dollar thresholds and limitations within our covenants generally reflecting the increased size of the facility. We incurred approximately $1.7 million of financing fees in connection with the amendment of the ABL facility.

As of January 2, 2016, our total availability under the ABL facility was $325.1 million, which was based on our borrowing base (accounts receivables, inventory, and fixed assets) as of January 15, 2016 (the December month-end under the terms of the credit agreement governing our ABL facility). We had $122.0 million of outstanding borrowings under the ABL facility and $45.6 million in outstanding letters of credit. As a result, our aggregate availability under the ABL facility was $157.5 million. In connection with the DSS Acquisition, $29.4 million was required to cash collateralize certain DSS self-insurance programs. The $29.4 million was funded with borrowings against our ABL facility, and the cash collateral was included within prepaid and other current assets on our Consolidated Balance Sheet at January 3, 2015. Subsequent to January 3, 2015 additional letters of credit were issued from our available ABL facility capacity, and the cash collateral was returned to the Company, which was used to repay a portion of our outstanding ABL facility.

The commitment fee was 0.375% per annum of the unused commitment of $232.4 million, which was based on our total ABL facility commitment of $400.0 million excluding outstanding borrowings and outstanding letters of credit. Each month's borrowing base is not effective until submitted to the lenders, which usually occurs on the fifteenth day of the following month.

The weighted average effective interest rate at January 2, 2016 and January 3, 2015 on our outstanding LIBOR and Prime loans was 2.2%. The effective interest rates are based on our consolidated leverage ratio.

5.375% Senior Notes due in 2022

On June 24, 2014, we issued $525.0 million of our 5.375% senior notes due 2022 to qualified purchasers in a private placement under Rule 144A and Regulation S under the Securities Act of 1933, as amended (the "Securities Act"). The issuer of the notes is our wholly-owned U.S. subsidiary Cott Beverages Inc. ("CBI"), and we and most of our U.S., Canadian and U.K. subsidiaries guarantee the obligations. The interest on the notes is payable semi-annually on January 1st and July 1st of each year. On May 13, 2015, we exchanged the notes for notes that are registered under the Securities Act and do not contain transfer restrictions, registration rights or additional interest provisions, but otherwise contain identical economic terms (the "2022 Notes").

We incurred $9.6 million of financing fees in connection with the issuance of the 2022 Notes. The financing fees are being amortized using the effective interest method over an eight-year period, which represents the term to maturity of the 2022 Notes.

10.000% Senior Notes due in 2021

On August 30, 2013, DS Services of America, Inc. (formerly DS Waters of America, Inc.) issued $350.0 million of senior secured notes to qualified purchasers in a private placement under Rule 144A and Regulations S under the Securities Act. In July 2014, the notes were exchanged for notes that are registered under the Securities Act and do not contain transfer restrictions, registration rights, or additional interest provisions, but otherwise contain identical economic terms (the "DSS Notes"). The interest on the DSS Notes is payable semi-annually on March 1st and September 1st of each year. In connection with the DSS Acquisition, DSS solicited and obtained consent from the holders of the DSS Notes to certain modifications and amendments to the indenture and related security documents, and payment of approximately $19.2 million was made. At the DSS Acquisition closing, we and most of our U.S., Canadian and U.K. subsidiaries executed a supplemental indenture to be added as guarantors to the DSS Notes.

The DSS Notes were recorded at their fair value of $406.0 million as part of the DSS Acquisition. The difference between the fair value and the principal amount of $350.0 million is amortized as a component of interest expense over the remaining contractual term of the DSS Notes. We incurred approximately $26.5 million of consent solicitation fees and bridge financing commitment fees. These costs are included in the SG&A expenses of our Consolidated Statements of Operations.

6.750% Senior Notes due in 2020

On December 12, 2014, we issued the $625.0 million of 6.75% senior notes due January 1, 2020 to qualified purchasers in a private placement under Rule 144A and Regulation S under the Securities Act. The issuer of the notes is our wholly-owned U.S. subsidiary CBI, and we and most of our U.S., Canadian and U.K. subsidiaries guarantee the obligations. The interest on the notes is payable semi-annually on January 1st and July 1st of each year. On July 14, 2015, we exchanged the notes for notes that are registered under the Securities Act and do not contain transfer restrictions, registration rights or additional interest provisions, but otherwise contain identical economic terms (the "2020 Notes").

We incurred $14.4 million of financing fees in connection with the issuance of the 2020 Notes. The financing fees are being amortized using the effective interest method over a five-year period, which represents the term to maturity of the 2020 Notes.

8.125% Senior Notes due in 2018

On August 17, 2010, we issued $375.0 million aggregate principal amount of our 8.125% senior notes due 2018 (the “2018 Notes”). The issuer of the 2018 Notes was our wholly-owned U.S. subsidiary CBI, and we and most of our U.S., Canadian and U.K. subsidiaries guaranteed the 2018 Notes. We incurred $8.6 million of financing fees in connection with the issuance of the 2018 Notes.

On June 24, 2014, we used a portion of the proceeds from our issuance of the 2022 Notes to purchase $295.9 million aggregate principal amount of our 2018 Notes in a cash tender offer. The tender offer included approximately $16.2 million in premium payments as well as accrued interest of $7.5 million, the write off of approximately $3.0 million in deferred financing fees, and other costs of approximately $0.2 million.

On July 9, 2014 and July 24, 2014, we redeemed the remaining $79.1 million aggregate principal amount of our 2018 Notes. The redemption included approximately $3.8 million in premium payments as well as accrued interest of approximately $2.5 million and the write off of approximately $0.8 million in deferred financing fees.

8.375% Senior Notes due in 2017

On November 13, 2009, we issued $215.0 million of our 8.375% senior notes due 2017 (the “2017 Notes”). The 2017 Notes were issued at a $3.1 million discount by our wholly-owned U.S. subsidiary CBI, and we and most of our U.S., Canadian and U.K. subsidiaries guaranteed the 2017 Notes. We incurred $5.1 million of financing fees in connection with the 2017 Notes.

On November 15, 2013, we redeemed $200.0 million aggregate principal amount of our 2017 Notes at 104.118% of par. The redemption included approximately $8.2 million in premium payments, the write off of approximately $4.0 million in deferred financing fees and discount charges, and other costs of approximately $0.5 million.

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

GE Term Loan

In January 2008, we entered into a capital lease finance arrangement with General Electric Capital Corporation (“GE Capital”) for the lease of equipment. In September 2013, we purchased the equipment subject to the lease for an aggregate purchase price of $10.7 million, with the financing for such purchase provided by GE Capital at 5.23% interest. The GE term loan is expected to be paid in full in September 2018.

Covenant Compliance

Indentures governing 2022 Notes, DSS Notes and 2020 Notes

Under the indenture governing the 2022 Notes, DSS Notes and 2020 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. As of January 2, 2016, we were in compliance with all of the covenants under each series of notes. There have been no amendments to any covenants of the 2022 Notes, the DSS Notes or the 2020 Notes, since the date of their issuance or assumption, as applicable.

ABL Facility

Under the credit agreement governing the ABL facility, Cott and its restricted subsidiaries are subject to a number of business and financial covenants, including a covenant requiring a minimum fixed charge coverage ratio of at least 1.1 to 1.0 effective when and if aggregate availability is less than the greater of 10% of the lenders' commitments under the ABL facility or $40.0 million. If excess availability is less than the greater of 12.5% of the aggregate availability under the ABL facility or $50.0 million, the lenders will take dominion over the cash and will apply excess cash to reduce amounts owing under the facility. We were in compliance with all of the applicable covenants under the ABL facility as of January 2, 2016.

Note 16—Retirement Plans

Cott primarily maintains defined contribution retirement plans covering qualifying employees. The total expense with respect to these plans was $9.4 million for the year ended January 2, 2016 ($4.1 million—January 3, 2015; $4.8 million—December 28, 2013).

We also maintain four defined benefit ("DB") plans acquired as a part of prior acquisitions. One DB plan covers certain employees at one plant in the United States under a collective bargaining agreement. In connection with the DSS Acquisition, we assumed the obligations associated with a DB plan covering certain employees of DS Services of America, Inc. These two DB plans are referred to collectively as the U.S. Plans. DB plans covering certain employees of Cott Beverages Limited and Cooke Bros. Limited in the United Kingdom are referred to collectively as the U.K. Plans. Retirement benefits for employees covered by the U.S. Plans and U.K Plans are based on years of service multiplied by a monthly benefit factor. Pension costs are funded in accordance with the provisions of the applicable law. All DB plans are closed to new participants. All DB plans are frozen. The plan covering certain employees of Cott Beverages Limited was frozen during the year ended January 3, 2015. We use a January 2, 2016 measurement date for all DB plans. Any valuation differences based on one day of trading are deemed immaterial.

Obligations and Funded Status

The following table summarizes the change in the projected benefit obligation, change in plan assets and unfunded status of the four DB plans as of January 2, 2016 and January 3, 2015:

(in millions of U.S. dollars)	January 2, 2016	January 3, 2015
Change in Projected Benefit Obligation		
Projected benefit obligation at beginning of year	**$ 77.9**	$ 62.5
Transfer in	**—**	10.5
Service cost	**—**	0.2
Interest cost	**2.8**	2.7
Benefit payments	**(1.7)**	(1.9)
Actuarial (gains) losses	**(5.5)**	8.5
Settlement losses	**—**	0.1
Curtailment gains	**—**	(0.9)
Translation gains	**(2.8)**	(3.8)
Projected benefit obligation at end of year	**$ 70.7**	$ 77.9
Change in Plan Assets		
Plan assets beginning of year	**$ 59.1**	$ 49.6
Transfer in	**—**	7.1
Employer contributions	**3.0**	2.2
Benefit payments	**(1.6)**	(1.8)
Actual return on plan assets	**(0.4)**	4.7
Translation gains	**(2.2)**	(2.7)
Fair value at end of year	**$ 57.9**	$ 59.1
Funded Status of Plan		
Projected benefit obligation	**$(70.7)**	$(77.9)
Fair value of plan assets	**57.9**	59.1
Unfunded status	**$(12.8)**	$(18.8)

The accumulated benefit obligation for the DB plans equaled $70.7 million and $77.9 million at the end of 2015 and 2014, respectively.

Periodic Pension Costs

The components of net periodic pension cost were as follows:

	For the Year Ended		
(in millions of U.S. dollars)	January 2, 2016	January 3, 2015	December 28, 2013
Service cost	**$—**	$ 0.2	$ 0.5
Interest cost	**2.8**	2.7	2.4
Expected return on plan assets	**(3.2)**	(3.0)	(2.4)
Amortization of prior service costs	**0.1**	0.1	0.1
Amortization of net actuarial loss	**0.4**	0.3	0.3
Net periodic pension cost	**$ 0.1**	$ 0.3	$ 0.9

Accumulated Other Comprehensive 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 were as follows:

	For the Year Ended		
(in millions of U.S. dollars)	**January 2, 2016**	**January 3, 2015**	**December 28, 2013**
Unamortized prior service cost	**$ (0.1)**	$ (0.1)	$(0.2)
Unrecognized net actuarial loss	**(10.0)**	(12.3)	(8.2)
Total accumulated other comprehensive loss	**$(10.1)**	$(12.4)	$(8.4)

Actuarial Assumptions

The following table summarizes the weighted average actuarial assumptions used to determine the projected benefit obligation:

	For the Year Ended		
	January 2, 2016	**January 3, 2015**	**December 28, 2013**
U.K. Plans			
Discount rate	**3.9%**	3.6%	4.5%
Rate of compensation increase	**n/a**	n/a	3.4% 1
CPI Inflation factor	**2.0%**	1.9%	2.4%
U.S. Plans			
Discount rate	**4.0%**	3.9%	4.4%
Rate of compensation increase	**n/a**	n/a	n/a

1. Applicable to the plan covering certain employees of Cott Beverages Limited. This plan closed to future benefit accruals during the year ended January 3, 2015, which resulted in a curtailment gain. As a result, no assumption for rate of compensation increase was necessary in estimating the projected benefit obligation at January 3, 2015.

The following table summarizes the weighted average actuarial assumptions used to determine net periodic benefit cost:

	For the Year Ended		
	January 2, 2016	**January 3, 2015**	**December 28, 2013**
U.K. Plans			
Discount rate	**3.8%**	4.5%	4.6%
Expected long-term rate of return on plan assets	**5.2%**	6.2%	5.7%
Inflation factor	**1.9%**	2.4%	2.5%
U.S. Plans			
Discount rate	**3.9%**	4.2%	3.5%
Expected long-term rate of return on plan assets	**7.2%**	7.2%	7.0%

The Company utilizes a yield curve analysis to determine the discount rates for its DB plan obligations. The yield curve considers pricing and yield information for high quality corporate bonds with maturities matched to estimated payouts of future pension benefits. The Company evaluates its assumption regarding the estimated long-term rate of return on plan assets based on historical experience, future expectations of investment returns, asset allocations, and its investment strategy. The Company's long-term rate of return on plan assets reflect expectations of projected weighted average market returns of plan assets. Changes in expected returns on plan assets also reflect any adjustments to the Company's targeted asset allocation.

Asset Mix

Our DB plans weighted-average asset allocations by asset category were as follows:

	January 2, 2016	January 3, 2015
Cash and cash equivalents	**4.4%**	3.2%
Equity securities	**48.0%**	57.6%
Fixed income investments	**47.6%**	39.2%

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. Plans' assets range between 60% to 80% in equity securities and 20% to 40% in fixed income investments. The target allocation percentages for the U.S. Plans' assets range between 45% to 55% in equity securities, 35% to 45% in fixed income investments, and 5% to 15% in extended asset class investments. None of our equity or debt securities are included in plan assets.)

Cash Flows

We expect to contribute $2.7 million to the DB plans during the 2016 fiscal year.

The following benefit payments are expected to be paid in the periods indicated below:

(in millions of U.S. dollars)	
Expected benefit payments	
FY 2016	$ 1.8
FY 2017	1.9
FY 2018	2.0
FY 2019	1.9
FY 2020	2.0
through FY 2021	11.0

The fair values of the Company's pension plan assets at January 2, 2016 were as follows:

	January 2, 2016		
(in millions of U.S. dollars)	**Level 1**	**Level 2**	**Level 3**
Cash and cash equivalents:			
Cash and cash equivalents	**$ 2.5**	**$—**	$—
Equities:			
International mutual funds	**5.3**	**0.9**	—
U.S. mutual funds	**1.9**	**3.6**	—
Balanced	**15.3**	**0.4**	—
Property	**0.3**	**—**	—
Other	**0.1**	**—**	—
Fixed income:			
Mutual funds	**22.9**	**2.9**	—
Insurance contract	**—**	**1.8**	—
Total	**$48.3**	**$ 9.6**	$—

The fair values of the Company's pension plan assets at January 3, 2015 were as follows:

	January 3, 2015		
(in millions of U.S. dollars)	Level 1	Level 2	Level 3
Cash and cash equivalents:			
Cash and cash equivalents	$ 1.9	$ —	$—
Equities:			
International mutual funds	5.4	1.0	—
Index mutual funds	6.8	—	—
U.S. mutual funds	1.4	3.5	—
Balanced	15.4	0.4	—
Property	0.1	—	—
Other	0.1	—	—
Fixed income:			
Mutual funds	18.0	3.2	—
Insurance contract	—	1.9	—
Total	**$49.1**	**$10.0**	$—

Note 17—Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income ("AOCI") by component for the year ended January 2, 2016 were as follows:

	January 2, 2016			
(in millions of U.S. dollars)[1]	Gains and Losses on Derivative Instruments	Pension Benefit Plan Items	Currency Translation Adjustment Items	Total
Beginning balance January 3, 2015	$ 0.2	$(12.4)	$(38.8)	$(51.0)
OCI before reclassifications	(5.6)	1.9	(23.3)	(27.0)
Amounts reclassified from AOCI	0.7	0.4	—	1.1
Net current-period OCI	(4.9)	2.3	(23.3)	(25.9)
Purchase of subsidiary shares from non-controlling interest	—	—	0.7	0.7
Ending balance January 2, 2016	$(4.7)	$(10.1)	$(61.4)	$(76.2)

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

The following table summarizes the amounts reclassified from AOCI for the years ended January 2, 2016 and January 3, 2015.

(in millions of U.S. dollars)	For the Year Ended January 2, 2016	For the Year Ended January 3, 2015	Affected Line Item in the Statement Where Net Income Is Presented
Details About AOCI Components[1]			
Gains and losses on derivative instruments			
Foreign currency and commodity hedges	$(1.5)	$(1.0)	Cost of sales
	$(1.5)	$(1.0)	Total before taxes
	0.8	0.3	Tax (expense) or benefit
	$(0.7)	$(0.7)	Net of tax
Amortization of pension benefit plan items			
Prior service costs[2]	$(0.1)	$(0.1)	
Actuarial adjustments[2]	—	—	
Actuarial (losses)/gains[2]	(0.4)	(0.3)	
	(0.5)	(0.4)	Total before taxes
	0.1	0.1	Tax (expense) or benefit
	$(0.4)	$(0.3)	Net of tax
Total reclassifications for the period	$(1.1)	$(1.0)	Net of tax

1. Amounts in parenthesis indicate debits.
2. These AOCI components are included in the computation of net periodic pension cost.

Note 18—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)	
2016	**$ 37.8**
2017	**35.2**
2018	**21.0**
2019	**18.8**
2020	**15.0**
Thereafter	**65.0**
Total	**$192.8**

Operating lease expenses were:

(in millions of U.S. dollars)	
Year ended January 2, 2016	**$48.3**
Year ended January 3, 2015	**24.8**
Year ended December 28, 2013	**21.4**
Total	**$94.5**

Operating lease expenses are shown net of sublease income of $1.1 million for 2015. As of January 2, 2016, we had commitments for capital expenditures of approximately $7.0 million.

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

In June 2013, we completed the Calypso Soft Drinks Acquisition, which included deferred payments of approximately $2.3 million and $2.5 million paid on the first and second anniversaries of the closing date, respectively.

In March 2014, we had a favorable legal settlement in the amount of $3.5 million, of which $3.0 million was collected in April 2014 and $0.5 million was collected in December 2014.

In May 2014, we completed the Aimia Acquisition, which included deferred consideration of £19.9 million ($33.5 million), which was paid by us on September 15, 2014 and aggregate contingent consideration of up to £16.0 million ($23.6 million at exchange rates in effect on January 2, 2016), which is payable upon achievement of certain measures related to Aimia's performance during the twelve months ending July 1, 2016.

We had $45.6 million in standby letters of credit outstanding as of January 2, 2016 ($6.9 million—January 3, 2015; $7.5 million—December 28, 2013).

We have future purchase obligations of $223.5 million that consist of commitments for the purchase of inventory, energy transactions, and payments related to professional fees and information technology outsourcing agreements. These obligations represent the minimum contractual obligations expected under the normal course of business.

Note 19—Preferred Shares

As a portion of the consideration in the DSS Acquisition, we issued to certain former security holders of DSS approximately $116.1 million of Convertible Preferred Shares and approximately $32.7 million of Non-Convertible Preferred Shares, which shares were redeemable at our option. As of June 11, 2015, all of the outstanding Preferred Shares were redeemed for an aggregate cash payment of $151.3 million, which included accrued and unpaid dividends of $2.5 million. The aggregate cash payment was funded primarily through an issuance of our common shares, which generated cash proceeds, net of related issuance expenses, broker commissions, and tax benefit of approximately $144.6 million. The difference in the U.S. dollar and Canadian dollar exchange rates at issuance of the Preferred Shares compared to those exchange rates in effect at redemption, resulted in an adjustment to retained earnings upon redemption of approximately $12.0 million.

The following table summarizes the activity in the Convertible Preferred Shares and Non-Convertible Preferred Shares accounts for the year ended January 2, 2016:

	Convertible Preferred Shares		Non-Convertible Preferred Shares	
(in millions of U.S. dollars, except number of shares)	Shares Authorized/ Outstanding (in thousands)	Amount	Shares Authorized/ Outstanding (in thousands)	Amount
Balance at January 3, 2015	116.1	$ 116.1	32.7	$ 32.7
Cumulative preferred dividends	—	—	—	—
Redemption of preferred shares	(116.1)	(116.1)	(32.7)	(32.7)
Balance at January 2, 2016	—	$ —	—	$ —

Dividends

Holders of Convertible Preferred Shares were entitled to a quarterly fixed cumulative dividend in an amount equal to 9.0% per annum of the redemption value of each Convertible Preferred Share, and such dividend shall increase by 1.0% on each of the first through fifth anniversaries of issuance. Holders of Non-Convertible Preferred Shares were entitled to a quarterly fixed cumulative dividend in an amount equal to 10.0% per annum of the redemption value of each Non-Convertible Preferred Share, and such dividend shall increase by 1.0% on each of the first through fifth anniversaries of issuance. The following table summarizes the Preferred Shares dividend activity for the year ended January 2, 2016:

(in millions of U.S. dollars)	Convertible Preferred Shares	Non-Convertible Preferred Shares
Cumulative dividends at January 3, 2015	$—	$—
Plus: accrued dividends	4.5	1.4
Less: dividends paid	(4.5)	(1.4)
Cumulative dividends at January 2, 2016	$—	$—

Voting Rights

The Preferred Shares had the right to approve certain actions by us, with each series of Preferred Shares voting separately as a series, as long as the Preferred Shares were outstanding. The Convertible Preferred Shares had the right to vote alongside our common shares with respect to certain matters beginning on June 13, 2016 and unrestricted rights to vote alongside our common shares beginning on December 13, 2017. The Non-Convertible Preferred Shares did not have the right to vote alongside our common shares.

Following redemption, the Preferred Shares were retired by the Company and were cancelled.

Note 20—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 use various types of derivative instruments including, but not limited to, forward contracts and swap agreements for certain commodities. Forward contracts are agreements to buy or sell a quantity of a currency at a predetermined future date, and at a predetermined rate or price. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices.

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

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

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

We estimate the fair values of our derivatives based on quoted market prices or pricing models using current market rates (see Note 21 to the Consolidated Financial Statements). 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 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 monitor counterparty exposures regularly and review promptly any downgrade in counterparty credit rating. We mitigate pre-settlement risk by being permitted to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

We use cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates and commodity prices. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. We did not discontinue any cash flow hedging relationships during the years ended January 2, 2016 or January 3, 2015, respectively. Foreign exchange contracts typically have maturities of less than twelve months and commodity contracts typically have maturities of less than 27 months. All outstanding hedges as of January 2, 2016 are expected to settle in the next twelve months.

We maintain a foreign currency cash flow hedging program to reduce the risk that our procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts to hedge certain portions of forecasted cash flows denominated in foreign currencies. The total notional values of derivatives that were designated and qualified for our foreign currency cash flow hedging program were $4.5 million and $22.5 million as of January 2, 2016 and January 3, 2015, respectively. Approximately $0.4 million and $0.7 million of unrealized net of tax gains related to the foreign currency cash flow hedges were included in AOCI as of January 2, 2016 and January 3, 2015, respectively. The hedge ineffectiveness for these cash flow hedging instruments during fiscal 2015, fiscal 2014 and fiscal 2013 was not material.

We have entered into commodity swaps on aluminum to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as a part of our commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of aluminum. The total notional value of derivatives that were designated and qualified for our commodity cash flow hedging program were $49.3 million and $55.4 million as of January 2, 2016 and January 3, 2015, respectively. Approximately $5.3 million and $0.7 million of unrealized net of tax losses related to the commodity swaps were included in AOCI as of January 2, 2016 and January 3, 2015, respectively. The cumulative hedge ineffectiveness for these hedging instruments was approximately $1.2 million in fiscal year 2014 and was recognized as an increase in cost of sales within the Consolidated Statements of Operations. The cumulative hedge ineffectiveness for fiscal years 2015 and 2013 was not material.

The fair value of the Company's derivative assets included within other receivables as a component of accounts receivable, net was $0.6 million and $1.2 million as of January 2, 2016 and January 3, 2015, respectively. The fair value of the Company's derivative liabilities included in accrued liabilities was $8.0 million and $2.3 million as of January 2, 2016 and January 3, 2015, respectively. A reconciliation of the Company's derivatives by contract type is shown below:

(in millions of U.S. dollars) Derivative Contract	Assets	Liabilities
Foreign currency hedge	$ 0.6	$—
Aluminum swaps	—	8.0
	$ 0.6	$ 8.0

Aluminum swaps subject to enforceable master netting arrangements are presented net in the reconciliation above. The fair value of the aluminum swap assets and liabilities which are shown on a net basis are reconciled in the table below:

	Assets	Liabilities
Aluminum swap assets	$—	$—
Aluminum swap liabilities	—	8.0
Net asset (liability)	$—	$ 8.0

The settlement of our derivative instruments resulted in a debit to cost of sales of $1.5 million for the year ended January 2, 2016, compared to a credit of $0.2 million for the year ended January 3, 2015.

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.

- 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 such as our derivative instruments that are required to be recorded at fair value on a recurring basis in accordance with U.S. GAAP.

Our derivative assets and liabilities represent Level 2 instruments. Level 2 instruments are valued based on observable inputs for quoted prices for similar assets and liabilities in active markets. The fair value of the derivative assets as of January 2, 2016 and January 3, 2015 was $0.6 million and $1.2 million, respectively. The fair value of the derivative liabilities as of January 2, 2016 and January 3, 2015 was $8.0 million and $2.3 million, respectively.

Fair value of financial instruments

The carrying amounts reflected in the Consolidated Balance Sheets for cash and cash equivalents, receivables, payables, short-term borrowings and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of January 2, 2016 and January 3, 2015 were as follows:

	January 2, 2016		January 3, 2015	
(in millions of U.S. dollars)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
6.750% senior notes due in 2020[1,3]	**$ 613.0**	**$ 641.4**	$ 610.8	$ 630.1
10.000% senior notes due in 2021[1,2]	**390.1**	**397.3**	405.6	403.4
5.375% senior notes due in 2022[1,3]	**516.8**	**522.4**	516.2	481.7
Total	**$1,519.9**	**$1,561.1**	$1,532.6	$1,515.2

1. The fair values were based on the trading levels and bid/offer prices observed by a market participant and are considered Level 1 financial instruments.
2. The outstanding aggregate principal amount of the DSS Notes of $350.0 million was assumed by Cott at fair value of $406.0 million in connection with the DSS Acquisition. The premium of $56.0 million is being amortized as an adjustment to interest expense using the effective interest method over the remaining contractual term of the DSS Notes.
3. Carrying value of our significant outstanding debt is net of unamortized debt issuance costs as of January 2, 2016 and January 3, 2015 (see Note 15 to the Consolidated Financial Statements).

Fair value of contingent consideration

We estimated the fair value of the contingent consideration related to the Aimia Acquisition based on financial projections of the acquired business and estimated probabilities of achievement of certain EBITDA targets. The fair value was based on significant inputs not observable 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. The acquisition date fair value of the contingent consideration was determined to be £10.6 million ($15.6 million at exchange rates in effect on January 2, 2016) using a present valued probability-weighted income approach. During the second quarter of 2015, we recorded a fair value adjustment of £0.4 million ($0.6 million at exchange rates in effect on July 4, 2015) to the contingent consideration based on review of the key assumptions used to calculate the fair value at the acquisition date. During the fourth quarter of 2015, we recorded a fair value adjustment of £0.1 million ($0.2 million at exchange rates in effect on January 2, 2016) to the contingent consideration based on review of the key assumptions used to calculate the fair value at the acquisition date. The changes in the fair value adjustment of the contingent consideration were recognized in other (income) expense, net in the Consolidated Statement of

Operations for the year ended January 2, 2016. The maximum potential payout is £16.0 million ($23.6 million at exchange rates in effect on January 2, 2016) on an undiscounted basis.

Note 22—Quarterly Financial Information (unaudited)

(in millions of U.S. dollars, except per share amounts)	Year ended January 2, 2016 First Quarter	Second Quarter	Third Quarter	Fourth Quarter[1]	Total
Revenue, net	**$709.8**	**$779.8**	**$755.6**	**$698.8**	**$2,944.0**
Cost of sales	**508.5**	**539.2**	**523.1**	**477.7**	**2,048.5**
Gross profit	**201.3**	**240.6**	**232.5**	**221.1**	**895.5**
SG&A expenses	**188.5**	**190.2**	**196.2**	**193.7**	**768.6**
Loss on disposal of property, plant and equipment	**1.4**	**0.2**	**1.1**	**4.2**	**6.9**
Restructuring	**—**	**—**	**—**	**—**	**—**
Asset impairments	**—**	**—**	**—**	**—**	**—**
Acquisition and integration expenses	**4.7**	**4.1**	**6.6**	**5.2**	**20.6**
Operating income	**6.7**	**46.1**	**28.6**	**18.0**	**99.4**
Net (loss) income attributed to Cott Corporation	**$ (6.0)**	**$ 2.2**	**$ 4.8**	**$ (4.4)**	**$ (3.4)**
Per share data:					
Net (loss) income per common share					
Basic	**$ (0.06)**	**$ 0.02**	**$ 0.04**	**$ (0.04)**	**$ (0.03)**
Diluted	**$ (0.06)**	**$ 0.02**	**$ 0.04**	**$ (0.04)**	**$ (0.03)**

1. During the fourth quarter of the fiscal year ended January 2, 2016, we decreased cost of sales, SG&A and income tax benefit by $4.8 million, $0.2 million and $1.9 million, respectively, as a result of a measurement period adjustment associated with the DSS Acquisition, of which $0.2 million of the total change in cost of sales and less than $0.1 million of the total change in SG&A expenses and income tax benefit, respectively, related to the prior year and with the remainder related to the nine months ended October 3, 2015 (see Note 2 to the Consolidated Financial Statements).

(in millions of U.S. dollars, except per share amounts)	Year ended January 3, 2015 First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue, net	$475.1	$549.2	$535.0	$543.5	$2,102.8
Cost of sales	418.9	470.2	465.5	471.7	1,826.3
Gross profit	56.2	79.0	69.5	71.8	276.5
SG&A expenses	46.9	50.7	49.9	66.2	213.7
Loss (gain) on disposal of property, plant & equipment	0.1	(0.1)	0.4	1.3	1.7
Restructuring	2.2	0.1	0.1	—	2.4
Asset impairments	1.6	0.3	(0.2)	—	1.7
Acquisition and integration expenses	1.1	1.8	0.5	37.9	41.3
Operating income (loss)	4.3	26.2	18.8	(33.6)	15.7
Net (loss) income attributed to Cott Corporation	$ (4.1)	$ (5.9)	$ 1.3	$ 18.7	$ 10.0
Per share data:					
Net (loss) income per common share					
Basic	$ (0.04)	$ (0.06)	$ 0.01	$ 0.20	$ 0.11
Diluted	$ (0.04)	$ (0.06)	$ 0.01	$ 0.19	$ 0.10

Note 23—Guarantor Subsidiaries

Guarantor Subsidiaries of DSS Notes

The DSS Notes assumed as part of the DSS Acquisition are guaranteed on a senior secured basis pursuant to guarantees by Cott Corporation and certain other 100% owned direct and indirect subsidiaries (the "DSS Guarantor Subsidiaries"). DSS and each DSS Guarantor Subsidiary is 100% owned by Cott Corporation. The guarantees of the DSS Notes by Cott Corporation and the DSS Guarantor Subsidiaries are full and unconditional, and all such guarantees are joint and several. The guarantees of the DSS 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 the DSS Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with Securities and Exchange Commission ("SEC") interpretations governing reporting of subsidiary financial information.

The following summarized condensed consolidating financial information of the Company sets forth on a consolidating basis, our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, DSS, the DSS Guarantor Subsidiaries and our other non-guarantor subsidiaries (the "DSS Non-Guarantor Subsidiaries"). The supplemental financial information reflects our investments and those of DSS in their respective subsidiaries using the equity method of accounting.

Condensed Consolidating Statement of Operations
For the year ended January 2, 2016
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$147.7**	**$1,021.1**	**$1,702.6**	**$131.6**	**$(59.0)**	**$2,944.0**
Cost of sales	124.6	402.8	1,474.7	105.4	(59.0)	2,048.5
Gross profit	**23.1**	**618.3**	**227.9**	**26.2**	**—**	**895.5**
Selling, general and administrative expenses	23.3	557.3	175.7	12.3	—	768.6
Loss on disposal of property, plant & equipment	0.1	5.3	1.5	—	—	6.9
Acquisition and integration expenses	—	16.7	3.9	—	—	20.6
Operating (loss) income	**(0.3)**	**39.0**	**46.8**	**13.9**	**—**	**99.4**
Other (income) expense, net	(8.6)	(1.2	0.2	0.1	—	(9.5)
Intercompany interest (income) expense, net	(4.9)	43.5	(38.6	—	—	—
Interest expense, net	0.2	30.1	80.7	—	—	111.0
Income (loss) before income tax expense (benefit) and equity income	**13.0**	**(33.4)**	**4.5**	**13.8**	**—**	**(2.1)**
Income tax expense (benefit)	1.6	(8.1)	(16.3)	0.1	—	(22.7)
Equity income	3.1	—	5.8	—	(8.9)	—
Net income (loss)	**$ 14.5**	**$ (25.3)**	**$ 26.6**	**$ 13.7**	**$ (8.9)**	**$ 20.6**
Less: Net income attributable to non-controlling interests	—	—	—	6.1	—	6.1
Less: Accumulated dividends on convertible shares	4.5	—	—	—	—	4.5
Less: Accumulated dividends on non-convertible shares	1.4	—	—	—	—	1.4
Less: Foreign exchange impact on redemption of preferred shares	12.0	—	—	—	—	12.0
Net (loss) income attributed to Cott Corporation	**$ (3.4)**	**$ (25.3)**	**$ 26.6**	**$ 7.6**	**$ (8.9)**	**$ (3.4)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (29.3)**	**$ (25.6)**	**$ 45.6**	**$ 11.4**	**$(31.4)**	**$ (29.3)**

Condensed Consolidating Statement of Operations
For the year ended January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$166.3**	**$ 28.7**	**$1,819.0**	**$137.9**	**$(49.1)**	**$2,102.8**
Cost of sales	144.8	15.9	1,600.1	114.6	(49.1)	1,826.3
Gross profit	**21.5**	**12.8**	**218.9**	**23.3**	**—**	**276.5**
Selling, general and administrative expenses	23.1	14.5	164.1	12.0	—	213.7
Loss on disposal of property, plant & equipment	0.2	0.1	1.3	0.1	—	1.7
Restructuring	2.1	—	0.3	—	—	2.4
Asset impairments	0.9	—	0.8	—	—	1.7
Acquisition and integration expenses	—	—	41.3	—	—	41.3
Operating (loss) income	**(4.8)**	**(1.8)**	**11.1**	**11.2**	**—**	**15.7**
Other (income) expense, net	(10.9)	(0.1)	31.9	0.1	—	21.0
Intercompany interest (income) expense, net	(0.7)	2.6	(1.9)	—	—	—
Interest expense, net	0.2	1.0	38.4	0.1	—	39.7
Income (loss) before income tax expense (benefit) and equity income	**6.6**	**(5.3)**	**(57.3)**	**11.0**	**—**	**(45.0)**
Income tax expense (benefit)	0.3	(2.5)	(59.8)	0.6	—	(61.4)
Equity income	4.5	—	6.1	—	(10.6)	—
Net income (loss)	**$ 10.8**	**$ (2.8)**	**$ 8.6**	**$ 10.4**	**$(10.6)**	**$ 16.4**
Less: Net income attributable to non-controlling interests	—	—	—	5.6	—	5.6
Less: Accumulated dividends on convertible shares	0.6	—	—	—	—	0.6
Less: Accumulated dividends on non-convertible shares	0.2	—	—	—	—	0.2
Net income (loss) attributed to Cott Corporation	**$ 10.0**	**$ (2.8)**	**$ 8.6**	**$ 4.8**	**$(10.6)**	**$ 10.0**
Comprehensive (loss) income attributed to Cott Corporation	**$(23.4)**	**$(26.7)**	**$ 10.6**	**$ 8.5**	**$ 7.6**	**$ (23.4)**

Condensed Consolidating Statement of Operations
For the year ended December 28, 2013
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$170.9**	**$—**	**$1,802.7**	**$147.0**	**$(26.6)**	**$2,094.0**
Cost of sales	149.0	—	1,567.1	129.1	(26.6)	1,818.6
Gross profit	**21.9**	**—**	**235.6**	**17.9**	**—**	**275.4**
Selling, general and administrative expenses	28.9	—	142.3	9.1	—	180.3
Loss on disposal of property, plant & equipment	0.1	—	1.6	0.1	—	1.8
Restructuring	0.5	—	1.2	0.3	—	2.0
Acquisition and integration expenses	—	—	3.1	—	—	3.1
Operating (loss) income	**(7.6)**	**—**	**87.4**	**8.4**	**—**	**88.2**
Other expense, net	0.4	—	12.4	—	—	12.8
Interest expense, net	—	—	51.5	0.1	—	51.6
(Loss) income before income tax (benefit) expense and equity income	**(8.0)**	**—**	**23.5**	**8.3**	**—**	**23.8**
Income tax (benefit) expense	(0.8)	—	2.2	0.4	—	1.8
Equity income	24.2	—	3.0	—	(27.2)	—
Net income	**$ 17.0**	**$—**	**$ 24.3**	**$ 7.9**	**$(27.2)**	**$ 22.0**
Less: Net income attributable to non-controlling interests	—	—	—	5.0	—	5.0
Net income attributed to Cott Corporation	**$ 17.0**	**$—**	**$ 24.3**	**$ 2.9**	**$(27.2)**	**$ 17.0**
Comprehensive income attributed to Cott Corporation	**$ 12.6**	**$—**	**$ 19.0**	**$ 5.2**	**$(24.2)**	**$ 12.6**

Consolidating Balance Sheet
As of January 2, 2016
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 20.8	$ 12.8	$ 38.4	$ 5.1	$ —	$ 77.1
Accounts receivable, net of allowance	18.3	122.6	184.6	13.0	(45.2)	293.3
Income taxes recoverable	—	0.5	0.9	0.2	—	1.6
Inventories	13.0	31.4	199.4	5.6	—	249.4
Prepaid expenses and other assets	2.2	4.8	10.0	0.2	—	17.2
Total current assets	**54.3**	**172.1**	**433.3**	**24.1**	**(45.2)**	**638.6**
Property, plant & equipment, net	29.7	372.6	360.8	6.7	—	769.8
Goodwill	19.8	579.1	160.7	—	—	759.6
Intangibles and other assets, net	0.8	402.5	305.6	2.8	—	711.7
Deferred tax assets	7.4	—	38.2	0.2	(38.2)	7.6
Due from affiliates	400.1	—	544.3	—	(944.4)	—
Investments in subsidiaries	176.3	—	400.0	—	(576.3)	—
Total assets	**$688.4**	**$1,526.3**	**$2,242.9**	**$ 33.8**	**$(1,604.1)**	**$2,887.3**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$ —	$ —	$ 122.0	$ —	$ —	$ 122.0
Current maturities of long-term debt	—	—	3.0	0.4	—	3.4
Accounts payable and accrued liabilities	47.6	131.8	295.1	8.3	(45.2)	437.6
Total current liabilities	**47.6**	**131.8**	**420.1**	**8.7**	**(45.2)**	**563.0**
Long-term debt	—	390.1	1,135.3	—	—	1,525.4
Deferred tax liabilities	—	97.7	17.0	—	(38.2)	76.5
Other long-term liabilities	0.5	36.2	38.7	1.1	—	76.5
Due to affiliates	1.0	543.3	371.9	28.2	(944.4)	—
Total liabilities	**49.1**	**1,199.1**	**1,983.0**	**38.0**	**(1,027.8)**	**2,241.4**
Equity						
Common shares, no par	534.7	355.5	683.1	38.6	(1,077.2)	534.7
Additional paid-in-capital	51.2	—	—	—	—	51.2
Retained earnings (deficit)	129.6	(28.1)	(437.5)	(58.4)	524.0	129.6
Accumulated other comprehensive (loss) income	(76.2)	(0.2)	14.3	9.0	(23.1)	(76.2)
Total Cott Corporation equity	639.3	327.2	259.9	(10.8)	(576.3)	639.3
Non-controlling interests	—	—	—	6.6	—	6.6
Total equity	**639.3**	**327.2**	**259.9**	**(4.2)**	**(576.3)**	**645.9**
Total liabilities and equity	**$688.4**	**$1,526.3**	**$2,242.9**	**$ 33.8**	**$(1,604.1)**	**$2,887.3**

Consolidating Balance Sheet
As of January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 6.2	$ 34.4	$ 38.2	$ 7.4	$ —	$ 86.2
Accounts receivable, net of allowance	16.2	105.4	358.8	12.2	(186.9)	305.7
Income taxes recoverable	—	0.6	0.6	0.4	—	1.6
Inventories	12.4	34.2	210.3	5.5	—	262.4
Prepaid expenses and other assets	2.3	5.1	39.8	0.4	—	47.6
Total current assets	**37.1**	**179.7**	**647.7**	**25.9**	**(186.9)**	**703.5**
Property, plant & equipment, net	38.2	415.5	403.0	7.8	—	864.5
Goodwill	23.4	556.9	163.3	—	—	743.6
Intangibles and other assets, net	0.7	415.6	335.0	6.7	—	758.0
Deferred tax assets	3.4	—	36.1	—	(36.1)	3.4
Other tax receivable	0.1	—	0.1	—	—	0.2
Due from affiliates	183.8	—	403.0	0.1	(586.9)	—
Investments in subsidiaries	436.3	—	973.1	—	(1,409.4)	—
Total assets	**$723.0**	**$1,567.7**	**$2,961.3**	**$ 40.5**	**$(2,219.3)**	**$3,073.2**
LIABILITIES, PREFERRED SHARES AND EQUITY						
Current liabilities						
Short-term borrowings	$ —	$ —	$ 229.0	$ —	$ —	$ 229.0
Current maturities of long-term debt	0.1	—	3.0	0.9	—	4.0
Accounts payable and accrued liabilities	30.4	106.8	461.6	8.1	(186.9)	420.0
Total current liabilities	**30.5**	**106.8**	**693.6**	**9.0**	**(186.9)**	**653.0**
Long-term debt	—	405.6	1,135.1	0.6	—	1,541.3
Deferred tax liabilities	—	124.1	21.4	—	(36.1)	109.4
Other long-term liabilities	0.4	29.6	40.5	1.3	—	71.8
Due to affiliates	1.3	548.8	3.9	32.9	(586.9)	—
Total liabilities	**32.2**	**1,214.9**	**1,894.5**	**43.8**	**(809.9)**	**2,375.5**
Convertible preferred shares	116.1	—	—	—	—	116.1
Non-convertible preferred shares	32.7	—	—	—	—	32.7
Equity						
Common shares, no par	388.3	355.5	1,766.0	39.7	(2,161.2)	388.3
Additional paid-in-capital	46.6	—	—	—	—	46.6
Retained earnings (deficit)	158.1	(2.8)	(694.5)	(55.1)	752.4	158.1
Accumulated other comprehensive (loss) income	(51.0)	0.1	(4.7)	5.2	(0.6)	(51.0
Total Cott Corporation equity	542.0	352.8	1,066.8	(10.2	(1,409.4)	542.0
Non-controlling interests	—	—	—	6.9	—	6.9
Total equity	**542.0**	**352.8**	**1,066.8**	**(3.3**	**(1,409.4)**	**548.9**
Total liabilities, preferred shares and equity	**$723.0**	**$1,567.7**	**$2,961.3**	**$ 40.5**	**$(2,219.3)**	**$3,073.2**

Condensed Consolidating Statement of Cash Flows
For the year ended January 2, 2016
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by operating activities	56.2	58.4	152.9	17.3	(30.2)	254.6
Investing Activities						
Acquisition, net of cash received	—	(24.0)	—	—	—	(24.0)
Additions to property, plant & equipment	(2.0)	(67.2)	(40.3)	(1.3)	—	(110.8)
Additions to intangibles and other assets	—	(3.1)	(1.5)	—	—	(4.6)
Proceeds from sale of property, plant & equipment and sale-leaseback	—	14.3	26.6	—	—	40.9
Other investing activities	—	—	(1.2)	—	—	(1.2)
Net cash used in investing activities	(2.0)	(80.0)	(16.4)	(1.3)	—	(99.7)
Financing Activities						
Payments of long-term debt	(0.1)	—	(2.9)	(0.7)		(3.7)
Borrowings under ABL	—	—	994.5	—		994.5
Payments under ABL	—	—	(1,101.8)	—		(1,101.8)
Distributions to non-controlling interests	—	—	—	(8.5)		(8.5)
Issuance of common shares	143.1	—	—	—		143.1
Financing fees	—	—	(0.6)	—		(0.6)
Preferred shares repurchased and cancelled	(148.8)	—	—	—		(148.8)
Common shares repurchased and cancelled	(0.8)	—	—	—		(0.8)
Dividends to common and preferred shareholders	(31.0)	—	—	—		(31.0)
Payment of deferred consideration for acquisitions	—	—	(2.5)	—		(2.5)
Intercompany dividends	—	—	(21.4)	(8.8)	30.2	—
Net cash used in financing activities	(37.6)	—	(134.7)	(18.0)	30.2	(160.1)
Effect of exchange rate changes on cash	(2.0)	—	(1.6)	(0.3)		(3.9)
Net increase (decrease) in cash & cash equivalents	**14.6**	**(21.6)**	**0.2**	**(2.3)**	**—**	**(9.1)**
Cash & cash equivalents, beginning of period	**6.2**	**34.4**	**38.2**	**7.4**	**—**	**86.2**
Cash & cash equivalents, end of period	**$ 20.8**	**$ 12.8**	**$ 38.4**	**$ 5.1**	**$ —**	**$ 77.1**

Condensed Consolidating Statement of Cash Flows
For the year ended January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by operating activities	42.0	9.2	56.6	12.7	(63.8)	56.7
Investing Activities						
Acquisition, net of cash received	—	—	(798.5)	—	—	(798.5)
Additions to property, plant & equipment	(1.9)	(3.6)	(40.4)	(0.8)	—	(46.7)
Additions to intangibles and other assets	—	—	(6.9)	—	—	(6.9)
Proceeds from sale of property, plant & equipment	—	—	1.8	—	—	1.8
Net cash used in investing activities	(1.9)	(3.6)	(844.0)	(0.8)	—	(850.3)
Financing Activities						
Payments of long-term debt	(0.1)	—	(392.4)	(1.1)	—	(393.6)
Issue of long-term debt	—	—	1,150.0	—	—	1,150.0
Borrowings under ABL	—	—	959.0	—	—	959.0
Payments under ABL	—	—	(779.6)	—	—	(779.6)
Distributions to non-controlling interests	—	—	—	(8.5)	—	(8.5)
Financing fees	—	—	(24.0)	—	—	(24.0)
Common shares repurchased and cancelled	(12.1)	—	—	—	—	(12.1)
Dividends to common shareholders	(22.8)	—	—	—	—	(22.8)
Payment of deferred consideration for acquisitions	—	—	(32.4)	—	—	(32.4)
Intercompany financing transactions	—	28.8	(28.8)	—	—	—
Other financing activities	—	—	(0.3)	—	—	(0.3)
Intercompany dividends	—	—	(63.8)	—	63.8	—
Net cash (used in) provided by financing activities	(35.0)	28.8	787.7	(9.6)	63.8	835.7
Effect of exchange rate changes on cash	(0.4)	—	(2.3)	(0.4)	—	(3.1)
Net increase (decrease) in cash & cash equivalents	**4.7**	**34.4**	**(2.0)**	**1.9**	**—**	**39.0**
Cash & cash equivalents, beginning of period	**1.5**	**—**	**40.2**	**5.5**	**—**	**47.2**
Cash & cash equivalents, end of period	**$ 6.2**	**$34.4**	**$ 38.2**	**$ 7.4**	**$ —**	**$ 86.2**

Condensed Consolidating Statement of Cash Flows
For the year ended December 28, 2013
(in millions of U.S. dollars)

	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by operating activities	**5.5**	**—**	**168.2**	**15.2**	**(34.0)**	**154.9**
Investing Activities						
Acquisition, net of cash received	—	—	(11.2)	—	—	(11.2)
Additions to property, plant & equipment	(6.8)	—	(47.2)	(1.3)	—	(55.3)
Additions to intangibles and other assets	—	—	(5.9)	—	—	(5.9)
Proceeds from sale of property, plant & equipment	—	—	—	0.2	—	0.2
Proceeds from insurance recoveries	—	—	0.6	—	—	0.6
Net cash used in investing activities	(6.8)	—	(63.7)	(1.1)	—	(71.6)
Financing Activities						
Payments of long-term debt	(0.1)	—	(219.9)	(0.8)	—	(220.8)
Borrowings under ABL	—	—	131.9	—	—	131.9
Payments under ABL	—	—	(82.1)	—	—	(82.1)
Distributions to non-controlling interests	—	—	—	(6.6)	—	(6.6)
Financing fees	(0.1)	—	(0.7)	—	—	(0.8)
Common shares repurchased and cancelled	(13.0)	—	—	—	—	(13.0)
Dividends to common shareholders	(21.9)	—	—	—	—	(21.9)
Intercompany dividends	—	—	(27.1)	(6.9)	34.0	—
Net cash used in financing activities	(35.1)	—	(197.9)	(14.3)	34.0	(213.3)
Effect of exchange rate changes on cash	(1.9)	—	(0.3)	—	—	(2.2)
Net decrease in cash & cash equivalents	**(38.3)**	**—**	**(93.7)**	**(0.2)**	**—**	**(132.2)**
Cash & cash equivalents, beginning of period	**39.8**	**—**	**133.9**	**5.7**	**—**	**179.4**
Cash & cash equivalents, end of period	**$ 1.5**	**$—**	**$ 40.2**	**$ 5.5**	**$ —**	**$ 47.2**

Guarantor Subsidiaries of 2020 Notes and 2022 Notes

The 2022 Notes and 2020 Notes, each issued by our 100% owned subsidiary, CBI, are guaranteed on a senior basis pursuant to guarantees by Cott Corporation and certain other 100% owned direct and indirect subsidiaries (the "Cott Guarantor Subsidiaries"). CBI and each Cott Guarantor Subsidiary is 100% owned by Cott Corporation. The guarantees of the 2022 Notes and the 2020 Notes by Cott Corporation and the Cott Guarantor Subsidiaries are full and unconditional, and all such guarantees are joint and several. The guarantees of the Cott 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 the Cott Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with SEC interpretations governing reporting of subsidiary financial information.

The following summarized condensed consolidating financial information of the Company sets forth on a consolidating basis, our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, CBI, the Cott Guarantor Subsidiaries and our other non-guarantor subsidiaries (the "Cott Non-Guarantor Subsidiaries"). The supplemental financial information reflects our investments and those of CBI in their respective subsidiaries using the equity method of accounting.

Condensed Consolidating Statement of Operations
For the year ended January 2, 2016
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 147.7**	**$ 715.0**	**$ 2,008.7**	**$ 131.6**	**$(59.0)**	**$ 2,944.0**
Cost of sales	124.6	611.5	1,266.0	105.4	(59.0)	2,048.5
Gross profit	**23.1**	**103.5**	**742.7**	**26.2**	**—**	**895.5**
Selling, general and administrative expenses	23.3	91.6	641.4	12.3	—	768.6
Loss on disposal of property, plant & equipment	0.1	0.5	6.3	—	—	6.9
Acquisition and integration expenses	—	3.2	17.4	—	—	20.6
Operating (loss) income	**(0.3)**	**8.2**	**77.6**	**13.9**	**—**	**99.4**
Other (income) expense, net	(8.6)	—	(1.0)	0.1	—	(9.5
Intercompany interest (income) expense, net	(4.9)	(51.2)	56.1	—	—	—
Interest expense, net	0.2	80.1	30.7	—	—	111.0
Income (loss) before income tax expense (benefit) and equity income (loss)	**13.0**	**(20.7)**	**(8.2)**	**13.8**	**—**	**(2.1)**
Income tax expense (benefit)	1.6	(14.8)	(9.6)	0.1	—	(22.7)
Equity income (loss)	3.1	6.1	(0.3)	—	(8.9)	—
Net income	**$ 14.5**	**$ 0.2**	**$ 1.1**	**$ 13.7**	**$ (8.9)**	**$ 20.6**
Less: Net income attributable to non-controlling interests	—	—	—	6.1	—	6.1
Less: Accumulated dividends on convertible shares	4.5	—	—	—	—	4.5
Less: Accumulated dividends on non-convertible shares	1.4	—	—	—	—	1.4
Less: Foreign exchange impact on redemption of preferred shares	12.0	—	—	—	—	12.0
Net (loss) income attributed to Cott Corporation	**$ (3.4)**	**$ 0.2**	**$ 1.1**	**$ 7.6**	**$ (8.9)**	**$ (3.4)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (29.3)**	**$ (7.9)**	**$ 27.9**	**$ 11.4**	**$(31.4)**	**$ (29.3)**

Condensed Consolidating Statement of Operations
For the year ended January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 166.3**	**$ 745.1**	**$ 1,102.6**	**$ 137.9**	**$(49.1)**	**$ 2,102.8**
Cost of sales	144.8	643.2	972.8	114.6	(49.1)	1,826.3
Gross profit	**21.5**	**101.9**	**129.8**	**23.3**	**—**	**276.5**
Selling, general and administrative expenses	23.1	85.9	92.7	12.0	—	213.7
Loss on disposal of property, plant & equipment	0.2	0.1	1.3	0.1	—	1.7
Restructuring	2.1	0.3	—	—	—	2.4
Asset impairments	0.9	0.8	—	—	—	1.7
Acquisition and integration expenses	—	38.8	2.5	—	—	41.3
Operating (loss) income	**(4.8)**	**(24.0)**	**33.3**	**11.2**	**—**	**15.7**
Other (income) expense, net	(10.9)	21.8	10.0	0.1	—	21.0
Intercompany interest (income) expense, net	(0.7)	(18.4)	19.1	—	—	—
Interest expense, net	0.2	37.2	2.2	0.1	—	39.7
Income (loss) before income tax expense (benefit) and equity income	**6.6**	**(64.6)**	**2.0**	**11.0**	**—**	**(45.0)**
Income tax expense (benefit)	0.3	(59.6)	(2.7)	0.6	—	(61.4)
Equity income	4.5	6.1	—	—	(10.6)	—
Net income	**$ 10.8**	**$ 1.1**	**$ 4.7**	**$ 10.4**	**$(10.6)**	**$ 16.4**
Less: Net income attributable to non-controlling interests	—	—	—	5.6	—	5.6
Less: Accumulated dividends on convertible shares	0.6	—	—	—	—	0.6
Less: Accumulated dividends on non-convertible shares	0.2	—	—	—	—	0.2
Net income attributed to Cott Corporation	**$ 10.0**	**$ 1.1**	**$ 4.7**	**$ 4.8**	**$(10.6)**	**$ 10.0**
Comprehensive (loss) income attributed to Cott Corporation	**$ (23.4)**	**$ (31.5)**	**$ 15.4**	**$ 8.5**	**$ 7.6**	**$ (23.4)**

Condensed Consolidating Statement of Operations
For the year ended December 28, 2013
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$170.9**	**$780.4**	**$1,022.3**	**$147.0**	**$(26.6)**	**$2,094.0**
Cost of sales	149.0	668.5	898.6	129.1	(26.6)	1,818.6
Gross profit	**21.9**	**111.9**	**123.7**	**17.9**	**—**	**275.4**
Selling, general and administrative expenses	28.9	74.1	68.2	9.1	—	180.3
Loss on disposal of property, plant & equipment	0.1	1.1	0.5	0.1	—	1.8
Restructuring	0.5	0.5	0.7	0.3	—	2.0
Acquisition and integration expenses	—	1.2	1.9	—	—	3.1
Operating (loss) income	**(7.6)**	**35.0**	**52.4**	**8.4**	**—**	**88.2**
Other expense (income), net	0.4	12.5	(0.1)	—	—	12.8
Intercompany interest (income) expense, net	—	(12.0)	12.0	—	—	—
Interest expense, net	—	50.8	0.7	0.1	—	51.6
(Loss) income before income tax (benefit) expense and equity income (loss)	**(8.0)**	**(16.3)**	**39.8**	**8.3**	**—**	**23.8**
Income tax (benefit) expense	(0.8)	4.6	(2.4)	0.4	—	1.8
Equity income (loss)	24.2	5.2	(7.3)	—	(22.1)	—
Net income (loss)	**$ 17.0**	**$ (15.7)**	**$ 34.9**	**$ 7.9**	**$(22.1)**	**$ 22.0**
Less: Net income attributable to non-controlling interests	—	—	—	5.0	—	5.0
Net income (loss) attributed to Cott Corporation	**$ 17.0**	**$ (15.7)**	**$ 34.9**	**$ 2.9**	**$(22.1)**	**$ 17.0**
Comprehensive income (loss) attributed to Cott Corporation	**$ 12.6**	**$ (4.9)**	**$ 29.6**	**$ 5.2**	**$(29.9)**	**$ 12.6**

Consolidating Balance Sheet
As of January 2, 2016
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 20.8	$ 1.0	$ 50.2	$ 5.1	$ —	$ 77.1
Accounts receivable, net of allowance	18.3	63.3	361.8	13.0	(163.1)	293.3
Income taxes recoverable	—	0.6	0.8	0.2	—	1.6
Inventories	13.0	76.7	154.1	5.6	—	249.4
Prepaid expenses and other assets	2.2	4.6	10.2	0.2	—	17.2
Total current assets	**54.3**	**146.2**	**577.1**	**24.1**	**(163.1)**	**638.6**
Property, plant & equipment, net	29.7	163.3	570.1	6.7	—	769.8
Goodwill	19.8	4.5	735.3	—	—	759.6
Intangibles and other assets, net	0.8	79.2	628.9	2.8	—	711.7
Deferred tax assets	7.4	38.2	—	0.2	(38.2)	7.6
Due from affiliates	400.1	587.5	2.6	—	(990.2)	—
Investments in subsidiaries	176.3	847.3	702.5	—	(1,726.1)	—
Total assets	**$688.4**	**$1,866.2**	**$3,216.5**	**$ 33.8**	**$(2,917.6)**	**$2,887.3**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	—	122.0	—	—	—	122.0
Current maturities of long-term debt	—	2.6	0.4	0.4	—	3.4
Accounts payable and accrued liabilities	47.6	234.6	310.2	8.3	(163.1)	437.6
Total current liabilities	**47.6**	**359.2**	**310.6**	**8.7**	**(163.1)**	**563.0**
Long-term debt	—	1,134.1	391.3	—	—	1,525.4
Deferred tax liabilities	—	—	114.7	—	(38.2	76.5
Other long-term liabilities	0.5	20.0	54.9	1.1	—	76.5
Due to affiliates	1.0	1.6	959.4	28.2	(990.2)	—
Total liabilities	**49.1**	**1,514.9**	**1,830.9**	**38.0**	**(1,191.5)**	**2,241.4**
Equity						
Common shares, no par	534.7	701.5	1,486.9	38.6	(2,227.0)	534.7
Additional paid-in-capital	51.2	—	—	—	—	51.2
Retained earnings (deficit)	129.6	(333.5)	(132.1)	(58.4)	524.0	129.6
Accumulated other comprehensive (loss) income	(76.2)	(16.7)	30.8	9.0	(23.1)	(76.2)
Total Cott Corporation equity	639.3	351.3	1,385.6	(10.8)	(1,726.1)	639.3
Non-controlling interests	—	—	—	6.6	—	6.6
Total equity	**639.3**	**351.3**	**1,385.6**	**(4.2)**	**(1,726.1)**	**645.9**
Total liabilities and equity	**$688.4**	**$1,866.2**	**$3,216.5**	**$ 33.8**	**$(2,917.6)**	**$2,887.3**

Consolidating Balance Sheet
As of January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 6.2	$ 8.6	$ 64.0	$ 7.4	$ —	$ 86.2
Accounts receivable, net of allowance	16.2	130.4	333.8	12.2	(186.9)	305.7
Income taxes recoverable	—	0.6	0.6	0.4	—	1.6
Inventories	12.4	72.5	172.0	5.5	—	262.4
Prepaid expenses and other assets	2.3	33.9	11.0	0.4	—	47.6
Total current assets	**37.1**	**246.0**	**581.4**	**25.9**	**(186.9)**	**703.5**
Property, plant & equipment, net	38.2	178.4	640.1	7.8	—	864.5
Goodwill	23.4	4.5	715.7	—	—	743.6
Intangibles and other assets, net	0.7	81.6	669.0	6.7	—	758.0
Deferred tax assets	3.4	36.1	—	—	(36.1)	3.4
Other tax receivable	0.1	0.1	—	—	—	0.2
Due from affiliates	183.8	564.5	3.0	0.1	(751.4)	—
Investments in subsidiaries	436.3	623.5	349.6	—	(1,409.4)	—
Total assets	**$723.0**	**$1,734.7**	**$2,958.8**	**$ 40.5**	**$(2,383.8)**	**$3,073.2**
LIABILITIES, PREFERRED SHARES AND EQUITY						
Current liabilities						
Short-term borrowings	$ —	$ 229.0	$ —	$ —	$ —	$ 229.0
Current maturities of long-term debt	0.1	2.5	0.5	0.9	—	4.0
Accounts payable and accrued liabilities	30.4	212.4	356.0	8.1	(186.9)	420.0
Total current liabilities	**30.5**	**443.9**	**356.5**	**9.0**	**(186.9)**	**653.0**
Long-term debt	—	1,133.4	407.3	0.6	—	1,541.3
Deferred tax liabilities	—	—	145.5	—	(36.1)	109.4
Other long-term liabilities	0.4	5.8	64.3	1.3	—	71.8
Due to affiliates	1.3	1.7	715.5	32.9	(751.4)	—
Total liabilities	**32.2**	**1,584.8**	**1,689.1**	**43.8**	**(974.4)**	**2,375.5**
Convertible preferred shares	116.1	—	—	—	—	116.1
Non-convertible preferred shares	32.7	—	—	—	—	32.7
Equity						
Common shares, no par	388.3	525.7	1,595.8	39.7	(2,161.2)	388.3
Additional paid-in-capital	46.6	—	—	—	—	46.6
Retained earnings (deficit)	158.1	(367.2)	(330.1)	(55.1)	752.4	158.1
Accumulated other comprehensive (loss) income	(51.0)	(8.6)	4.0	5.2	(0.6)	(51.0
Total Cott Corporation equity	542.0	149.9	1,269.7	(10.2)	(1,409.4)	542.0
Non-controlling interests	—	—	—	6.9	—	6.9
Total equity	**542.0**	**149.9**	**1,269.7**	**(3.3)**	**(1,409.4)**	**548.9**
Total liabilities, preferred shares and equity	**$723.0**	**$1,734.7**	**$2,958.8**	**$ 40.5**	**$(2,383.8)**	**$3,073.2**

Condensed Consolidating Statement of Cash Flows
For the year ended January 2, 2016
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by operating activities	56.2	127.4	106.5	17.3	(52.8)	254.6
Investing Activities						
Acquisition, net of cash received	—	—	(24.0)	—	—	(24.0)
Additions to property, plant & equipment	(2.0)	(22.3)	(85.2)	(1.3)	—	(110.8)
Additions to intangibles and other assets	—	(1.5)	(3.1)	—	—	(4.6)
Proceeds from sale of property, plant & equipment and sale-leaseback	—	16.0	24.9	—	—	40.9
Other investing activities	—	—	(1.2)	—	—	(1.2)
Net cash used in investing activities	(2.0)	(7.8)	(88.6)	(1.3)	—	(99.7)
Financing Activities						
Payments of long-term debt	(0.1)	(2.6)	(0.3)	(0.7)	—	(3.7)
Borrowings under ABL	—	950.2	44.3	—	—	994.5
Payments under ABL	—	(1,057.3)	(44.5)	—	—	(1,101.8)
Distributions to non-controlling interests	—	—	—	(8.5)	—	(8.5)
Issuance of common shares	143.1	—	—	—	—	143.1
Financing fees	—	(0.6)	—	—	—	(0.6)
Preferred shares repurchased and cancelled	(148.8)	—	—	—	—	(148.8)
Common shares repurchased and cancelled	(0.8)	—	—	—	—	(0.8)
Dividends to common and preferred shareholders	(31.0)	—	—	—	—	(31.0)
Payment of deferred consideration for acquisitions	—	—	(2.5)	—	—	(2.5)
Intercompany dividends	—	(16.9)	(27.1)	(8.8)	52.8	—
Net cash used in financing activities	(37.6)	(127.2)	(30.1)	(18.0)	52.8	(160.1)
Effect of exchange rate changes on cash	(2.0	—	(1.6	(0.3)	—	(3.9)
Net increase (decrease) in cash & cash equivalents	**14.6**	**(7.6)**	**(13.8)**	**(2.3)**	**—**	**(9.1)**
Cash & cash equivalents, beginning of period	**6.2**	**8.6**	**64.0**	**7.4**	**—**	**86.2**
Cash & cash equivalents, end of period	**$ 20.8**	**$ 1.0**	**$ 50.2**	**$ 5.1**	**$ —**	**$ 77.1**

Condensed Consolidating Statement of Cash Flows
For the year ended January 3, 2015
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by (used in) operating activities	42.0	(29.2)	112.9	21.5	(90.5)	56.7
Investing Activities						
Acquisition, net of cash received	—	(798.5)	—	—	—	(798.5)
Additions to property, plant & equipment	(1.9)	(27.1)	(16.9)	(0.8)	—	(46.7)
Additions to intangibles and other assets	—	(6.9)	—	—	—	(6.9)
Proceeds from sale of property, plant & equipment	—	1.7	—	0.1	—	1.8
Net cash used in investing activities	(1.9)	(830.8	(16.9)	(0.7)	—	(850.3)
Financing Activities						
Payments of long-term debt	(0.1)	(392.0)	(0.4)	(1.1)	—	(393.6)
Issue of long-term debt	—	1,150.0	—	—	—	1,150.0
Borrowings under ABL	—	959.0	—	—	—	959.0
Payments under ABL	—	(746.2)	(33.4)	—	—	(779.6)
Distributions to non-controlling interests	—	—	—	(8.5)	—	(8.5)
Financing fees	—	(24.0)	—	—	—	(24.0)
Common shares repurchased and cancelled	(12.1)	—	—	—	—	(12.1)
Dividends to common and preferred shareholders	(22.8)	—	—	—	—	(22.8)
Payment of deferred consideration for acquisitions	—	(32.4)	—	—	—	(32.4)
Intercompany financing transactions	—	(28.8)	28.8	—	—	—
Other financing activities	—	(0.3)	—	—	—	(0.3)
Intercompany dividends	—	(17.8)	(63.8)	(8.9)	90.5	—
Net cash (used in) provided by financing activities	(35.0)	867.5	(68.8)	(18.5)	90.5	835.7
Effect of exchange rate changes on cash	(0.4)	—	(2.3)	(0.4)	—	(3.1)
Net increase in cash & cash equivalents	**4.7**	**7.5**	**24.9**	**1.9**	**—**	**39.0**
Cash & cash equivalents, beginning of period	**1.5**	**1.1**	**39.1**	**5.5**	**—**	**47.2**
Cash & cash equivalents, end of period	**$ 6.2**	**$ 8.6**	**$ 64.0**	**$ 7.4**	**$ —**	**$ 86.2**

Condensed Consolidating Statement of Cash Flows
For the year ended December 28, 2013
(in millions of U.S. dollars)

	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by (used in) operating activities	**5.5**	**194.0**	**(25.8)**	**15.2**	**(34.0)**	**154.9**
Investing Activities						
Acquisition, net of cash received	—	(4.7)	(6.5)	—	—	(11.2)
Additions to property, plant & equipment	(6.8)	(34.8)	(12.4)	(1.3)	—	(55.3)
Additions to intangibles and other assets	—	(5.9)	—	—	—	(5.9)
Proceeds from sale of property, plant & equipment	—	—	—	0.2	—	0.2
Proceeds from insurance recoveries	—	0.6	—	—	—	0.6
Net cash used in investing activities	(6.8)	(44.8)	(18.9)	(1.1)	—	(71.6)
Financing Activities						
Payments of long-term debt	(0.1)	(201.1)	(18.8)	(0.8)	—	(220.8)
Borrowings under ABL	—	89.0	42.9	—	—	131.9
Payments under ABL	—	(72.9)	(9.2)	—	—	(82.1)
Distributions to non-controlling interests	—	—	—	(6.6)	—	(6.6)
Financing fees	(0.1)	(0.6)	(0.1)	—	—	(0.8)
Common shares repurchased and cancelled	(13.0)	—	—	—	—	(13.0)
Dividends to common shareholders	(21.9)	—	—	—	—	(21.9)
Intercompany dividends	—	—	(27.1)	(6.9)	34.0	—
Net cash used in financing activities	(35.1)	(185.6)	(12.3)	(14.3)	34.0	(213.3)
Effect of exchange rate changes on cash	(1.9)	—	(0.3)	—	—	(2.2)
Net decrease in cash & cash equivalents	**(38.3)**	**(36.4)**	**(57.3)**	**(0.2)**	**—**	**(132.2)**
Cash & cash equivalents, beginning of period	**39.8**	**37.5**	**96.4**	**5.7**	**—**	**179.4**
Cash & cash equivalents, end of period	**$ 1.5**	**$ 1.1**	**$ 39.1**	**$ 5.5**	**$ —**	**$ 47.2**

Note 24—Subsequent Event

On January 4, 2016, we acquired AquaTerra Corporation (“AquaTerra”), a Canadian direct-to-consumer home and office water delivery business, for approximately C$62 million (approximately $45 million on the closing date). The acquisition was funded using cash on hand as well as borrowings under our ABL facility. This acquisition supports our strategy to become a more diversified beverage provider across multiple channels and geographies, as well as our continuing consolidation of the higher margin HOD bottled water and OCS categories. Due to the limited time since the AquaTerra acquisition closing date, the Company is unable to provide actual amounts recognized related to the AquaTerra assets acquired and liabilities assumed as the accounting for the purchase price allocation has not yet been completed. As a result, certain required disclosures relative to the AquaTerra acquisition, including those related to any goodwill or bargain purchase amounts to be recognized, have not been made. AquaTerra will become a part of our DSS reporting segment.

On February 17, 2016, the Board of Directors declared a dividend of $0.06 per common share, payable in cash on March 24, 2016 to shareowners of record at the close of business on March 9, 2016.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(in millions of U.S. dollars)	Year ended January 2, 2016					
	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions[1]	Balance at End of Year
Description						
Reserves deducted in the balance sheet from the asset to which they apply						
Allowances for losses on:						
Accounts receivables	$ (6.5)	$ 0.1	$(66.2)	$12.4	$51.0	$ (9.2)
Inventories	(18.2)	—	2.0	0.2	1.1	(14.9)
Deferred income tax assets	(15.8)	—	0.4	—	—	(15.4)
	$(40.5)	$ 0.1	$(63.8)	$12.6	$52.1	$(39.5)

(in millions of U.S. dollars)	Year ended January 3, 2015					
	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions[1]	Balance at End of Year
Description						
Reserves deducted in the balance sheet from the asset to which they apply						
Allowances for losses on:						
Accounts receivables	$ (5.8)	$(0.5)	$ (0.8)	$ 0.2	$ 0.4	$ (6.5)
Inventories	(12.0)	—	(6.3)	0.2	(0.1)	(18.2)
Deferred income tax assets	(45.2)	—	29.4	—	—	(15.8)
	$(63.0)	$(0.5)	$22.3	$ 0.4	$ 0.3	$(40.5)

(in millions of U.S. dollars)	Year ended December 28, 2015					
	Balance at Beginning of Year	Reduction in Sales	Charged to Costs and Expenses	Charged to Other Accounts	Deductions[1]	Balance at End of Year
Description						
Reserves deducted in the balance sheet from the asset to which they apply						
Allowances for losses on:						
Accounts receivables	$ (6.7)	$—	$ 0.9	$—	$—	$ (5.8)
Inventories	(10.5)	—	(2.0)	0.5	—	(12.0)
Deferred income tax assets	(27.5)	—	(17.8)	0.1	—	(45.2)
	$(44.7)	$—	$(18.9)	$ 0.6	$—	$(63.0)

1. Deductions primarily represent uncollectible accounts written off.

Cott Corporation

Consolidated Statements of Operations

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

	For the Three Months Ended	
	April 2, 2016	April 4, 2015
Revenue, net	**$ 698.4**	$ 709.8
Cost of sales	**484.4**	508.5
Gross profit	**214.0**	201.3
Selling, general and administrative expenses	**197.0**	188.5
Loss on disposal of property, plant & equipment	**0.9**	1.4
Acquisition and integration expenses	**1.4**	4.7
Operating income	**14.7**	6.7
Other income, net	**(2.2)**	(10.4)
Interest expense, net	**27.8**	27.7
Loss before income taxes	**(10.9)**	(10.6)
Income tax benefit	**(9.0)**	(9.4)
Net loss	**$ (1.9)**	$ (1.2)
Less: Net income attributable to non-controlling interests	**1.4**	1.3
Less: Accumulated dividends on convertible preferred shares	**—**	2.7
Less: Accumulated dividends on non-convertible preferred shares	**—**	0.8
Net loss attributed to Cott Corporation	**$ (3.3)**	$ (6.0)
Net loss per common share attributed to Cott Corporation		
Basic	**$ (0.03)**	$ (0.06)
Diluted	**(0.03)**	(0.06)
Weighted average common shares outstanding (in thousands)		
Basic	**113,267**	93,196
Diluted	**113,267**	93,196
Dividends declared per share	**$ 0.06**	$ 0.06

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

Cott Corporation

Condensed Consolidated Statements of Comprehensive Loss
(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended	
	April 2, 2016	April 4, 2015
Net loss	**$(1.9)**	$ (1.2)
Other comprehensive loss:		
Currency translation adjustment	**(3.2)**	(25.9)
Pension benefit plan, net of tax[1]	**0.1**	0.1
Unrealized gain on derivative instruments, net of tax[2]	**0.5**	—
Total other comprehensive loss	**(2.6)**	(25.8)
Comprehensive loss	**$(4.5)**	$(27.0)
Less: Comprehensive income attributable to non-controlling interests	**1.4**	1.3
Less: Accumulated dividends on convertible preferred shares	**—**	2.7
Less: Accumulated dividends on non-convertible preferred shares	**—**	0.8
Comprehensive loss attributed to Cott Corporation	**$(5.9)**	$(31.8)

1. Net of the effect of $0.1 million tax benefit and $0.2 million tax expense for the three months ended April 2, 2016 and April 4, 2015, respectively.
2. Net of the effect of $0.2 million and nil tax benefit for the three months ended April 2, 2016 and April 4, 2015, respectively.

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

Cott Corporation

Consolidated Balance Sheets
(in millions of U.S. dollars, except share amounts)
Unaudited

	April 2, 2016	January 2, 2016
ASSETS		
Current assets		
Cash & cash equivalents	**$ 55.1**	$ 77.1
Accounts receivable, net of allowance of 8.6 (9.2 as of January 2, 2016)	**320.4**	293.3
Income taxes recoverable	**0.9**	1.6
Inventories	**254.7**	249.4
Prepaid expenses and other current assets	**20.9**	17.2
Total current assets	**652.0**	638.6
Property, plant & equipment, net	**774.6**	769.8
Goodwill	**779.8**	759.6
Intangibles and other assets, net	**710.9**	711.7
Deferred tax assets	**10.3**	7.6
Total assets	**$2,927.6**	$2,887.3
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	**$ 62.8**	$ 122.0
Current maturities of long-term debt	**3.4**	3.4
Accounts payable and accrued liabilities	**420.7**	437.6
Total current liabilities	**486.9**	563.0
Long-term debt	**1,524.1**	1,525.4
Deferred tax liabilities	**65.9**	76.5
Other long-term liabilities	**71.8**	76.5
Total liabilities	**2,148.7**	2,241.4
Equity		
Common shares, no par—122,676,770 (January 2, 2016—109,695,435) shares issued	**682.2**	534.7
Additional paid-in-capital	**50.8**	51.2
Retained earnings	**119.0**	129.6
Accumulated other comprehensive loss	**(78.8)**	(76.2)
Total Cott Corporation equity	**773.2**	639.3
Non-controlling interests	**5.7**	6.6
Total equity	**778.9**	645.9
Total liabilities and equity	**$2,927.6**	$2,887.3

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

Cott Corporation

Consolidated Statements of Cash Flows

(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended	
	April 2, 2016	**April 4, 2016**
Operating Activities		
Net loss	**$ (1.9)**	$ (1.2)
Depreciation & amortization	**52.5**	57.4
Amortization of financing fees	**1.2**	1.3
Amortization of senior notes premium	**(1.4)**	(1.5)
Share-based compensation expense	**2.4**	2.4
Benefit for deferred income taxes	**(10.8)**	(11.7)
Loss on disposal of property, plant & equipment	**0.9**	1.4
Other non-cash items	**(1.7)**	(10.2)
Change in operating assets and liabilities, net of acquisitions:		
Accounts receivable	**(21.7)**	(41.3)
Inventories	**(3.3)**	(11.0)
Prepaid expenses and other current assets	**(4.4)**	30.3
Other assets	**2.4**	(2.4)
Accounts payable and accrued liabilities, and other liabilities	**(30.0)**	(15.2)
Income taxes recoverable	**(2.9)**	0.6
Net cash used in operating activities	**(18.7)**	(1.1)
Investing Activities		
Acquisitions, net of cash received	**(44.4)**	—
Additions to property, plant & equipment	**(29.5)**	(27.3)
Additions to intangibles and other assets	**(2.3)**	(2.1)
Proceeds from sale of property, plant & equipment	**2.7**	0.4
Net cash used in investing activities	**(73.5)**	(29.0)
Financing Activities		
Payments of long-term debt	**(1.1)**	(0.8)
Borrowings under ABL	**497.2**	94.8
Payments under ABL	**(558.3)**	(102.8)
Distributions to non-controlling interests	**(2.3)**	(2.0)
Issuance of common shares	**144.1**	—
Proceeds from the exercise of options for common shares, net	**—**	0.1
Common shares repurchased and cancelled	**(1.1)**	(0.7)
Dividends paid to common and preferred shareowners	**(7.3)**	(9.0)
Net cash provided by (used in) financing activities	**71.2**	(20.4)
Effect of exchange rate changes on cash	**(1.0)**	(1.2)
Net decrease in cash & cash equivalents	**(22.0)**	(51.7)
Cash & cash equivalents, beginning of period	**77.1**	86.2
Cash & cash equivalents, end of period	**$ 55.1**	$ 34.5
Supplemental Non-cash Investing and Financing Activities:		
Dividend payable issued through accounts payable and accrued liabilities	**—**	0.1
DSS additional consideration accrued in accounts payable	**—**	8.9
Additions to property, plant & equipment through accounts payable and accrued liabilities	**4.8**	6.2
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	**$ 19.2**	$ 17.1
Cash paid for income taxes, net	**$ 4.2**	$ 0.5

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

Cott Corporation

Consolidated Statements of Equity

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

	Cott Corporation Equity						
	Number of Common Shares *(In thousands)*	Common Shares	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Compre-hensive (Loss) Income	Non-Controlling Interests	Total Equity
Balance at January 3, 2015	**93,073**	**$388.3**	**$46.6**	**$158.1**	**$(51.0)**	**$ 6.9**	**$548.9**
Common shares repurchased and cancelled	(87)	(0.7)	—	—	—	—	(0.7)
Common shares issued—Equity Incentive Plan	274	1.9	(1.8)				0.1
Share-based compensation	—	—	2.4	—	—	—	2.4
Common shares dividend				(5.5)	—	—	(5.5)
Distributions to non-controlling interests	—	—	—	—	—	(2.0)	(2.0)
Comprehensive (loss) income							
Currency translation adjustment	—	—	—	—	(25.9)	—	(25.9)
Pension benefit plan, net of tax					0.1	—	0.1
Preferred shares dividend				(3.5)	—	—	(3.5)
Net (loss) income	—	—	—	(2.5)	—	1.3	(1.2)
Balance at April 4, 2015	**93,260**	**$389.5**	**$47.2**	**$146.6**	**$(76.8)**	**$ 6.2**	**$512.7**
Balance at January 2, 2016	**109,695**	**$534.7**	**$51.2**	**$129.6**	**$(76.2)**	**$ 6.6**	**$645.9**
Common shares repurchased and cancelled	(100)	(1.1)	—	—	—	—	(1.1)
Common shares issued—Equity Incentive Plan	286	2.7	(2.7)				
Common shares issued—Equity issuance	12,765	145.5	—	—	—	—	145.5
Common shares issued—Dividend reinvestment plan	5	0.1	—	—	—	—	0.1
Common shares issued—Employee stock purchase plan	26	0.3	(0.1)				0.2
Share-based compensation	—	—	2.4	—	—	—	2.4
Common shares dividend				(7.3)	—	—	(7.3)
Distributions to non-controlling interests	—	—	—	—	—	(2.3)	(2.3)
Comprehensive (loss) income							
Currency translation adjustment	—	—	—	—	(3.2)	—	(3.2)
Pension benefit plan, net of tax					0.1	—	0.1
Unrealized gain on derivative instruments, net of tax	—	—	—	—	0.5	—	0.5
Net (loss) income				(3.3)	—	1.4	(1.9)
Balance at April 2, 2016	**122,677**	**$682.2**	**$50.8**	**$119.0**	**$(78.8)**	**$ 5.7**	**$778.9**

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

Cott Corporation
Notes to the Consolidated Financial Statements
Unaudited

Note 1—Business and Recent Accounting Pronouncements

Description of Business

As used herein, "Cott," "the Company," "our Company," "Cott Corporation," "we," "us," or "our" refers to Cott Corporation, together with its consolidated subsidiaries. With the acquisition of DS Services of America, Inc. ("DSS") in December 2014, we combined a leading provider in the direct-to-consumer beverage services industry with our traditional business, one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. We now have the largest volume-based national presence in the U.S. home and office delivery ("HOD") industry for bottled water and one of the five largest national market share positions in the U.S. office coffee services ("OCS") and filtration services industries. We reach over 1.5 million customers (approximately 60% commercial and 40% residential) through over 2,000 routes located across our national network supported by national sales and distribution facilities, as well as a fleet of over 2,000 vehicles. Our broad portfolio allows us to offer, on a direct-to-consumer basis, a variety of bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers and filtration equipment. With the ability to cover approximately 90% of U.S. households, in terms of geography, we believe we have the broadest distribution network in the direct-to-consumer beverage services industry in the United States, which enables us to efficiently service residences and small and medium size businesses, as well as national corporations, universities and government agencies.

Basis of Presentation

The accompanying interim unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X and in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of our results of operations for the interim periods reported and of our financial condition as of the date of the interim balance sheet have been included. The consolidated balance sheet as of January 2, 2016 included herein was derived from the audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2016 ("2015 Annual Report"). This Quarterly Report on Form 10-Q should be read in conjunction with the annual audited consolidated financial statements and accompanying notes in our 2015 Annual Report. The accounting policies used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements.

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

Recently Issued Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of Accounting Standards Updates ("ASUs") or the issuance of new standards to the FASB's Accounting Standards Codification ("ASC"). The Company considers the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on these consolidated financial statements.

Update ASU 2014-09—Revenue from Contracts with Customers (Topic 606)

In May 2014, the FASB amended its guidance regarding revenue recognition and created a new Topic 606, Revenue from Contracts with Customers. The objectives for creating Topic 606 were to remove inconsistencies and weaknesses in revenue recognition, provide a more robust framework for addressing revenue issues, provide more useful information to users of the financial statements through improved disclosure requirements, simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer, and improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve the core principle, an entity should apply the following steps: 1) identify the contract(s) with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to the performance obligations in the contract; and 5) recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, the amendments are effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The amendments may be applied retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the amendment recognized at the date of initial application. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2016-02—Leases (Topic 842)

In February 2016, the FASB issued an update to its guidance on lease accounting. This update revises accounting for operating leases by a lessee, among other changes, and requires a lessee to recognize a liability to make lease payments and an asset representing its right to use the underlying asset for the lease term in the balance sheet. The distinction between finance and operating leases has not changed and the update does not significantly change the effect of finance and operating leases on the consolidated statements of operations and the consolidated statements of cash flows. Additionally, this update requires both qualitative and specific quantitative disclosures. For public entities, the amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, with early adoption permitted. At adoption, this update will be applied using a modified retrospective approach. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Update ASU 2016-09—Compensation—Stock Compensation (Topic 718)

In March 2016, the FASB amended its guidance to simplify several areas of accounting for share-based compensation arrangements. The amendments in this update cover such areas as the recognition of excess tax benefits and deficiencies, the classification of those excess tax benefits on the consolidated statements of cash flows, an accounting policy election for forfeitures, the amount an employer can withhold to cover income taxes and still qualify for equity classification and the classification of those taxes paid on the consolidated statements of cash flows. The amendments in this update are effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, with early adoption permitted. This guidance will be applied either prospectively, retrospectively or using a modified retrospective transition method, depending on the area covered in this update. We are currently assessing the impact of adoption of this standard on our consolidated financial statements.

Note 2—Acquisitions

HOD Water Business Acquisitions

During the three months ended April 2, 2016, the Company acquired two HOD water businesses for an aggregate cash purchase price of $1.2 million. The Company has accounted for these transactions as business combinations in accordance with GAAP. These tuck-in acquisitions support the Company’s ongoing objective of leveraging its assets and further strengthening its customer assets, including goodwill, acquired have been allocated to the DSS reporting segment. All of the goodwill recorded is expected to be tax deductible.

Aquaterra Acquisition

On January 4, 2016 (the "Acquisition Date"), the Company acquired 100% of the share capital of Aquaterra Corporation ("Aquaterra") pursuant to a Share Purchase Agreement dated December 7, 2015 (the "Aquaterra Acquisition"). Aquaterra operates a Canadian direct-to-consumer HOD bottled water and OCS business. The aggregate purchase price paid by the Company in the Aquaterra Acquisition was approximately C$62 million (approximately U.S. $44.5 million). The purchase price was paid at closing in cash and is subject to a customary post-closing adjustment for net working capital.

This acquisition supports our strategy to become a more diversified beverage provider across multiple channels and geographies, as well as our continuing consolidation of the higher margin HOD bottled water and OCS categories. The Company has accounted for this transaction as a business combination in accordance with authoritative accounting guidance.

The purchase consideration of $44.5 million was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the Acquisition Date. A preliminary allocation of the purchase price has been made to major categories of assets and liabilities based on management's estimates. The table below presents the preliminary purchase price allocation of the estimated acquisition date fair values of the assets acquired and the liabilities assumed:

(in millions of U.S. dollars)	Acquired Value
Cash	$ 1.3
Accounts receivable	6.2
Inventories	2.1
Prepaid expenses and other current assets	1.3
Property, plant & equipment	13.4
Goodwill	19.2
Intangible and other assets	17.4
Accounts payable and accrued liabilities	(15.8)
Long-term debt	(0.3)
Other long-term liabilities	(0.3)
Total	$ 44.5

The fair values of acquired property, plant & equipment, identifiable intangible assets and deferred taxes are provisional pending validation and receipt of the final valuations for those assets. In addition, consideration for potential loss contingencies are still under review.

The amount of revenues and net loss related to the Aquaterra Acquisition included in the Company's consolidated statement of operations for the period from the Acquisition Date through April 2, 2016 were $14.2 million and $0.1 million, respectively. During the three months ended April 2, 2016, the Company incurred $0.2 million of acquisition related costs associated with the Aquaterra Acquisition, which are included in acquisition and integration expenses in the consolidated statements of operations.

Intangible Assets

In our preliminary determination of the fair value of the intangible assets, we considered, among other factors, the best use of acquired assets, analysis of historic financial performance and estimates of future performance of Aquaterra'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 Aquaterra's and our management. The following table sets forth the components of identified intangible assets associated with the Aquaterra Acquisition and their estimated weighted average useful lives:

(in millions of U.S. dollars)	Estimated Fair Market Value	Estimated Useful Life
Customer relationships	$10.0	12 years
Trademarks and trade names	6.7	Indefinite
Total	$16.7	

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

Trademark and trade names represent the future projected cost savings associated with the premium and brand image obtained as a result of owning the trademark or trade name as opposed to obtaining the benefit of the trademark or trade name through a royalty or rental fee.

Goodwill

The principal factor that resulted in recognition of goodwill was that the purchase price for the Aquaterra 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. The goodwill recognized as part of the Aquaterra Acquisition was allocated to the DSS reporting segment, none of which is expected to be tax deductible.

Note 3—Share-based Compensation

During the three months ended April 2, 2016, the Company granted 377,196 Performance-based RSUs, 197,605 Time-based RSUs and 1,138,934 Stock Options.

The Performance-based RSUs are restricted share units with performance-based vesting granted under the Amended and Restated Cott Corporation Equity Incentive Plan (the "Equity Incentive Plan"). These Performance-based RSUs vest at the end of the performance period, or the last day of our 2018 fiscal year. The shares ultimately awarded will be based upon the performance percentage, which can range from 0% to 200% of the awards granted. The Performance-based RSUs ultimately awarded upon vesting are based primarily on the Company's achievement of a specified level of cumulative pre-tax income for the performance period. The grant date fair value of $11.22 per share for the Performance-based RSUs was based on the closing market price of the Company's common shares on the date of grant on the New York Stock Exchange ("NYSE").

The Time-based RSUs are restricted share units with time-based vesting granted under the Equity Incentive Plan. The Time-based RSUs vest ratably in three equal annual installments on the first, second and third anniversaries of the date of grant and are based upon a service condition. The grant date fair value of $11.22 per share for the Time-based RSUs was based on the closing market price of the Company's common shares on the date of grant on the NYSE.

The Stock Options are non-qualified stock options granted under the Equity Incentive Plan and will vest ratably in three equal installments on the first, second and third anniversaries of the date of grant, are based upon a service condition and have a ten year contractual term. The fair value of $2.92 per option for the Stock Options was based on the estimate of fair value on the date of grant using the Black-Scholes option pricing model and related assumptions.

The Company's share-based compensation expense was $2.4 million for the three months ended April 2, 2016 and April 4, 2015, and was recorded in selling, general and administrative ("SG&A") expenses in our consolidated statements of operations.

Note 4—Income Taxes

Income tax benefit was $9.0 million on pre-tax loss of $10.9 million for the three months ended April 2, 2016, as compared to an income tax benefit of $9.4 million on pre-tax loss of $10.6 million for the three months ended April 4, 2015. This is the result of recognizing income tax benefit of pre-tax losses in certain jurisdictions that is not offset by income tax expense in other jurisdictions with pre-tax income.

As we have significant global permanent book to tax differences that exceed our estimated income before taxes on an annual basis, small changes in our estimated income before taxes or changes in year to date income before taxes between jurisdictions can cause material fluctuations in our estimated effective tax rate on a quarterly basis. We have therefore calculated our quarterly income tax provision for the fiscal quarters ended April 2, 2016 and April 4, 2015 on a discrete basis for the United States rather than using the estimated annual effective tax rate for the year, in accordance with ASC 740, *Income Taxes*.

Note 5—Common Shares and Net Loss Per Common Share

Common Shares

On March 9, 2016, we completed a public offering, on a bought deal basis, of 12,765,000 common shares at a price of $11.80 per share for total gross proceeds to us of $150.6 million (the "2016 Offering"). We incurred and recorded $6.0 million of underwriter commissions, $0.8 million in professional fees and a $1.7 million deferred tax benefit to common share capital in connection with the 2016 Offering. The net proceeds of the 2016 Offering were used to repay a portion of the borrowings under our asset based lending facility ("ABL facility"), to finance potential acquisitions and for general corporate purposes.

Net Loss Per Common Share

Basic net loss per common share is calculated by dividing net loss attributed to Cott Corporation by the weighted average number of common shares outstanding during the periods presented. Diluted net loss per common share is calculated by dividing diluted net loss attributed to Cott Corporation by the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, of the exercise of in-the-money stock options, Performance-based RSUs, Time-based RSUs and convertible preferred shares issued as part of the acquisition of DSS ("Convertible Preferred Shares") during the periods presented. The dilutive effect of the Convertible Preferred Shares was calculated using the if-converted method. In applying the if-converted method, the Convertible Preferred Shares are assumed to have been converted at the beginning of the period (or at the time of issuance, if later). Set forth below is a reconciliation of the numerator and denominator for the diluted net loss per common share computations for the periods indicated:

	For the Three Months Ended	
(in millions of U.S. dollars)	**April 2, 2016**	**April 4, 2015**
Net loss attributed to Cott Corporation	$(3.3)	$(6.0)
Plus:		
Accumulated dividends on Convertible Preferred Shares	6.7	—
Diluted net loss attributed to Cott Corporation (numerator)	$(3.3)	$(6.0)

(in thousands)	For the Three Months Ended April 2, 2016	April 4, 2015
Weighted-average common shares outstanding—basic	**113,267**	93,196
Dilutive effect of Stock Options	**—**	—
Dilutive effect of Performance-based RSUs	**—**	—
Dilutive effect of Time-based RSUs	**—**	—
Dilutive effect of Convertible Preferred Shares	**—**	—
Weighted-average common shares outstanding—diluted (denominator)	**113,267**	93,196

The following table summarizes anti-dilutive securities excluded from the computation of diluted net loss per common share for the periods indicated:

(in thousands)	For the Three Months Ended April 2, 2016	April 4, 2015
Stock Options	**2,892**	1,801
Dilutive effect of Performance-based RSUs[1]	**2,003**	1,546
Dilutive effect of Time-based RSUs	**733**	849
Dilutive effect of Convertible Preferred Shares	**—**	18,480

1. Performance-based RSUs represent the number of shares expected to be issued based primarily on the estimated achievement of cumulative pre-tax income targets for these awards.

Note 6—Segment Reporting

Our broad portfolio of products include bottled water, coffee, brewed tea, water dispensers, coffee and tea brewers, filtration equipment, carbonated soft drinks ("CSDs"), 100% shelf stable juice and juice-based products, clear, still and sparkling flavored waters, energy drinks and shots, sports products, new age beverages, ready-to-drink teas, liquid enhancers, freezables, ready-to-drink alcoholic beverages, hot chocolate, coffee, malt drinks, creamers/whiteners, cereals and beverage concentrates.

Our business operates through four reporting segments: DSS, Cott North America, Cott U.K. and All Other (which includes our Mexico operating segment, Royal Crown International operating segment and other miscellaneous expenses). We refer to our Cott North America, Cott U.K. and All Other reporting segments together as our "traditional business". Our corporate oversight function ("Corporate") is not treated as a segment; it includes certain general and administrative costs that are not allocated to any of the reporting segments.

	For the Three Months Ended April 2, 2016						
	DSS	Cott North America	Cott U.K.	All Other	Corporate	Eliminations	Total
Revenue, net[1]	**$ 257.3**	**$313.3**	**$120.6**	**$13.6**	**$—**	**$(6.4)**	**$ 698.4**
Depreciation and amortization	**28.4**	**18.3**	**5.5**	**0.3**	**—**	**—**	**52.5**
Operating income (loss)	**5.7**	**0.6**	**9.9**	**2.5**	**(4.0)**	**—**	**14.7**
Additions to property, plant & equipment	**17.8**	**9.4**	**2.0**	**0.3**	**—**	**—**	**29.5**
As of April 2, 2016							
Total assets[2]	**1,580.1**	**930.0**	**387.4**	**30.1**	**—**	**—**	**2,927.6**

1. Intersegment revenue between Cott North America and the other reporting segments was $6.4 million for the three months ended April 2, 2016.
2. Excludes intersegment receivables, investments and notes receivable.

In millions of (U.S. dollars)	For the Three Months Ended April 4, 2015 DSS	Cott North America	Cott U.K.	All Other	Corporate	Eliminations	Total
Revenue, net[1]	$ 240.3	$328.7	132.2	$13.0	$—	$(4.4)	$ 709.8
Depreciation and amortization	30.2	21.3	5.5	0.4.	—	—	57.4
Operating income (loss)	(1.5)	7.2	3.9	1.6	(4.5)	—	6.7
Additions to property, plant & equipment	18.4	7.2	1.7	—	—	—	27.3
As of January 2, 2016							
Total assets[2]	1,513.1	943.1	402.5	28.6	—	—	2,887.3

1. Intersegment revenue between Cott North America and the other reporting segments was $4.4 million for the three months ended April 4, 2015.
2. Excludes intersegment receivables, investments and notes receivable.

For the three months ended April 2, 2016, sales to Walmart accounted for 18.2% of our total revenue (April 4, 2015—18.6%), 2.5% of our DSS reporting segment revenue (April 4, 2015—2.6%), 34.3% of our Cott North America reporting segment revenue (April 4, 2015—34.0%), 11.1% of our Cott U.K. reporting segment revenue (April 4, 2015—11.6%), and 1.6% of our All Other reporting segment revenue (April 4, 2015—4.8%).

Credit risk arises from the potential default of a customer in meeting its financial obligations to 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 by channel by reporting segment were as follows:

(in millions of U.S. dollars)	For the Three Months Ended April 2, 2016 DSS	Cott North America	Cott U.K.	All Other	Eliminations	Total
Revenue net						
Private label retail	**$ 16.9**	**$248.5**	**$ 51.0**	**$ 0.5**	**$(0.4)**	**$316.5**
Branded retail	**24.3**	**26.8**	**36.6**	**0.8**	**(0.3)**	**88.2**
Contract packaging	**—**	**31.4**	**28.3**	**4.7**	**(2.1)**	**62.3**
Home and office bottled water delivery	**162.0**	**—**	**—**	**—**	**—**	**162.0**
Office coffee services	**31.5**	**—**	**—**	**—**	**—**	**31.5**
Concentrate and other	**22.6**	**6.6**	**4.7**	**7.6**	**(3.6)**	**37.9**
Total[2]	**$257.3**	**$313.3**	**$120.6**	**$13.6**	**$(6.4)**	**$698.4**

(in millions of U.S. dollars)	For the Three Months Ended April 4, 2015 DSS	Cott North America	Cott U.K.	All Other	Eliminations	Total
Revenue, net						
Private label retail	$ 15.6	$267.5	$ 60.5	$ 1.2	$(0.3)	$344.5
Branded retail	19.7	27.1	41.2	1.1	(0.4)	88.7
Contract packaging	—	25.7	28.4	4.0	(0.2)	57.9
Home and office bottled water delivery	149.6	—	—	—	—	149.6
Office coffee services	32.0	—	—	—	—	32.0
Concentrate and other	23.4	8.4	2.1	6.7	(3.5)	37.1
Total[2]	$240.3	$328.7	$132.2	$13.0	$(4.4)	$709.8

Note 7—Inventories

The following table summarizes inventories as of April 2, 2016 and January 2, 2016:

(in millions of U.S. dollars)	April 2, 2016	January 2, 2016
Raw materials	**$ 97.5**	$ 95.3
Finished goods	**124.2**	118.4
Resale items	**13.1**	15.8
Other	**19.9**	19.9
Total	**$254.7**	$249.4

Note 8—Intangibles and Other Assets

The following table summarizes intangibles and other assets as of April 2, 2016 and January 2, 2016:

	April 2, 2016			January 2, 2016		
(in millions of U.S. dollars)	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Intangibles						
Not subject to amortization						
Rights[1]	**$ 45.0**	**—**	**$ 45.0**	$ 45.0	—	45.0
Trademarks	**190.2**	**—**	**190.2**	183.1	—	183.1
Total intangibles not subject to amortization	**235.2**	**—**	**235.2**	228.1	—	228.1
Subject to amortization						
Customer relationships	**671.2**	**255.6**	**415.6**	663.9	241.0	422.9
Trademarks	**32.8**	**28.1**	**4.7**	33.0	28.1	4.9
Information technology	**57.1**	**31.7**	**25.4**	54.0	29.1	24.9
Other	**7.5**	**4.6**	**2.9**	7.8	4.5	3.3
Total intangibles subject to amortization	**768.6**	**320.0**	**448.6**	758.7	302.7	456.0
Total Intangibles	**1,003.8**	**320.0**	**683.8**	986.8	302.7	684.1
Other Assets						
Financing costs	**12.7**	**8.8**	**3.9**	12.6	8.5	4.1
Deposits	**10.5**	**0.4**	**10.1**	10.3	0.4	9.9
Other	**14.9**	**1.8**	**13.1**	15.2	1.6	13.6
Total Other Assets	**38.1**	**11.0**	**27.1**	38.1	10.5	27.6
Total Intangibles & Other Assets	**$1,041.9**	**$331.0**	**$710.9**	$1,024.9	$313.2	$711.7

1. 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.

Amortization expense of intangibles and other assets was $19.2 million for the three months ended April 2, 2016 and April 4, 2015, respectively.

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

(in millions of U.S. dollars)	
Remainder of 2016	**$ 53.8**
2017	**63.8**
2018	**56.8**
2019	**48.0**
2020	**41.7**
Thereafter	**184.5**
Total	**$448.6**

Note 9—Accounts Payable and Accrued Liabilities

The following table summarizes accounts payable and accrued liabilities as of April 2, 2016 and January 2, 2016:

(in millions of U.S. dollars)	April 2, 2016	January 2, 2016
Trade payables	**$221.0**	$227.2
Accrued compensation	**35.9**	49.8
Accrued sales incentives	**25.3**	25.2
Accrued interest	**21.0**	12.2
Payroll, salaries and other taxes	**13.4**	13.3
Accrued deposits	**32.5**	28.6
Other accrued liabilities	**71.6**	81.3
Total	**$420.7**	$437.6

Note 10—Accumulated Other Comprehensive (Loss) Income

Changes in accumulated other comprehensive (loss) income (“AOCI”) by component for the three months ended April 2, 2016 were as follows:

	April 2, 2016			
(in millions of U.S. dollars)[1]	Gains and Losses on Derivative Instruments	Pension Benefit Plan Items	Currency Translation Adjustment Items	Total
Beginning balance January 2, 2016	$(4.7)	$(10.1)	$(61.4)	$(76.2)
OCI before reclassifications	1.5	—	(3.2)	(1.7)
Amounts reclassified from AOCI	(1.0)	0.1	—	(0.9)
Net current-period OCI	0.5	0.1	(3.2)	(2.6)
Ending balance April 2, 2016	$(4.2)	$(10.0)	$(64.6)	$(78.8)

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

The following table summarizes the amounts reclassified from AOCI for the three months ended April 2, 2016 and April 4, 2015, respectively.

(in millions of U.S. dollars)	For the Three Months Ended		
Details About AOCI Components[1]	April 2, 2016	April 4, 2015	Affected Line Item in the Statement Where Net Income Is Presented
Gains and losses on derivative instruments			
Foreign currency and commodity hedges	$ 1.6	$ 0.3	Cost of sales
	1.6	0.3	Total before taxes
	(0.6)	(0.1)	Tax (expense) or benefit
	$ 1.0	$ 0.2	Net of tax
Amortization of pension benefit plan items			
Prior service costs[2]	$(0.1)	$(0.1)	Cost of sales
	(0.1)	(0.1)	Total before taxes
	—	—	Tax (expense) or benefit
	$(0.1)	$(0.1)	Net of tax
Total reclassifications for the period	$ 0.9	$ 0.1	Net of tax

1. Amounts in parenthesis indicate debits.
2. These AOCI components are included in the computation of net periodic pension cost.

Note 11—Commitments and Contingencies

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

We had $40.9 million in standby letters of credit outstanding as of April 2, 2016 ($45.6 million—January 2, 2016).

In May 2014, our Cott U.K. reporting segment acquired 100% of the share capital of Aimia Foods Holdings Limited (the "Aimia Acquisition"), which included its operating subsidiary company, Aimia Foods Limited (together referred as "Aimia") pursuant to a Share Purchase Agreement dated May 30, 2014. The terms of the transaction included aggregate contingent consideration of up to £16.0 million ($22.9 million at exchange rates in effect on April 2, 2016), which is payable upon achievement of certain measures related to Aimia's performance during the twelve months ending July 1, 2016.

Note 12—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 use various types of derivative instruments including, but not limited to, forward contracts and swap agreements for certain commodities. Forward contracts are agreements to buy or sell a quantity of a currency at a predetermined future date, and at a predetermined rate or price. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices.

All derivatives are carried at fair value in the consolidated balance sheets in the line item accounts receivable, net or accounts payable and accrued liabilities. The carrying values of the derivatives reflect the impact of legally enforceable agreements with the same counterparties. These allow us to net settle positive and negative positions (assets and liabilities) arising from different transactions with the same counterparty.

The accounting for gains and losses that result from changes in the fair values of derivative instruments depends on whether the derivatives have been designated and qualify as hedging instruments and the types of hedging relationships. Derivatives can be designated as fair value hedges, cash flow hedges or hedges of net investments in foreign operations. The changes in the fair values of derivatives that have been designated and qualify for fair value hedge accounting are recorded in the same line item in our consolidated statements of operations as the changes in the fair value of the hedged items attributable to the risk being hedged. The changes in fair values of derivatives that have been designated and qualify as cash flow hedges are recorded in AOCI and are reclassified into the line item in the consolidated statements of operations in which the hedged items are recorded in the same period the hedged items affect earnings. Due to the high degree of effectiveness between the hedging instruments and the underlying exposures being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. The changes in fair values of derivatives that were not designated and/or did not qualify as hedging instruments are immediately recognized into earnings. We classify cash inflows and outflows related to derivative and hedging instruments with the appropriate cash flows section associated with the item being hedged.

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

We estimate the fair values of our derivatives based on quoted market prices or pricing models using current market rates (see Note 13 to the consolidated financial statements). 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 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 monitor counterparty exposures regularly and review promptly any downgrade in counterparty credit rating. We mitigate pre-settlement risk by being permitted to net settle for transactions with the same counterparty. To minimize the concentration of credit risk, we enter into derivative transactions with a portfolio of financial institutions. Based on these factors, we consider the risk of counterparty default to be minimal.

Cash Flow Hedging Strategy

We use cash flow hedges to minimize the variability in cash flows of assets or liabilities or forecasted transactions caused by fluctuations in foreign currency exchange rates and commodity prices. The changes in fair values of hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. We did not discontinue any cash flow hedging relationships during the three months ended April 2, 2016 or April 4, 2015, respectively. Foreign exchange contracts typically have maturities of less than twelve months and commodity contracts typically have maturities of less than 27 months. All outstanding hedges as of April 2, 2016 are expected to settle in the next twelve months.

We maintain a foreign currency cash flow hedging program to reduce the risk that our procurement activities will be adversely affected by changes in foreign currency exchange rates. We enter into forward contracts to hedge certain portions of forecasted cash flows denominated in foreign currencies. The total notional values of derivatives that were designated and qualified for our foreign currency cash flow hedging program were $26.9 million and $4.5 million as of April 2, 2016 and January 2, 2016, respectively. Approximately $1.1 million of unrealized net of tax losses and $1.5 million of unrealized net of tax gains related to the foreign currency cash flow hedges were included in AOCI as of April 2, 2016 and April 4, 2015, respectively. The hedge ineffectiveness for these cash flow hedging instruments was not material during the periods presented.

We have entered into commodity swaps on aluminum to mitigate the price risk associated with forecasted purchases of materials used in our manufacturing process. These derivative instruments have been designated and qualify as a part of our commodity cash flow hedging program. The objective of this hedging program is to reduce the variability of cash flows associated with future purchases of aluminum. The total notional values of derivatives that were designated and qualified for our commodity cash flow hedging program were $37.8 million and $49.3 million as of April 2, 2016 and January 2, 2016, respectively. Approximately $3.4 million and $1.5 million of unrealized net of tax losses related to the commodity swaps were included in AOCI as of April 2, 2016 and April 4, 2015, respectively. The hedge ineffectiveness was not material for the three months ended April 2, 2016. The cumulative hedge ineffectiveness for these hedging instruments was approximately $0.9 million, of which $0.3 million was recognized as a decrease in cost of sales within the consolidated statements of operations for the three months ended April 4, 2015.

The fair value of the Company's derivative assets included within other receivables as a component of accounts receivable, net was $0.6 million as of January 2, 2016. We did not have derivative assets as of April 2, 2016. The fair value of the Company's derivative liabilities included in accrued liabilities was $6.8 million and $8.0 million as of April 2, 2016 and January 2, 2016, respectively. Set forth below is a reconciliation of the Company's derivatives by contract type for the periods indicated:

(in millions of U.S. dollars)	**April 2, 2016**		**January 2, 2016**	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Derivative Contract				
Foreign currency hedge	$—	**$1.5**	$ 0.6	$—
Aluminum swaps	—	**5.3**	—	8.0
	$—	**$6.8**	$ 0.6	$ 8.0

Aluminum swaps subject to enforceable master netting arrangements are presented net in the reconciliation above. The fair value of the aluminum swap assets and liabilities which are shown on a net basis are reconciled in the table below:

(in millions of U.S. dollars)	**April 2, 2016**	**January 2, 2016**
Aluminum swap assets	**$—**	$—
Aluminum swap liabilities	**(5.3)**	(8.0)
Net asset (liability)	**$(5.3)**	$(8.0)

The settlement of our derivative instruments resulted in a debit to cost of sales of $1.6 million for the three months ended April 2, 2016 and $0.2 million for the comparable prior year period.

Note 13—Fair Value Measurements

ASC 820, *Fair Value Measurements*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

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

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

Our derivative assets and liabilities represent Level 2 instruments. Level 2 instruments are valued based on observable inputs for quoted prices for similar assets and liabilities in active markets. The fair value for the derivative assets as of January 2, 2016 was $0.6 million. We did not have derivative assets as of April 2, 2016. The fair value for the derivative liabilities as of April 2, 2016 and January 2, 2016 was $6.8 million and $8.0 million, respectively.

Fair Value of Financial Instruments

The carrying amounts reflected in the consolidated balance sheets for cash and cash equivalents, receivables, payables, short-term borrowings and long-term debt approximate their respective fair values, except as otherwise indicated. The carrying values and estimated fair values of our significant outstanding debt as of April 2, 2016 and January 2, 2016 were as follows:

	April 2, 2016		January 2, 2016	
(in millions of U.S. dollars)	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
6.750% senior notes due in 2020[1,3]	**$ 613.7**	**$ 657.0**	$ 613.0	$ 641.4
10.000% senior notes due in 2021[1,2]	**388.6**	**395.9**	390.1	397.3
5.375% senior notes due in 2022[1,3]	**517.0**	**534.2**	516.8	522.4
Total	**$1,519.3**	**$1,587.1**	$1,519.9	$1,561.1

1. The fair values were based on the trading levels and bid/offer prices observed by a market participant and are considered Level 1 financial instruments.
2. The outstanding aggregate principal amount of $350.0 million of our 10.000% senior secured notes (“DSS Notes”) was assumed by Cott at a fair value of $406.0 million in connection with Cott’s acquisition of DSS. The premium of $56.0 million is being amortized as an adjustment to interest expense using the effective interest method over the remaining contractual term of the DSS Notes.
3. The carrying value of our significant outstanding debt is net of unamortized debt issuance costs of $19.6 million and $20.6 million as of April 2, 2016 and January 2, 2016, respectively.

Fair Value of Contingent Consideration

We estimated the fair value of the contingent consideration related to the Aimia Acquisition utilizing financial projections of the acquired business and estimated probabilities of achievement of certain EBITDA targets. The fair value was based on significant inputs not observable 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. The acquisition date fair value of the contingent consideration was determined to be £10.6 million using a present valued probability-weighted income approach. The maximum potential payout is £16.0 million (U.S. $22.9 million at exchange rates in effect on April 2, 2016) on an undiscounted basis. The following tables provide a reconciliation of the beginning and ending balances of this liability.

	For the Three Months Ended	
(in millions of U.S. dollars)	**April 2, 2016**	April 4, 2015
Fair value at beginning of period	**$16.4**	$16.5
Foreign exchange gain	**(0.5)**	(0.7)
Fair value at end of period	**$15.9**	$15.8

Note 14—Guarantor Subsidiaries

Guarantor Subsidiaries for DSS Notes

The DSS Notes assumed as part of the DSS Acquisition are guaranteed on a senior secured basis pursuant to guarantees by Cott Corporation and certain other 100% owned direct and indirect subsidiaries (the "DSS Guarantor Subsidiaries"). DSS and each DSS Guarantor Subsidiary is 100% owned by Cott Corporation. The guarantees of the DSS Notes by Cott Corporation and the DSS Guarantor Subsidiaries are full and unconditional, and all such guarantees are joint and several. The guarantees of the DSS 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 the DSS Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with Securities and Exchange Commission ("SEC") interpretations governing reporting of subsidiary financial information.

The following summarized condensed consolidating financial information of the Company sets forth on a consolidating basis, our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, DSS, the DSS Guarantor Subsidiaries and our other non-guarantor subsidiaries (the "DSS Non-Guarantor Subsidiaries"). The supplemental financial information reflects our investments and those of DSS in their respective subsidiaries using the equity method of accounting.

Condensed Consolidating Statements of Operations
(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$33.8**	**$243.1**	**$406.8**	**$28.5**	**$(13.8)**	**$698.4**
Cost of sales	29.7	97.4	348.2	22.9	(13.8)	484.4
Gross profit	**4.1**	**145.7**	**58.6**	**5.6**	**—**	**214.0**
Selling, general and administrative expenses	5.5	137.2	51.6	2.7	—	197.0
Loss (gain) on disposal of property, plant & equipment	—	1.8	(0.9)	—	—	0.9
Acquisition and integration expenses	—	0.9	0.5	—	—	1.4
Operating (loss) income	**(1.4)**	**5.8**	**7.4**	**2.9**	**—**	**14.7**
Other (income) expense, net	(1.6)	(1.0)	0.4	—	—	(2.2)
Intercompany interest expense (income), net	—	10.8	(10.8)	—	—	
Interest expense, net	0.2	7.4	20.2	—	—	27.8
(Loss) income before income tax (benefit) expense and equity (loss) income	—	(11.4)	(2.4)	2.9	—	(10.9)
Income tax (benefit) expense	—	(4.2)	(4.9)	0.1	—	(9.0)
Equity (loss) income	(3.3)	—	1.8	—	1.5	—
Net (loss) income	**$ (3.3)**	**$ (7.2)**	**$ 4.3**	**$ 2.8**	**$ 1.5**	**$ (1.9)**
Less: Net income attributable to non-controlling interests	—	—	—	1.4	—	1.4
Net (loss) income attributed to Cott Corporation	**$ (3.3)**	**$ (7.2)**	**$ 4.3**	**$ 1.4**	**$ 1.5**	**$ (3.3)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (5.9)**	**$ (7.2)**	**$ 30.8**	**$ (0.6)**	**$(23.0)**	**$ (5.9)**

Condensed Consolidating Statements of Operations
(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended April 4, 2015					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 30.0**	**$240.3**	**$418.3**	**$31.4**	**$(10.2)**	**$709.8**
Cost of sales	27.0	100.4	365.4	25.9	(10.2)	508.5
Gross profit	**3.0**	**139.9**	**52.9**	**5.5**	**—**	**201.3**
Selling, general and administrative expenses	5.5	137.2	42.7	3.1	—	188.5
Loss (gain) on disposal of property, plant & equipment	—	1.1	0.3	—	—	1.4
Acquisition and integration expenses	—	3.0	1.7	—	—	4.7
Operating (loss) income	**(2.5)**	**(1.4)**	**8.2**	**2.4**	**—**	**6.7**
Other (income) expense, net	(10.5)	(0.2)	0.2	0.1	—	(10.4)
Intercompany interest expense (income), net	(3.0)	10.9	(7.9)	—	—	—
Interest expense, net	0.1	7.3	20.3	—	—	27.7
(Loss) income before income tax (benefit) expense and equity (loss) income	**10.9**	**(19.4)**	**(4.4)**	**2.3**	**—**	**(10.6)**
Income tax (benefit) expense	1.2	(7.2)	(3.5)	0.1	—	(9.4)
Equity (loss) income	(12.2)		1.4	—	10.8	
Net (loss) income	**$ (2.5)**	**$ (12.2)**	**$ 0.5**	**$ 2.2**	**$ 10.8**	**$ (1.2)**
Less: Net income attributable to non-controlling interests	—	—	—	1.3	—	1.3
Less: Accumulated dividends on convertible preferred shares	2.7	—	—	—	—	2.7
Less: Accumulated dividends on non-convertible preferred shares	0.8	—	—	—	—	0.8
Net (loss) income attributed to Cott Corporation	**$ (6.0)**	**$ (12.2)**	**$ 0.5**	**$ 0.9**	**$ 10.8**	**$ (6.0)**
Comprehensive (loss) income attributed to Cott Corporation	**$(31.8)**	**$ (12.2)**	**$ (15.8)**	**$ 0.6**	**$ 27.4**	**$ (31.8)**

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

	For the Three Months Ended April 2, 2016					
	Cott Corporation	**DS Services of America, Inc.**	**DSS Guarantor Subsidiaries**	**DSS Non-Guarantor Subsidiaries**	**Elimination Entries**	**Consolidated**
ASSETS						
Current assets						
Cash & cash equivalents	$ 4.9	$ 20.5	$ 25.0	$ 4.7	$ —	$ 55.1
Accounts receivable, net of allowance	18.4	112.4	239.6	11.2	(61.2)	320.4
Income taxes recoverable	—	1.8	0.3	0.2	(1.4)	0.9
Inventories	16.6	27.9	203.8	6.4	—	254.7
Prepaid expenses and other assets	2.1	7.8	10.6	0.4	—	20.9
Total current assets	**42.0**	**170.4**	**479.3**	**22.9**	**(62.6)**	**652.0**
Property, plant & equipment, net	30.8	371.2	366.1	6.5	—	774.6
Goodwill	21.0	579.2	179.6	—	—	779.8
Intangibles and other assets, net	1.0	395.1	313.0	1.8	—	710.9
Deferred tax assets	10.2	—	44.2	0.2	(44.3)	10.3
Due from affiliates	393.2	—	544.4	—	(937.6)	—
Investments in subsidiaries	366.6	—	400.1	—	(766.7)	—
Total assets	**$864.8**	**$1,515.9**	**$2,326.7**	**$ 31.4**	**$(1,811.2)**	**$2,927.6**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$ 30.7	$ —	$ 32.1	$ —	$ —	$ 62.8
Current maturities of long-term debt	—	—	3.2	0.2	—	3.4
Accounts payable and accrued liabilities	59.3	135.3	280.9	7.8	(62.6)	420.7
Total current liabilities	**90.0**	**135.3**	**316.2**	**8.0**	**(62.6)**	**486.9**
Long-term debt	—	388.6	1,135.5	—	—	1,524.1
Deferred tax liabilities	—	93.2	17.0	—	(44.3)	65.9
Other long-term liabilities	0.5	35.5	34.6	1.2	—	71.8
Due to affiliates	1.1	543.3	365.0	28.2	(937.6)	—
Total liabilities	**91.6**	**1,195.9**	**1,868.3**	**37.4**	**(1,044.5)**	**2,148.7**
Equity						
Common shares, no par	682.2	355.5	849.9	40.2	(1,245.6)	682.2
Additional paid-in-capital	50.8	—	—	—	—	50.8
Retained earnings (deficit)	119.0	(35.3)	(432.3)	(58.9)	526.5	119.0
Accumulated other comprehensive (loss) income	(78.8)	(0.2)	40.8	7.0	(47.6)	(78.8)
Total Cott Corporation equity	773.2	320.0	458.4	(11.7)	(766.7)	773.2
Non-controlling interests	—	—	—	5.7	—	5.7
Total equity	**773.2**	**320.0**	**458.4**	**(6.0)**	**(766.7)**	**778.9**
Total liabilities and equity	**$864.8**	**$1,515.9**	**$2,326.7**	**$ 31.4**	**$(1,811.2)**	**$2,927.6**

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

	For the Three Months January April 2, 2016					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 20.8	$ 12.8	$ 38.4	$ 5.1	$ —	$ 77.1
Accounts receivable, net of allowance	18.3	122.6	184.6	13.0	(45.2)	293.3
Income taxes recoverable	—	0.5	0.9	0.2	—	1.6
Inventories	13.0	31.4	199.4	5.6	—	249.4
Prepaid expenses and other assets	2.2	4.8	10.0	0.2	—	17.2
Total current assets	**54.3**	**172.1**	**433.3**	**24.1**	**(45.2)**	**638.6**
Property, plant & equipment, net	29.7	372.6	360.8	6.7	—	769.8
Goodwill	19.8	579.1	160.7	—	—	759.6
Intangibles and other assets, net	0.8	402.5	305.6	2.8	—	711.7
Deferred tax assets	7.4	—	38.2	0.2	(38.2)	7.6
Due from affiliates	400.1	—	544.3	—	(944.4)	—
Investments in subsidiaries	176.3	—	400.0	—	(576.3)	—
Total assets	**$688.4**	**$1,526.3**	**$2,242.9**	**$ 33.8**	**$(1,604.1)**	**$2,887.3**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$ —	$ —	$ 122.0	$ —	$ —	$ 122.0
Current maturities of long-term debt	—	—	3.0	0.4	—	3.4
Accounts payable and accrued liabilities	47.6	131.8	295.1	8.3	(45.2)	437.6
Total current liabilities	**47.6**	**131.8**	**420.1**	**8.7**	**(45.2)**	**563.0**
Long-term debt	—	390.1	1,135.3	—	—	1,525.4
Deferred tax liabilities	—	97.7	17.0	—	(38.2)	76.5
Other long-term liabilities	0.5	36.2	38.7	1.1		76.5
Due to affiliates	1.0	543.3	371.9	28.2	(944.4)	
Total liabilities	**49.1**	**1,199.1**	**1,983.0**	**38.0**	**(1,027.8)**	**2,241.4**
Equity						
Common shares, no par	534.7	355.5	683.1	38.6	(1,077.2)	534.7
Additional paid-in-capital	51.2	—	—	—	—	51.2
Retained earnings (deficit)	129.6	(28.1)	(437.5)	(58.4)	524.0	129.6
Accumulated other comprehensive (loss) income	(76.2)	(0.2)	14.3	9.0	(23.1)	(76.2)
Total Cott Corporation equity	639.3	327.2	259.9	(10.8)	(576.3)	639.3
Non-controlling interests	—	—	—	6.6	—	6.6
Total equity	**639.3**	**327.2**	**259.9**	**(4.2)**	**(576.3)**	**645.9**
Total liabilities and equity	**$688.4**	**$1,526.3**	**$2,242.9**	**$ 33.8**	**$(1,604.1)**	**$2,887.3**

Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash (used in) provided by operating activities	**$(136.8)**	**$ 26.1**	**$ 89.7**	**$ 4.7**	**$(2.4)**	**$ (18.7)**
Investing Activities						
Acquisition, net of cash received	(43.2)	(1.2)	—	—	—	(44.4)
Additions to property, plant & equipment	(0.4)	(16.8)	(12.0)	(0.3)	—	(29.5)
Additions to intangibles and other assets	(0.1)	(0.5)	(1.7)	—	—	(2.3)
Proceeds from sale of property, plant & equipment	—	0.1	2.6	—	—	2.7
Net cash used in investing activities	(43.7)	(18.4)	(11.1)	(0.3)	—	(73.5)
Financing Activities						
Payments of long-term debt	—	—	(1.0)	(0.1)	—	(1.1)
Borrowings under ABL	87.6	—	409.6	—	—	497.2
Payments under ABL	(58.8)	—	(499.5)	—	—	(558.3)
Distributions to non-controlling interests	—	—	—	(2.3)	—	(2.3)
Issuance of common shares	144.1					144.1
Common shares repurchased and cancelled	(1.1)	—	—	—	—	(1.1)
Dividends paid to common shareowners	(7.3)	—	—	—	—	(7.3)
Intercompany dividends	—	—	—	(2.4)	2.4	—
Net cash provided by (used in) financing activities	164.5		(90.9)	(4.8)	2.4	71.2
Effect of exchange rate changes on cash	0.1		(1.1)	—	—	(1.0)
Net (decrease) increase in cash & cash equivalents	**(15.9)**	**7.7**	**(13.4)**	**(0.4)**	**—**	**(22.0)**
Cash & cash equivalents, beginning of period	**20.8**	**12.8**	**38.4**	**5.1**	**—**	**77.1**
Cash & cash equivalents, end of period	**$ 4.9**	**$ 20.5**	**$ 25.0**	**$ 4.7**	**$—**	**$ 55.1**

Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 4, 2015					
	Cott Corporation	DS Services of America, Inc.	DSS Guarantor Subsidiaries	DSS Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by (used in) operating activities	**$ 4.4**	**$ 0.6**	**$ (3.6)**	**$ 1.7**	**$(4.2)**	**$ (1.1)**
Investing Activities						
Additions to property, plant & equipment	(0.3)	(18.4)	(8.6)	—	—	(27.3)
Additions to intangibles and other assets	—	(1.8)	(0.3)	—	—	(2.1)
Proceeds from sale of property, plant & equipment	—		0.4	—	—	0.4
Net cash used in investing activities	(0.3)	(20.2)	(8.5)	—	—	(29.0)
Financing Activities						
Payments of long-term debt	—	—	(0.5)	(0.3)	—	(0.8)
Borrowings under ABL			94.8	—	—	94.8
Payments under ABL	—	—	(102.8)	—	—	(102.8)
Distributions to non-controlling interests	—	—	—	(2.0)	—	(2.0)
Proceeds from the exercise of options for common shares, net	0.1	—	—	—	—	0.1
Common shares repurchased and cancelled	(0.7)	—	—	—	—	(0.7)
Dividends paid to common and preferred shareowners	(9.0)	—	—	—	—	(9.0)
Intercompany dividends	—	—	(2.1)	(2.1)	4.2	
Net cash used in financing activities	(9.6)	—	(10.6)	(4.4)	4.2	(20.4)
Effect of exchange rate changes on cash	(0.4)		(0.7)	(0.1)	—	(1.2)
Net decrease in cash & cash equivalents	**(5.9)**	**(19.6)**	**(23.4)**	**(2.8)**	**—**	**(51.7)**
Cash & cash equivalents, beginning of period	**6.2**	**34.4**	**38.2**	**7.4**	**—**	**86.2**
Cash & cash equivalents, end of period	**$ 0.3**	**$ 14.8**	**$ 14.8**	**$ 4.6**	**$—**	**$ 34.5**

Guarantor Subsidiaries for 2020 Notes and 2022 Notes

The 2022 Notes and 2020 Notes, each issued by our 100% owned subsidiary Cott Beverages Inc. ("CBI"), are guaranteed on a senior basis pursuant to guarantees by Cott Corporation and certain other 100% owned direct and indirect subsidiaries (the "Cott Guarantor Subsidiaries"). CBI and each Cott Guarantor Subsidiary is 100% owned by Cott Corporation. The guarantees of the 2020 Notes and the 2022 Notes by Cott Corporation and the Cott Guarantor Subsidiaries are full and unconditional, and all such guarantees are joint and several. The guarantees of the Cott 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 the Cott Guarantor Subsidiaries due to the presentation of condensed consolidating financial information set forth in this Note, consistent with SEC interpretations governing reporting of subsidiary financial information.

The following summarized condensed consolidating financial information of the Company sets forth on a consolidating basis, our Balance Sheets, Statements of Operations and Cash Flows for Cott Corporation, CBI, the Cott Guarantor Subsidiaries and our other non-guarantor subsidiaries (the "Cott Non-Guarantor Subsidiaries"). The supplemental financial information reflects our investments and those of CBI in their respective subsidiaries using the equity method of accounting.

Condensed Consolidating Statements of Operations
(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$33.8**	**$168.9**	**$481.0**	**$28.5**	**$(13.8)**	**$698.4**
Cost of sales	29.7	146.0	299.6	22.9	(13.8)	484.4
Gross profit	4.1	22.9	181.4	5.6	—	214.0
Selling, general and administrative expenses	5.5	28.1	160.7	2.7	—	197.0
Loss on disposal of property, plant & equipment	—	0.3	0.6	—	—	0.9
Acquisition and integration expenses	—	0.3	1.1	—	—	1.4
Operating (loss) income	**(1.4)**	**(5.8)**	**19.0**	**2.9**	**—**	**14.7**
Other income, net	(1.6)	(0.1)	(0.5)	—	—	(2.2)
Intercompany interest (income) expense, net	—	(11.4)	11.4	—	—	—
Interest expense, net	0.2	20.1	7.5	—	—	27.8
(Loss) income before income tax (benefit) expense and equity (loss) income	—	(14.4)	0.6	2.9	—	(10.9)
Income tax (benefit) expense	—	(5.6)	(3.5)	0.1	—	(9.0)
Equity (loss) income	(3.3)	1.5	0.3	—	1.5	—
Net (loss) income	**$ (3.3)**	**$ (7.3)**	**$ 4.4**	**$ 2.8**	**$ 1.5**	**$ (1.9)**
Less: Net income attributable to non-controlling interests	—	—	—	1.4	—	1.4
Net (loss) income attributed to Cott Corporation	**$ (3.3)**	**$ (7.3)**	**$ 4.4**	**$ 1.4**	**$ 1.5**	**$ (3.3)**
Comprehensive (loss) income attributed to Cott Corporation	**$ (5.9)**	**$ (7.4)**	**$ 31.0**	**$ (0.6)**	**$(23.0)**	**$ (5.9)**

Condensed Consolidating Statements of Operations
(in millions of U.S. dollars)
Unaudited

	For the Three Months Ended April 4, 2015					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Revenue, net	**$ 30.0**	**$170.0**	**$488.6**	**$31.4**	**$(10.2)**	**$709.8**
Cost of sales	27.0	145.8	320.0	25.9	(10.2)	508.5
Gross profit	**3.0**	**24.2**	**168.6**	**5.5**	**—**	**201.3**
Selling, general and administrative expenses	5.5	23.8	156.1	3.1	—	188.5
Loss on disposal of property, plant & equipment	—	0.3	1.1	—	—	1.4
Acquisition and integration expenses	—	1.5	3.2	—	—	4.7
Operating (loss) income	**(2.5)**	**(1.4)**	**8.2**	**2.4**	**—**	**6.7**
Other income, net	(10.5)	—	—	0.1	—	(10.4)
Intercompany interest (income) expense, net	(3.0)	(12.2)	15.2	—	—	—
Interest expense, net	0.1	20.1	7.5	—	—	27.7
(Loss) income before income tax (benefit) expense and equity (loss) income	**10.9**	**(9.3)**	**(14.5)**	**2.3**	**—**	**(10.6)**
Income tax (benefit) expense	1.2	(4.6)	(6.1)	0.1	—	(9.4)
Equity (loss) income	(12.2)	1.4			10.8	
Net (loss) income	**$ (2.5)**	**$ (3.3)**	**$ (8.4)**	**$ 2.2**	**$ 10.8**	**$ (1.2)**
Less: Net income attributable to non-controlling interests	—	—	—	1.3	—	1.3
Less: Accumulated dividends on convertible preferred shares	2.7	—	—	—	—	2.7
Less: Accumulated dividends on non-convertible preferred shares	0.8	—	—	—	—	0.8
Net (loss) income attributed to Cott Corporation	**$ (6.0)**	**$ (3.3)**	**$ (8.4)**	**$ 0.9**	**$ 10.8**	**$ (6.0)**
Comprehensive (loss) income attributed to Cott Corporation	**$(31.8)**	**$ (22.8)**	**$ (20.5)**	**$ 0.6**	**$ 42.7**	**$ (31.8)**

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

	As of April 2, 2016					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 4.9	$ 1.0	$ 44.5	$ 4.7	$ —	$ 55.1
Accounts receivable, net of allowance	18.4	94.7	380.2	11.2	(184.1)	320.4
Income taxes recoverable	—	—	2.1	0.2	(1.4)	0.9
Inventories	16.6	78.0	153.7	6.4	—	254.7
Prepaid expenses and other assets	2.1	6.3	12.1	0.4	—	20.9
Total current assets	**42.0**	**180.0**	**592.6**	**22.9**	**(185.5)**	**652.0**
Property, plant & equipment, net	30.8	160.3	577.0	6.5	—	774.6
Goodwill	21.0	4.5	754.3	—	—	779.8
Intangibles and other assets, net	1.0	79.6	628.5	1.8	—	710.9
Deferred tax assets	10.2	44.2	—	0.2	(44.3)	10.3
Due from affiliates	393.2	586.2	142.6	—	(1,122.0)	—
Investments in subsidiaries	366.6	847.3	702.6	—	(1,916.5)	—
Total assets	**$864.8**	**$1,902.1**	**$3,397.6**	**$ 31.4**	**$(3,268.3)**	**$2,927.6**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$ 30.7	$ 32.1	$ —	$ —	$ —	$ 62.8
Current maturities of long-term debt	—	2.7	0.5	0.2	—	3.4
Accounts payable and accrued liabilities	59.3	227.1	312.0	7.8	(185.5)	420.7
Total current liabilities	**90.0**	**261.9**	**312.5**	**8.0**	**(185.5)**	**486.9**
Long-term debt		1,134.2	389.9	—	—	1,524.1
Deferred tax liabilities			110.2		(44.3)	65.9
Other long-term liabilities	0.5	19.7	50.4	1.2	—	71.8
Due to affiliates	1.1	141.6	951.1	28.2	(1,122.0)	—
Total liabilities	**91.6**	**1,557.4**	**1,814.1**	**37.4**	**(1,351.8)**	**2,148.7**
Equity						
Common shares, no par	682.2	701.4	1,653.8	40.2	(2,395.4)	682.2
Additional paid-in-capital	50.8	—	—	—	—	50.8
Retained earnings (deficit)	119.0	(339.9)	(127.7)	(58.9)	526.5	119.0
Accumulated other comprehensive (loss) income	(78.8)	(16.8)	57.4	7.0	(47.6)	(78.8)
Total Cott Corporation equity	773.2	344.7	1,583.5	(11.7)	(1,916.5)	773.2
Non-controlling interests	—	—	—	5.7	—	5.7
Total equity	773.2	344.7	1,583.5	(6.0)	(1,916.5)	778.9
Total liabilities and equity	**$864.8**	**$1,902.1**	**$3,397.6**	**$ 31.4**	**$(3,268.3)**	**$2,927.6**

Consolidating Balance Sheets

(in millions of U.S. dollars)

Unaudited

	As of January 2, 2016					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
ASSETS						
Current assets						
Cash & cash equivalents	$ 20.8	$ 1.0	$ 50.2	$ 5.1	$ —	$ 77.1
Accounts receivable, net of allowance	18.3	63.3	361.8	13.0	(163.1)	293.3
Income taxes recoverable	—	0.6	0.8	0.2	—	1.6
Inventories	13.0	76.7	154.1	5.6	—	249.4
Prepaid expenses and other assets	2.2	4.6	10.2	0.2	—	17.2
Total current assets	**54.3**	**146.2**	**577.1**	**24.1**	**(163.1)**	**638.6**
Property, plant & equipment, net	29.7	163.3	570.1	6.7	—	769.8
Goodwill	19.8	4.5	735.3	—	—	759.6
Intangibles and other assets, net	0.8	79.2	628.9	2.8	—	711.7
Deferred tax assets	7.4	38.2	—	0.2	(38.2)	7.6
Due from affiliates	400.1	587.5	2.6	—	(990.2)	—
Investments in subsidiaries	176.3	847.3	702.5	—	(1,726.1)	—
Total assets	**$688.4**	**$1,866.2**	**$3,216.5**	**$ 33.8**	**$(2,917.6)**	**$2,887.3**
LIABILITIES AND EQUITY						
Current liabilities						
Short-term borrowings	$ —	$ 122.0	$ —	$ —	$ —	$ 122.0
Current maturities of long-term debt	—	2.6	0.4	0.4	—	3.4
Accounts payable and accrued liabilities	47.6	234.6	310.2	8.3	(163.1)	437.6
Total current liabilities	**47.6**	**359.2**	**310.6**	**8.7**	**(163.1)**	**563.0**
Long-term debt	—	1,134.1	391.3	—	—	1,525.4
Deferred tax liabilities	—		114.7	—	(38.2)	76.5
Other long-term liabilities	0.5	20.0	54.9	1.1	—	76.5
Due to affiliates	1.0	1.6	959.4	28.2	(990.2)	
Total liabilities	**49.1**	**1,514.9**	**1,830.9**	**38.0**	**(1,191.5)**	**2,241.4**
Equity						
Common shares, no par	534.7	701.5	1,486.9	38.6	(2,227.0)	534.7
Additional paid-in-capital	51.2	—	—	—	—	51.2
Retained earnings (deficit)	129.6	(333.5)	(132.1)	(58.4)	524.0	129.6
Accumulated other comprehensive (loss) income	(76.2)	(16.7)	30.8	9.0	(23.1)	(76.2)
Total Cott Corporation equity	639.3	351.3	1,385.6	(10.8)	(1,726.1)	639.3
Non-controlling interests	—	—	—	6.6	—	6.6
Total equity	**639.3**	**351.3**	**1,385.6**	**(4.2)**	**(1,726.1)**	**645.9**
Total liabilities and equity	**$688.4**	**$1,866.2**	**$3,216.5**	**$ 33.8**	**$(2,917.6)**	**$2,887.3**

Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 2, 2016					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by (used in) operating activities	**$(136.8)**	**$ 99.0**	**$ 16.8**	**$ 4.7**	**$(2.4)**	**$ (18.7)**
Investing Activities						
Acquisition, net of cash received	(43.2)	—	(1.2)	—	—	(44.4)
Additions to property, plant & equipment	(0.4)	(6.7)	(22.1)	(0.3)	—	(29.5)
Additions to intangibles and other assets	(0.1)	(1.7)	(0.5)	—	—	(2.3)
Proceeds from sale of property, plant & equipment	—	—	2.7	—	—	2.7
Net cash used in investing activities	(43.7)	(8.4)	(21.1)	(0.3)	—	(73.5)
Financing Activities						
Payments of long-term debt	—	(0.7)	(0.3)	(0.1)	—	(1.1)
Borrowings under ABL	87.6	409.6	—	—	—	497.2
Payments under ABL	(58.8)	(499.5)	—	—	—	(558.3)
Distributions to non-controlling interests	—	—	—	(2.3)	—	(2.3)
Issuance of common shares	144.1	—	—	—	—	144.1
Common shares repurchased and cancelled	(1.1)	—	—	—	—	(1.1)
Dividends paid to common shareowners	(7.3)	—	—	—	—	(7.3)
Intercompany dividends	—	—	—	(2.4)	2.4	—
Net cash provided by (used in) financing activities	164.5	(90.6)	(0.3)	(4.8)	2.4	71.2
Effect of exchange rate changes on cash	0.1		(1.1)	—	—	(1.0)
Net decrease in cash & cash equivalents	**(15.9)**	**0.0**	**(5.7)**	**(0.4)**	**—**	**(22.0)**
Cash & cash equivalents, beginning of period	**20.8**	**1.0**	**50.2**	**5.1**	**—**	**77.1**
Cash & cash equivalents, end of period	**$ 4.9**	**$ 1.0**	**$ 44.5**	**$ 4.7**	**$—**	**$ 55.1**

Consolidating Statements of Condensed Cash Flows

(in millions of U.S. dollars)

Unaudited

	For the Three Months Ended April 4, 2015					
	Cott Corporation	Cott Beverages Inc.	Cott Guarantor Subsidiaries	Cott Non-Guarantor Subsidiaries	Elimination Entries	Consolidated
Net cash provided by (used in) operating activities	**$ 4.4**	**$ 16.9**	**$(19.9)**	**$ 1.7**	**$(4.2)**	**$ (1.1)**
Investing Activities						
Additions to property, plant & equipment	(0.3)	(6.9)	(20.1)	—	—	(27.3)
Additions to intangibles and other assets	—	(0.3)	(1.8)	—	—	(2.1)
Proceeds from sale of property, plant & equipment	—	0.4	—	—	—	0.4
Net cash used in investing activities	(0.3)	(6.8)	(21.9)	—	—	(29.0)
Financing Activities						
Payments of long-term debt		(0.4)	(0.1)	(0.3)	—	(0.8)
Borrowings under ABL		85.9	8.9	—	—	94.8
Payments under ABL	—	(102.8)	—	—	—	(102.8)
Distributions to non-controlling interests	—	—	—	(2.0)	—	(2.0)
Proceeds from the exercise of options for common shares, net	0.1	—	—	—	—	0.1
Common shares repurchased and cancelled	(0.7)	—	—	—	—	(0.7)
Dividends paid to common and preferred shareowners	(9.0)	—	—	—	—	(9.0)
Intercompany dividends	—	—	(2.1)	(2.1)	4.2	—
Net cash (used in) provided by financing activities	(9.6)	(17.3)	6.7	(4.4)	4.2	(20.4)
Effect of exchange rate changes on cash	(0.4)		(0.7)	(0.1)	—	(1.2)
Net decrease in cash & cash equivalents	(5.9)	(7.2)	(35.8)	(2.8)	—	(51.7)
Cash & cash equivalents, beginning of period	6.2	8.6	64.0	7.4	—	86.2
Cash & cash equivalents, end of period	$ 0.3	$ 1.4	$ 28.2	$ 4.6	$—	$ 34.5

Note 15—Subsequent Events

On May 3, 2016, our board of directors declared a dividend of $0.06 per share on common shares, payable in cash on June 15, 2016 to shareowners of record at the close of business on June 3, 2016.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of

HYDRA DUTCH HOLDINGS 2 B.V.

We have audited the accompanying consolidated financial statements of Hydra Dutch Holdings 2 B.V. which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive Loss, changes in deficit and cash flows for the years ended on those dates and the related summary of accounting policies and other explanatory notes.

Owner's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of those consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements, that are free from material misstatement, whether due to fraud or error.

Auditor responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conduct our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and preform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves preforming procedures to obtain audit evidence about amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hydra Dutch Holdings 2 B.V. and its subsidiaries as at December 31, 2015 and 2014 and their financial performance and cash flows for the year ended December 31, 2015 and 2014 in accordance with International Financial Reporting standards (IFRS).

/s/ Kesselman & Kesselman

Tel-Aviv, Israel
March 31, 2016

Kesselman & Kesselman,
Certified Public Accountants (Isr.)

A member firm of Pricewaterhouse Coopers
International Limited

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Hydra Dutch Holdings 2 B.V.
Consolidated Balance Sheets
in '000 €

	Notes	31.12.2015	31.12.2014
ASSETS			
Current assets			
Cash and cash equivalents	5	**12,524**	17,741
Trade receivables—net	6	**68,105**	60,088
Income tax receivable		**2,224**	1,165
Receivable from related parties	*22*	**115**	93
Prepaid and other assets	7	**7,767**	10,841
Inventories	8	**17,944**	14,446
		108,679	104,374
Non-current assets			
Property, plant and equipment	*9*	**82,360**	71,970
Goodwill	*10*	**164,511**	135,789
Other intangible assets	*10*	**91,055**	88,114
Deferred tax assets	*14*	**15,956**	14,360
Other non-current assets		**2,332**	2,437
		356,214	312,670
Total assets		**464,893**	417,044
LIABILITIES			
Current liabilities			
Borrowings	*16*	**4,767**	55,116
Trade accounts payable		**36,805**	33,083
Current tax liability		**4,626**	4,921
Other current liabilities	*11*	**44,651**	36,127
Customer deposits and prepaid income	*12*	**33,534**	30,707
Provisions	*13*	**2,208**	3,826
Payable to parent company	*22*	**75**	75
		126,666	163,855
Non-current liabilities			
Deferred tax liabilities	14	**19,178**	18,347
Borrowings	*16*	**298,616**	204,870
Other non current liabilities		**52**	69
Provisions	*13*	**1,026**	1,128
Liability for employee rights	15	**5,250**	5,240
Borrowings from shareholders and other related parties	*22*	**57,394**	47,792
Derivative financial instruments	*17*	**5,201**	5,420
		386,717	282,866
Total liabilities		**513,383**	446,721
DEFICIT			
Share capital	*20*	**—**	—
Share premium		**13,430**	13,430
Other reserves	21	**(371)**	(1,038)
Currency translation adjustment		**9,649**	(1,222)
Accumulated deficit		**(71,352)**	(40,935)
		(48,644)	(29,765)
Non controlling interests in equity		**154**	88
Total deficit		**(48,490)**	(29,677)
Total liabilities net of deficit		**464,893**	417,044

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

Raanan Zilberman	Itamar Eder	Stephane Parised
Chief Executive Officer	Chief Financial Officer	Group Financial Controller
/s/ Raanan Zilberman	/s/ Itamar Eder	/s/ Stephane Parised

Hydra Dutch Holdings 2 B.V.
Consolidated Statements of Comprehensive Loss
in '000 €

	Notes	2015	2014
Revenue		**355,816**	**283,144**
Cost of goods sold		(118,349)	(99,093)
Gross profit		**237,467**	**184,051**
Service expenses		(135,390)	(106,800)
Sales & marketing expenses		(35,909)	(25,933)
General and administration expenses		(26,446)	(19,467)
Amortization of customer relations and tradenames	*10*	(11,209)	(8,041)
Other operating expenses	*24*	(21,940)	(16,711)
Income from operations		**6,573**	**7,099**
Financial income	*26*	3,492	4,701
Financial expenses	*26*	(40,344)	(36,882)
Net financial expenses		(36,852)	(32,181)
Loss before taxes on income		**(30,279)**	**(25,082)**
Taxes on income	*27*	(72)	(2,818)
Net loss		**(30,351)**	**(27,900)**
Other comprehensive income (loss)—net of taxes:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences		10,871	(475)
Items that will not be reclassified to profit or loss:			
Remeasurements of post employment benefit obligations, net of taxes		667	(888)
Total other comprehensive income (loss)—net of taxes		**11,538**	**(1,363)**
TOTAL COMPREHENSIVE LOSS		**(18,813)**	**(29,263)**
Net loss attributable to:			
Equity holders of the company		(30,417)	(27,946)
Non controlling interest		66	46
		(30,351)	**(27,900)**
Total comprehensive loss attributable to:			
Equity holders of the company		(18,879)	(29,309)
Non controlling interest		66	46
TOTAL COMPREHENSIVE LOSS		**(18,813)**	**(29,263)**

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

Hydra Dutch Holdings 2 B.V.
Consolidated Statements of Cash Flows
in '000 €

	Notes	31.12.2015	31.12.2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxes on income		(30,279)	(25,082)
Adjustment for:			
Depreciation and amortization		34,667	26,391
Amortization of capitalized financial costs		5,780	12,761
Financial expenses net, included in loss before taxes on income		30,325	16,122
Loss / (gain) on disposal of property, plant and equipment		(175)	169
Derivative financial instruments		(219)	3,297
Result from release of customer deposits		(89)	(24)
Other operating items		584	(104)
Operating cash flow before working capital changes		40,594	33,530
Changes in operating working capital			
Decrease (Increase) in Trade receivables		(5,307)	114
Increase in inventories		(1,974)	(1,599)
Decrease in Prepaid and other assets		4,869	815
Increase in Trade accounts payable		993	6,326
Increase (Decrease) in Other current liabilities and Provisions		(3,322)	165
Balances with related parties and shareholders		820	422
Cash flows generated from operating activities		36,673	39,773
Income tax paid		(4,199)	(3,695)
Net cash flows generated from operating activities		32,474	36,078
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment (PPE) and software		(24,676)	(17,239)
Proceeds from sale of PPE		1,976	1,180
Acquisition of subsidiaries	*29*	(40,021)	(40,820)
Loan to others, net		140	—
Interest received		129	10
Net cash used in investing activities		(62,452)	(56,869)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings (net of borrowing costs)		142,096	251,092
Repayment of long term borrowings		(104,275)	(165,907)
Repayment of other liabilities		(334)	(349)
Borrowings from Shareholders		5,200	
Repayment to Shareholders including accumulated interests of 3.6 million		—	(44,800)
Prepaid borrowing costs		—	(1,978)
Interest paid		(20,570)	(14,148)
Net cash provided by financing activities		22,117	23,910
Net increase of cash		(7,861)	3,119
Effect of exchange rate changes		486	51
Cash and cash equivalents at beginning of year		17,741	14,571
Cash, cash equivalents and bank overdraft at end of period		**10,366**	**17,741**

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

Hydra Dutch Holdings 2 B.V.
Consolidated Statements of Changes in Deficit
in '000 €

	Attributable to equity holders of the Company						Total deficit
	Share Capital	Share Premium	Currency translation adjustment	Other reserve	Accumulated Deficit	Non controlling Interest	Total
Balance at January 1, 2014	—	13,430	(747)	(150)	(13,035)	42	(460)
Change in 2014							
Comprehensive Loss:							
Remeasurement of post employment obligations	—	—	—	(888)	—	—	(888)
Currency translation adjustment	—	—	(475)	—	—	—	(475)
Loss	—	—	—	—	(27,900)	46	(27,854)
Total comprehensive loss for the period	**—**	**—**	**(475)**	**(888)**	**(27,900)**	**46**	**(29,217)**
Balance at 31 December 2014	**—**	**13,430**	**(1,222)**	**(1,038)**	**(40,935)**	**88**	**(29,677)**
Balance at January 1, 2015	—	13,430	(1,222)	(1,038)	(40,935)	88	(29,677)
Change in 2015							
Comprehensive income:							
Remeasurement of post employment obligations	—	—	—	667	—	—	667
Currency translation adjustment	—	—	10,871	—	—	—	10,871
Loss	—	—	—	—	(30,417)	66	(30,351)
Total comprehensive loss for the period	**—**	**—**	**10,871**	**667**	**(30,417)**	**66**	**(18,813)**
Balance at 31 December 2015	**—**	**13,430**	**9,649**	**(371)**	**(71,352)**	**154**	**(48,490)**

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

1. General information

Hydra Dutch Holdings 2 B.V. (hereafter—the Company) has been established on 16 May 2013 as Rhone Capital IV LP's indirect wholly-owned investment vehicle. On the 14th of June 2013 the Company signed an agreement with Eden Springs BV to acquire the entire shareholding and control of the direct wholly-owned subsidiaries of Eden Springs B.V.: Eden Springs Europe B.V. and the Israeli subsidiaries. On 23 October 2013 the transaction was completed and Company entered as a new 100% shareholder of Eden Springs Europe B.V. and Israeli activities.

Since the closing of the acquisition in October 2013 and the recent acquisition of Nestle Water Direct, the Company and its subsidiaries (together—the Group) is active in 19 countries and is mainly engaged in Home & Office Delivery (HOD) of water cooler bottles. Additionally, the Group offers customers in most markets a range of direct-marketing products such as water filters and Lavazza coffee products.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1. Basis of preparation

The Consolidated Financial statements are presented in Euros (€), which is the Group's functional and presentation currency.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared on a historical cost basis except for the following:

- Derivative instrument measured at fair value.
- Defined Benefit Pension Plans—Plan assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1. Accounting policy and disclosures

a. New standards, amendments and interpretations adopted by the Group

The following amendment has been adopted for the first time for the financial year beginning on or after 1 January 2015:

- IFRS 8—requires disclosure of the judgments made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported. The company applied for the first time amendment to IFRS 8 prospectively. Its application had no material effect on the financial statements.

b. Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2016 or later periods but the Group has not early adopted them:

- IFRS 9—"Financial Instruments" (hereafter—IFRS 9) , addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of FRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the „hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. Currently, the Group is assessing the impact of IFRS 9.
- IFRS 15, „Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue misrecognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. Currently, the Group is assessing the impact of IFRS 15.
- In January 2016, the IASB issued IFRS 16—Leases which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract and replaces the previous leases standard, IAS 17—Leases. IFRS 16 eliminates the classification of leases for the lessee as either operating leases or finance leases as required by IAS 17 and instead introduces a single lessee accounting model whereby a lessee is required to recognize assets and liabilities for all leases with a term that is greater than 12 months, unless the underlying asset is of low value, and to recognize depreciation of leases assets separately from interest on lease liabilities in the income statement. As IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, a lessor will continue to classify its leases as operating leases or finance leases and to account for those two types of leases differently. IFRS 16 is effective from January 1, 2019 with early adoption allowed only if IFRS 15—Revenue from Contracts with Customers is also applied. Currently, the Group is assessing the impact of IFRS 16.

2.1.2. Consolidation

The consolidated financial statements are a consolidation of the financial statements of the Company and its Subsidiaries. The list of the companies included in these consolidated financial statements is presented in appendix A.

Subsidiaries and business combinations

1. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the

ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

2. The Group accounts for business combinations using the acquisition method. The consideration transferred for the acquisition of a subsidiary (hereinafter— the acquiree) is calculated as a total of fair values of the assets transferred by the group and the liabilities that the Group incurs to the previous owners of the acquiree and the equity rights issued by the Group in a business combination. The consideration transferred includes the fair value of all asset or liability arising from the contingent consideration arrangement. Costs associated with the purchase are recognized in income or loss as incurred.
3. Contingent consideration recognised in a business combination is measured at fair value as of the date of the business combination. Subsequent changes in the fair value of liability for the contingent consideration are recognized in profit or loss.
4. Identifiable assets acquired and liabilities and contingent liabilities assumed by the Group in a business combination (excluding certain exceptions detailed in IFRS 3 "Business Combinations" (hereinafter— IFRS 3R) are initially measured at fair values on the date of acquisition. In each business combination, the Group determines whether to recognize non-controlling interest in the acquiree at fair value or proportionally to the rate of non-controlling interest at the fair value of net identifiable assets of the acquiree. This determination is done for each transaction separately.
5. The excess of transferred consideration, the amount of non-controlling interest in the acquiree and the fair value as of the date of acquisition of any previous interest in the interest of the acquiree beyond the net amount, at the date of acquisition, of identifiable assets acquired and liabilities assumed, all measured as above, as goodwill (see also f. below).
6. Inter-company balances and unrealized gains on transactions between Group companies are eliminated.
7. The accounting policy applied by subsidiaries was changed as needed to ensure consistency with the accounting policy adopted by the group.

2.2. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within "Financial Income" or "Financial Expenses".

Foreign exchange gains and losses with respect to financial assets and liabilities that are classified as financial instruments at fair value through profit and loss, are recognized in the statement of income as part of the gain or loss relating to changes in fair value.

Group companies

The results and financial position of all the Group entities—none of which has the currency of a hyperinflationary economy—that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at periodic average exchange rates; and

(iii) all resulting exchange differences are recognised first in Other Comprehensive Income and then accumulated as a separate component of equity. On consolidation, exchange differences arising from the transaction of any net investment in Foreign entities are recognised in other comprehensive income until the related foreign investment is disposed of (sold, liquidated, abandoned, repayment of share capital, etc.).

Goodwill and fair value adjustments arising on the acquisition of a subsidiary with a functional currency other than the Euro, are treated as assets and liabilities of the subsidiary and translated at the closing rate of each balance sheet presented.

2.3. Property, plant and equipment

a. An item of property, plant and equipment is measured at cost upon its initial recognition, which includes its purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management).

b. The Group elected the cost method as its accounting policy for the measurement of its property, plant and equipment subsequent to initial recognition.

c. The depreciable amount of each asset is allocated on a systematic basis over its useful life using the straight-line method.

The Group depreciates separately each portion of property, plant and equipment that represents a significant part of the total cost of the item. The estimated useful lives are as follows:

	Years
Buildings	5 - 40 years
Plant, machinery	10 -14 years
Water coolers and containers and bottles	4 - 11 years
Dishwashers, coffee and food machines	7 - 10 years
Computers	3 - 4 years
Office equipment	4 - 17 years
Vehicles	5 - 7 years

Leasehold improvements are amortized by the straight-line method over the term of the lease, which is shorter than the estimated useful life of the improvements.

d. At each financial year-end, the Group reviews the residual value, the useful life and the depreciation method it uses. If there have been significant changes in the expected residual value, the useful life or significant change in the expected pattern of consumption of the future economic benefits embodied in the asset that may indicate that a change in the depreciation method is required, such changes are treated as changes in accounting estimates. In the reported periods, no material changes, as above, have taken place with any material effect on these consolidated financial statements.

2.4. Intangible assets

a) Goodwill

Goodwill represents the excess of the consideration in a business combination over the Group's portion of the fair value of the investee underlying net assets, liabilities and contingent liabilities at the date of acquisition, and it is included at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill is tested for impairment once a year, or more frequently, in the presence of events or circumstances indicating a possible impairment in the value of such assets. The carrying value of the cash generating unit (CGU) containing the goodwill is compare to the recoverable amount. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

b) Customer relations

Customer relations have definite useful lives and are stated at cost, less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method based on the estimated useful lives of customer relations.

c) Tradenames

Tradename were acquired in a business combination and are recognized at fair value at the acquisition date.

Tradenames are presented at cost less accumulated amortization, and are amortized over their estimated useful lives, using the straight line method.

d) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product is available
- The expenditure attributable to the software product during its development can be reliably measured.

Direct attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other software development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.5. Impairment of non-monetary assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-monetary assets other than goodwill that have been impaired are reviewed for possible reversal of the impairment at each reporting date.

2.6. Current and deferred income tax

a. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generate taxable income. The Group's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b. The Group fully recognizes deferred taxes, using the liability method, on temporary differences arising between the carrying amounts in the consolidated financial statements of assets and liabilities and their tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

   Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

c. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

d. Deferred income taxes are not provided on temporary differences arising on investments in subsidiaries, since the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

e. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.7. Revenue recognition

The Group's revenues are measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Sale of goods

Revenue from sale of goods is recognized when all the following conditions have been satisfied, which generally occurs when goods are delivered to the customer : (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group's products are sometimes sold on quantity discount terms. Sale revenues are recognized on the basis of the price stated in the contract after deduction of an estimate as of the date of the sale of the quantity discount. The Group's accumulated experience serves to facilitate the determination of estimates and provisions in relation to discounts. The estimation of quantity discounts is based on the degree of expected sales for the year.

b) Revenue from rental of water coolers and coffee machines

Revenue from rental of water coolers and coffee machines are recognized rateably over the rental period.

2.8. Financial assets

The group classifies its financial assets in the following categories: *loans and receivables*

Cash and cash equivalents include cash in hand, short-term bank deposits, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings among current liabilities on the balance sheet.

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Trade receivables are carried at original invoice amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within general and administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against general and administrative expenses in the statements of comprehensive income.

2.9. Inventories

Inventories are valued at the lower of cost or net realization value.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The Group allocates fixed production overheads to the cost of conversion based on the normal capacity of the production facilities.

The cost of inventories is determined as follows:

- Raw materials, auxiliary supplies, packaging materials and spare parts: on the weighted average basis.
- Finished products: on the basis of production costs.

- Raw material and auxiliary supplies: on the weighted average basis.
- Labor and indirect expenses: on the weighted average basis.
- Purchased products: on the “first-in, first-out” basis.
- Spare parts: on the weighted average basis.

2.10. Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction from the issuance proceeds.

2.11. Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the amounts initially recognised and the redemption value is recognized in the income statement over the term of the borrowings using the effective interest method.

Fees paid for a credit facility is recognized as transaction costs that are attributable to the relevant loan if it is probable that part or all the facility will be utilized. In such case, the recognition of fee is deferred until money is actually drawn from the facility. If no evidence exist that part or all of the loan facility is utilized, the fee is capitalized as prepayment for financing services, and is depreciated over the period of the relevant loan facility.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. Similarly, a substantial modification of the terms of an existing debt instrument or part thereof is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability.

If the modification or exchange does not cause a material change of the liability, the treatment applied is a change of the terms of the existing liability without an immediate impact of profit or loss but spread throughout the remaining life of the liability.

Terms are substantially different if the discounted present value of the cash flows under the new instrument is at least 10% different from that of the remaining cash flows of the original financial liability.

2.13. Employee benefits

a) Pension and retirement benefit obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Group purchases insurance policies and contributes to pension benefit funds against the obligation to pay pension benefits. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income (loss) in the period in which they arise.

Past service costs are recognized immediately in income.

Amounts funded for retirement benefits are measured at fair value. These amounts funded represent "plan assets", as defined by IAS 19, and therefore deduced from the balance of retirement benefit obligation for balance sheet presentation.

b) Vacation and recreation benefits

Employees in Israel are legally entitled to vacation and recreation benefits, both computed on an annual basis. The Group accumulates a liability and expense due to vacation and recreation pay, based on the benefits that have been accumulated for each employee.

c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14. Share-based payment

With respect to equity-settled grants to employees, the value of the labor services received from them in return, is measured on the date of grant, based on the fair value of the equity instruments granted to the employees. The value of the transactions, measured as aforesaid, is expensed over the period during which the employee's right to exercise or receive the underlying equity instruments vests; commensurate with every periodic recognition of the expense, a corresponding increase is recorded as a capital surplus, included under the Group's equity. Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises it estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimate, if any, in the statements of operations, with a corresponding adjustment to equity or liability, as applicable.

2.15. Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments; they are recognised in the period in which the Group becomes legally or constructively committed to payment. Employee termination benefits are recognised only after either an agreement is in place with the appropriate employees representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms.

Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.16. Derivatives financial instruments

Derivative instruments are recognised in the balance sheet at fair value. The derivative instruments utilized by the Group mitigate the exposures to variability in cash flows associated with variable rate borrowings. Since these derivative instruments have not been designated as hedging instruments for accounting purposes, periodic changes in their fair value are recognized in the consolidated statement of income.

2.17. Leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When the Group is a lessor in an operating lease, the leased assets are included in the statements of financial position based on their nature, and are depreciated over their estimated useful lives. Rental income is recognized ratable over the lease term.

2.18. Customer deposits

The Group receives deposits from customers at the initiation of a contract and during the contractual period. Such deposits are disclosed in the balance sheet as current liabilities in “Customer deposits”.

Unclaimed customer deposits in respect of water containers and coolers are derecognised from the balance sheet and recorded in the income statement in “Other Operating Income” on a customer by customer basis, when the client is legally released from the primary responsibility for the liability, by law or by the customer.

2.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer.

3. Financial instruments and risk management

The Group’s activities expose it to a variety of financial risks: foreign currency exchange risk, cash flow interest rates risk, credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

3.1 Financial risk management

a. Market risks

1. Foreign currency exchange risk (FX)

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the following currencies: Swedish Kroner, Danish Kroner, Norwegian Kroner, Polish Zloty, British Pound, Swiss Franc, US Dollar, Russian Rouble and Israeli new shekel. The Israeli activity is also exposed mainly to foreign currency exchange risk on imported goods and on charges to other companies within the Group for IT services.

The company has certain investments in foreign operations, whose net assets are exposed to currency translation risk—currency changes would affect the book value of assets and liabilities, with corresponding effect equity through the currency translation account. The following companies are concerned: Sweden, Denmark, Poland, United Kingdom, Norway, Switzerland, Russia and Israel. Management has set up a policy to require Group companies to have local borrowings in their local currency and hence these positions, at consolidated level, are not sensitive to changes in exchange rates.

At 31 December 2015, there are a number of intercompany loans between companies with different functional currencies. The table below details the Group’s sensitivity to a 10% decrease/increase in the currency pairs involved in the intercompany loans.

31.12.2015 Currency pairs	Effect on profit of + movements	Effect on profit of - movements
SEK / EUR	(370)	370
CHF / EUR	(948)	948
EUR / GBP	(4,042)	4,042
PLN / EUR	(776)	776
ILS / EUR	(1,701)	1,701
EUR/RUB	(427)	427
Total	(8,264)	8,264

b. Cash flow interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings and finance leases. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2015, the Group's borrowings amounting to 191 million were at variable rates (Prime linked rates, and mainly EURIBOR) and were denominated mainly in EUR.

The sensitivity analysis calculates the impact from changes in interest rates for liabilities that represent the major interest-bearing positions. The computation is not intended to represent actual gains or losses to be incurred by the Group. The Company cannot predict actual future movements in such market rates and it does not claim that these results are indicative of future movements in such market rates or to be representative of any actual impact that future changes in market rates may have on the Company's future results of operations or financial position.

At 31 December 2015, if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been lower/higher by € 145 on EUR denominated borrowings (taking into account the effect of the hedging instrument), as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2015, if the SWAP rates negotiated on the markets had been 1% higher/lower, with the same variables than the signed swap, the fair value of the instrument would have been € 4 854 higher/lower but would still be disclosed as a liability.

c. Credit risk

Credit risk arises from credit exposure to customers, including outstanding receivables and committed transactions. The Group has no significant concentration of credit risk other than from its key distributor Jafora Tabori, see below. The Group deals only with a limited number of banks with secure credit ratings and has policies that limit the amount of credit exposure to any one financial institution. In the HOD business there is a high number and diversity of customers, with policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The Company's maximum exposure for net credit is with Jafora Tabori Ltd. (hereafter—Jafora), the Group's key distributor (less the amounts that the Company owes to Jafora), which amounted to € 6,475 as of 31 December 2015. Jafora does not put up collateral against the credit it receives.

d. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility) and cash on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

The Group has a regular number of customers making deposits as a guarantee of the rental equipment at the customer premises. The rental contracts have no contractual maturity dates and it is impractical to calculate a maturity analysis.

Financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
At 31 December 2015					
Borrowings	22,277	22,121	334,978	—	**379,376**
Capital leases	1,203	1,144	1,956	138	**4,441**
Trade accounts payables	36,805	—	—	—	**36,805**
Customer deposits	16,383	—	—	3,189	**19,572**
Borrowing and Payable to related parties and shareholder	—	—	84,543	—	**84,543**
Other current liabilities	44,651	—	—	—	**44,651**
Total	**121,319**	**23,265**	**421,477**	**3,327**	**569,388**

Financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
At 31 December 2014					
Borrowings	70,731	17,531	233,566	—	**321,828**
Capital leases	1,218	959	2,344	315	**4,836**
Trade accounts payables	33,083	—	—	—	**33,083**
Customer deposits	14,373	—	—	3,139	**17,512**
Borrowing and Payable to related parties and shareholder	—	—	—	76,291	**76,291**
Other current liabilities	38,720	—	—	—	**38,720**
Total	**158,125**	**18,490**	**235,910**	**79,745**	**492,270**

Interest rate Swaps	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2015					
Outflow	(798)	(798)	(1,521)	(1,721)	**(4,838)**
Inflow	(111)	(111)	(211)	(239)	**(672)**

Interest rate Swaps	Less than 6 months	Between 6 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Total
At 31 December 2014					
Outflow	(798)	(798)	(1,596)	(3,242)	**(6,434)**
Inflow	66	66	133	270	**535**

e. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its capital structure on the basis of a leverage ratio, defined as: net debt divided by operating EBITDA. Net debt is calculated as the total of the consolidated short-term and long-term borrowings, less cash and cash equivalents. Operating EBITDA is calculated as earnings before other operating expenses, interest, taxes, depreciation and amortization paid to shareholders.

f. Fair value estimation

At 31 December 2015, the carrying value less impairment provision of all financial assets and liabilities approximate their fair values.

Following is an analysis of the financial instruments measured at fair value, by valuation methods. The different levels have been defined as follow:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value:

	2015 Level 2	2014 Level 2
Liabilities		
Derivatives Financial Instruments:		
Hedging derivatives	(5,201)	(5,420)
Total Liabilities	**(5,201)**	**(5,420)**

3.2. Financial instruments by category

The Group's accounting policy with respect to financial instruments was applied in relation to the following categories:

3.2. Financial instruments at 31 December 2015 by category

	December 31, 2015	December 31, 2014
Loans and receivables		
Assets:		
Trade and other receivables excluding prepayments	76,127	69,431
Cash and cash equivalents	12,524	17,741
Total	88,651	87,172

At 31 December 2015	Liability at fair value through profit and loss	Other financial liability at amortized cost	Total
Liabilities:			
Borrowings		(303,383)	**(303,383)**
Derivative financial instruments	(5,201)		**(5,201)**
Accounts payable and others		(81,583)	**(81,583)**
Deposits from customers		(19,572)	**(19,572)**
Borrowings from shareholders and other related parties		(62,161)	**(62,161)**
Total	**(5,201)**	**(466,699)**	**(471,900)**

At 31 December 2014	Liability at fair value through profit and loss	Other financial liability at amortized cost	Total
Liabilities:			
Borrowings		(259,986)	**(259,986)**
Derivative financial instruments	(5,420)		**(5,420)**
Accounts payable and others		(71,873)	**(71,873)**
Deposits from customers		(17,512)	**(17,512)**
Borrowings from shareholders and other related parties		(47,774)	**(47,774)**
Total	**(5,420)**	**(397,145)**	**(402,565)**

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.5. The recoverable amounts of cash generating units have been determined based on fair value less costs to sell calculations. These calculations require the use of estimate.

Purchase price allocation

Purchase price allocations conducted by the Group with respect to business combinations entered into, require the use of significant estimates pertaining to the calculation of the fair value of assets acquired and liabilities assumed, primarily identifiable intangible assets.

Deferred tax assets

The Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the portion of tax losses carried forward which can be offset against future taxable profit. In order to assess if there is any future benefit, forecasts are made of the future taxable profits by legal entity. Actual tax outcomes could vary significantly from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made (Note 14).

Useful lives of depreciable and amortizable assets

Group management estimates the useful asset lives and the related depreciation and amortization costs in respect of all its fixed assets and intangible assets. The estimate is based on the expected life cycle of the Group's products. Estimates may vary significantly commensurate with changes in customer installations and quits and other technological changes.

Provision for contingencies

Estimating provisions management considers the likelihood that cash resources will indeed be diverted towards a settlement of the liabilities, and also considers its estimate of the present value of the cash flows expected to be required for the settlement of existing liabilities.

5. Cash and Cash equivalents

	31.12.2015	31.12.2014
Cash at bank and in hand	10,482	17,741
Short term deposits (less than 3 months)	2,042	—
	12,524	17,741

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	31.12.2015	31.12.2014
Cash and cash equivalents	12,524	17,741
Bank overdrafts	(2,158)	—
	10,366	17,741

6. Trade receivables—net

	31.12.2015	31.12.2014
Trade receivables	73,774	65,469
Check receivable and credit card	3,365	3,094
Provision for impairment	(9,034)	(8,475)
Net trade receivables	68,105	60,088

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2015, trade receivables amounting to € 16,418 were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing of these receivables is as follows:

Age analysis of trade receivables past due but not impaired

	31.12.2015	31.12.2014
0 - 90 days	10,956	9,738
90 - 180 days	2,552	2,049
180 - 360 days	1,476	1,231
> 360 days	1,434	811
Trade receivables—past due but not impaired	16,418	13,829

The creation and usage of provision for impaired receivables have been included in "General and administrative expenses" in the statement of comprehensive income. Movements of the group provision for impairment of trade receivables are as follows:

Movements on the provision for impairment of trade receivables

	31.12.2015	31.12.2014
Provision amount at January 1	(8,475)	(8,990)
Provision for receivables impairment	(828)	(1,883)
Receivables written off during the year as uncollectible	506	2,438
Other movements	(33)	(615)
Unused amounts reversed	222	616
Currency translation adjustments	(426)	(41)
Provision amount at December 31	(9,034)	(8,475)

7. Prepaid and other assets

	31.12.2015	31.12.2014
Prepaid and deferred expenses	2,192	2,103
Accrued income	868	1,148
Advances to suppliers and guarantee deposits	890	559
Restricted cash	456	60
VAT receivable	183	424
Other current assets	3,178	6,547
	7,767	10,841

8. Inventories

	31.12.2015	31.12.2014
Raw materials (caps, labels)	1,513	1,017
Spare parts	4,031	2,869
Auxiliary and packaging materials	4,718	4,327
Finished goods (water, coffee machines)	7,324	5,904
Other Inventories	426	367
Total Gross Inventories	18,012	14,484
Provision for impairment	(68)	(38)
	17,944	14,446

9. Property, Plant and Equipment

	Land & buildings	Vehicles	Plant, machinery	Distribution equipment	Office equipment	Leasehold improvement	Total
At 01.01.2014	10,934	4,819	16,013	30,503	1,963	1,780	66,012
Business combinations	900	288	104	5,080	594	—	6,966
Currency translation adjustments	46	76	226	231	27	22	628
Additions	97	1,885	728	12,219	809	544	16,282
Purchase price allocation adjustment	(549)	—	—	—	—	—	(549)
Transfers	(175)	(125)	(298)	478	120	—	
Disposals	—	(135)	(16)	(1,064)	(115)	—	(1,330)
Depreciation	(560)	(1,334)	(1,890)	(10,924)	(976)	(355)	(16,039)
Net book amount at 31.12.2014	10,693	5,474	14,867	36,523	2,422	1,991	71,970
At 31.12.2014							
Cost	11,387	7,097	17,297	50,173	3,637	2,431	92,022
Accumulated depreciation	(694)	(1,623)	(2,430)	(13,650)	(1,215)	(440)	(20,052)
Net book amount	10,693	5,474	14,867	36,523	2,422	1,991	71,970

	Land & buildings	Vehicles	Plant, machinery	Distribution equipment	Office equipment	Leasehold improvement	Total
At 01.01.2015	10,693	5,474	14,867	36,523	2,422	1,991	71,970
Business combinations (note 29)	910	1,884	332	2,350	133	—	5,609
Currency translation adjustments	630	510	1,456	1,141	103	220	4,060
Additions	481	1,011	1,792	19,432	1,200	248	24,164
Transfers	94	—	140	(160)	(74)	—	
Disposals	(498)	(76)	(4)	(1,481)	(129)	—	(2,188)
Depreciation	(696)	(2,119)	(2,125)	(14,569)	(1,304)	(441)	(21,254)
Net book amount at 31.12.2015	11,614	6,684	16,458	43,235	2,351	2,018	82,360
At 31.12.2015							
Cost	13,004	10,426	21,013	71,454	4,870	2,899	123,666
Accumulated depreciation	(1,390)	(3,742)	(4,555)	(28,219)	(2,519)	(881)	(41,306)
Net book amount	11,614	6,684	16,458	43,235	2,351	2,018	82,360

Total depreciation expense for the year ended December 31, 2015 amounts to € 21,254 and is allocated as follows: € 16,833 in costs of goods sold, € 4,069 in sales, marketing and service expenses, € 310 in general and administration expenses and € 42 in other operating expenses.

Total depreciation expense for the year ended December 31, 2014 amounts to € 16,039 and is allocated as follows: € 12,788 in costs of goods sold, € 2,578 in sales, marketing and service expenses, € 596 in general and administration expenses and € 77 in other operating expenses.

10. Goodwill and other intangible assets

	Goodwill	Customers relations	Tradenames	Other	Total
At 01.01.2014	103,000	64,707	13,564	4,311	185,582
Business combinations	31,359	12,426	177	2,209	46,171
Amortization	—	(6,897)	(1,144)	(2,311)	(10,352)
Currency translation adjustments	1,431	881	120	70	2,502
Net book amount at 31.12.2014	135,790	71,117	12,717	4,279	223,903
At 31.12.2014					
Cost	135,790	79,105	14,075	7,110	236,080
Accumulated amortization and impairment	—	(7,988)	(1,358)	(2,831)	(12,177)
Net book amount	135,790	71,117	12,717	4,279	223,903

	Goodwill	Customers relations	Tradenames	Other	Total
At 01.01.2015	135,790	71,117	12,717	4,279	223,903
Business combinations (note 29)	25,814	8,173	1,980	81	36,048
Additions	412	180	—	2,090	2,682
Decrease	(295)	(374)	—	(109)	(778)
Transfers	(485)	485	126	(126)	
Amortization	—	(9,077)	(2,080)	(2,255)	(13,412)
Currency translation adjustments	3,275	2,774	627	447	7,123
Net book amount at 31.12.2015	164,511	73,278	13,370	4,407	255,566
At 31.12.2015					
Cost	164,511	90,343	16,808	9,493	281,155
Accumulated amortization and impairment	—	(17,065)	(3,438)	(5,086)	(25,589)
Net book amount	164,511	73,278	13,370	4,407	255,566

Goodwill Impairment Test 2015

During the fourth quarter the Group conducted its annual goodwill impairment test. Following the impairment test, the Group recorded no impairment charge. An operating segment-level summary of the goodwill allocation is presented below:

Valuation of recoverable amounts

The recoverable amount of all CGUs has been determined based on fair value less cost to disposed calculations ("income approach", using the DCF method). This method uses post-tax cash flow projections based on a five-year business plan approved by management. Cash flows beyond the five-year plan are extrapolated using long-term growth rates.

31.12.2015

CGU	UK	France	Poland	Swiss	Spain	NL	Nordics	Baltics	Israel	Russia	Germany	Portugal
Carrying amounts	53,341	35,018	23,264	22,857	8,827	13,189	17,449	4,971	53,639	35,483	21,795	2,555

CGU	UK	France	Poland	Swiss	Spain	NL	Nordics	Baltics	Israel	Russia	Germany	Portugal
Recoverable amounts	72,269	48,638	27,175	42,716	18,228	18,662	25,737	5,694	56,659	38,511	26,310	3,978

31.12.2014

CGU	UK	France	Poland	Swiss	Spain	NL	Nordics	Baltics	Israel
Carrying amounts	51,791	35,589	25,385	21,337	9,650	3,143	16,907	4,866	53,283

CGU	UK	France	Poland	Swiss	Spain	NL	Nordics	Baltics	Israel
Recoverable amounts	59,362	41,646	25,665	27,206	13,476	6,915	21,046	4,898	58,939

Key assumptions

The key assumptions used for calculating the recoverable amounts during the 2015 test are as follows:

31.12.2015
Key assumptions

CGU	UK	France	Poland	Swiss	Spain	NL	Nordics	Baltics	Israel	Russia	Germany	Portugal
Long term growth rates	2.0%	2.0%	1.5%	1.5%	1.5%	1.5%	1.3%	1.5%	2.0%	1.5%	1.5%	1.5%
Post tax discount rates	13.0%	12.0%	12.5%	11.0%	12.5%	12.0%	12.0%	12.0%	13.0%	16.0%	11.5%	13.5%

31.12.2014
Key assumptions

CGU	UK	France	Poland	Swiss	Spain	NL	Nordics	Baltics	Israel
Long term growth rates	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.5%	1.0%	2.0%
Post tax discount rates	13.5%	12.5%	13.0%	12.0%	14.0%	15.0%	13.0%	14.0%	13.0%

Growth rates—weighted average growth rates are based on management assumptions for each specific CGU and are consistent with forecasts included in industry reports.

Discount rates—the expected net cash flows are discounted by using specific post-tax discount rates for each market. Discount rates reflect the risk factors specific to each relevant CGU.

The fair value of the CGU is level 3 measurement.

Acquisition of Goodwill and Customer Portfolio

During 2015, the Group made 2 acquisitions which explains the increase of the Goodwill and the Customer Relations. The purchase price is provisional.

Nestlé Water Direct Russia LLC (RUS): 100% of the shares were acquired on 02.02.2015 for a cash consideration of € 40,498. The customer base comprises of water customers. The goodwill of € 25,814 arises from expected synergies.

Water Company (SWE): On March 1st, 2015, the water customer base was acquired for a cash consideration of € 180. No goodwill was recorded.

11. Other current liabilities

	31.12.2015	31.12.2014
VAT and other taxes	5,157	3,904
Employees, Social security and related payables	14,340	11,653
Liabilities arising from acquisitions	113	1,134
Accrued expenses	21,973	16,961
Others	3,069	2,475
	44,651	36,127

12. Customer deposits and prepaid income

	31.12.2015	31.12.2014
Customer deposits	19,572	17,512
Prepaid Income	13,961	13,195
	33,534	30,707

13. Provisions

	Litigation	Integration and restructuring	Retail incentive	Others	Total
At 01.01.2015	1,148	341	3,017	448	4,954
Acquisition of subsidiaries (note 29)	—	—	—	—	—
Additional provisions	—	940	1,320	98	2,358
Unused amounts reversed	(337)	(8)	—	(12)	(357)
Used during year	(5)	(721)	(3,306)	—	(4,032)
Currency translation adjustments	(2)	2	309	2	311
At 31.12.2015	804	554	1,340	536	3,234

Provisions for litigation

See Note 18.

Provisions for integration and restructuring

The provision for integration and restructuring includes mainly severance costs for employees in Germany and Netherlands whose contracts have been terminated. The litigation refers to a dispute with a former landlord in France, the former employee in Poland and in Germany. The Retail incentive include provision for retail incentives, which arose in the ordinary course of the business of the Israeli activities.

14. Deferred income taxes

	31.12.2015	31.12.2014
Deferred income tax asset to be recovered after more than 12 months	(13,813)	(13,157)
Deferred income tax asset to be recovered within 12 months	(2,143)	(1,203)
Deferred income tax assets:	(15,956)	(14,360)
Deferred income tax liability to be recovered after more than 12 months	19,049	18,289
Deferred income tax liability to be recovered within 12 months	129	58
Deferred income tax liabilities:	19,178	18,347
Deferred income tax liabilities (net)	3,222	3,987

	2015	2014
The gross movement on the deferred tax account for the period is as follows:		
Beginning of the year	3,987	4,476
Currency translation adjustments	195	6
Business Combination (note 29)	1,941	628
Charged to other comprehensive income	176	(1,587)
Credited to income statement (Note 27)	(3,077)	463
End of year	3,222	3,986

At December 31, 2015 the Group had losses carried forward of € 160.6 million for which € 48.9 million deferred tax asset was recognized. € 149.3 million have no expiration term; the remaining € 11.3 million losses carried forward will expire in years 2016 to 2024. No tax losses have been considered for Hydra Dutch Holdings 2 B.V. The movement in deferred income tax assets and liabilities during the period is as follows:

Taxable temporary differences (Deductible temporary differences)

	Accelerated Tax Depreciation	Intangibles	Others	**Total**
At 01.01.2014	3,037	17,413	77	20,527
Charged (credited) to income statement	(32)	(1,394)	165	(1,261)
Charged (credited) to equity	—	(1,050)	—	(1,050)
Business Combination	—	637	—	637
Exchange differences	(60)	171	(617)	(506)
At 31 December 2014	2,945	15,777	(375)	18,347

	Provisions	Tax losses	Others	**Total**
At 01.01.2014	(888)	(14,370)	(793)	(16,051)
Credited (charged) to income statement	(186)	2,425	(512)	1,726
Credited (charged) to equity	2	(12)	(528)	(538)
Business Combination	(10)	—	—	(10)
Transfer	—	—	—	—
Exchange differences	10	(93)	596	513
At 31 December 2014	(1,072)	(12,050)	(1,237)	(14,360)

	Accelerated Tax Depreciation	Intangibles	Others	**Total**
At 01.01.2015	2,640	15,477	230	18,347
Credited to income statement	(1,092)	(461)	33	(1,520)
Business Combination	189	1,752	—	1,941
Transfer	276	(403)	—	(127)
Currency translation adjustments	53	512	(28)	537
At 31 December 2015	2,066	16,877	235	19,178

	Provisions	Tax losses	Others	**Total**
At 01.01.2015	(1,078)	(11,702)	(1,580)	(14,360)
Credited (charged) to income statement	51	(2,125)	517	(1,557)
Credited to other comprehensive income	—	—	176	176
Business Combination	96	—	(96)	—
Transfer	—	127	—	127
Currency translation adjustments	(119)	(85)	(138)	(342)
At 31 December 2015	(1,050)	(13,785)	(1,121)	(15,956)

15. Employee rights

A. The Group contributes to retirement benefit schemes in conformity with the laws and usual practices of countries where the Group operates. As a result of contributions paid under such schemes to private or state sponsored pension funds, the companies have no significant actuarial liability, with the exception of Switzerland and Israel.

B. The Israeli companies' pension and severance pay obligation to its employees in Israel under section 14 to the Israel Severance Pay Law is covered by regular contributions to defined contribution plans. The amounts funded as above are not reflected in the balance sheet.

C. The Israeli companies have the obligation to pay severance pay to their employees, constituting defined benefit plans. In respect of this obligation, the companies have amounts funded and retirement insurance coverage (known in Israel as senior employees insurance) to which subsidiaries contribute. The amount of net severance pay obligation, as presented in the balance sheets for December 31, 2015, reflects the difference between the obligation for severance pay and the severance pay plan asset.

D. Management Equity Plan

On October 23, 2013, the closing date of the acquisition of Eden Holdings, certain management members ("Grantees") were allotted shares in Hydra Luxembourg Holdings S.a.r.l. ("Hydra Luxembourg"), who indirectly controls the Company which was invested by the Grantees in the share capital of Hydra Luxembourg (the "Management Investment"). The initial allotment is 11% of the share capital of Hydra Luxembourg, with an additional one percent to be allotted to the Grantees if minimum EBITDA targets would be met over a pre defined period following the date of grant. The agreement also defines the method of calculation of the returns the allotted shares would be entitled to out of the total returns of Hydra Luxembourg.

The plan prescribes a graded vesting schedule which ends after five years from the date of grant. Under the plan, the Grantees would be entitled to receive a cash consideration upon leaving the Company, which would be determined based on whether the shares have vested and whether they would meet the definition of a "good leaver" in the plan. Grantees who leave the Company in the future would receive a cash consideration equal to the fair value for their vested shares, provided the definition of a "good leaver" is met. Otherwise, a leaver would receive a cash consideration equal to the lower of his initial investment and fair value of the shares allotted to him.

The Company has accounted for the transaction under the provisions of IFRS 2, Share Based Payment. Since the fair value of the allotted shares approximated the Management Investment amount, the fair value of the granted benefit was calculated to approximate zero and, thus, no compensation expenses are to be recognized in the Company's consolidated financial statements.

E. Swiss Defined Benefit Plans

Apart from the social security plans fixed by the law, the Swiss entities (Eden Springs (Switzerland) SA and Eden Springs International SA sponsor two independent pension plans.

All employees are covered by these plans, which are defined benefit plans. Liabilities and assets are revised periodically by an independent actuary.

F. Pension benefits

The amounts recognised in the balance sheet are determined as follows:

	31.12.2015	31.12.2014
Present Value of funded obligations	21,958	19,206
Fair value of plan assets	(16,709)	(13,966)
Liability in the balance sheet	5,250	5,240

The amounts recognised in the income statement are as follows:

	2015	2014
Current service cost	1,644	1,268
Interest cost	168	159
Others	(1,135)	(904)
Total	677	523

Split of the total charges:

	2015	2014
Cost of goods sold	57	62
Selling and Marketing expenses	356	257
Selling expenses	90	152
Administrative expenses	75	(41)
Finance expenses	99	93
	677	523

The main assumptions used for the calculation of the pension liabilities and the defined benefit obligation for the year 2015 are the following:

	2015	2014
	%	%
Discount rate	1.00 - 4.80	2.30 - 5.30
Expected return on plan asset	4.00 - 4.70	3.90 - 5.20
Future salary increases	0.50 - 3.50	1.00 - 3.50
Future pension increase	0.25 - 0.50	0.20 - 0.50
	%	%
Turnover	0% - 64%	0% - 64%
Inflation rate	1.70% - 2.80%	1.70% - 2.80%

16. Borrowings

	31.12.2015	31.12.2014
Non-Current		
Senior secured notes and bank borrowings, net	295,378	201,252
Finance lease liabilities	3,238	3,618
	298,616	204,870
Current		
Bank borrowings, net	2,158	1,000
Finance lease liabilities	1,203	1,218
Loan from minority, net of minority debt	—	319
Other borrowings	1,406	52,579
	4,767	55,116
Total borrowings	303,383	259,986

On 29 April 2014, Hydra Dutch Holdings 2 BV successfully issued a Floating Rate Senior Secured Notes of EUR 210 million traded on the Luxembourg Stock exchange, as well as a Revolving Credit Facility of EUR 45 mio. At the same time the existing bank financing facilities were repaid.

The Senior Secured Note is issued with a 3-months EURIBOR plus 5.5% per annum, reset quarterly. Payments are quarterly in arrears and maturity is on 15 April 2019. The proceeds were used to repay the existing bank loan, repay related party loans of €50 million and pay the transactions fees. The Company may redeem prior to 15 April 2015—all or part—at a 'make-whole' premium equal the net present value of the remaining interest payments to 15 April 2015 plus 1% margin, between 15 April 2015 and 15 April 2016 at 101% and at a 100% thereafter. The Notes and Guarantees will be secured by first-ranking security interests over all the capital stock of the Company and certain of its subsidiaries, intercompany receivables, bank accounts and intellectual property and certain of its subsidiaries and substantially all assets of certain subsidiaries.

The Revolving Credit Facility is issued with an initial 3.5% margin plus EURIBOR and the maturity is on 29 January 2019. The Company may make a voluntary prepayment or cancellation at any time without penalty on 5 or 3 Business days respectively. The security securing the Notes will also secure on a 'super senior' basis the Company's obligations under the Revolving Credit Facility and certain hedging obligations.

On 29 January 2015, the Company successfully issued EUR 160 million of 8% Senior Secured Notes due 15 April 2019 comprising of EUR 35 million of Exchange Notes of the existing EUR 210 million Floating Rate Senior Secured Notes due 2019 and EUR 125 million of New Cash Notes to finance the acquisition of the Nestle Waters Direct water solutions businesses in Germany, the Netherlands, Portugal, Russia and Poland from Nestle Waters as well as repaying in full the utilization of the Bridge facility.

The Notes are redeemable by the Company at any time prior to their maturity, based on prices and terms stipulated in the Notes agreement which include a make-whole call premium if the Notes are redeemed prior to 1 February 2017.

Therefore, on 29 January 2015, the Company used the first portion of the proceeds from the New Cash Notes to repay EUR 53.2 million of the Bridge Facility that was partially drawn on 28 November 2014 in connection with the first stage of the acquisition of three of the five Nestle Waters Direct water solutions businesses from Nestle Waters. The closing date for the acquisition of the businesses in the Netherlands, Portugal and Germany occurred on 1 December 2014.

On 2 February 2015, the Company used a second portion of the proceeds from the New Cash Notes to settle the purchase price for the acquisition of Nestle Waters Direct water solution business in Russia. The remainder of the proceeds from the New Cash Notes was deposited into an Escrow Account held with the Escrow Agent in the name of the Company pursuant to an Escrow Agreement. This remainder of the proceeds from the New Cash Notes was to be used to pay the purchase price for the acquisition of Nestle Waters Direct water solution business in Poland.

As the acquisition of Nestle Water Direct Poland did not occur on or prior to 31 October 2015 (the "Polish NWDE Closing Date") the Company redeemed EUR 34.9 million in aggregate principal amount of EUR 160 million 8% Senior Secured Notes due 2019 (the "Notes") at a price equal to 101% of that aggregate principal amount of the Notes plus accrued but unpaid interest on 9 November 2015 (the "Redemption Date"). Following the Redemption Date, the outstanding principal amount of the Notes is EUR 125.1 million.

On 30 October 2015 the Company secured an increase of the existing Revolving Credit Facility Agreement (the "RCF") that was entered on 15 April 2014. The RCF increased from an aggregate amount of EUR 45 million to EUR 65 million.

	31.12.2015	**31.12.2014**
The maturity of the borrowings are as follow:		
6 months or less	4,297	54,606
6-12 months	470	510
1-7 years	298,616	204,870
	303,383	259,986
Current effective interest on Senior secured notes at the company	8.1%	7.6%
Current effective interest on Long term bank credit at Israeli activities	N/A	3.8%

	31.12.2015	**31.12.2014**
The Group borrowings are denominated in the following currencies:		
Euro	298,588	254,909
New Israeli Shekels	3,438	4,068
Polish Zloty	926	498
Swiss Franc	431	498
Other currencies	—	13
	303,383	259,986

The fair value of current liabilities approximates their carrying amount, as the impact of discounting is not significant. Consequently the fair values have not been separately disclosed.

The fair value of long-term bank liabilities approximates their carrying value, since they bear interest at variable market rates.

17. Derivative Financial instruments

	31.12.2015 Liabilities	**31.12.2014** Liabilities
Non current interest rate SWAP derivative	5,201	5,240

The Group uses interest rate swaps (hereafter—IRS) to manage its exposure to interest rate risks resulting from financial arrangements. These derivative instruments are floating-to-fixed interest rate swaps which have the economic effect converting borrowings from floating rates to fixed rates.

In the course of 2014, following the issuance of EUR 210 million floating rate Notes, the Group adapted its hedging coverage structure through the combination of existing and new interest rate swaps (pay fixed, receive variable) in order to reduce the exposure from the risk of variability in cash flows associated with recognized liabilities. Therefore, Swaps duration was extended to match the underlying financing instrument maturity of 15 April 2019 and the outstanding IRS amount was increased to reach 80% of the floating rate senior secured notes financing amortizing over the years.

In January 2015, as part of the EUR 160 million issuance of 8% senior secured notes, a portion of EUR 35 million of the existing EUR 210 million floating rate senior secured notes has been exchanged into the EUR 160 million fixed 8% senior secured notes. Therefore, the EUR 210 million aggregate principal of floating rate senior secured notes was reduced to EUR 175 million. As a consequence, the IRS coverage mechanically increased from 80% to 96% of the floating rate senior secured notes.

Gains and losses were recognised in the Income Statement.

18. Commitments and Contingent liabilities

A. Commitments

Operating lease commitments

The Group has operating lease agreements for the rental of warehouses, office spaces and distribution centers in various locations for periods ending in 2016 through 2020. The annual rental payments under such leases are mainly linked to the CPI. In addition, The Group has operating lease agreements for the vehicles they use, for periods ending in 2016 through 2021. The annual rental payments under such leases are linked to the CPI (=Consumer Price Index).

The Group place deposits with several leasing companies to secure the payment of rental for the last months of the lease. The future aggregate minimum lease payments under operating leases as of December 31, 2015 are as follows:

	31.12.2015	31.12.2014
2015	—	9,922
2016	11,193	7,882
2017	8,602	6,172
2018	6,145	4,519
2019	3,901	5,206
Later than 2019	5,027	—
	34,868	33,701

Other commitments

1.) Mey Eden Marketing (2000) Ltd., an Israeli subsidiary (hereafter—MEM) has entered into a distribution agreements with Jafora Tabori Ltd. (hereafter—Main agreement and Tabori, respectively). Pursuant to the Main agreement, Tabori is to serve as the exclusive distributor of all the small-packs of mineral water products that are produced and/or imported by the group and/or that are marketed under the brand name “Mey Eden”, including future products, in all areas of Israel with the exception of the city of Eilat and the Palestinian Authority. In consideration for the distribution rights, MEM shall pay Tabori a fixed distribution commission. Tabori is to purchase the products for distribution from MEM at the price to retailers, net of the aforementioned distribution commission. The Main agreement is for a period of 10 years. At the end of this period, the Main agreement will be automatically renewed for an additional 10-year periods. Either party is entitled to call for the termination of the Main agreement at any time after the first 10 years period, subject to 36 months’ prior notice. If an exemption from the need to obtain an authorization for an agreement in restraint of trade is not received from the antitrust commissioner for a part of the first period or subsequent periods, the period of the Main agreement is to be cut short in accordance with the authorized periods of exemption.

In June 30, 2004, the Commissioner approved a 5-year exemption from the need to obtain authorization for an agreement in restraint of trade, commencing from the date of the approval. On March 28 2010, the Commissioner extended the authorization for 5 years commencing this date.

On December 2014 MEM requested a renewal of the exemption from the antitrust commissioner which was received on September 2015 for another 5 years.

2.) On November 2013 Mey Eden Bar—First Class Services Ltd., and Israeli subsidiary (hereafter—MEB) and Tabori entered into a distribution agreement regarding distribution of Tabori products (soft drinks bottles) by MEB in Eilat in its surroundings (hereafter—Eilat Agreement). The Eilat Agreement is materially a mirror like agreement to the Main Agreement. The period of the Eilat Agreement is linked to the Main Agreement. In consideration for the distribution rights, Tabori shall pay MEB a fixed distribution commission. The parties requested an exemption from the antitrust commissioner regarding the Eilat Agreement, which was received on September 2015 for another 5 years.

3.) On November 9, 2015 Mey Eden Bar—First Class Services Ltd. (hereafter—MEB) entered into an agreement with Electra Consumer Products (1951) Ltd. regarding the sale of Electra’s activities in the field of water coolers.

Under the agreement, Electra will sell and transfer all their activity including the inventory of water coolers, spare parts, rights and obligations in accordance with customer agreements, intellectual property rights; agreements with manufacturers and licenses; all as specified in the agreement.

The Closing is subject to fulfillment of conditions precedent stipulated in the agreement, including the approval of the Antitrust Commissioner, approval from the manufacturers to assign their agreements with Electra to MEB, and the absence of a critical finding, as defined in the agreement in the due diligence that will be performed by MEB.

For the sale of all the operations (except inventory), MEB will pay NIS 21,3 million (approximately € 5.0 million) plus VAT, subject to the payment adjustment mechanism stipulated in the agreement in relation to the findings of the due diligence. Half of the consideration will be paid upon closing and the rest will be paid (without interest or linkage carry) in monthly installments for the period and the manner prescribed in the agreement. In addition, in exchange for the acquired inventory, MEB will pay the cost of inventory acquired less a deduction amount stipulated in the agreement.

B. Contingencies

1) The French, Polish, Israeli and German subsidiaries are involved in legal actions in the ordinary course of business. The total amount thereof is approximately € 968 thousand. A total provision of € 804 thousand is recorded as of 31 December 2015.

2) On March 13, 2011, a lawsuit filed by Comite Interprofessionnel du Vin de Champagne (CIVC) to the Tel Aviv District Court and against the Company, Mr. Raanan Zilberman, Mey Eden Production, Mey Eden Bar, Mey Eden Marketing, Mey Eden Ltd and Mr. Eyal Carmi, the former CEO of the Israeli subsidiaries. The lawsuit is related to the Israeli subsidiaries activity. The lawsuits main argument is that marketing and advertising products under the symbol of “Mey Eden—nature’s champagne”, allegedly violating CIVC intellectual property rights. On May 19 2015, the District Court issued a judgment in favor of the CIVC. The Court determined that the slogan “Mey Eden—Nature’s Champagne” infringes the CHAMPAGNE Registered Appellation of Origin that the use of the slogan amounts to Passing-Off and Dilution of the goodwill in Champagne. The Court rejected CIVC causes of action of Trademark Infringement, unjust enrichment and infringement of Geographical Indication. Following the judgement, The Group paid a total sum of NIS 710 thousand (approximately € 167 thousand) (which includes damages, attorney fees and court fees and expenses, as ruled by the district court).

3) On 29 September 2014 a request for a class action was filed against Mey Eden Bar—First Class Services Ltd. (hereafter—MEB) by a former HOD customer. The plaintiff claims that MEB raised the prices of the HOD dispensers without a proper prior notice, that the total amount of the raises was unreasonably high and that the in some of the raises the notice of the raise was not in line with the actual raise. The plaintiff estimated the total damages to all MEB customers in the sum of NIS 67 million (approximately € 15.8 million) . At this stage, the probabilities of the claim being accepted and that financial resources will be required to discharge the claim, could not be estimated by the company and the company's lawyers.

4) On 25 February 2015 a request for a class action was filed against Mey Eden Bar—First Class Services Ltd. (hereafter—MEB) in the sum of NIS 444 million (approximately € 104 million) . The plaintiff's claim is that the UV light in the company's water bars marketed by MEB did not function as it was supposed to. At this stage, the probabilities of the claim being accepted and that financial resources will be required to discharge the claim, could not be estimated by the company and the company's lawyers.

5) On July 20, 2015, a request for a class action was filed against Manufacturing in the sum of NIS 7 million (approximately € 1.6 million). The plaintiff's claim is that the components markings on the company's water containers produced by Manufacturing are deviating from an Israeli standard, because it is printed on the back part of the external wrapping of the water containers. On January 16 2016, the court approved the dismissal of the request for a class action after Manufacturing agreed to pay attorney's fee and compensation in the amount of NIS 20 thousand (approximately € 5 thousand).

19. Guarantees given and pledged assets

Description /Type of Asset	**31.12.2015**
Real estate in Hamilton (production, warehouse and offices)	1,364

The above amount corresponds to the net book value of the building. This guarantee relates to the long-term mortgage in the UK.

For the senior secured notes and the revolving credit facility, the following companies have been nominated as guarantors:

- Eden Springs Europe B.V.
- Eden Springs Nederland B.V.
- Eden Springs Sp. z o.o.
- Eden Springs (Europe) S.A.
- Eden Springs (Norway) AS
- Eden Springs (Sweden) AB
- Eden Springs (Switzerland) S.A.
- SEMD S.A.
- Eden Springs International S.A.
- Eden Springs UK Limited - Kafevend Holdings Limited - Kafevend Group Limited - Eden Water & Coffee Deutschland GmbH
- LLC Eden Springs

20. Share Capital

The issued capital amount is € 1 (one euro). The total issued number of share is 1, with a par value of € 1. The share issued is fully paid.

21. Other reserves

	OCI Pension Fund 2015	OCI Pension Fund 2014
01.01.2015	(1,038)	(150)
Remeasurement of post employment benefit obligation	667	(888)
Balance at 31 December 2015	(371)	(1,038)

22. Related-parties

The following transactions were carried out with related parties:

	2015	2014
Purchases of goods and services		
Management fees and transaction related costs	1,601	3,439
Key management compensation		
Salaries and short-term employee benefits	2,979	2,892
Post-employment benefits	436	452
Total Key management compensation	3,415	3,344
Interests paid to related parties	4,403	4,195

Shareholders borrowing and payable to parent company

	31.12.2015	31.12.2014
Borrowings from related party*	57,394	47,792

	31.12.2015	31.12.2014
Receivables from related parties	115	93
Payable to related parties (short-term)	75	75

* On October 2013 the Company entered into a loan agreement with the parent Company Hydra Dutch Holdings 1 BV. The loan bears an interest of 8.1576%. Unpaid interest is added to the principal. The duration of the loan is 7 years.

On November 2014 the Company entered into loan agreement facility with the parent Company Hydra Dutch Holdings 1 BV for an amount of Euro 15.3 million of which Euro 5.2 million and Euro 5.2 million were utilized on November 2014 and February 2015, respectively. The loan bears an interest rate of 8%. Unpaid interest is added to the principal.

23. Expenses by nature

	2015	2014
Depreciation and amortization (9 and 10)	34,666	26,336
Employee benefit expense (Note 25)	116,799	85,662
Raw materials and consumables used	78,876	63,844
Transportation costs	9,278	7,942
Vehicles expenses	20,147	17,329
Commissions (dealers)	23,207	18,723
Maintenance and rent	15,371	12,548
Communication	2,240	1,792
Professional fees	6,878	5,017
Travel and entertainment	2,353	2,184
Advertising and promotion	5,901	5,193
Office expenses	3,391	2,452
Other expenses	8,198	10,312
Total	327,303	259,334

24. Other Operating Expenses

	2015	2014
Acquisition and integration costs	12,258	5,175
Other	9,682	11,536
	21,940	16,711

25. Employee benefit expense

The following staff expenses are included in the Statement of Comprehensive Income (Cost of Goods sold, Service expenses, Selling expenses, General and Administration Expenses and Other operational expenses):

	2015	2014
Salaries	88,462	63,946
Social charges	14,316	11,966
Defined contributions plans	3,725	2,984
Pension benefit plans (Note 15)	5,229	3,239
Others	5,067	3,527
Total salaries and related expenses	116,799	85,662

26. Financial income / (expenses)

	2015	2014
Foreign exchange gain	2,813	4,554
Interest income	128	(26)
Other Income	551	174
Total Financial income	3,492	4,702
Foreign exchange loss	4,891	980
Interest expense	24,742	18,094
Interest expense with related parties	4,403	4,595
Amortization of capitalised financial costs	5,780	12,761
Other expenses	528	452
Total Financial expenses	40,344	36,882
Total Financial income	3,492	4,702
Total Financial expenses	(40,344)	(36,882)
Net Financial expenses	(36,852)	(32,180)

27. Taxation

	2015	2014
Current taxes	(3,634)	(2,063)
Deferred taxes (Note 14)	3,077	(463)
Previous years	907	188
Other tax	(422)	(480)
	(72)	(2,818)

The tax on the group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

Profit / Loss before tax	(30,279)	(25,082)
Tax calculated at domestic tax rates applicable to profits in the respective countries	8,308	6,386
Tax losses for which no deferred tax asset was recognized	(10,251)	(13,260)
Expenses not deductible for tax purposes	517	(221)
Income not subject to tax	1,033	1,252
Revenues subject to Income tax at lower rate	—	—
Tax credits or special allowances	—	—
Adjustments in respect of prior years	907	289
First time recognition of deferred tax asset on losses carried forward	—	(266)
Change in valuation of deferred tax assets	—	—
Utilization of previously unrecognised tax losses	—	3,108
Effect of changes in tax rate on opening deferred tax balances	20	52
Other	(605)	(158)
Tax benefit	(72)	(2,818)

The weighted average applicable tax rate was 25%.

a. Taxation of companies resident in Israel:

1) Results measurements for tax purposes

Measurement of results for tax purposes under the Income Tax (Inflationary Adjustments) Law, 1985 (hereafter—the inflationary adjustments law) Under the inflationary adjustments law, results for tax purposes till the end of the 2007 tax year were measured in real terms, having regard to the changes in the CPI.

The Group was taxed under this law. In accordance with the provisions of the Income Tax (Inflationary Adjustments) (Amendment No. 20) Law, 2008 ("the amendment"), the Group will no longer be subject to the provisions of the inflationary adjustments law as from the 2008 tax year. In accordance with the provisions of the amendment, transitional regulations have been promulgated with respect to the cessation of applicability of the provisions of the inflationary adjustments law.

2) Tax rates

On December 6, 2011, the Israeli Parliament (the Knesset) passed the Law for Tax Burden Reform (Legislative Amendments), 2011 ("the Law") which, among others, cancels effective from 2012, the scheduled progressive reduction in the corporate tax rate. The Law also increases the corporate tax rate to 25% in 2012, and thereafter.

On August 5, 2013, the Law of Change in National Priorities (Legislative Achieve Budget for the Years 2013 and 2014), 2013, was published, which provided, inter alia, raising the corporate tax rate to a rate of 26.5% from 2014 and thereafter.

In January 2016 the corporate tax rate from 2016 and thereafter was reduced to 25% according to a law that was approved in January 2016. Had the law been approved at December 31, 2015, the deferred tax asset as of December 31, 2015 would have decreased in the amount of approximately EUR 34 thousand, with corresponding decrease in deferred tax income in the income statement.

b. Subsidiaries resident overseas

Subsidiaries incorporated in Europe are subject to the taxing statutes of their respective countries of residence. The principal tax rates applicable to the principal overseas-resident subsidiaries are as follows:

Companies incorporated in the Netherlands—25.5%;

Companies incorporated in the United Kingdom—23.25%;
Companies incorporated in France—33.34%;
Companies incorporated in Poland—19%;
Companies incorporated in Switzerland—22.64%;
Companies incorporated in Russia—20.00%

As a general rule, inter-company transactions between Israel-resident companies and European subsidiaries are subject to the reporting provisions of the Income Tax (Determination of Market Conditions) Regulations, 2006.

c. The Israeli Encouragement Laws:

1) Tax benefits under the Capital Investments Encouragement Law, 1959

Under the provisions of the Capital Investments Encouragement Law, 1959 ("the law"), certain subsidiaries are entitled to various tax benefits by virtue of the status of approved enterprise accorded to the qualifying operations of those subsidiaries, as follows:

a) Reduced tax rates

During the period of benefits—commencing in the first year in which the companies earn taxable income from the approved enterprise—such income will be tax exempt for ten years, as follows: Tax exemption for ten years on income from expansion of a certain approved enterprise, for which it had previously opted for the "alternative benefits" track (involving the waiver of investment grants); the period of benefits for this expansion has not yet began. In the event of the distribution of cash dividend out of income that was tax exempt, the Companies would have to pay the 25% in respect of the amount distributed.

b) Accelerated depreciation

The Companies are entitled to claim accelerated depreciation as provided by law, commencing in the first year of operation of each asset, in respect of machinery and equipment used by the approved enterprise.

c) Benefit-related conditions

The entitlement to the above benefits is conditional upon the Companies fulfilling the conditions stipulated by the law, regulations published thereunder and the instruments of approval for the specific investments in approved enterprises. In the event of failure to comply with these conditions, the benefits may be cancelled and the Companies may be required to refund the amount of the benefits, in whole or in part, with the addition of interest. Company's management is on the opinion that the Companies meet the conditions stipulated in the instrument of approval.

2) Industry (Taxes) Encouragement Law, 1969

Some of the Group's companies are an "industrial company", as defined by this law. As such, the companies are entitled to claim depreciation at increased rates, as stipulated by regulations published under the inflationary adjustments law.

d. Tax assessments

Final tax assessments have been raised on two subsidiaries for tax years up to and including the 2011 tax year. Self-assessment filed by Israeli Subsidiaries for the tax years up to 2008, are considered to be final.

28. Subsequent events

On 1 February 2016, the Group completed the third stage of the acquisition of the Nestlé Waters Direct (NWD) business in Poland. Due to anti-trust regulations and competition law in Poland we were able to acquire a portion of the NWD Polish business. The remaining assets that were not purchased by us were transferred to a third party company named GetFresh Sp. z o.o. (GetFresh). The overall purchase consideration for the assets transferred to us and the assets transferred to GetFresh amounts to EUR 32.7 million including a recoverable VAT amount of EUR 5.7 million. GetFresh remitted the purchase price by issuing EUR 10.9 million bonds in favor of Eden Springs Europe B.V. The EUR 18.2 million purchase price for the assets transferred to us has yet to be allocated, and will be preliminarily assigned to the fair values of assets acquired and liabilities assumed, during the quarter ending 31 March 2016 when disclosure of such provisional amounts will be provided. This third step of the NWD acquisition was entirely funded using borrowings under the revolving credit facility agreement.

On 30 March 2016, date of approval of the accounts Hydra Dutch Holdings 2 B.V. had no subsequent event leading to a modification of the financial statements.

29. Business combinations

In 2014 acquired business contributed revenues of €4'788 since the acquistion dates. If the acquisitions had occurred on 1 January 2014, the acquired businesses, for the period would have contributed revenues of €40'983.

Details of net assets acquired and intangibles are as follows:

Purchase consideration:	Nestle NL **31.12.2014**	Nestle PT **31.12.2014**	Nestle Germany **31.12.2014**	Others **31.12.2014**	Total **31.12.2014**
Cash consideration	12,266	(1,881)	23,557	3,947	37,890
Total Purchase Consideration	12,266	(1,881)	23,557	3,947	37,890
Fair Value of Net Assets Acquired	(2,573)	1,976	(2,794)	(3,140)	(6,531)
Goodwill	9,693	96	20,763	808	31,359

The total fair values of the assets and liabilities in the acquiree's financial statements are as follows:

	31.12.2014
Purchase consideration settled in cash	43,469
Cash in Subsidiaries Acquired	(2,649)
Cash Outflow on Acquisition	40,820
Adjustment for cash consideration not paid at period end and cash paid related to prior year acquisition	—
Net Cash Flow impact from Acquisitions	40,820

Detail of assets acquired and liabilities assumed

Provisional fair values	Nestle NL **31.12.2014**	Nestle PT **31.12.2014**	Nestle Germany **31.12.2014**	Others **31.12.2014**	Total **31.12.2014**
Cash and cash equivalents	2,551	298	(200)	—	2,649
Trade receivables	771	2,035	2,189	99	5,094
Prepaid and other current assets	153	429	245	—	827
Inventories	65	261	233	45	604
Property, plant and equipment	328	4,155	2,315	167	6,965
Customer portfolio and Trademarks	2,300	270	6,700	3,333	12,603
Other intangible assets	—	—	—	—	—
Other non-current assets	—	—	—	—	—
Deferred income tax assets	—	—	—	—	—
Trade payables	(304)	(1,236)	(1,243)	—	(2,783)
Other current liabilities	(2,716)	(1,728)	(7,445)	(325)	(12,214)
Borrowings	—	(6,398)	—	—	(6,398)
Other non-current liabilities	—	—	—	—	—
Deferred income tax liabilities	(575)	(62)	—	—	(637)
Total identifiable net assets	2,573	(1,976)	2,794	3,319	6,710
Goodwill	9,693	96	20,763	808	31,359
	12,266	(1,881)	23,557	4,127	38,069

In 2015 acquired business contributed revenues of € 20,371 since the acquisition dates. If the acquisitions had occurred on 1 January 2015, the acquired businesses, for the period would have contributed revenues of € 21,822. The Nestlé Waters Direct Russia entity is consolidated as of February 1st, 2015.

Details of net assets acquired and intangibles are as follows:

Purchase consideration :	Nestlé RUS **31.12.2015**
Cash consideration	40,498
Total Purchase Consideration	40,498
Fair Value of Net Assets Acquired	(14,684)
Goodwill	25,814

The total fair values of the assets and liabilities in the acquiree's financial statements are as follows:

	31.12.2015
Purchase consideration settled in cash	40,498
Cash in subsidiaries acquired	(1,116)
Cash paid prior year acquisitions	639
Net Cash Flow impact from Acquisitions	40,021

Detail of assets acquired and liabilities assumed

Provisional fair values	Nestlé RUS 31.12.2015
Cash and cash equivalents	1,116
Trade receivables	830
Prepaid and other current assets	1,050
Inventories	470
Property, plant and equipment	5,609
Customer portfolio and Trademarks	10,153
Other intangible assets	81
Trade payables	(447)
Other current liabilities	(2,425)
Borrowings(2)	188
Other non-current liabilities	—
Deferred income tax liabilities	(1,941)
Total identifiable net assets	14,684
Goodwill	25,814
	40,498

(1) Based on a preliminary purchase price allocation conducted. The purchase price allocation is to be completed in first quarter 2016.

(2) Borrowings are presented net of intercompany loan which was acquired as part of Nestlé Waters Direct Russia acquisition.

On 28 October 2015 the Company has signed an amendment to the SAPA with Nestlé Waters SAS in which the Long Stop Date for the NWDE Poland Closing is extended to 31 January 2016.

30. Segment information

General

The chief operating decision maker of the Group (hereinafter—CODM). The CODM reviews internal reports of the Group to assess performance and for resource allocation. Group management identified operating segments based on those reports.

The CODM reviews the business activity based on geographical regions, and this serves management to assess performance of geographical regions and to allocate resources. European regions have been aggregated since they bear similar economic characteristics and are similar in the nature of products and production processes, types of customers and distribution methods

As of December 31, 2015, the CODM reviews the performance of operating segments in the year ended on that date based on measuring income before financing expenses, financing income, tax, depreciation, amortization, other expenses and income (loss) (operating EBITDA).

The Company has aggregated the European operating segments into one reportable segment, given the similarity in the Group's products and their production process, customer types and distribution methods, as well as in long term profit margins.

Information related to geographical segments:

	Europe	Israel	Total
Segment income	261,698	94,118	**355,816**
Operating EBITDA	52,297	10,883	**63,180**
Capex	16,449	6,251	**22,700**

	31.12.2015	31.12.2014
Operating EBITDA of reporting segments	63,180	50,201
Depreciation and amortization	(34,667)	(26,391)
Other expenses—net	(21,940)	(16,711)
Operating income	6,573	7,099
Financing income	3,492	4,701
Financing expenses	(40,344)	(36,882)
Taxes on income	(72)	(2,818)
Net loss	(30,351)	(27,900)

The following is a breakdown of revenue from external customers of the Group's products:

	31.12.2015	31.12.2014
Water	285,411	221,492
Coffee	70,405	61,652
	355,816	283,144

31. Consolidated companies at 31 December 2015

Country	Entities	% of control
Cyprus	Valspar Investments Ltd.	100.0%
Denmark	Eden Springs (Denmark) AS	100.0%
Estonia	Eden Springs Estonia OÜ	100.0%
Finland	Eden Springs Finland OY	100.0%
France	Chateaud'eau SA	100.0%
Germany	Eden Springs (Deutschland) GmbH	100.0%
	Eden Springs Water & Coffee GmbH	100.0%
Greece	Eden Springs Hellas SA	100.0%
Israel	Mey Eden Ltd.	100.0%
	Mey Eden Bar—First Class Services Ltd.	100.0%
	Mey Eden Production (2007) Ltd.	100.0%
	Mey Eden Marketing (2000) Ltd.	100.0%
	Espresso Café—Italia Ltd.	100.0%
	Pauza Coffee Services Ltd.	96.0%
	Dispensing Coffee Club (IAI 2003) Ltd.	100.0%
Latvia	Eden Springs Latvia SIA	100.0%
Lithuania	UAB Eden Springs Lietuva	100.0%
Luxembourg	HorseLux Sàrl	100.0%
Netherlands	Eden Springs Nederland BV	100.0%
	Eden Springs Europe BV	100.0%
Norway	Eden Springs (Norway) AS	100.0%
Poland	Eden Springs Sp. Zo.o	100.0%
	Eden Dystrybucja sp. z o.o.	100.0%
Portugal	Eden Springs Portugal S.A.	100.0%
Russia	LLC Eden Springs	100.0%
Spain	Eden Springs Espana SA	100.0%
	Eden Integracion S.L.U.	100.0%
	Eden Centro Especial de Empleo S.L.U.	100.0%
Sweden	Eden Springs Scandinavia AB	100.0%
	Eden Springs (Sweden) AB	100.0%
	Eden Springs Porla AB	100.0%
Switzerland	Eden Springs (Europe) SA	100.0%
	Eden Springs International SA	100.0%
	Eden Springs (Switzerland) SA	100.0%
	SEMD SA	100.0%
United Kingdom	Eden Springs UK Ltd	100.0%
	Kafevend Holdings Ltd.	100.0%

Independent Auditor's Report
To the shareholders of
Hydra Dutch Holdings 2 B.V.

We have audited the accompanying consolidated financial statements of Hydra Dutch Holdings 2 B.V which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statements of comprehensive income, changes in deficit and cash flows for the period from October 1, 2013 (date of commencement of operations) to December 31, 2013 and the related summary of accounting policies and other explanatory notes.

Owner's responsibility for the consolidated financial statements and the summary combined financial statements

Management is responsible for the preparation and presentation of those consolidated financial statements and summary combined financial statements in accordance with International Financial Reporting Standards (IFRS), for determining that the basis of preparation of the summary combined financial statements is acceptable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements and summary combined financial information, that are free from material misstatement, whether due to fraud or error.

Auditor responsibilities

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conduct our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and preform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves preforming procedures to obtain audit evidence about amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hydra Dutch Holdings 2 B.V. and its subsidiaries as at December 31, 2013 and their financial performance and cash flows for the period from October 1, 2013 (date of commencement of operations) to December 31, 2013 in accordance with International Financial Reporting standards (IFRS).

Emphasis of matter

Without qualifying our opinion, we draw your attention to note 29, regarding the restatement of the consolidated financial statements as of December 31, 2013 originally issued on April 9, 2014, in order to retroactively reflect adjustments made during the first quarter of 2014 to the allocation of the purchase price of Eden Springs, pursuant to the provisions of IFRS3R.

	/s/ Kesselman & Kesselman
Tel-Aviv, Israel	Kesselman & Kesselman,
October 13, 2014	Certified Public Accountants (Isr.)
	A member firm of Pricewaterhouse Coopers International Limited

Hydra Dutch Holdings 2 B.V.
Consolidated Balance Sheet
in '000 €

	Notes	31.12.2013
ASSETS		
Current assets		
Cash and cash equivalents	5	14,571
Trade receivables—net	6	54,858
Receivable from related parties	22	440
Prepaid and other assets	7	6,984
Inventories	8	12,074
		88,927
Non-current assets		
Property, plant and equipment	9	66,013
Goodwill	10	103,000*
Other intangible assets	10	82,582
Deferred tax assets	14	12,666*
Other non-current assets		4,399
		268,660
Total assets		357,587
LIABILITIES		
Current liabilities		
Borrowings	16	10,495
Trade amounts payable		21,921
Current tax liability		6,293
Other current liabilities	11	27,849
Customer deposits and Prepaid Income	12	23,722
Provisions	13	3,437
		93,717
Deferred tax liabilities	14	17,142*
Borrowings	16	150,608
Other non current liabilities		1,310
Provisions	13	1,218
Liability for employee rights	15	3,902
Borrowings from shareholders and other related parties	22	88,027
Derivative financial instruments	17	2,123
		264,330
Total liabilities		358,047
DEFICIT		
Share capital	20	
Share premium		13,430*
Other reserves	21	(150)
Currency translation adjustment		(747)*
Accumulated deficit		(13,035)*
		(502)
Non controlling interests in Equity		42
Total deficit		(460)
Total liabilities net of deficit		357,587

* Restated-please refer to note 29.

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

Hydra Dutch Holdings 2 B.V.
Consolidated Statements of Comprehensive Loss
in '000 €

	Notes	The period from 1 Oct 2013* to 31 Dec 2013
Revenue		**61,584**
Cost of goods sold		(20,327)
Gross profit		**41,257**
Service Expenses		(24,366)
Sales & Marketing expenses		(5,824)
General and administration expenses		(5,368)
Amortization of customer relations and tradenames	10	(1,305)**
Other operating expenses	24	(2,702)
Loss from operations before Acquisition related costs		**1,692**
2013 Eden Springs Acquisition related costs		(9,048)
Loss from operations		**(7,356)**
Financial Income	26	630
Financial expenses	26	(4,635)
Net Financial expenses		(4,005)
Loss Before taxes on income		**(11,361)**
Taxes on income	27	(1,670)**
Net loss		**(13,031)**
Other comprehensive Loss—net of taxes:		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences, net of taxes		(747)**
Items that will not be reclassified to profit or loss:		
Remeasurements of post employment benefit obligations		(150)
TOTAL COMPREHENSIVE LOSS		**(13,928)**
Net loss attributable to:		
Equity holders of the company		(13,035)**
Non controlling interest		4
		(13,031)
Total comprehensive loss attributable to:		
Equity holders of the company		(13,932)
Non controlling interest		4
TOTAL COMPREHENSIVE LOSS		**(13,928)**

* Date of commencement of operations
** Restated-please refer to note 29

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

Hydra Dutch Holdings 2 B.V.
Consolidated Statements of Cash Flows
in '000 €

	Notes	The period from 1 Oct 2013* to 31 Dec 2013
CASH FLOW FROM OPERATING ACTIVITIES		**1,626**
Cash generated from operations (a)		
Income tax paid		(1,516)
Net cash provided by operating activities		110
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant , equipment and software		(3,494)
Acquisition of subsidiaries, net of cash acquired	29	(69,360)
Proceeds from sale of property, plant and equipment		87
Proceeds from sale of short term investments		625
Net cash used in investing activities		(72,142)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings (net of borrowing costs)**		126,769
Repayments of long term borrowings		(139,821)
Loan proceeds from Shareholder and other related parties		86,758
Issuance of shares		13,430
Interest paid		(887)
Net cash from financing activities		86,249
Effect of exchange rate changes on cash and cash equivalents		354
Increase in cash and cash equivalents		14,571
Cash and cash equivalents at the beginning period		—
Cash and cash equivalents at end of the year		14,571

* Date of commencement of operations
** thereof borrowing costs of €10'046

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

Hydra Dutch Holdings 2 B.V.
Consolidated Statement of Cash Flows
in '000 €

	The period from 1 Oct 2013* to 31 Dec 2013
(a) Cash generated from operations	
Loss before taxes on income	(11,361)**
Adjustments in income and expense not involving cash flows:	
Interest expenses net, included in profit / (loss) before taxes on income	3,625
Exchange differences on principal and interest incurred on long-term loans and intercompany loans	164
Amortization of capitalized financial costs	217
Depreciation and amortization	5,838**
Capital gains/losses less of cost of goods sold, which were previously included amongst fixed assets, net	402
Employee related obligations, net	328
Release of customer deposits	(76)
Other operating items	(19)
Operating cash flow before working capital changes	(882)
Changes in operating working capital	
Decrease in Trade receivables	7,556
Decrease in Prepaid and other assets	1,168
Decrease in Trade accounts payable	(1,597)
Decrease in Prepaid income and Customer deposits	(307)
Decrease in Other current liabilities and Provisions	(4,418)
Decrease in related party receivables/payables	(252)
Decrease in Inventories	358
Operating cash flow	2,508
Total cash generated from operations	1,626

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

* Date of commencement of operations
** Restated- please refer to note 29

Hydra Dutch Holdings 2 B.V.
Consolidated Statements of Changes in Deficit
in '000 €

	Attributable to equity holders of the Company						Total deficit
	Share capital	Share premium	Currency translation adjustment**	OCI Pension Fund	Accumulated Deficit**	Noncontrolling Interest	Total
Opening Balance	—	—	—	—	—	—	0
Comprehensive income:							
Remeasurement of post employment obligations	—	—	—	(150)	—	—	(150)
Currency translation adjustment	—	—	(747)		—	—	(747)
Loss	—	—	—		(13,035)	4	(13,031)
Total comprehensive loss for the period	—	—	(747)	(150)	(13,035)	4	(13,928)
Transactions with owners:							
Issuance of shares*	—	13,430	—		—		13,430
Business Combination						38	38
Balance at 31 December 2013	0	13,430	(747)	(150)	(13,035)	42	(460)

* less than one thousand Euros
** Restated- please refer to note 29

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

1. General information

Hydra Dutch Holdings 2 B.V. (hereafter—the Company) has been established on 16 May 2013 as Rhone Capital IV LP's indirect wholly-owned investment vehicle for the acquisition of all of Eden Springs BV's subsidiaries (see below). Since the closing of the acquisition in October 2013, the Company and its subsidiaries (together—the Group) is active in 15 countries and is mainly engaged in Home & Office Delivery (HOD) of water cooler bottles. Additionally, the Group offers customers in most markets a range of direct-marketing products such as water filters and Lavazza coffee products.

On the 14th of June 2013 the Company signed an agreement with Eden Springs BV to acquire the entire shareholding and control of the direct wholly-owned subsidiaries of Eden Springs B.V.: Eden Springs Europe B.V. and the Israeli subsidiaries. On 23 October 2013 the transaction was completed and Hydra Dutch Holdings 2 B.V. entered as a new 100% shareholder of Eden Springs Europe B.V. and Israeli activities. For practical reasons and due to immateriality the Trading Results of the acquired entities have been consolidated for the period starting 1 October 2013 to 31 December 2013. The change of control required Eden Springs Europe B.V. to repay all of outstanding debt from the existing credit facility agreement with Rabobank (Netherlands). This external bank financing has been replaced by a shareholder loan on the same date (see also note 22).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

2.1. Basis of preparation

The Consolidated Financial statements are presented in Euros (€), which is the Group's functional and presentation currency.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). They have been prepared on an accrual basis, under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1. Accounting policy and disclosures

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2013 or later periods but the Group has not early adopted them:

- IFRS 9—"Financial Instruments" (hereafter—IFRS 9), addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

In November 2013, the IASB issued Phase 3 of IFRS 9 ("Phase 3 of IFRS 9") as part of the complete version of IFRS 9. Phase 3 of IFRS 9 includes the new hedge accounting requirements and related amendments to IFRS 9, IFRS 7 and IAS 39.

Below are the significant principles of hedge accounting under IFRS 9 (2013):

- Hedge accounting can be applied to the risk components of financial hedged items and nonfinancial hedged items provided that risk component is separately identifiable and can be reliably measured.
- The hedge effectiveness test is to be made only on a qualitative basis and the quantitative effectiveness test of the 80%-125% range is eliminated. The test focuses on achieving the hedge objectives and the economic relationship between the hedged item and the hedging instrument and the effect of credit risk on that relationship.

As part of the amendments included in Phase 3 of IFRS 9, the provisions regarding measurement of liabilities at fair value and presenting fair value changes in own credit risk in other comprehensive income can be applied before applying any other requirements in IFRS 9.

In July 2014, the IASB issued IFRS 9, The IASB has published the complete version of IFRS 9, Financial instruments, which replaces the guidance in IAS 39. IFRS 9 has three classification categories for debt instruments: amortized cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). An entity's business model determines whether the cash flows will result from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect, it may be classified as amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

IFRS 9 also introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model, which differs from the currently applied incurred loss model, and which will require entities to record a loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

The Group is yet to assess IFRS 9's full impact. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

- Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13. The amendment is not mandatory for the group until 1 January 2014.

- Financial Instruments: Recognition and Measurement Amendment to IAS 39 ‘Novation of derivatives’ This amendment provides relief from discontinuing hedge accounting when novation to a hedging instrument to a central counter party meets specified criteria. The amendment is not mandatory for the group until 1 January 2014.
- In May 2014, the IASB issued IFRS 15, Revenue from contracts with customers. The objective of the new revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services, based on a five step model that includes the identification of the contract with the customer and the performance obligations in the contract, determination of the transaction price, allocation of the transaction price to the performance obligations in the contract and recognizing revenue when (or as) the entity satisfies a performance obligation. The revenue standard is effective for annual periods beginning on or after January 1, 2017. Early adoption is permitted.

Consolidation

The consolidated financial statements are a consolidation of the financial statements of the Company and its Subsidiaries. The list of the companies included in these consolidated financial statements is presented in appendix A.

a) Subsidiaries

1. Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.
2. Subsidiaries are consolidated as from the date on which the Group acquires control. Conversely, such consolidation ceases on the date on which control ends.
3. The Group accounts for business combinations using the acquisition method. The consideration transferred for the acquisition of a subsidiary (hereinafter—the acquiree) is calculated as a total of fair values of the assets transferred by the group and the liabilities that the Group incurs to the previous owners of the acquiree and the equity rights issued by the Group in a business combination. The consideration transferred includes the fair value of all asset or liability arising from the contingent consideration arrangement. Costs associated with the purchase are recognized in income or loss as incurred.
4. Goodwill is presented in the consolidated statements of financial position, and represents the excess of the cost of acquisition of an investment in a subsidiary over the Eden Holdings’ share in the fair value of the subsidiary’s identifiable assets (including intangible assets), net of the fair value of its identifiable liabilities (net of related taxes), at the date of acquisition.
5. Contingent consideration recognised in a business combination is measured at fair value as of the date of the business combination. Subsequent changes in the fair value of liability for the contingent consideration are recognized under IAS 39 “Financial Instruments: Recognition and Measurement” in income or in other comprehensive income.
6. Identifiable assets acquired and liabilities and contingent liabilities assumed by the Group in a business combination (excluding certain exceptions detailed in IFRS 3 “Business Combinations” (hereinafter—IFRS 3R) are initially measured at fair values on the date of acquisition. In each business combination, the Group determines whether to recognize non-controlling interest in the acquiree at fair value or proportionally to the rate of non-controlling interest at the fair value of net identifiable assets of the acquiree. This determination is done for each transaction separately.

7. The excess of transferred consideration, the amount of non-controlling interest in the acquiree and the fair value as of the date of acquisition of any previous interest in the interest of the acquiree beyond the net amount, at the date of acquisition, of identifiable assets acquired and liabilities assumed, all measured as above, as goodwill (see also f. below).
8. Intra-Group balances and transactions including revenue, expenses and dividends on transactions between Group companies were eliminated. Income or loss resulting from intra-Group transactions that are recognized as assets (such as inventory and property, plant and equipment) were also eliminated. Such intra-Group losses may indicate an impairment of the assets.
9. The accounting policy applied by subsidiaries was changed as needed to ensure consistency with the accounting policy adopted by the group.
10. Transactions with non-controlling interest which do not result in loss of control are accounted for as transactions of Group shareholders. In such transactions, the difference between the fair value of any consideration paid or received and the amount in which the non-controlling interest are adjusted to reflect the changes in their proportional interest in a subsidiary are recognized directly in equity and attributed to the owners of the parent.

2.2. Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro (€), which is the Group's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses are presented in the income statement within "Financial Income" or "Financial Expenses".

Foreign exchange gains and losses with respect to financial assets and liabilities that are classified as financial instruments at fair value through profit and loss, are recognized in the statement of income as part of the gain or loss relating to changes in fair value.

c) Group companies

The results and financial position of all the Group entities—none of which has the currency of a hyperinflationary economy—that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

b) income and expenses for each income statement are translated at yearly average exchange rates; and

c) all resulting exchange differences are recognised first in OCI and then accumulated as a separate component of equity.

Foreign exchange gains and losses from inter-company transactions of a long term investment nature, between ESE BV and its foreign entities are shown as a separate component of shareholders' equity under the heading "Currency translation adjustments" until the related foreign investment is disposed of (sold, liquidated, abandoned, repayment of share capital, etc.).

Goodwill and fair value adjustments arising on the acquisition of a subsidiary with a functional currency other than the Euro, are treated as assets and liabilities of the subsidiary and translated at the closing rate of each balance sheet presented.

2.3. Property, plant and equipment

The accounting treatment of property, plant and equipment in these consolidated financial statements are as follows:

a. An item of property, plant and equipment is measured at cost upon its initial recognition, which includes its purchase price (including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates), costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,). When the payment in respect of an item of property, plant and equipment is deferred beyond normal credit terms, the difference between the cash price equivalent and the total payment is recognized as interest expense over the period of credit.

b. The Group elected the cost method as its accounting policy for the measurement of its property, plant and equipment subsequent to initial recognition.

c. The depreciable amount of each asset is allocated on a systematic basis over its useful life using the straight-line method.

   The Group depreciates separately each portion of property, plant and equipment that represents a significant part of the total cost of the item. The estimated useful lives are as follows:

	Years
Buildings	5 – 40 years
Plant, machinery	10 – 14 years
Water coolers and containers and bottles	4 – 11 years
Dishwashers, coffee and food machines	7 – 10 years
Computers	3 – 4 years
Office equipment	4 – 17 years
Vehicles	5 – 7 years

   Leasehold improvements are amortized by the straight-line method over the term of the lease, which is shorter than the estimated useful life of the improvements.

d. At each financial year-end, the Group reviews the residual value, the useful life and the depreciation method it uses. If there have been significant changes in the expected residual value, the useful life or significant change in the expected pattern of consumption of the future economic benefits embodied in the asset that may indicate that a change in the depreciation method is required, such changes are treated as changes in accounting estimates. In the reported periods, no material changes, as above, have taken place with any material effect on these consolidated financial statements.

2.4. Intangible assets

The accounting treatment of intangible assets in these consolidated financial statements is as follows:

a) Goodwill

Goodwill represents the excess of the consideration in a business combination over the Group's portion of the fair value of the investee underlying net assets, liabilities and contingent liabilities at the date of acquisition, and it is included at cost less any accumulated impairment losses.

Goodwill is tested for impairment once a year, or more frequently, in the presence of events or circumstances indicating a possible impairment in the value of such assets. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

For the purpose of testing impairment, the Group allocates the goodwill to a relevant cash-generating unit.

Customer relations

Customer relations have definite useful lives and are stated at cost, less accumulated amortization and impairment losses. Amortization is calculated using the straight-line method based on the estimated useful lives of customer accounts.

b) Trademarks were acquired in a business combination and are recognized at fair value at the acquisition date.

Trademarks are presented at cost less accumulated amortization, and are amortized over their estimated useful lives, using the straight line method.

c) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the Software product is available
- The expenditure attributable to the software product during its development can be reliably measured.

Direct attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

2.5. Impairment of non-monetary assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-monetary assets other than goodwill that have been impaired are reviewed for reversal of the impairment at each reporting date.

2.6. Current and deferred income tax

a. The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generate taxable income. The Group's management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b. The Group fully recognizes deferred taxes, using the liability method, on temporary differences arising between the carrying amounts in the consolidated financial statements of assets and liabilities and their tax bases. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

   Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

c. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

d. Deferred income taxes are not provided on temporary differences arising on investments in subsidiaries, since the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

e. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.7. Revenue recognition

The Group's revenues are measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

a) Sale of goods

Revenues stemming from the sale of goods are recognized when one of the companies in the Group has transferred the goods to the purchaser and when no obligation which could affect the completed sale status of the transaction remains outstanding. Goods are not regarded as having been delivered until they have been shipped to the specified destination, the risks of obsolescence and loss have been transferred to the purchaser, and either the purchaser has received the goods in accordance with the terms of the contract of sale or the Group has objective evidence to the effect that all the criteria for acceptance have been satisfied.

The Group's products are sometimes sold on quantity discount terms. Sale revenues are recognized on the basis of the price stated in the contract after deduction of an estimate as of the date of the sale of the quantity discount. The Group's accumulated experience serves to facilitate the determination of estimates and provisions in relation to discounts. The estimation of quantity discounts is based on the degree of expected sales for the year.

Revenue from sale of goods is recognized when all the following conditions have been satisfied: (a) the significant risks and rewards of ownership of the goods have been transferred to the buyer; (b) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (c) the amount of revenue can be measured reliably; (d) it is probable that the economic benefits associated with the transaction will flow to the Group; and (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b) Revenue from rental of water coolers and coffee machines

Revenue from rental of water coolers and coffee machines are recognized rateably over the rental period.

2.8. Financial assets

The group classifies its financial assets in the following categories: loans and receivables

Cash and cash equivalents include cash in hand, short-term bank deposits, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings among current liabilities on the balance sheet.

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Trade receivables are carried at original invoice amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within administrative and general expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative and general expenses in the statements of operations.

2.9. Inventories

Inventories are valued at the lower of cost or net realization value.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. The Group allocates fixed production overheads to the cost of conversion based on the normal capacity of the production facilities. The financing element in purchases, in which payment is deferred beyond normal credit term in the industry, is recognized separately as interest expenses over the period of financing.

The cost of inventories of other items is determined as follows:

- Raw materials, auxiliary supplies, packaging materials and spare parts: on the weighted average basis
- Finished products: on the basis of production costs:
  - Raw material and auxiliary supplies: on the weighted average basis.
  - Labor and indirect expenses: on the weighted average basis.
  - Purchased products: on the "first-in, first-out" basis.
  - Spare parts: on the weighted average basis.

2.10. Share capital

Ordinary shares are classified as equity.

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction from the issuance proceeds.

2.11. Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12. Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the amounts initially recognised and the redemption value is recognized in the income statement over the term of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlements of the liability for at least 12 months after the balance sheet date.

Fees paid for a credit facility is recognized as transaction costs that are attributable to the relevant loan if it is probable that part or all the facility will be utilized. In such case, the recognition of fee is deferred until money is actually drawn from the facility. If no evidence exist that part or all of the loan facility is utilized, the fee is capitalized as prepayment for financing services, and is depreciated over the period of the relevant loan facility.

An exchange between an existing borrower and lender of debt instruments with substantially different terms shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability at fair value. Similarly, a substantial modification of the terms of an existing debt instrument or part thereof is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability.

If the modification or exchange does not cause a material change of the liability, the treatment applied is a change of the terms of the existing liability without an immediate impact of profit or loss but spread throughout the remaining life of the liability.

Terms are substantially different if the discounted present value of the cash flows under the new instrument is at least 10% different from that of the remaining cash flows of the original financial liability. In addition to the quantitative test, the Group tests, among other things, if changes have also occurred in different economic parameters in the exchanged debt instruments.

2.13. Employee benefits

a) Pension and retirement benefit obligations

Group companies operate various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Group has both defined benefit and defined contribution plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Group purchases insurance policies and contributes to pension benefit funds against the obligation to pay pension benefits. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets,

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows (after taking into account the expected rate of salary increases) using mainly interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to comprehensive income (loss) in the period in which they arise.

Past service costs are recognized immediately in income.

Amounts funded for retirement benefits are measured at fair value. These amounts funded represent “plan assets”, as defined by IAS 19, and therefore deduced from the balance of retirement benefit obligation for balance sheet presentation.

b) Vacation and recreation benefits

Employees in Israel are legally entitled to vacation and recreation benefits, both computed on an annual basis. The Group accumulates a liability and expense due to vacation and recreation pay, based on the benefits that have been accumulated for each employee.

c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

d) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.14. Share-based payment

With respect to equity-settled grants to employees, the value of the labor services received from them in return, is measured on the date of grant, based on the fair value of the equity instruments granted to the employees. The value of the transactions, measured as aforesaid, is expensed over the period during which the employee's right to exercise or receive the underlying equity instruments vests; commensurate with every periodic recognition of the expense, a corresponding increase is recorded as a capital surplus, included under the Group's equity.

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Company revises it estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimate, if any, in the statements of operations, with a corresponding adjustment to equity or liability, as applicable.

2.15. Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation;
- and the amount has been reliably estimated.

Restructuring provisions comprise lease termination penalties and employee termination payments; they are recognised in the period in which the Group becomes legally or constructively committed to payment. Employee termination benefits are recognised only after either an agreement is in place with the appropriate employees representatives specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms.

Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.16. Derivatives financial instruments

Derivative instruments are recognised in the balance sheet at fair value. The derivative instruments utilized by the Group mitigate the exposures to variability in cash flows associated with variable rate borrowings. Since these derivative instruments have not been designated as hedging instruments for accounting purposes, periodic changes in their fair value are recognized in the consolidated statement of income.

2.17. Leases

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

When the Group is a lessor in an operating lease, the leased assets are included in the statements of financial position based on their nature, and are depreciated over their estimated useful lives. Rental income is recognized ratable over the lease term.

2.18. Customer deposits

The Group receives deposits from customers at the initiation of a contract and during the contractual period. Such deposits are disclosed in the balance sheet as current liabilities in “Customer deposits”.

Unclaimed customer deposits in respect of water containers and coolers are derecognised from the balance sheet and recorded in the income statement in “Other Operating Income” on a customer by customer basis, when the client is legally released from the primary responsibility for the liability, by law or by the customer.

2.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief executive officer.

3. Financial instruments and risk management

The Group’s activities expose it to a variety of financial risks: foreign currency exchange risk, cash flow interest rates risk, credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

3.1 Financial risk management

a. Market risks

1. Foreign currency exchange risk (FX)

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the following currencies: Swedish Kroner, Danish Kroner, Norwegian Kroner, Polish Zloty, British Pound, Swiss Franc, US Dollar, Estonian Kroon, Lithuanian Lita, Latvian Lat and Israeli new shekel. The Israeli activity is also exposed mainly to foreign currency exchange risk on imported goods and on charges to other companies within the Group for IT services.

The company has certain investments in foreign operations, whose net assets are exposed to currency translation risk—currency changes would affect the book value of assets and liabilities, with corresponding effect equity through the currency translation account. The following companies are concerned: Sweden, Denmark, Poland, United Kingdom, Switzerland, Estonia, Lithuania, Latvia and Israel. Management has set up a policy to require Group companies to have local borrowings in their local currency and hence these positions, at consolidated level, are not sensitive to changes in exchange rates.

At 31 December 2013, there are a number of intercompany loans between companies with different functional currencies. The table below details the Group's sensitivity to a 10% decrease/increase in the currency pairs involved in the intercompany loans.

31.12.2013	Effect on profit of	Effect on profit of
Currency pairs	+ movements	- movements
SEK / EUR	(876)	876
CHF / EUR	73	(73)
EUR / GBP	(11 899)	11 899
PLN / EUR	(1 697)	1 697
ILS/ EUR	(5 631)	5 631
LVL / EUR	116	(116)
LTL / EUR	157	(157)
Total	(19 757)	19 757

2 Cash flow interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings and finance leases. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. During 2013, the Group's borrowings were at variable rates (EURIBOR, LIBOR, WIBOR and Prime linked rates) and were denominated in the following currencies: EUR, GBP, PLN and NIS (see note 16).

The sensitivity analysis calculates the impact from changes in interest rates for liabilities that represent the major interest-bearing positions. The computation is not intended to represent actual gains or losses to be incurred by the Group. The Company cannot predict actual future movements in such market rates and it does not claim that these results are indicative of future movements in such market rates or to be representative of any actual impact that future changes in market rates may have on the Company's future results of operations or financial position.

At 31 December 2013, if interest rates had been 1% higher/lower with all other variables held constant, post-tax profit for the period would have been lower/higher by € 65 on ILS denominated borrowings and by € 64 on EUR/GBP/PLN denominated borrowings (taking into account the effect of the hedging instrument), as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2013, if the SWAP rates negotiated on the markets had been 1% higher/lower, with the same variables than the signed swap, the fair value of the instrument would have been € 2 052 higher/lower but would still be disclosed as a liability.

c. Credit risk

Credit risk arises from credit exposure to customers, including outstanding receivables and committed transactions. The Group has no significant concentration of credit risk other than from its key customer Jafora Tabori, see below. The Group deals only with a limited number of banks with secure credit ratings and has policies that limit the amount of credit exposure to any one financial institution. In the HOD business there is a high number and diversity of customers, with policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The Company's maximum exposure for net credit is with Jafora Tabori Ltd. (hereafter- Jafora), the Group's key customer (less the amounts that the Company owes to Jafora), which amounted to € 6,482 as of 31 December 2013. Jafora does not put up collateral against the credit it receives.

d. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility) and cash on the basis of expected cash flow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

The Group has a regular number of customers making deposits as a guarantee of the rental equipment at the customer premises. The rental contracts have no contractual maturity dates and it is impractical to calculate a maturity analysis

Financial liabilities	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
At 31 December 2013					
Borrowings	27,736	24,398	99,212	187,422	338,768
Capital leases	1,154	917	1,923	583	4,577
Trade accounts payables	21,921	—	—	—	21,921
Customer deposits	12,071	—	—	—	12,071
Other current liabilities	27,849	—	—	—	27,849
Total	**90,731**	**25,315**	**101,135**	**188,005**	**405,186**

Interest rate Swaps	**Less than 6 months**	**Between 6 and 12 months**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
At 31 December 2013					
Outflow	(890)	(864)	(1,665)	(1,351)	(4,770)
Inflow	306	301	593	534	1,734

e. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors its capital structure on the basis of a leverage ratio, defined as: net debt divided by operating EBITDA. Net debt is calculated as the total of the consolidated short-term and long-term borrowings, less cash and cash equivalents. Operating EBITDA is calculated as earnings before other operating expenses, interest, taxes, depreciation and amortization paid to shareholders.

f. Fair value estimation

At 31 December 2013, the carrying value less impairment provision of all financial assets and liabilities approximate their fair values.

Following is an analysis of the financial instruments measured at fair value, by valuation methods. The different levels have been defined as follow:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets and liabilities that are measured at fair value:

	2013
	Level 2
Liabilities-	
Derivative financial instruments:	
Hedging derivates	(2,123)
Total liabilities	**(2,123)**

3.2. Financial instruments by category

The Group's accounting policy with respect to financial instruments was applied in relation to the following categories:

3.2. Financial instruments at 31 December 2013 by category

	December 31, 2013 Loans and receivables Thousand Euros
Assets:	
Trade and other receivables excluding prepayments	58,897
Cash and cash equivalents	14,571
Total	**73,468**

	Liabilities at fair value through profit and loss	Other financial liability at amortized cost	Total
Liabilities:			
Borrowings		(161,103)	**(161,103)**
Derivative financial instruments	(2,123)		**(2,123)**
Accounts payable and others		(49,770)	**(49,770)**
Deposits from customers		(12,071)	**(12,071)**
Borrowings from shareholders and other related parties		(87,027)	**(87,027)**
Total	**(2,123)**	**(222,944)**	**(225,067)**

4. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. Estimates and judgments are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.5. The recoverable amounts of cash generating units have been determined based on fair value less costs to sell calculations. These calculations require the use of estimate

Purchase price allocation

Purchase price allocations conducted by the Group with respect to business combinations entered into, require the use of significant estimates pertaining to the calculation of the fair value of assets acquired and liabilities assumed, primarily identifiable intangible assets. As for changes made to the Purchase Price Allocation of Eden Springs, see note 29.

Deferred tax assets

The Group is subject to income tax in numerous jurisdictions. Significant judgment is required in determining the portion of tax losses carried forward which can be offset against future taxable profit. In order to assess if there is any future benefit, forecasts are made of the future taxable profits by legal entity. Actual tax outcomes could vary significantly from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made (Note 14).

Useful lives of depreciable and amortizable assets

Group management estimates the useful asset lives and the related depreciation and amortization costs in respect of all its fixed assets and intangible assets. The estimate is based on the expected life cycle of the Group's products. Estimates may vary significantly commensurate with changes in customer installations and quits and other technological changes.

Provision for contingencies

Provisions for contingent liabilities are made at the discretion of Group management. In making its decision, management considers the likelihood that cash resources will indeed be diverted towards a settlement of the liabilities, and also considers its estimate of the present value of the cash flows expected to be required for the settlement of existing liabilities.

5. Cash and Cash equivalents

	31.12.2013
Cash at bank and on hand	14,571

6. Trade receivables—net

	31.12.2013
Trade receivables	60,815
Check receivable and credit card	3,033
Provision for impairment	(8,990)
Net trade receivables	54,858

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2013, trade receivables amounting to € 14’793 were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing of these receivables is as follows:

Age analysis of trade receivables past due but not impaired

	31.12.2013
0—90 days	10,127
90—180 days	2,227
180—360 days	1,604
> 360 days	835
Trade receivables—past due but not impaired	14,793

The creation and usage of provision for impaired receivables have been included in “General and administrative expenses” in the statement of comprehensive income. Movements of the group provision for impairment of trade receivables are as follows:

Movements on the provision for impairment of trade receivables

	The period from 1 Oct 2013 to 31 Dec 2013
Provision amount at October 1	(8,865)
Provision for receivables impairment	565
Receivables written off during the year as uncollectible	653
Other movements	(124)
Unused amounts reversed	(1,222)
Exchange differences	3
Provision amount at December 31	(8,990)

7. Prepaid and other assets

	31.12.2013
Prepaid and deferred expenses	2,107
Accrued income	725
Advances to suppliers and guarantee deposits	793
Restricted cash	335
VAT receivable	207
Income tax receivable	837
Other current assets	1,980
	6,984

8. Inventories

	31.12.2013
Raw materials (caps, labels)	953
Spare parts	2,554
Auxiliary and packaging materials	3,745
Finished goods (water, coffee machines)	4,345
Other Inventories	479
Total Gross Inventories	12,076
Provision for impairment	(2)
	12,074

9. Property, Plant and Equipment

	Land & buildings	Vehicles	Plant, machinery	Distribution equipment	Office equipment	Leasehold improvement	Total
Opening balance	—	—	—	—	—	—	—
Business combinations (note 29)	10,941	4,631	16,260	31,358	1,936	1,833	66,959
Exchange differences	63	5	(10)	50	83	(3)	188
Additions	70	475	292	2,335	186	35	3,393
Transfers	(6)	—	6	—	—	—	—
Disposals	—	(3)	5	(514)	(3)	—	(515)
Depreciation	(134)	(289)	(540)	(2,726)	(239)	(85)	(4,013)
Net book amount at 31.12.2013	10,934	4,819	16,013	30,503	1,963	1,780	66,013
At 31 December 2013							
Cost	11,068	5,108	16,553	33,229	2,202	1,865	70,026
Accumulated depreciation	(134)	(289)	(540)	(2,726)	(239)	(85)	(4,013)
Net book amount	10,934	4,819	16,013	30,503	1,963	1,780	66,013

Total depreciation expense amounts to € 3’999 and is allocated as follow: € 3’261 in costs of goods sold, € 680 in sales, marketing and service expenses € 45 in general and administration expenses and € 0 in other operating expenses.

10. Goodwill and other intangible assets

	Goodwill	Customers relations	Trade names	Other	Total
Opening balance	—	—	—	—	—
Business combinations (note 29)**	102,505	65,379	13,696	4,336	185,916
Additions	—	—	—	511	511
Decrease	—	—	—	—	—
Amortization	—	(1,091)	(214)	(520)	(1,825)
Exchange differences and others**	495	419	82	(16)	980
Net book amount at 31 December 2013	103,000	64,707	13,564	4,311	185,582
At 31 December 2013					
Cost	103,000	65,798	13,778	4,831	187,407
Accumulated amortization and impairment	—	(1,091)	(214)	(520)	(1,825)
Net book amount	103,000	64,707	13,564	4,311	185,582

** Restated—please refer to note 29

Goodwill Impairment Test 2013

During the fourth quarter the Group conducted its annual goodwill impairment test. Following the impairment test, the Group recorded no impairment charge. An operating segment-level summary of the goodwill allocation is presented below (excl. Kafevend):

31/12/2013 Key assumptions	France	Nordics	NL	Swiss	Poland	Spain	UK	Baltics	Israel
Carrying amount of Goodwill	19,739	15,449	3,938	13,412	8,262	3,973	18,347	1,763	10,202

Valuation of recoverable amounts

The recoverable amount of all CGUs has been determined based on fair value less cost to disposed calculations (“income approach”, using the DCF method). This method uses post-tax cash flow projections based on a five-year business plan approved by management. Cash flows beyond the five-year plan are extrapolated using long-term growth rates.

CGU	France	Nordics	NL	Swiss	Poland	Spain	UK	Baltics
Recoverable amounts	46,318	18,504	5,946	22,075	27,197	9,831	38,269	4,739

	Israel
Recoverable amounts	57,267

Key assumptions

The key assumptions used for calculating the recoverable amounts during the 2013 test are as follows:

31.12.2013 Key assumptions	France	Nordics	NL	Swiss	Poland	Spain	UK	Baltics
Growth rates	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
post tax discount rates	13.5%	13.5%	13.5%	12.5%	13.5%	15.5%	14.5%	14.0%

	Israel
Growth rates	2.0%
post tax discount rates	13.5%

Growth rates—weighted average growth rates are based on management assumptions for each specific CGU and are consistent with forecasts included in industry reports.

Discount rates—the expected net cash flows are discounted by using specific post-tax discount rates for each market. Discount rates reflect the risk factors specific to each relevant CGU.

The fair value of the CGU is level 3 measurement.

Acquisition of Goodwill and Customer Portfolio

During 2013, the Group made 2 acquisitions which explains the increase of the Goodwill and the Customer Portfolio. The purchase price is provisional.

Kafevend Holdings Ltd (UK) : 100% of the shares were acquired on 23.12.2013 for a cash consideration of € 17’756. The customer base comprises of cofee customers. The goodwill of € 7’770 arises from expected synergies in the existing coffee customer base and administration. Eden Springs acquistion: 100% of the shares were acquired on 23.10.2013 for a cash consideration of €65’043. Please also refer to Note 1 and Note 29. The goodwill of € 94’735 arises from identified growth potentials especially by leveraging on the existing Eden customer platform.

11. Other current liabilities

	31.12.2013
VAT and other taxes	3,446
Employees, Social security and related payables	10,837
Liabilities arising from acquisitions	366
Accrued expenses	11,730
Others	1,470
	27,849

12. Customer deposits

	31.12.2013
Customer deposits	12,071
Prepaid Income	11,651
	23,722

13. Provisions

	Litigation	Integration and restructuring	Retail incentive	Others	Total
Opening balance	—	—	—	—	—
Acquisition of subsidiaries (note 29)	893	462	2,540	506	4,401
Additional provisions	89	47	436	69	641
Unused amounts reversed	(83)	(41)	—	2	(122)
Exchange differences	—	2	—	2	4
Used during year	—	(191)	—	(78)	(269)
At 31 December 2013	899	279	2976	501	4,655

Provisions for litigation

See Note 18

Provisions for integration and restructuring

The provision for restructuring includes mainly severance costs for employees in France whose contracts have been terminated. The litigation refers to a dispute with a former landlord, also in France. The Retail incentive include provision for retail incentives, which arose in the ordinary course of the business. of the Israeli activities.

14. Deferred income taxes

	31.12.2013
Deferred income tax asset to be recovered after more than 12 months**	(11,084)
Deferred income tax asset to be recovered within 12 months	(1,582)
Deferred income tax assets:	(12,666)
Deferred income tax liability to be recovered after more than 12 months**	15,246
Deferred income tax liability to be recovered within 12 months	1,896
Deferred income tax liabilities:	17,142
Deferred income tax liabilities (net)	4,476

	2013
The gross movement on the deferred tax account for the period from 1 October 2013 to 31 December 2013 is as follows:	
Beginning of period	—
Exchange differences**	115
Business Combination (note 29)**	4,396
Charged directly to equity	(93)
Debit to income statement (Note 27)**	58
End of year	4,476

At December 31, 2013 the Group had losses carried forward of € 57.9 mio for which € 14.3 mio deferred tax asset was recognized. € 38.3 mio have no expiration term; the remaining € 19.6 mio losses carried forward will expire in years 2014 to 2022. No tax losses have been considered for Hydra Dutch Holdings 2 B.V.

The movement in deferred income tax assets and liabilities during the period is as follows:

Taxable temporary differences (Deductible temporary differences)

	Accelerated Tax Depreciation	Intangibles	Others	Total
Opening Balance	—	—	—	—
Charged to income statement**	822	198	30	1,050
Business Combination**	2,197	17,154	21	19,372
Transfer	—	—	—	—
Exchange differences**	18	61	26	105
At 31 December 2013	3,037	17,413	77	20,527

	Provisions	Tax losses	Others	Total
Opening Balance	—	—	—	—
Credited (charged) to income statement**	(108)	(1,029)	145	(992)
Business Combination**	(780)	(13,345)	(851)	(14,976)
Transfer	0	0	0	0
Credited directly to equity	0	0	(93)	(93)
Exchange differences**	0	4	6	10
At 31 December 2013	(888)	(14,370)	(793)	(16,051)

** Restated—please refer to note 29

15. Employee rights

A. The Group contributes to retirement benefit schemes in conformity with the laws and usual practices of countries where the Group operates. As a result of contributions paid under such schemes to private or state sponsored pension funds, the companies have no significant actuarial liability, with the exception of Switzerland, Norway and Israel.

B. The Israeli companies' pension and severance pay obligation to its employees in Israel under section 14 to the Israel Severance Pay Law is covered by regular contributions to defined contribution plans. The amounts funded as above are not reflected in the balance sheet.

C. The Israeli companies have the obligation to pay severance pay to their employees, constituting defined benefit plans. In respect of this obligation, the companies have amounts funded and retirement insurance coverage (known in Israel as senior employees insurance) to which subsidiaries contribute. The amount of net severance pay obligation, as presented in the balance sheets for December 31, 2013, reflects the difference between the obligation for severance pay and the severance pay plan asset.

D Management Equity Plan

On October 23, 2013, the closing date of the acquisition of Eden Holdings, certain management members ("Grantees") were allotted shares in Hydra Luxembourg Holdings S.a.r.l. ("Hydra Luxembourg"), who indirectly controls the Company which was invested by the Grantees in the share capital of Hydra Luxembourg (the "Management Investment"). The initial allotment is 11% of the share capital of Hydra Luxembourg, with an additional one percent to be allotted to the Grantees if minimum EBITDA targets would be met over a pre defined period following the date of grant. The agreement also defines the method of calculation of the returns the allotted shares would be entitled to out of the total returns of Hydra Luxembourg.

The plan prescribes a graded vesting schedule which ends after five years from the date of grant. Under the plan, the Grantees would be entitled to receive a cash consideration upon leaving the Company, which would be determined based on whether the shares have vested and whether they would meet the definition of a "good leaver" in the plan.

Grantees who leave the Company in the future would receive a cash consideration equal to the fair value for their vested shares, provided the definition of a "good leaver" is met. Otherwise, a leaver would receive a cash consideration equal to the lower of his initial investment and fair value of the shares allotted to him. The Company has accounted for the transaction under the provisions of IFRS 2, Share Based Payment. Since the fair value of the allotted shares approximated the Management Investment amount, the fair value of the granted benefit was calculated to approximate zero and, thus, no compensation expenses are to be recognized in the Company's consolidated financial statements.

E. Long-term liability for employee rights consisted of the following:

	31.12.2013
Pension benefits	3,902
	3,902

F. Swiss and Norwegian Defined Benefit Plans

Apart from the social security plans fixed by the law, the Swiss entities (Eden Springs (Switzerland) SA and Eden Springs (Europe) SA), as well as the Norwegian subsidiary sponsor two independent pension plans.

All employees are covered by these plans, which are defined benefit plans. Liabilities and assets are revised periodically by an independent actuary.

According to IAS 19, plan assets have been estimated at market fair value and liabilities have been calculated according to the "Projected Unit Credit" method.

G. Pension benefits

The amounts recognised in the balance sheet are determined as follows:

	31.12.2013
Present Value of funded obligations	15,956
Fair value of plan assets	(12,054)
Liability in the balance sheet	3,902

The movement in the defined benefit obligation over the period from 1 October to 31 December 2013 is as follows:

	2013
Business Combination	15,660
Current service cost	285
Interest cost	87
Contributions by plan participants	100
Actuarial losses/(gains)	183
Exchange differences	(48)
Benefits paid	(311)
End of year	15,956

The movement in the fair value of plan assets of the period from 1 October to 31 December 2013 is as follows:

	2013
Business Combination	11,835
Expected return on plan assets	50
Actuarial gains (losses)	34
Exchange differences	(44)
Employer contributions	241
Employee contributions	88
Benefits paid, net	(150)
End of year	12,054

The amounts recognised in the income statement are as follows:

	The period from 1 Oct 2013 to 31 Dec 2013
Current service cost	449
Interest cost	135
Expected return on plan assets	(99)
Others	(1)
Total	484

Split of the total charges :

	2013
Cost of goods sold	16
Selling and Marketing expenses	62
Selling expenses	33
Administrative expenses	358
Finance expenses	15
	484

The main assumptions used for the calculation of the pension liabilities and the defined benefit obligation for the year 2013 are the following:

	%
Discount rate	2.30 - 5.30
Expected return on plan asset	3.90 - 5.20
Future salary increases	1.00 - 3.50
Future pension increase	0.20 - 0.50
Turnover	0% - 64%
Inflation rate	1.70% - 2.80%

16. Borrowings

	31.12.2013
Non-Current	
Bank borrowings, net	146,870
Loan from minority, net of minority debt	315
Finance lease liabilities	3423
	150,608
Current	
Bank borrowings	9,341
Finance lease liabilities	1,154
	10,495
Total borrowings	161,103

1. On October 21, 2013, the company signed a credit facility agreement with a consortium of several European banks, which then replaced the acquired credit agreement of Eden Europe in the amount of €120 million. According to the agreement, the banks provided to the company a €186 million credit facility to recycle the existing debt, to finance the acquisition of companies as well as Capital expenditure and for the working capital needs of the Group's activity in Europe of which €116 million was drawn on 23 October 2013. On 16 of December 2013 the banks agreed to an increase of the credit facility amounting to GBP 18m most of which was used for the Kafevend acquisition. Of the total net bank borrowings of € 156.2 million an amount of €129.5 million is related to this European consortium.

Under the agreement, the credit facility was provided for a seven year period since signing the agreement (subject to a repayment schedule for the period), subject to certain financial covenants that are set in the agreement, including, among other things, liability to meet the Net debt/EBITDA ratio, interest cost to EBITDA ratio and a ceiling for acquisitions and investment in property, plant and equipment as defined in the agreement. As of December 31, 2013, the company was in compliance with these covenants.

As of December 31, 2013, the company was in compliance with those covenants to secure its liabilities to the banks under the agreement, and similarly to the credit facility agreement that this agreement replaced, the entire issued share capital of the company was charged to the banks and charges were also placed on most shares of its subsidiaries. Additionally, the company and its European subsidiaries provided mutual guarantees between most subsidiaries in favor of the banks. Additionally, the agreement defines events and circumstances that will be a cause for immediate repayment (events of defaults), including non-payment, breach of financial covenants, misrepresentation, default, material adverse change in the position of the Company, and additional circumstances in the agreement. In those events, the banks may call the credit facility for immediate repayment and to exercise the collaterals, under the terms set in the agreement.

2. On October 23, 2013 the Israeli Subsidiaries entered into an agreement for amendment of the credit facility agreement with one of the Israeli banks, which extended credit facilities to the Israeli Subsidiaries (hereafter—"the bank" and "agreement for amendment of credit facilities", respectively). Under the agreement for amendment of credit facilities, the bank will extend new credit facilities to the Israeli Subsidiaries to replace the credit facilities extended to the Israeli Subsidiaries prior to signing the amendment agreement, as follows:

A NIS 30 million (=€6.4 million) credit facility through 2016 to replace one of the exisiting two long-term loans amounting to NIS 40 million (=€8.5 million) each. A NIS 65 million (=13.8 million) credit facility, which is renewed every quarter, was extended to replace a NIS 35 million (=€7.4 million) credit facility, which is also renewed every quarter. the Israeli Subsidiaries utilized NIS 42 million (=€ 8.9 million) out of the said credit facility. Utilization of the remaining amount of the credit facility is conditional, inter alia, on extending a shareholders loan in an amount equal to half of the amount by which the credit facility was increased; the shareholders loan shall be subordinate to the credit facility extended by the bank. Of the total net bank borrowings of € 156.2 million an amount of €26.7 million is related to this financing.

The financial contingency set forth in the agreement for amendment of the credit facilities was updated, and include, inter alia, the ratio between net total financial debt and EBITDA of the Israeli Subsidiaries, the ratio between operating income and gross financial expenses and the ratio between net total financial debt, net of "long-term financial debt" and the operating working capital, as defined in the said agreement.

According to the agreement for amendment of the credit facilities, each of the Israeli Subsidiaries

(a) created floating pledges on all the property and assets of all kind held by such Israeli Subsidiary;

(b) gave a non-limited guarantee, for the debt of the credit took by the other Israeli Subsidiaries.

In addition, Hydra Group signed a commitment letter in favor of the Bank, which will include, inter alia, an irrevocable undertaking not to pledge it's holding in the Israeli Subsidiaries and not to act in a manner that would cause the Israeli Subsidiaries to violate the provision of the agreement for amendment of the credit facilities relating to transfer of funds from the Israeli Subsidiaries to the Hydra Group.

	31.12.2013
The maturity of the borrowings are as follow:	
6 months or less	3,627
6-12 months	6,868
1-7 years	150,608
	161,103
Current effective interest on Long term bank credit at the company	8.8%
Current effective interest on Long term bank credit at Israeli activities	4.9%

	31.12.2013
The Group borrowings are denominated in the following currencies:	
Euro	70,114
New Israeli Shekels	30,271
UK pound	42,979
Polish Zloty	17,226
Swiss Franc	488
Other currencies	25
	161,103

The fair value of current liabilities approximates their carrying amount, as the impact of discounting is not significant. Consequently the fair values have not been separately disclosed.

The fair value of long-term bank liabilities approximates their carrying value, since they bear interest at variable market rates.

As to refinancing of Group's loans after balance sheet date, see note 28

17. Derivative Financial instruments

	31.12.2013 Liabilities
Non current interest rate SWAP derivative	2,123

The Group uses interest rate swaps to manage its exposure to interest rate risks resulting from financing arrangements. These derivative instruments are floating-to-fixed interest rate swaps which have the economic effect of converting borrowings from floating rates to fixed rates

On 8 November 2011, the Group entered into several interest rate swaps (pay fixed, receive variable), in order to reduce the exposure from the risk of variability in cash flows associated with recognized liabilities:

For the current amount of 60M Euro as of 31.12.2013 (amortized up to 50M Euro over the period of the transaction that ends on 30 September 2016). Out of this amount, currently—48M Euro with Rabobank at 1.7962% and 12M Euro with RBI at 1.735% and all with settlement dates 31 March, 30 June, 30 September and 31 December every year.

For the amount of 12.25M GBP (non-amortized over the period of the transaction that ends on 30 September 2016). Out of this amount, currently—9.8M GBP with Rabobank at 1.77% and 2.45M GBP with RBI at 1.71% and all with settlement dates 31 March, 30 June, 30 September and 31 December every year.

Gains and losses were recognised in the Income Statement.

18. Commitments and Contingent liabilities

A Commitments

Operating lease commitments

The Group have operating lease agreements for the rental of warehouses, office spaces and distribution centers in various locations in Israel for periods ending in 2014 through 2027. The annual rental payments under such leases are mainly linked to the CPI. In addition, The Group has operating lease agreements for the vehicles they use, for periods ending in 2014 through 2019. The annual rental payments under such leases are linked to the CPI (=Consumer Price Index).

The Group place deposits with several leasing companies to secure the payment of rental for the last months of the lease.

The future aggregate minimum lease payments under operating leases as of December 31, 2013 are as follows:

	31.12.2013
2014	10,179
2015	7,407
2016	5,323
2017	4,258
Later than 2017	6,135
	33,302

Other commitments

Marketing has entered into a distribution agreements with Jafora Tabori Ltd. (hereafter—Main agreement and Tabori, respectively). Pursuant to the Main agreement, Tabori is to serve as the exclusive distributor of all the small-packs of mineral water products that are produced and/or imported by the group and/or that are marketed under the brand name “Mey Eden”, including future products, in all areas of Israel with the exception of the city of Eilat and the Palestinian Authority. In consideration for the distribution rights, Marketing shall pay Tabori a fixed distribution commission.

Tabori is to purchase the products for distribution from Marketing at the price to retailers, net of the aforementioned distribution commission. The Main agreement is for a period of 10 years. At the end of this period, the Main agreement will be automatically renewed for an additional 10-year periods. Either party is entitled to call for the termination of the Main agreement at any time after the first 10 years period, subject to 36 months’ prior notice. If an exemption from the need to obtain an authorization for an agreement in restraint of trade is not received from the antitrust commissioner for a part of the first period or subsequent periods, the period of the Main agreement is to be cut short in accordance with the authorized periods of exemption.

In June 30, 2004, the Commissioner approved a 5-year exemption from the need to obtain authorization for an agreement in restraint of trade, commencing from the date of the approval. On March 28 2010, the Commissioner extended the authorization for 5 years commencing this date.

On November 2013 MEB and Tabori entered into a distribution agreement regarding distribution of Tabori products (soft drinks bottles) by MEB in Eilat in its surroundings (hereafter –Eilat Agreement). The Eilat Agreement is materially a mirror like agreement to the Main Agreement. The period of the Eilat Agreement is linked to the Main Agreement. In consideration for the distribution rights, Tabori shall pay MEB a fixed distribution commission. The parties requested an exemption from the antitrust commissioner regarding the Eilat Agreement and the request is under review.

B Contingencies

1) The French, Polish , Dutch, UK, and Israeli subsidiaries are involved in legal actions in the ordinary course of business. The total amount thereof is approximately € 5.1 mio (excluding the class actions described in Note 28). In management's opinion, the subsidiaries will not incur the total amount involved. A total provision of € 0.82 mio is recorded as of 31 December 2013 (see Note 13).

2) On March 13, 2011, a lawsuit filed by Comite Interprofessionnel du Vin de Champagne (CIVC) to the Tel Aviv District Court and against the Company, Mr. Raanan Zilberman, Mey Eden Production, Mey Eden Bar, Mey Eden Marketing, Mey Eden Ltd and Mr. Eyal Carmi, the former CEO of the Israeli subsidiaries. The lawsuit is related to the Israeli subsidiaries activity. The lawsuits main argument is that marketing and advertising products under the symbol of "Mey Eden—nature's champagne", allegedly violating CIVC intellectual property rights.

The Company's legal advisors and the management are, at this point, unable to assess its likelihood of the lawsuit being accepted.

3) On 26 November 2013 a request for the approval of a class action for a total sum of NIS 20,000,000 (=€ 4.2 million) was filed against Eden Springs ltd, Mey Eden Production and Ela (the Israeli recycling company) by the plaintiff, Mr. Daniel Birger on behalf of all customers of Mey Eden Production which tried to recycle Mey Eden Production's empty mineral bottles in automated recycling machines operated by Ela and failed to recycle and receive the deposit for the bottles. The request is still in preliminary stages. After the balance sheet date the class action was settled for an immaterial amount.

19. Guarantees given and pledged assets

Description /Type of Asset	**31.12.2013**
Real estate in Hamilton (production, warehouse and offices)	1,734

The above amount corresponds to the net book value of the building. This guarantee relates to the long-term mortgage in the UK.

Following the signature of the Credit facility agreement with Rabobank International: The following company has been nominated as guarantor:

- Hydra Dutch Holdings 2 B.V.—The Netherlands
- Chateaud'eau SAS—France

The following companies have been nominated as guarantors and their shares have been pledged:

- Eden Springs Europe B.V.—The Netherlands
- Eden Springs Nederland BV—The Netherlands
- Eden Springs Sp. Zo.o—Poland
- Eden Springs (Europe) SA—Switzerland
- Eden Springs International SA—Switzerland
- Eden Springs (Switzerland) SA—Switzerland

- SEMD SA—Switzerland
- Eden Springs Espana SA—Spain
- Eden Springs UK Ltd—UK

The bank accounts of the following companies have been pledged:

- Eden Springs Europe B.V.—The Netherlands
- Eden Springs Sp. Zo.o—Poland
- Eden Springs (Europe) SA—Switzerland
- Eden Springs (Switzerland) SA—Switzerland
- SEMD SA—Switzerland
- Eden Springs International SA- Switzerland
- Chateaud'eau SAS—France

Liabilities secured by pledges—see Note 16 for details

As to refinancing of Group's loans after the balance sheet date, see note 28

20. Share Capital

a. The issued capital amount is € 1 (one euro). The total issued number of share is 1, with a par value of € 1. The share issued is fully paid.

21. Other reserves

	OCI Pension Fund
Opening Balance	0
Remeasurement of post employment benefit obligation	(150)
Balance at 31 December 2013	(150)

22. Related-parties

The following transactions were carried out with related parties:

	The period from 1 Oct 2013 to 31 Dec 2013
Purchases of goods and services	
Management fees and transaction related costs	2,969
Key management compensation	
Salaries and short-term employee benefits	485
Post-employment benefits	113
Total Key management compensation	598
Shareholders borrowing and payable to parent company	

	31.12.2013
Borrowings from related party	88,027
Receivables from related parties	440
Payable to related parties (short-term)	190

23. Expenses by nature

	The period from 1 Oct 2013 to 31 Dec 2013
Depreciation, amortization and impairment charges (9 and 10)	5,838**
Employee benefit expense (Note 25)	18,965
Raw materials and consumables used	11,925
Transportation costs	1,605
Vehicles expenses	4,165
Commissions (dealers)	3,866
Maintenance and rent	2,947
Communication	432
Professional fees	1,155
Travel and entertainment	585
Advertising and promotion	1,568
Office expenses	570
Management fees charged by shareholders	190
IT central costs	1,002
Other expenses	2,377
Total	57,190

** Restated- please refer to note 29

24. Other Operating Expenses

	The period from 1 Oct 2013 to 31 Dec 2013
Restructuring and integration costs	958
Other	1,744
	2,702

25. Employee benefit expense

The following staff expenses are included in the Statement of Comprehensive Income (Cost of Goods sold, Service expenses, Selling expenses, General and Administration Expenses and Other operational expenses):

	The period from 1 Oct 2013 to 31 Dec 2013
Salaries	13,966
Social charges	2,529
Defined contributions plans	235
Pension benefit plans (Note 15)	483
Others	1,752
Total salaries and related expenses	18,965

	The period from 1 Oct 2013 to 31 Dec 2013
26. Financial income / (expenses)	
Foreign exchange gain	459
Interest income	2
Other Income	169
Total Financial income	630
Foreign exchange loss	433
Interest expense	2,481
Interest expense with related parties	1,353
Amortization of capitalised financial costs	217
Other expenses	151
Total Financial expenses	4,635
Total Financial income	630
Total Financial expenses	(4,635)
Net Financial expenses	(4,004)

	The period from 1 Oct 2013 to 31 Dec 2013
27. Taxation	
Current taxes	(1,598)
Deferred taxes (Note 14)	(58)**
Previous years	(14)
	(1,670)

The tax on the group's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

Loss before tax	11,361**
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,994**
Tax losses for which no deferred tax asset was recognized	(3,802)
Expenses not deductible for tax purposes	(883)**
Income not subject to tax	261
Tax credits or special allowances	3
Adjustments in respect of prior years	96
First time recognition of deferred tax asset on losses carried forward	74
Change in valuation of deferred tax assets	78
Utilization of previously unrecognised tax losses	156**
Effect of changes in tax rate on opening deferred tax balances	(59)
Other	(588)
Tax on income	(1,670)

The weighted average applicable tax rate was 25 %.

** Restated- please refer to note 29

a. Taxation of companies resident in Israel:

1) Results measurements for tax purposes

Measurement of results for tax purposes under the Income Tax (Inflationary Adjustments) Law, 1985 (hereafter—the inflationary adjustments law) Under the inflationary adjustments law, results for tax purposes till the end of the 2007 tax year were measured in real terms, having regard to the changes in the CPI.

The Group was taxed under this law. In accordance with the provisions of the Income Tax (Inflationary Adjustments) (Amendment No. 20) Law, 2008 ("the amendment'), the Group will no longer be subject to the provisions of the inflationary adjustments law as from the 2008 tax year. In accordance with the provisions of the amendment, transitional regulations have been promulgated with respect to the cessation of applicability of the provisions of the inflationary adjustments law.

2) Tax rates

On December 6, 2011, the Israeli Parliament (the Knesset) passed the Law for Tax Burden Reform (Legislative Amendments), 2011 ("the Law") which, among others, cancels effective from 2012, the scheduled progressive reduction in the corporate tax rate. The Law also increases the corporate tax rate to 25% in 2012, and thereafter

On August 5, 2013, the Law of Change in National Priorities (Legislative Achieve Budget for the Years 2013 and 2014), 2013, was published, which provided, inter alia, raising the corporate tax rate to a rate of 26.5% from 2014 and thereafter.

b. Subsidiaries resident overseas

Subsidiaries incorporated in Europe are subject to the taxing statutes of their respective countries of residence. The principal tax rates applicable to the principal overseas-resident subsidiaries are as follows:

Companies incorporated in the Netherlands—25.5%;
Companies incorporated in the United Kingdom—23.25%;
Companies incorporated in France—33.34%;
Companies incorporated in Poland—19%;
Companies incorporated in Switzerland—22.64%.

As a general rule, inter-company transactions between Israel-resident companies and European subsidiaries are subject to the reporting provisions of the Income Tax (Determination of Market Conditions) Regulations, 2006.

c. The Israeli Encouragement Laws:

1) Tax benefits under the Capital Investments Encouragement Law, 1959

Under the provisions of the Capital Investments Encouragement Law, 1959 ("the law'), certain subsidiaries are entitled to various tax benefits by virtue of the status of approved enterprise accorded to the qualifying operations of those subsidiaries, as follows:

a) Reduced tax rates

During the period of benefits—commencing in the first year in which the companies earn taxable income from the approved enterprise—such income will be tax exempt for ten years, as follows: Tax exemption for ten years on income from expansion of a certain approved enterprise, for which it had previously opted for the "alternative benefits" track (involving the waiver of investment grants); the period of benefits for this expansion has not yet began. In the event of the distribution of cash dividend out of income that was tax exempt, the Companies would have to pay the 25% in respect of the amount distributed.

b) Accelerated depreciation

The Companies are entitled to claim accelerated depreciation as provided by law, commencing in the first year of operation of each asset, in respect of machinery and equipment used by the approved enterprise.

c) Benefit-related conditions

The entitlement to the above benefits is conditional upon the Companies fulfilling the conditions stipulated by the law, regulations published thereunder and the instruments of approval for the specific investments in approved enterprises. In the event of failure to comply with these conditions, the benefits may be cancelled and the Companies may be required to refund the amount of the benefits, in whole or in part, with the addition of interest. Company's management is on the opinion that the Companies meet the conditions stipulated in the instrument of approval.

2) Industry (Taxes) Encouragement Law, 1969

Some of the Group's companies are an "industrial company", as defined by this law. As such, the companies are entitled to claim depreciation at increased rates, as stipulated by regulations published under the inflationary adjustments law.

d. Tax assessments

Find tax assessenets have been raised on two subsidiaries for tax years up to and including the 2011 tax year. Selfassessenent filed by Israeli Subsidiaries for the tax years up to 2008, are considered to be final.

e. Effect of adoption of IFRS in Israel on tax liability

As from January 1, 2008, the Group prepares its financial statements in accordance with the provisions of international financial reporting standards.

International financial reporting standards (IFRS) differ from accounting standards generally accepted in Israel, and accordingly, financial statements prepared under IFRS may reflect a financial position, operating results and cash flows that are markedly different from those presented in financial statements prepared in accordance with accounting standards generally accepted in Israel.

Under the Law for the Amendment of the Income Tax Ordinance (No. 174—Temporary Provisions for the 2007, 2008 and 2009 Tax Years), 2010, which was published in Reshumot (the official gazette of the Israeli government) on February 4, 2010 and the Law for the Amendment of the Income Tax Ordinance (No. 188), 2012, which was published in Reshumot on January 12, 2012 (both hereinafter—the temporary provision), Israeli Accounting Standards No. 29, as issued by the Israeli Accounting Standards Board does not apply in determining taxable income for the 2007 to 2011 tax years, even if applied in preparing the financial statements for these tax years. This means that IFRS does not apply in practice in calculating the taxable income for those tax years.

On October 31, 2011, a law memorandum was issued for the amendment of the Israel Income Tax Ordinance arising from the adoption of IFRS in financial statements of Israeli companies. The law memorandum generally adopts IFRS. However, it proposes a number of amendments to the Income Tax Ordinance that may clarify and establish a method for computing taxable income in cases where IFRSs are at odds with principles of the current Israeli tax system. It also adopts IFRS overall. Legislation procedures relating to the law memorandum are not yet completed and are unlikely to end in the near future.

On January 1, 2013, the Income Tax Authority issued a notice regarding the extension of the term of the temporary order to tax year 2012 (hereafter—"the Tax Authority's notice"). In its notice, the Tax Authority states that it intends to promote legislation to extend the term of the said temporary order by one additional year to 2012 as soon as the Knesset reconvenes. Nevertheless, in practice the no legislative measures came into effect that extend the terms of the temporary order.

As legislation procedures regarding the law memorandum are not completed, and management belief that the temporary provision for 2007 to 2011 will be extended to also apply to 2012 and 2013, the Group computed its taxable income for the 2007 to 2011 tax years based on Israeli GAAP existing prior to IFRS adoption in Israel, subject to some adjustments.

28. Subsequent events

Contingent liabilities:

On 9th June 2014, a request for the approval of a class action, in the amount of NIS 21 M, was filed against Jafora Tavori Ltd and Mey Eden Production (2007) Ltd , related to the indication on the small pack bottles about the 0.3 NIS deposit fees (claim about non-compliance of the font size with applicable rules). At this preliminary stage, the company cannot assess the risk of this class action.

On 6 July 2014 a request for the approval of a class action for a total sum of NIS 15 M was filed against Pauza coffee service Ltd, Yellow convenience stores Ltd and Paz oil company Ltd related to the indication on Lavazza's capsules boxes which are sold in Yellow convenient stores. The claim is about non Hebrew text on the boxes as applicable by law.

On 29th September, 2014, a request for the approval of a class action was filed against Meyeden Bar, a subsidiary of the Company, alleging that prices of HOD water containers have increased in an unreasonable manner in 2013 and without giving prior notice according to the law. The amount of the alleged damages asked by the plaintiff is approximately NIS 65 million (approximately Euro 13.8 million). The Company is in the process of evaluating the merits of the claim, and, given the preliminary stage, the risk of potential loss cannot be currently assessed. No provision has been included in the accounts.

Liabilities secured by pledges:

On 29 April 2014, Hydra Dutch Holdings 2 BV successfully issued a Floating Rate Senior Secured Notes of EUR 210 mio traded on the Luxembourg Stock exchange, as well as a Revolving Credit Facility of EUR 45 M. At the same time the existing bank financing facilities were repaid.

The Senior Secured Note is issued with a 3-months EURIBOR plus 5.5% per annum, reset quarterly. Payments are quarterly in arrears and maturity is on 15 April 2019. The proceeds were used to repay the existing bank loan, repay related party loans of €50 mio and pay the transactions fees. The Company may redeem prior to 15 April 2015—all or part—at a 'make-whole' premium equal the net present value of the remaining interest payments to 15 April 2015 plus 1% margin, between 15 April 2015 and 15 April 2016 at 101% and at a 100% thereafter. The Notes and Guarantees will be secured by first-ranking security interests over all the capital stock of the Company and certain of its subsidiaries, intercompany receivables, bank accounts and intellectual property and certain of its subsidiaries and substantially all assets of certain subsidiaries.

The Revolving Credit Facility is issued with an initial 3.5% margin plus EURIBOR and the maturity is on 29 January 2019. The Company may make a voluntary prepayment or cancellation at any time without penalty on 5 or 3 Business days respectively. The security securing the Notes will also secure on a 'super senior' basis the Company's obligations under the Revolving Credit Facility and certain hedging obligations.

Acquisitions:

On 3 September 2014 the Company has entered into a Share and Asset Purchase Agreement for five European countries (Russia, Portugal, Germany, Netherlands and Poland) acquiring the water cooler activities of Nestlé Waters Direct (NWD), a division of Nestlé Waters, with an approximate annual revenue of €90m

On 13 October 2014, date of approval of the accounts Hydra Dutch Holdings 2 B.V. had no subsequent event leading to a modification of the financial statements.

29. Business combinations

Acquisitions

Since commencement of operations the Company acquired two businesses as detailed in note 10. If the acquisitions had occurred on 1 January 2013, the contributed consolidated revenues would have been € 284’301 and the net loss € 25’083.

Details of net assets acquired and intangibles are as follows:

	Eden 31/12/2013	Kafevend 31/12/2013	Total 31/12/2013
Purchase consideration:			
Cash consideration	65,043	17,756	82,799
Total Purchase Consideration	65,043	17,756	82,799
Fair Value of Net Assets Acquired**	29,692	(9,986)	19,706
Goodwill**	94,735	7,770	102,505

The total fair values of the assets and liabilities in the acquiree’s financial statements are as follows:

	31.12.2013
Purchase consideration settled in cash	82,799
Cash in Subsidiaries Acquired	(13,439)
Cash Outflow on Acquisition	69,360

Detail of assets acquired and liabilities assumed

	Eden 31/12/2013	Kafevend 31/12/2013	Total 31/12/2013
Provisional fair values			
Cash and cash equivalents	11,497	1,942	13,439
Trade receivables*	59,320	3,144	62,464
Prepaid and other current assets	8,855	501	9,356
Inventories	11,887	555	12,442
Property, plant and equipment	64,263	2,696	66,959
Customer portfolio and Trademarks**	72,122	6,953	79,075
Other intangible assets	4,241	95	4,336
Other non-current assets	744	—	744
Deferred income tax assets**	13,875	—	13,875
Trade payables	(22,743)	(1,420)	(24,163)
Other current liabilities	(58,691)	(2,938)	(61,629)
Borrowings	(170,856)	—	(170,856)
Other non-current liabilities	(7,477)	—	(7,477)
Deferred income tax liabilities**	(16,729)	(1,542)	(18,271)
Total identifiable net assets	(29,692)	9,986	(19,706)
Goodwill**	94,735	7,770	102,505
	65,043	17,756	82,799

* Total Gross Trade receivables amount to €71’329

** In the Company’s consolidated financial statements for the period from October 1, 2013 to December 31, 2013, originally issued on April 9, 2014, the Company provisionally allocated the fair value of the identifiable intangible assets. During the first quarter of 2014 the Company finalized the valuation of intangible assets. Presented below is the fair value of the identifiable intangible assets of Eden Springs (Eden Springs Europe BV and the Israeli subsidiaries) at the acquisition date, after being retroactively adjusted following the measurement period adjustment of the fair value of such assets, pursuant to the provisions of IFRS 3. The useful life was concluded to be 10 years for the Customer Relation amortization. The final Purchase Price Allocation will be conducted before the end of 2014:

	As of 31 December 2013*	Change	As of 31 December 2013 as presented
Assets			
Goodwill	68,027	34,973	103,000
Other intangible assets	126,474	(43,892)	82,582
Deferred tax assets	12,969	(303)	12,666
Liabilities			
Deferred tax liabilities	28,166	(11,024)	17,142
Deficit			
Currency translation adjustment	(754)	7	(747)
Accumulated deficit	14,830	1,795	16,625

	For period from 1 Oct 2013 to Dec 2013*	Change	For period from 1 Oct 2013 to Dec 2013 as presented
Amortization of customer relations and trade names	(3,519)	2,214	(1,305)
Tax on Income	(1,251)	(419)	(1,670)
Currency translation differences, net of tax	(754)	7	(747)
Net loss attributable to Equity holders of the company	(14,830)	1,795	(13,035)

* consolidated financial statements for the period from October 1, 2013 to December 31, 2013, originally issued on April 9, 2014,

30. Segment information

General

The chief operating decision maker of the Group (hereinafter—CODM). The CODM reviews internal reports of the Group to assess performance and for resource allocation. Group management identified operating segments based on those reports.

The CODM reviews the business activity based on geographical regions, and this serves management to assess performance of geographical regions and to allocate resources. European regions have been aggregated since they bear similar economic characteristics and are similar in the nature of products and production processes, types of customers and distribution methods

As of December 31, 2013, the CODM reviews the performance of operating segments in the year ended on that date based on measuring income before financing expenses, financing income, tax, depreciation, amortization, other expenses and income (loss) (operating EBITDA).

Information related to geographical segments:

	Europe	Israel	Total
Segment income	41,278	20,306	61,584
Operating EBITDA	9,146	2,752	11,898
Capex	2,379	1,115	3,494

	The period from 1 Oct 2013 to 31 Dec 2013
Operating EBITDA of reporting segments	11,898
Overhead expenses not allocated among segments	(1,666)
Depreciation and amortization	(5,838)**
Other expenses—net	(2,702)
Other expenses—Eden Springs acquisition	(9,048)
Operating loss	(7,356)
Financing income	630
Financing expenses	(4,635)
Taxes on income	(1,670)
Net loss	(13,031)

** Restated—please refer to note 29

The following revenue on all products from external customers:

	The period from 1 Oct 2013 to 31 Dec 2013
Water	52,540
Coffee	9,044
	61,584

Consolidated companies at 31 December 2013

Country	Entities	% of control
Cyprus	Valspar Investments Ltd.	100.0%
Denmark	Eden Springs (Denmark) AS	100.0%
Estonia	Eden Springs Estonia OÜ	100.0%
Finland	Eden Springs Finland OY	100.0%
France	Chateaud'eau SA	100.0%
Germany	Eden Springs (Deutschland) GmbH	100.0%
Greece	Eden Springs Hellas SA	100.0%
Israel	Mey Eden Ltd.	100.0%
	Mey Eden Bar—First Class Service Ltd.	100.0%
	Mey Eden Production (2007) Ltd.	100.0%
	Mey Eden Marketing (2000) Ltd.	100.0%
	Espresso Café—Italia Ltd.	100.0%
	Pauza Coffee Services Ltd.	96.0%
	Dispensing Coffee Club (IAI 2003) Ltd.	100.0%
Latvia	Eden Springs Latvia SIA	100.0%
Lithuania	UAB Eden Springs Lietuva	100.0%
Luxembourg	HorseLux Sàrl	100.0%
Netherlands	Eden Springs Nederland BV	100.0%
	Eden Springs Europe BV	100.0%
Norway	Eden Springs (Norway) AS	100.0%
Poland	Eden Springs Sp. Zo.o	100.0%
	Eden Dystrybucja sp. z o.o.	100.0%
Spain	Eden Springs Espana SA	100.0%
	Eden Integracion S.L.U.	100.0%
	Eden Centro Especial de Empleo S.L.U.	100.0%
Sweden	Eden Springs Scandinavia AB	100.0%
	Eden Springs (Sweden) AB	100.0%
	Eden Springs Porla AB	100.0%
Switzerland	Eden Springs (Europe) SA	100.0%
	Eden Springs International SA	100.0%
	Eden Springs (Switzerland) SA	100.0%
	SEMD SA	100.0%
United Kingdom	Eden Springs UK Ltd	100.0%
	Kafevend Holdings Ltd.	100.0%

Hydra Dutch Holdings 2 B.V.
Interim Consolidated Balance Sheets as of 31 March 2016 and 31 December 2015
in '000 €

	Notes	**31/03/2016** *unaudited*	**31/12/2015** *unaudited*
ASSETS			
Current assets			
Cash and cash equivalents		18,020	12,524
Trade receivables—net		66,061	68,105
Income tax receivable		2,536	2,224
Receivable from related parties		137	115
Prepaid and other assets		14,516	7,767
Inventories		18,707	17,944
Financial asset at fair value through profit or loss		11,580	—
		131,557	108,679
Non-current assets			
Property. plant and equipment		86,979	82,360
Goodwill		171,957	164,511
Other intangible assets		90,806	91,055
Deferred tax assets		17,371	15,956
Other non-current assets		2,913	2,332
		370,026	356,214
Total assets		501,583	464,893
LIABILITIES			
Current liabilities			
Borrowings	5	4,253	4,767
Trade accounts payable		38,724	36,805
Current tax liability		4,462	4,626
Other current liabilities		42,931	44,651
Customer deposits and prepaid income		32,798	33,534
Provisions		1,381	2,208
Payable to parent company		75	75
		124,624	126,666
Non-current liabilities			
Deferred tax liabilities		21,268	19,178
Borrowings	5	341,601	298,616
Other non-current liabilities		56	52
Provisions		986	1,026
Liability for employee rights		5,225	5,250
Borrowing from shareholder and related parties		58,557	57,394
Derivatives financial instruments		5,638	5,201
		433,331	386,717
Total liabilities		557,955	513,383
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		—	—
Share premium		13,430	13,430
Other Reserves		(371)	(371)
Cumulative translation adjustment		9,317	9,649
Accumulated deficit		(78,924)	(71,352)
		(56,548)	(48,644)
Non controlling interests in Equity		176	154
Total deficit		(56,372)	(48,490)
Total liabilities and equity		501,583	464,893

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

Hydra Dutch Holdings 2 B.V.
Interim Consolidated Statements of Comprehensive Loss as of 31 March 2016 and 31 March 2015
in '000 €

	For the 3 months ended **31/03/2016** *unaudited*	For the 3 months ended **31/03/2015** *unaudited*
Revenues	**83,508**	**82,306**
Cost of goods sold	(27,376)	(28,173)
Gross profit	**56,132**	**54,133**
Service expenses	(32,066)	(32,194)
Sales & Marketing expenses	(8,544)	(8,497)
General and administration expenses	(6,483)	(6,428)
Amortization of customer portfolio and trademarks	(2,791)	(2,608)
Other operating Expenses—net	(3,494)	(4,678)
Income from operations	**2,754**	**(272)**
Financial income	911	2,012
Financial expenses	(10,676)	(10,414)
Loss before taxes	**(7,011)**	**(8,674)**
Taxation	(539)	(499)
Net loss	(7,550)	(9,173)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Currency translation adjustment	(332)	23,504
Total comprehensive (loss) income	(7,882)	14,331
Net loss attributable to:		
Equity holders of the company	(7,572)	(9,176)
Non controlling interest	22	3
	(7,550)	**(9,173)**
Total comprehensive (loss) income attributable to:		
Equity holders of the company	(7,904)	14,328
Non controlling interest	22	3
	(7,882)	**14,331**

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

Hydra Dutch Holdings 2 B.V.
Interim Consolidated Statements of Cash Flows as of 31 March 2016 and 31 March 2015
in '000 €

	31/03/2016 *unaudited*	31/03/2015 *unaudited*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxes on income	(7,011)	(8,674)
Adjustment for:		
Depreciation and amortization	8,585	8,156
Amortization of capitalized financial costs	790	1,761
Financial expenses net, included in loss before taxes on income	8,538	6,446
Gain on disposal of property, plant and equipment	196	33
Derivative financial instruments	437	195
Other operating items	(219)	24
Change in fair value of financial asset through profit or loss	(485)	—
Operating cash flow before working capital changes	10,831	7,941
Changes in operating working capital		
(Increase) Decrease in Trade receivables	3,161	(1,980)
Increase in inventories	(475)	(1,356)
Increase in Prepaid and other assets	(4,890)	(2,794)
Increase (Decrease) in Trade accounts payable	3,764	(1,532)
Increase (Decrease) in Other current liabilities and Provision	(4,517)	1,315
Cash flows generated from operating activities	7,874	1,594
Income tax paid	(1,017)	(864)
Net cash flows generated from operating activities	6,857	730
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (PPE) and software	(5,687)	(6,400)
Proceeds from sale of PPE	404	472
Acquisition of subsidiaries	(18,472)	(39,617)
Deposit on escrow account	—	(28,912)
Purchase of financial asset at fair value through profit or loss	(11,095)	—
Interest received	57	9
Net cash used in investing activities	(34,793)	(74,448)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term borrowings	—	(54,150)
Proceeds from long-term borrowings (net of borrowing costs)	42,500	121,197
Repayment of other liabilities	(588)	
Borrowings from Shareholders	—	5,200
Interest paid	(8,377)	(3,846)
Net cash provided by financing activities	33,535	68,401
Net increase (decrease) of cash	5,599	(5,317)
Effect of exchange rate changes	531	950
Cash and cash equivalent at beginning of year	9,929	17,741
Cash, cash equivalents and bank overdrafts at end of period	**16,059**	**13,374**

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

Hydra Dutch Holdings 2 B.V.
Interim Consolidated Statements of Changes in Deficit
in '000 €

		Attributable to equity holders of the Company					Total Equity
	Share capital	Share premium	Other reserves	Cumulative translation adjustment	Accumulated deficit	Non controlling interests	Total
Balance at 1 January 2016 (unaudited)	**—**	**13,430**	**(371)**	**9,649**	**(71,352)**	**154**	**(48,490)**
Total comprehensive loss	—	—	—	(332)	(7,572)	22	(7,882)
Balance at 31 March 2016 (unaudited)	**—**	**13,430**	**(371)**	**9,317**	**(78,924)**	**176**	**(56,372)**

		Attributable to equity holders of the Company					Total Equity
	Share capital	Share premium	Other reserves	Cumulative translation adjustment	Accumulated deficit	Non controlling interests	Total
Balance at 1 January 2015 (unaudited)	**—**	**13,430**	**(1,222)**	**(1,038)**	**(40,935)**	**88**	**(29,677)**
Total comprehensive loss	—	—	—	23,504	(9,176)	3	**14,331**
Balance at 31 March 2015 (unaudited)	**—**	**13,430**	**(1,222)**	**22,466**	**(50,111)**	**91**	**(15,346)**

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

Hydra Dutch Holdings 2 B.V.
Notes to the Interim Condensed Consolidated Financial Statements
in '000 €

1 General Information

Hydra Dutch Holdings 2 BV (hereafter the "Company"), a Limited Liability Company incorporated in Amsterdam, The Netherlands, and its subsidiaries (hereafter "the Group"), are active in 18 countries and mainly engaged in Home & Office Delivery (HOD) of water cooler bottles. Additionally, the Group offers customers in most markets a range of direct-marketing products such as water filters and Lavazza coffee products.

2 Basis of preparation of financial statements

2.1 Statement of compliance

These financial statements are the interim condensed consolidated financial statements (hereafter "the interim financial statements") of the Group for the three month period ended 31 March 2016. They are prepared in accordance with and comply with the International Accounting Standard 34, Interim Financial Reporting.

The interim financial statements include the operations of Hydra Dutch Holdings 2 B.V. and its controlled subsidiaries where control is defined as the power to govern the financial and operating policies of the enterprise so to obtain benefits from its activities. These interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015. These interim financial statements are not audited.

2.2 Accounting policies

The accounting policies used in the preparation of these interim financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2015.

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the period from 1 January, 2015 to 31 December 2015. Regarding financial asset at fair value through profit or loss, see note 3.2.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

2.3 Business Combination

In 2016 acquired business contributed revenues of € 1'498 since the acquisition dates. If the acquisitions had occurred on 1 January 2016, the acquired business, for the period would have contributed revenues of € 2,246.

Details of net assets acquired and intangibles are as follows:

	NWD Poland 31/03/2016
Purchase consideration:	
Cash consideration	18,472
Total Purchase Consideration	18,472
Fair Value of Net Assets Acquired	(8,329)
Goodwill	10,143

	NWD Poland 31/03/2016
Provisional fair values(1)	
Trade receivables	1,879
Prepaid and other current assets	83
Inventories	321
Property, plant and equipment	5,665
Customer portfolio and Trademarks	3,279
Other intangible assets	57
Trade payables	(539)
Other current liabilities	(1,793)
Deferred income tax liabilities	(623)
Total identifiable net assets	8,329
Goodwill	10,143
	18,472

(1) Based on a preliminary purchase price allocation conducted

3 Financial risk management and financial instruments

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign currency exchange risk, cash flow interest rates risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the group's annual financial statements as at 31 December 2015.

3.2 Fair value estimation

The table below presents financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Liabilities	Level 2 31.03.2016	31.12.2015
Derivatives financial instruments	(5,638)	(5,201)

Changes in fair value are classified in other operating expenses net, and amounted to EUR 485 in the three months ended March 31, 2016.

There were no transfers between Levels 1 and 2 during the period, and there were no changes in valuation techniques during the periods

3.3 Valuation techniques used to derive Level 2 fair values

Level 2 trading derivatives comprise interest rate swaps. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

3.4 Fair value of financial assets and liabilities measured at amortized cost

The fair value of the senior secured notes as of March 31, 2016 is EUR 294.2 million.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Borrowing from shareholders and related parties
- Trade and other receivables
- Other current financial assets
- Cash and cash equivalents
- Trade payables and other current liabilities

4 Seasonality

The HOD business, in the same way as all other water businesses, is seasonal. The period from May to September represents the peak period for sales and revenues, due to increased consumption of water during the summer months.

5 Borrowings

	31/03/2016	31/12/2015
Non-Current		
Senior secured notes and bank borrowings, net	338,668	295,378
Finance lease liabilities	2,933	3,238
	341,601	298,616
Current		
Bank borrowings, net	1,961	2,158
Finance lease liabilities	1,154	1,203
Other borrowings	1,138	1,406
	4,253	4,767
Total borrowings	345,854	303,383

On 29 January 2015, the Company successfully issued EUR 160 million of 8% Senior Secured Notes due 15 April 2019 comprising of EUR 35 million of Exchange Notes of the existing EUR 210 million Floating Rate Senior Secured Notes due 2019 and EUR 125 million of New Cash Notes to finance the acquisition of the Nestle Waters Direct water solutions businesses in Germany, the Netherlands, Portugal, Russia and Poland from Nestle Waters as well as repaying in full the utilization of the Bridge facility.

The Notes are redeemable by the Company at any time prior to their maturity, based on prices and terms stipulated in the Notes agreement which include a make-whole call premium if the Notes are redeemed prior to 1 February 2017.

Therefore, on 29 January 2015, the Company used the first portion of the proceeds from the New Cash Notes to repay EUR 53.2 million of the Bridge Facility that was partially drawn on 28 November 2014 in connection with the first stage of the acquisition of three of the five Nestle Waters Direct water solutions businesses from Nestle Waters. The closing date for the acquisition of the businesses in the Netherlands, Portugal and Germany occurred on 1 December 2014.

On 2 February 2015, the Company used a second portion of the proceeds from the New Cash Notes to settle the purchase price for the acquisition of Nestle Waters Direct water solution business in Russia. The remainder of the proceeds from the New Cash Notes was deposited into an Escrow Account held with the Escrow Agent in the name of the Company pursuant to an Escrow Agreement. This remainder of the proceeds from the New Cash Notes was to be used to pay the purchase price for the acquisition of Nestle Waters Direct water solution business in Poland.

As the acquisition of Nestle Water Direct Poland did not occur on or prior to 31 October 2015 (the 'Polish NWDE Closing Date') the Company redeemed EUR 34.9 million in aggregate principal amount of EUR 160 million 8% Senior Secured Notes due 2019 (the "Notes") at a price equal to 101% of that aggregate principal amount of the Notes plus accrued but unpaid interest on 9 November 2015 (the "Redemption Date). Following the Redemption Date, the outstanding principal amount of the Notes is EUR 125.1 million.

On 30 October 2015 the Company secured an increase of the existing Revolving Credit Facility Agreement (the "RCF") that was entered on 15 April 2014. The RCF increased from an aggregate amount of EUR 45 million to EUR 65 million.

On 1 February 2016, the Company used additional RCF proceeds to settle the purchase price of Nestle Water Poland that was drawn on 29 January 2016. The total RCF proceeds as of 31 March 2016 is EUR 50 million.

6 Segment information

General

The chief operating decision maker of the Group (hereinafter—CODM). The CODM reviews internal reports of the Group to assess performance and for resource allocation. Group management identified operating segments based on those reports.

The CODM reviews the business activity based on geographical regions, and this serves management to assess performance of geographical regions and to allocate resources. European regions have been aggregated since they bear similar economic characteristics and are similar in the nature of products and production processes, types of customers and distribution methods

As of March 31, 2016, the CODM reviews the performance of operating segments in the year ended on that date based on measuring income before financing expenses, financing income, tax, depreciation, amortization, other expenses and income (loss) (operating EBITDA).

Information related to geographical segments:

For the three months ended March 31, 2016:

	Europe	Israel	Total
Segment income	61,918	21,590	**83,508**
Operating EBITDA	12,369	2,464	**14,833**
Capex	3,562	1,721	**5,283**

For the three months ended March 31, 2015:

	Europe	Israel	Total
Segment income	62,041	20,265	**82,306**
Operating EBITDA	10,888	1,674	**12,562**
Capex	4,263	2,137	**6,400**

	For the 3 months ended **31/03/2016**	For the 3 months ended **31/03/2015**
Operating EBITDA of reporting segments	14,833	12,562
Depreciation and amortization	(8,585)	(8,156)
Other expenses—net	(3,494)	(4,678)
Operating income	2,754	(272)
Financing income	911	2,012
Financing expenses	(10,676)	(10,414)
Taxes on income	(539)	(499)
Net loss	**(7,550)**	**(9,173)**

The following is a breakdown of revenue from external customers of the Group's products:

	For the 3 months ended **31/03/2016**	For the 3 months ended **31/03/2015**
Water	66,039	64,727
Coffee	17,469	17,579
	83,508	**82,306**

7 Contingent liabilities and Commitments

The French, German, Israeli and Polish subsidiaries are involved in legal actions in the ordinary course of business. The total amount thereof is approximately € 714. A total provision of € 714 is recorded as of 31 March 2016.

On 25 February 2015 a request for a class action was filed against Mey Eden Bar—First Class Service Ltd, ("MEB") in the sum of NIS 444 million (approx. E 103.6 million). The plaintiffs claim is that the UV light in the company's water bars marketed by MEB did not function as it was supposed to. At this stage, the probabilities of the claim being accepted and that financial resources will be required to discharge the claim, could not be estimated by the company and the company's lawyers.

On 29 September, 2014 a request for a class action was filed against Mey Eden Bar—First Class Service Ltd. ("MEB") by a former HOD customer. The plaintiff claims that MEB raised the prices of the HOD dispensers without a proper prior notice, that the total amount of the raises was unreasonably high and that the in some of the raises the notice of the raise was not in line with the actual raise. The plaintiff estimated the total damages to all MEB customers in the sum of NIS 67 million (approx. E 15.6 million) On April 6, 2016 the parties signed a settlement agreement in which an expert will be appointed to examine past price increases and check if they were legally carried out. MEB will than compensate its customers in the sum equal to 40% of the total sums that will be found by the expert ("Total COMPENSATION") plus the plaintiff compensation and legal fees in the amount equal to 20% of the total compensation fee. The agreement was submitted to court for its approval on April 18, 2016. At this stage, the company and the company's lawyers estimate that the probability that financial resources will be required for the discharge of the liability underlying the claim, in addition to the Total Compensation set forth in the Agreement, is lower than the probability that no such resources will be required.

8 Subsequent events

On 1 February 2016, the Group completed the third stage of the acquisition of the Nestle Waters Direct (NWD) business in Poland. Due to anti-trust regulations and competition law in Poland we were able to acquire a portion of the NWD Polish business. The remaining assets that were not purchased by us were transferred to a third party company named GetFresh Sp, z o.o. (GetFresh). The overall purchase consideration for the assets transferred to us and the assets transferred to GetFresh amounts to EUR 32.7 million including a recoverable VAT amount of EUR 5.7 million. GetFresh remitted the purchase price by issuing EUR 11.1 million bonds in favor of Eden Springs Europe B.V. The EUR 18.2 million purchase price for the assets transferred to us has been preliminarily assigned to the fair values of assets acquired and liabilities assumed. This third step of the NWD acquisition was entirely funded using borrowings under the revolving credit facility agreement.

On 31 May 2016, Hydra Dutch Holding 2 B.V. had no subsequent event leading to a material modification of the financial statements.

€450,000,000

Cott Finance Corporation

to be assumed by

Cott Corporation

% Senior Notes due 2024

Offering Memorandum

Joint Book-Running Managers

Deutsche Bank Securities

J.P. Morgan

Wells Fargo Securities

BofA Merrill Lynch

SunTrust Robinson Humphrey

, 2016