

COTT CORP /CN/  
Form DEF 14A  
March 28, 2013  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**Cott Corporation**

(Name of registrant as specified in its charter)

Edgar Filing: COTT CORP /CN/ - Form DEF 14A

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

(3) Per unit price or other underlying value of the transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of the transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:



**Table of Contents**

Cott Corporation

6525 Viscount Road

Mississauga, Ontario, Canada L4V1H6

(905) 672-1900

5519 West Idlewild Avenue

Tampa, Florida, United States 33634

(813) 313-1800

March 28, 2013

Dear Shareowners:

We are pleased to invite you to attend our annual and special meeting of shareowners, which will be held at the Westin Bristol Place Toronto Airport, Plaza B, 950 Dixon Road, Toronto, Ontario, Canada at 8:30 a.m. (Toronto time) on Tuesday, April 30, 2013. At this meeting, you will have the opportunity to meet our directors and members of our senior management team, learn more about our Company and our plans for the future, and receive our financial results for the 2012 fiscal year.

The notice of meeting and circular that accompany this letter describe the business to be conducted at the meeting.

Even if you cannot attend the meeting, it is important that your shares be represented and voted by using the enclosed form of proxy. We encourage you to read the circular and vote as soon as possible. We look forward to your participation.

Sincerely,

JERRY FOWDEN

Chief Executive Officer

**Table of Contents**

**Cott Corporation**

**Notice of Annual and Special Meeting of Shareowners**

The Annual and Special Meeting of Shareowners of Cott Corporation ( **Cott** ) will be held

on: Tuesday, April 30, 2013

at: 8:30 a.m. (local time in Toronto)

at the: Westin Bristol Place Toronto Airport, Plaza B, 950 Dixon Road, Toronto, Ontario, Canada

to: receive the financial statements for the year ended December 29, 2012 and the report on those statements by Cott's independent registered certified public accounting firm,

elect directors,

approve the appointment of Cott's independent registered certified public accounting firm,

hold a non-binding advisory vote on executive compensation,

approve the Amended and Restated Cott Corporation Equity Incentive Plan, and

transact any other business that properly may be brought before the meeting and any adjournment of the meeting.

Pursuant to rules promulgated by the United States Securities and Exchange Commission, we have elected to provide access to our proxy materials by sending you this full set of proxy materials, including a form of proxy. Our proxy materials are also available on the Internet. This proxy circular is available on our website at <http://www.cott.com/for-investors/financial-information/proxy-statement>, which does not have cookies that identify visitors.

By order of the board of directors

Marni Morgan Poe

Vice President, General Counsel and Secretary

Tampa, Florida, U.S.A.

March 28, 2013

**YOU ARE INVITED TO VOTE BY COMPLETING, DATING AND SIGNING THE ENCLOSED FORM OF PROXY AND RETURNING IT BY MAIL IN THE ENCLOSED ENVELOPE OR BY FACSIMILE, OR BY FOLLOWING THE INSTRUCTIONS FOR VOTING OVER THE INTERNET IN THE ACCOMPANYING PROXY CIRCULAR. A VOTE BY PROXY WILL BE COUNTED IF IT IS COMPLETED PROPERLY AND IS RECEIVED BY OUR TRANSFER AGENT NO LATER THAN 5:00 P.M. TORONTO TIME ON APRIL 26, 2013 OR THE LAST BUSINESS DAY PRIOR TO ANY POSTPONED OR ADJOURNED MEETING OR IS OTHERWISE RECEIVED BY OUR SECRETARY, AS DESCRIBED HEREIN, PRIOR TO THE COMMENCEMENT OF THE MEETING OR ANY POSTPONED OR ADJOURNED MEETING. OUR TRANSFER AGENT'S MAILING ADDRESS IS COMPUTERSHARE INVESTOR SERVICES INC., 100 UNIVERSITY AVENUE, 9TH FLOOR, TORONTO, ONTARIO, CANADA, M5J 2Y1 AND FACSIMILE NUMBER IS 1-866-249-7775 or (416) 263-9524.**

Table of Contents

**Cott Corporation**  
**Annual and Special Meeting of Shareowners**

**THIS BOOKLET EXPLAINS:**

details of the matters to be voted upon at the meeting, and

how to exercise your right to vote even if you cannot attend the meeting.

**THIS BOOKLET CONTAINS:**

the notice of the meeting,

the proxy circular for the meeting, and

a proxy form that you may use to vote your shares without attending the meeting.

**REGISTERED SHAREOWNERS**

A form of proxy is enclosed with this booklet. This form may be used to vote your shares if you are unable to attend the meeting in person. Instructions on how to vote using this form are found starting on page 1 of this proxy circular.

**NON-REGISTERED BENEFICIAL SHAREOWNERS**

If your shares are held on your behalf or for your account by a broker, securities dealer, bank, trust company or other intermediary, you will not be able to vote unless you carefully follow the instructions provided by your intermediary.

**The accompanying circular and form of proxy are furnished in connection with the solicitation of proxies by or on behalf of management and the board of directors for use at the annual and special meeting of shareowners to be held on Tuesday, April 30, 2013 and any continuation of the meeting after an adjournment of such meeting.**

**AVAILABILITY OF FINANCIAL INFORMATION**

If you are a shareowner and wish to receive (or continue to receive) our quarterly interim financial statements (and the related management discussion and analysis) by mail, you must complete and return the enclosed request form. If you do not do so, quarterly financial statements will not be sent to you. Financial results are announced by media release, and financial statements are available on our website at [www.cott.com](http://www.cott.com), on the SEDAR website maintained by the Canadian securities regulators at [www.sedar.com](http://www.sedar.com) and on the EDGAR website maintained by the United States Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b><u>GENERAL INFORMATION</u></b>	1
<b><u>VOTING AT THE MEETING</u></b>	1
<u>Who Can Vote</u>	1
<u>Voting By Registered Shareowners</u>	1
<u>Voting By Non-Registered Beneficial Shareowners</u>	3
<u>Confidentiality of Vote</u>	4
<u>Quorum</u>	5
<u>Vote Counting Rules</u>	5
<u>Solicitation of Proxies</u>	5
<u>Say-on-Pay and Say-on-Frequency Results</u>	5
<u>Please Complete Your Proxy</u>	6
<b><u>PROCEDURE FOR CONSIDERING SHAREOWNER PROPOSALS</u></b>	6
<b><u>PRINCIPAL SHAREOWNERS</u></b>	7
<b><u>FINANCIAL STATEMENTS</u></b>	8
<b><u>ELECTION OF DIRECTORS</u></b>	8
<u>Majority Voting and Director Resignation Policy</u>	13
<b><u>COMPENSATION OF DIRECTORS</u></b>	14
<u>Directors Compensation Schedule</u>	14
<u>Share Ownership Requirements for Board Members</u>	15
<b><u>SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT</u></b>	16
<u>Security Ownership</u>	16
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	16
<b><u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u></b>	17
<b><u>COMPENSATION OF EXECUTIVE OFFICERS</u></b>	19
<u>Compensation Discussion and Analysis</u>	19
<u>Summary Compensation Table</u>	38
<u>Named Executive Officer Employment Agreements</u>	39
<u>Grants of Plan-Based Awards in Fiscal 2012</u>	42
<u>Outstanding Equity Awards at 2012 Fiscal Year End</u>	43
<u>Option Exercises and Stock Vested in Fiscal 2012</u>	44
<u>Potential Payments Upon Termination or Change of Control</u>	44
<b><u>THE HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT</u></b>	52
<b><u>EQUITY COMPENSATION PLAN INFORMATION</u></b>	52
<u>2010 Equity Incentive Plan</u>	53
<u>Restated 1986 Common Share Option Plan</u>	54
<b><u>DIRECTORS AND OFFICERS INSURANCE</u></b>	54
<b><u>CORPORATE GOVERNANCE</u></b>	55
<u>Board and Management Roles</u>	55
<u>Allocation of Responsibility between the Board and Management</u>	55
<u>Board Oversight of Risk</u>	55
<u>Board s Expectations of Management</u>	56
<u>Board Leadership</u>	56
<u>Shareowner Communications</u>	56
<u>Composition of the Board</u>	57
<u>Independence of the Board</u>	57
<u>Board Committees</u>	57
<b><u>COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u></b>	61
<b><u>INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM</u></b>	61
<u>Approval of Appointment of Independent Registered Certified Public Accounting Firm</u>	61



---

**Table of Contents**

	<b>Page</b>
<u>Principal Accounting Fees</u>	61
<u>Pre-Approval Policies and Procedures</u>	62
<u>Audit Committee Report</u>	63
<b><u>ADVISORY VOTE ON EXECUTIVE COMPENSATION</u></b>	64
<b><u>APPROVAL OF AMENDED AND RESTATED COTT CORPORATION EQUITY INCENTIVE PLAN</u></b>	66
<b><u>ADDITIONAL INFORMATION</u></b>	76
<u>Information about Cott</u>	76
<u>Important Notice Regarding Availability of Proxy Materials for the Annual and Special Meeting of Shareowners to be held on</u>	
<u>April 30, 2013</u>	76
<u>Householding</u>	76
<u>Approval</u>	76
<b><u>APPENDIX A RESOLUTION APPROVING AMENDED AND RESTATED COTT CORPORATION EQUITY INCENTIVE PLAN</u></b>	A-1
<b><u>APPENDIX B AMENDED AND RESTATED COTT CORPORATION EQUITY INCENTIVE PLAN</u></b>	B-1
<b><u>APPENDIX C MANDATE OF THE BOARD OF DIRECTORS</u></b>	C-1
<b><u>APPENDIX D AUDIT COMMITTEE CHARTER</u></b>	D-1

**Table of Contents**

**Cott Corporation**

**Proxy Circular**

**GENERAL INFORMATION**

**This proxy circular is furnished in connection with the solicitation of proxies by or on behalf of management and the board of directors of Cott Corporation ( Cott or the Company ) for use at the annual and special meeting of shareowners that is to be held at the time and place, and for the purposes, described in the accompanying notice of the meeting and any continuation of the meeting after an adjournment of such meeting.**

All dollar amounts are in United States dollars unless otherwise stated. All information contained in this proxy circular is as of March 15, 2013, unless otherwise indicated. Our fiscal year ends on the Saturday closest to December 31 of each year. In this proxy circular, therefore, references to the year 2010 are to the fiscal year ended January 1, 2011, references to the year 2011 are to the fiscal year ended December 31, 2011, and references to the year 2012 are to the fiscal year ended December 29, 2012. As used herein, GAAP means United States generally accepted accounting principles.

We are mailing the notice of meeting, this proxy circular, and the form of proxy to our shareowners on or about March 28, 2013.

**VOTING AT THE MEETING**

**Who Can Vote**

March 15, 2013 is the record date to determine shareowners who are entitled to receive notice of the meeting. Shareowners at the close of business on that date will be entitled to vote at the meeting. As of the record date, 95,371,484 common shares were outstanding. Each common share entitles the holder to one vote on all matters presented at the meeting.

**Voting By Registered Shareowners**

The following instructions are for registered shareowners only. **If you are a non-registered beneficial shareowner, please follow your intermediary's instructions on how to vote your shares.** See below under **Voting By Non-Registered Beneficial Shareowners.**

***Voting in Person***

Registered shareowners who attend the meeting may vote the shares registered in their name on resolutions put before the meeting. If you are a registered holder who will attend and vote in person at the meeting, you do not need to complete or return the form of proxy. Please register your attendance with the scrutineer, Computershare Investor Services Inc. ( **Computershare** ), upon your arrival at the meeting. Whether or not you plan to attend the annual and special meeting of shareowners, you are requested to complete and promptly return the enclosed proxy.

## Table of Contents

### *Voting by Proxy*

If you are a registered shareowner but do not plan to attend the meeting in person, there are four ways that you can vote your proxy:

**Mail:** You may vote by completing, dating and signing the enclosed form of proxy and returning it to Computershare no later than 5:00 p.m. local time in Toronto on April 26, 2013, or the last business day prior to any postponed or adjourned meeting, by mail to 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1 using the envelope provided.

**Fax:** You may vote by completing, dating and signing the enclosed form of proxy and faxing it to Computershare at 1-866-249-7775 (toll free within Canada and the United States) or 1-416-263-9524 (outside Canada and the United States) no later than 5:00 p.m. local time in Toronto on April 26, 2013 or the last business day prior to any postponed or adjourned meeting.

**Internet:** You may vote over the Internet by accessing [www.investorvote.com](http://www.investorvote.com) and following the proxy login and voting procedures described for the meeting. The enclosed form of proxy contains certain information required for the Internet voting process. Detailed voting instructions will then be conveyed electronically via the Internet to those who have completed the login procedure. You may vote (and revoke a previous vote) over the Internet at any time before 5:00 p.m. local time in Toronto on April 26, 2013 or the last business day prior to any postponed or adjourned meeting.

The Internet voting procedure, which complies with Canadian law, is designed to authenticate shareowners' identities, to allow shareowners to vote their shares and to confirm that shareowners' votes have been recorded properly. Shareowners voting via the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies that must be borne by the shareowners. Also, please be aware that Cott is not involved in the operation of the Internet voting procedure and cannot take responsibility for any access or Internet service interruptions that may occur or any inaccurate, erroneous or incomplete information that may appear.

**Other:** If you have not availed yourself of any of the foregoing voting procedures by 5:00 p.m. local time in Toronto on April 26, 2013 or the last business day prior to any postponed or adjourned meeting but still wish to vote by proxy, you may vote by (i) completing, dating and signing the enclosed form of proxy and faxing it to the attention of our Secretary at (813) 881-1923, or (ii) having the person you have chosen as your proxyholder deliver it in person to our Secretary, in each case so that it is received prior to the commencement of the meeting or any postponed or adjourned meeting.

### *What Is a Proxy?*

A proxy is a document that authorizes another person to attend the meeting and cast votes on behalf of a registered shareowner at the meeting. If you are a registered shareowner, you can use the accompanying proxy form. You may also use any other legal form of proxy.

### *How do You Appoint a Proxyholder?*

Your proxyholder is the person you appoint to cast your votes for you at the meeting. The persons named in the enclosed form of proxy are directors or officers of Cott. You may choose those individuals or any other person to be your proxyholder. Your proxyholder does not have to be a shareowner of Cott. If you want to authorize a director or officer of Cott who is named on the enclosed proxy form as your proxyholder, please leave the line near the top of the proxy form blank, as their names are pre-printed on the form. **If you want to authorize another person as your proxyholder, fill in that person's name in the blank space located near the top of the enclosed proxy form.**

Your proxy authorizes the proxyholder to vote and otherwise act for you at the meeting, including any continuation of the meeting if it is adjourned.

## **Table of Contents**

### *How Will a Proxyholder Vote?*

If you mark on the proxy how you want to vote on a particular issue, your proxyholder must cast your votes as instructed. By checking WITHHOLD on the proxy form, you will be abstaining from voting.

**If you do NOT mark on the proxy how you want to vote on a particular matter, your proxyholder is entitled to vote your shares as he or she sees fit. If your proxy does not specify how to vote on any particular matter, and if you have authorized a director or officer of Cott to act as your proxyholder, your shares will be voted at the meeting:**

**FOR the election of the nominees named in this proxy circular as directors,**

**FOR the approval of the appointment of PricewaterhouseCoopers LLP as Cott's independent registered certified public accounting firm,**

**FOR the approval, on a non-binding advisory basis, of the compensation of the Company's named executive officers, as such information is disclosed in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative disclosure beginning on page 19 (commonly referred to as say-on-pay), and**

**FOR the approval of the Amended and Restated Cott Corporation Equity Incentive Plan described under Approval of Amended and Restated Cott Corporation Equity Incentive Plan beginning on page 66 of this proxy circular, in accordance with the resolution attached as Appendix A to this proxy circular on page A-1.**

For more information on these matters, please see Election of Directors, beginning on page 8 Independent Registered Certified Public Accounting Firm Approval of Appointment of Independent Registered Certified Public Accounting Firm on page 61, Advisory Vote on Executive Compensation on page 64, and Approval of Amended and Restated Cott Corporation Equity Incentive Plan on page 66.

If any amendments are proposed to these matters, or if any other matters properly arise at the meeting, your proxyholder can generally vote your shares as he or she sees fit. The notice of the meeting sets out all the matters to be presented at the meeting that are known to management as of March 15, 2013.

### *How do You Revoke Your Proxy?*

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before the meeting by delivering to our Secretary a written notice of revocation or a duly executed proxy bearing a later date (or voting via the Internet at a later date) or by attending the meeting and voting in person. You may send a written notice to our Secretary to the following address: 5519 West Idlewild Avenue, Tampa, Florida U.S.A. 33634.

This revocation must be received by our Secretary before the meeting (or before the date of the reconvened meeting if it is adjourned), or in any other way permitted by law.

If you revoke your proxy and do not replace it with another form of proxy that is properly deposited, you may still vote shares registered in your name in person at the meeting.

### **Voting By Non-Registered Beneficial Shareowners**

If your common shares are not registered in your name but in the name of an intermediary (typically a bank, trust company, securities dealer or broker, or a clearing agency in which an intermediary participates), then you are a non-registered beneficial shareowner (as opposed to a registered shareowner). Copies of this document have been distributed to intermediaries who are required to deliver them to, and seek voting instructions from, our non-registered beneficial shareowners. Intermediaries often use a service company (such as Computershare or



## **Table of Contents**

Broadridge Investor Communications ( **Broadridge** ) to forward meeting materials to beneficial shareowners. Cott intends to pay for intermediaries to deliver proxy-related materials and the request for voting instructions (Form 54-101F7) to objecting beneficial owners in accordance with National Instrument 54-101. If you are a non-registered beneficial shareowner, you can vote your common shares by proxy, by following the instructions your intermediary provides to you, through your intermediary or at the meeting. As a non-registered beneficial shareowner, while you are invited to attend the meeting, you will not be entitled to vote at the meeting unless you make the necessary arrangements with your intermediary to do so.

### ***Voting in Person***

A non-registered beneficial shareowner who received a voting instruction form from the intermediary and who wishes to attend and vote at the meeting in person (or have another person attend and vote on their behalf) should strike out the proxyholders named in the voting instruction form and insert the beneficial shareowner's (or such other person's) name in the blank space provided or follow the corresponding instructions provided by the intermediary.

### ***Voting by Proxy through Intermediary***

**Internet:** If your intermediary is registered with Computershare or Broadridge, both of which we have retained to manage beneficial shareowner Internet voting, you may vote over the Internet by following the proxy login and voting instructions on your voting instruction form.

**Through Intermediary:** A beneficial shareowner who does not vote via the Internet will be given a voting instruction form or other document by his or her intermediary that must be submitted by the beneficial shareowner in accordance with the instructions provided by the intermediary. In such case, you **cannot** use the Internet voting procedures described above and **must** follow the intermediary's instructions (which in some cases may allow the completion of the voting instruction form by telephone or on the intermediary's Internet website). Occasionally, a beneficial shareowner may be given a form of proxy that has been signed by the intermediary and is restricted to the number of shares owned by the beneficial shareowner but is otherwise not completed. This form of proxy does not need to be signed by the beneficial shareowner. In this case, you can complete the form of proxy and vote by mail or facsimile only in the same manner as described above under **Voting by Registered Shareowners Voting by Proxy**.

***In all cases, beneficial shareowners should carefully follow the instructions provided by the intermediary.***

Proxies returned by intermediaries as non-votes because the intermediary has not received instructions from the beneficial shareowner with respect to the voting of certain shares, or because under applicable stock exchange or other rules, the intermediary does not have the discretion to vote those shares on one or more of the matters that come before the meeting, will be treated as not entitled to vote on any such matter and will not be counted as having been voted in respect of any such matter. Shares represented by such broker non-votes will, however, be counted in determining whether there is a quorum for the meeting. In addition to being able to submit to Cott or the intermediary, as applicable, a voting instruction form, beneficial shareowners are permitted to submit any other documents in writing that requests that the beneficial shareowner or a nominee thereof be appointed as a proxyholder.

### **Confidentiality of Vote**

Computershare counts and tabulates proxies in a manner that preserves the confidentiality of your votes. Proxies will not be submitted to management unless:

there is a proxy contest,

the proxy contains comments clearly intended for management, or

## **Table of Contents**

it is necessary to determine a proxy's validity or to enable management and/or the board of directors to meet their legal obligations to shareowners or to discharge their legal duties to Cott.

### **Quorum**

The annual and special meeting requires a quorum, which for this meeting means:

at least two persons personally present, each being a shareowner entitled to vote at the meeting or a duly appointed proxy for an absent shareowner so entitled, and

persons owning or representing not less than a majority of the total number of our shares entitled to vote.

### **Vote Counting Rules**

All matters that are scheduled to be voted upon at the meeting, other than as set out below, are ordinary resolutions. Ordinary resolutions are passed by a simple majority of votes: if more than half of the votes that are cast are cast in favor, the resolution passes. 11 directors nominated must be elected by the shareowners. Pursuant to Cott's Majority Voting and Director Resignation Policy, if a nominee in an uncontested election does not receive the vote of at least the majority of the votes cast (including votes for and votes withheld), such director is required to promptly tender his or her resignation from the board of directors. Cott's Majority Voting and Director Resignation Policy is described more particularly below under the heading **Majority Voting and Director Resignation Policy** on page 13 of this proxy circular.

The approval of Cott's independent registered certified public accounting firm and the approval of the Amended and Restated Cott Corporation Equity Incentive Plan (the **Amended and Restated Equity Plan**) must be approved by ordinary resolution of the shareowners. Due to the non-binding advisory nature of the matter to be voted upon in respect of the compensation of Cott's executive officers, there is no minimum vote requirement for the proposal. However, the matter will be considered to have passed with the affirmative vote of a majority of the votes cast by shareowners that are present or represented and entitled to vote at the meeting.

Proxies may be marked FOR, AGAINST or WITHHOLD/ABSTAIN. For purposes of the resolution to approve the Amended and Restated Equity Plan, proxies may be marked FOR or AGAINST. Abstentions/withholding and broker non-votes are counted for purposes of establishing a quorum, but they are not counted as votes cast for or against a proposal.

### **Solicitation of Proxies**

The cost of soliciting proxies will be borne by Cott. In addition, Cott may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of our directors, officers and employees, without additional compensation, personally or by telephone, telegram, letter or facsimile. We have hired MacKenzie Partners, Inc., a professional soliciting organization, to assist us in conducting bank and broker searches, distributing proxy solicitation materials and responding to information requests from shareowners with respect to the materials. For these services, MacKenzie Partners, Inc. will be paid a fee of \$12,000, plus limited reimbursement for out-of-pocket expenses.

### **Say-on-Pay and Say-on-Frequency Results**

At the 2012 annual meeting of shareowners, we solicited from our shareowners an advisory vote on the compensation of our named executive officers. The shareowners voted to approve, on an advisory basis, the compensation of our named executive officers, as such information is disclosed in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative disclosure, set forth in our 2012 annual

**Table of Contents**

meeting proxy circular. The vote was 69,175,388 shares For (97.44% of the shares voted), 740,904 shares Against (1.04% of the shares voted), and 1,075,892 shares Withheld (1.52% of the shares voted).

The Human Resources and Compensation Committee of Cott's board of directors (the **Compensation Committee**) took into account the result of the shareowner vote in determining executive compensation policies and decisions since the 2012 annual meeting of shareowners. The Compensation Committee viewed the vote as an expression of the shareowners' general satisfaction with our current executive compensation programs. While the Compensation Committee considered the outcome of the advisory vote in determining to continue our executive compensation programs for fiscal 2013, decisions regarding incremental changes in individual compensation were made in consideration of the factors described in the Compensation Discussion and Analysis on page 19 of this proxy circular.

Consistent with our shareowners' preference expressed in voting at the 2011 annual meeting of shareowners, the board determined that an advisory vote on the compensation of our named executive officers will be conducted every year. The next advisory vote on the frequency of an advisory vote on executive compensation will take place at the 2017 annual meeting of shareowners.

**Please Complete Your Proxy**

Our management, with the support of the board of directors, requests that you fill out your proxy to ensure your votes are cast at the meeting. **This solicitation of your proxy (your vote) is made on behalf of management and the board of directors.**

**PROCEDURE FOR CONSIDERING SHAREOWNER PROPOSALS**

If you want to propose any matter for a vote by shareowners at our 2014 annual meeting, you must send your proposal to our Vice President, General Counsel and Secretary. In order for your proposal to be considered for inclusion in our 2014 proxy circular, it must be received by our Vice President, General Counsel and Secretary no later than November 28, 2013 at Cott Corporation, 5519 West Idlewild Avenue, Tampa, Florida, U.S.A. 33634.



**Table of Contents****PRINCIPAL SHAREOWNERS**

We are not aware of any person who, as of March 15, 2013, beneficially owned or exercised control or direction, directly or indirectly, over more than 5% of our common shares except as set forth below:

Name	Nature of Ownership or Control	Number of Shares	Percentage of Class
FMR LLC <sup>(1)</sup> 82 Devonshire Street Boston, Massachusetts 02109	Beneficial ownership	11,571,815	12.16%
Valinor Management, LLC <sup>(2)</sup> 510 Madison Avenue, 25 <sup>th</sup> Floor New York, New York 10022	Beneficial ownership	8,574,231	9.03%
BlackRock Inc. <sup>(3)</sup> 40 East 52 <sup>nd</sup> Street New York, New York 10022	Beneficial ownership	6,657,401	7.00%
Bridger Management, LLC <sup>(4)</sup> 90 Park Avenue, 40 <sup>th</sup> Floor New York, New York 10016	Beneficial ownership	6,617,855	7.00%

(1) Based solely on information reported in an amended Schedule 13G filed by FMR LLC ( FMR ) on February 14, 2013 with the United States Securities and Exchange Commission (the SEC ). As reported in such filing, Fidelity Management & Research Company ( Fidelity ), a wholly-owned subsidiary of FMR and an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, is the beneficial owner of 11,485,625 shares, or 12.065% of the shares outstanding as a result of acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940 owning such shares (the Fidelity Funds ). The ownership of one investment company, Fidelity Advisor Value Strategies Fund, amounted to 6,920,243 shares or 7.269% of the shares outstanding. Edward C. Johnson 3d, as Chairman of FMR, and FMR, through its control of Fidelity, and the Fidelity Funds each has sole power to dispose of the 11,485,625 shares owned by the Fidelity Funds. Members of the family of Mr. Johnson (the Johnson Family ), are the predominant owners, directly or through trusts, of Series B voting common shares of FMR, representing 49% of the voting power of FMR. The Johnson Family and all other Series B shareowners have entered into a shareowners voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareowners voting agreement, members of the Johnson Family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR. Neither Mr. Johnson nor FMR has the sole power to vote or direct the voting of the shares owned directly by the Fidelity Funds, which power resides with the Fidelity Funds Boards of Trustees. Fidelity carries out the voting of the shares under written guidelines established by the Fidelity Funds Boards of Trustees. Pyramid Global Advisors Trust Company ( PGATC ), an indirect wholly-owned subsidiary of FMR and a bank as defined in Section 3(a)(6) of the Securities Exchange Act of 1934, is the beneficial owner of 86,190 shares or 0.091% of the shares outstanding as a result of its serving as investment manager of institutional accounts owning such shares. Edward C. Johnson 3d and FMR, through its control of PGATC, each has sole dispositive power over 86,190 shares and sole power to vote or to direct the voting of 86,190 shares owned by the institutional accounts managed by PGATC as reported above.

(2) Based solely on information reported in a Form 13F filed by Valinor Management, LLC ( Valinor ) on February 13, 2013 with the SEC. The Form 13F sets forth Valinor s beneficial ownership as of December 31, 2012.

(3) Based solely on information reported in an amended Schedule 13G filed by Blackrock Inc. ( BlackRock ) on February 8, 2013 with the SEC. As reported in such filing, BlackRock has sole voting power and sole dispositive power with respect to these shares.

- (4) Based solely on information reported in an amended Schedule 13G filed by Bridger Management, LLC ( Bridger Management ) on February 14, 2013 with the SEC. As reported in such filing, Bridger Management and Roberto Mignone have shared voting power and shared dispositive power with respect to 6,617,855 shares, constituting approximately 7.0% of the shares outstanding. Bridger Capital, LLC ( Bridger Capital ) and Swiftcurrent Partners, L.P. ( Swiftcurrent Partners ) have shared voting power and shared dispositive power with respect to 2,512,052 shares, constituting approximately 2.6% of the shares outstanding. Swiftcurrent Offshore, Ltd. ( Swiftcurrent Offshore ) has shared voting power and shared dispositive power with respect to 4,105,803 shares, constituting approximately 4.3% of the shares outstanding. As reported in such filing, Bridger Management is the investment adviser to Swiftcurrent Partners and Swiftcurrent Offshore. Roberto Mignone is the managing member of Bridger Management and Bridger Capital. Bridger Capital is the general partner of Swiftcurrent Partners.

---

**Table of Contents**

**FINANCIAL STATEMENTS**

At the meeting, we will submit Cott's annual consolidated financial statements for the year ended December 29, 2012, and the related report of Cott's independent registered certified public accounting firm to you. No vote will be taken regarding the financial statements.

**ELECTION OF DIRECTORS**

The Corporate Governance Committee of the board of directors (the **Corporate Governance Committee**) reviews annually the qualifications of persons proposed for election to the board and submits its recommendations to the board for consideration. In the opinion of the Corporate Governance Committee and the board, each of the 11 nominees for election as a director is well qualified to act as a director of Cott and, together, the nominees bring the mix of independence, diversity, expertise and experience necessary for the board and its committees to function effectively. Our approach to corporate governance and the roles of the board and its committees are described under **Corporate Governance** on page 55 of this proxy circular.

During 2012, the board of directors held seven meetings. Each of our incumbent directors who served in 2012 attended, in person or by telephone, 75% or more of the applicable meetings of the board of directors and committees on which they served in 2012.

Set forth below is certain information concerning our nominees for election as directors of Cott, including information regarding each person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Corporate Governance Committee and the board of directors to determine that the person should serve as a director of Cott.

The board has considered the independence of each of the nominees for election as directors of Cott for purposes of the rules of the SEC, New York Stock Exchange (**NYSE**) and, where applicable, National Instrument 58-101 Disclosure of Corporate Governance Practices (**NI 58-101**) of the Canadian Securities Administrators. All nominees are independent except for Mr. Fowden, our Chief Executive Officer. See **Certain Relationships and Related Transactions** on page 17 of this proxy circular for further discussion of the board's determinations as to independence.

**Nominee**

**Mark Benadiba**, 60, of Toronto, Ontario, Canada, served as executive Vice-President, North American Operations, of Cott Corporation from 1996 until 2006. Mr. Benadiba held several roles during his tenure at Cott from 1990 through 2006, including Executive Vice President and Chief Executive Officer of Cott Canada from 1990 to 1998. Previously, Mr. Benadiba was a Senior Executive of Pepsi/Seven-Up, Toronto/Canada (a division of Seven-Up Canada Inc.). He has served on Cott's board since June 2008. The board nominated Mr. Benadiba to be a director because of his management experience in, and extensive knowledge of, the beverage industry. The board believes Mr. Benadiba's experience in the beverage industry, including the various positions he held within Cott, enable him to make valuable contributions to the board.

**Committee Membership**

Corporate Governance Committee

**Table of Contents****Nominee**

**George A. Burnett**, 57, of Scottsdale, Arizona, U.S.A., is the President and Chief Executive Officer of Northcentral University and a director of Northcentral University Holdings, LLC. Previously, Mr. Burnett served as Chief Executive Officer of Alta Colleges, Inc. from August 2006 to September 2011. Mr. Burnett was Chairman of R.H. Donnelley, a Yellow Pages publisher, in 2006 and Chief Executive Officer of Dex Media, Inc. from 2001 to 2005. Mr. Burnett has served on Cott's board since June 2006. The board nominated Mr. Burnett to be a director because it believes his senior level experience with multinational public companies lends valuable executive and financial expertise to the board.

**Jerry Fowden**, 56, of Tampa, Florida, U.S.A., was appointed as our Chief Executive Officer on February 18, 2009. Prior to this appointment, he served as President of Cott's international operating segments and Interim President, North America from May 2008 to February 2009, and as Interim President of Cott's United Kingdom business unit from September 2007 to May 2008. He served as Chief Executive Officer of Trader Media Group Ltd., a media company, and as a member of its parent Guardian Media Group plc's board of directors from 2005 until 2007. From 2001 until 2004, he served in a variety of roles with ABInBev S.A. Belgium, an alcoholic beverage company, including President, European Zone, Western, Central and Eastern Europe from 2003 to 2004, Global Chief Operating Officer from 2002 to 2003 and Chief Executive Officer of Bass Brewers Ltd., a subsidiary of ABInBev S.A. Belgium, from 2001 to 2002. Mr. Fowden was a director of Chesapeake Corporation (now known as Canal Corporation), a supplier of specialty paperboard packaging products, when it filed a voluntary Chapter 11 petition in the United States on December 29, 2008. He served as a director of such company until May 2009. On May 1, 2010, Mr. Fowden joined the board of directors of Constellation Brands, Inc., a premium wine company. Mr. Fowden has served on Cott's board since March 2009. The board nominated Mr. Fowden to be a director because he is Cott's Chief Executive Officer, and has held operational management positions within Cott in North America and Europe. Under Mr. Fowden's leadership, Cott has focused its resources and investments, streamlined operations and cut costs, and broadened its product portfolio.

**David T. Gibbons**, 69, of Naples, Florida, U.S.A., was Cott's Interim Chief Executive Officer from March 2008 to February 2009. Prior to joining Cott, he was President and Chief Executive Officer of Perrigo Company, a manufacturer of retailer brand over-the-counter pharmaceutical and nutritional products, from 2000 to 2006, and from 2003 to 2007, he also held the role of Chairman of that company. Mr. Gibbons currently serves on the board of directors of Perrigo and has served on the board of directors of Robbins & Myers, Inc., a manufacturer of fluid management products. He has served on Cott's board since April 2007, and is currently the Chairman of the Board. The board nominated Mr. Gibbons to be a director because he has an extensive consumer products background, with leadership experience in strategic planning, sales and marketing, operational improvements and international operations, as well as extensive board and corporate governance experience from serving as a director and committee member on public, private and non-profit boards.

**Committee Membership**  
Audit CommitteeChairman of the Board;  
Corporate Governance Committee

**Table of Contents**

**Nominee**

**Stephen H. Halperin**, 63, of Toronto, Ontario, Canada, is a partner at the law firm of Goodmans LLP and a member of that firm's Executive Committee. He has been a partner with Goodmans since 1987 and a member of the Executive Committee since 1993. Mr. Halperin served on the board of trustees of KCP Income Fund, a custom manufacturer of national brand and retailer brand consumer products. He has served on Cott's board since 1992. The board nominated Mr. Halperin to be a director because he is an expert in Canadian corporate law, with over 30 years of experience counseling boards and senior management regarding corporate governance, compliance, disclosure, international business conduct, capital markets, corporate strategy and other relevant issues.

**Betty Jane (BJ) Hess**, 64, of Hingham, Massachusetts, U.S.A., was Senior Vice President, Office of the President, of Arrow Electronics, Inc., an electronics distributor, for five years prior to her retirement in 2004. Ms. Hess currently serves on the board of Harvest Power, a firm specializing in the management of organic waste. Ms. Hess served on the board of directors of the ServiceMaster Company, a company providing lawn care, landscape maintenance, and other cleaning, repair and inspection services. She has served on Cott's board since 2004. The board nominated Ms. Hess to be a director because it believes that her executive experience, leadership and communication skills are valuable assets to the board.

**Gregory Monahan**, 39, of Darien, Connecticut, U.S.A., has been a Managing Director of Crescendo Partners, L.P., a New York-based investment firm, since December 2008 and has held various positions at Crescendo Partners since May 2005. Prior to Mr. Monahan's time with Crescendo Partners, he was the founder of Bind Network Solutions, a consulting firm focused on network infrastructure and security. Mr. Monahan also serves on the board of directors of Absolute Software Corp., a leader in firmware-embedded endpoint security and management for computers and ultra-portable devices. He previously served on the board of Bridgewater Systems, a telecommunications software provider, and O Charley's Inc., a multi-concept restaurant company. Mr. Monahan has served on Cott's board since June 2008. The board nominated Mr. Monahan to be a director because it believes he possesses valuable financial expertise, including extensive expertise with capital markets transactions and investments in both public and private companies. He has led and directed investment and consulting firms, which experience informs his judgment and risk assessment as a board member.

**Committee Membership**  
Corporate Governance Committee

Human Resources and  
Compensation Committee

Audit Committee

**Table of Contents**

**Nominee**

**Mario Pilozzi**, 66, of Oakville, Ontario, Canada, was, until January 2008, President and CEO of Wal-Mart Canada. He joined Wal-Mart Canada in 1994 as Vice-President of Hardline Merchandise and was promoted to Senior Vice-President of Merchandise and Sales, and later Chief Operating Officer, before serving as President and CEO. Prior to joining Wal-Mart Canada, Mr. Pilozzi held a broad range of positions with Woolworth Canada spanning more than 30 years, including the positions of Vice-President of Hardline Merchandise, Administrator of Store Openings, District Manager, Store Manager and several other key roles in Woolworth's variety and discount-store divisions. Mr. Pilozzi has also served on the board of directors of Protenergy Natural Foods Corp., a manufacturer of natural food products. Mr. Pilozzi has served on Cott's board since June 2008. The board nominated Mr. Pilozzi to be a director because he has extensive executive experience with two well-known, multinational corporations and understands the retail sales business of our retailer partners.

**Committee Membership**  
Human Resources and  
Compensation Committee

**Andrew Prozes**, 67, of Greenwich, Connecticut, U.S.A., was Global Chief Executive Officer of LexisNexis Group, a provider of legal and risk management solutions and information in New York City, from 2000 to December 2010. Mr. Prozes served on the board of directors of Reed Elsevier plc and Reed Elsevier NV, parent entities to LexisNexis, until his retirement from LexisNexis Group. Mr. Prozes also served as a director on the boards of Asset International Inc., Interactive Data Corporation, Alert Global Media, Inc., and a number of for-profit and not-for-profit boards. He has served on Cott's board since January 2005. The board nominated Mr. Prozes to be a director because it believes he possesses valuable executive and financial expertise that makes him an asset to the board. Cott benefits from Mr. Prozes's experience as an executive officer and director of large, international companies.

Corporate Governance Committee;

Chair, Human Resources and  
Compensation Committee

**Table of Contents**

**Nominee**

**Eric Rosenfeld**, 55, of New York, New York, U.S.A., has been the President and Chief Executive Officer of Crescendo Partners, L.P., a New York based investment firm, since its formation in November 1998. Prior to forming Crescendo Partners, he held the position of Managing Director at CIBC Oppenheimer and its predecessor company Oppenheimer & Co., Inc. for 14 years. Mr. Rosenfeld currently serves as a director for Primoris Services Corporation, a specialty construction company, CPI Aerostructures Inc., a company engaged in the contract production of structural aircraft parts, for which he also serves as Chairman, Absolute Software Corp., a leader in firmware-embedded endpoint security and management for computers and ultraportable devices and Trio Merger Corp., a blank-check company, for which he serves as Chairman and CEO. Mr. Rosenfeld has also served as a director for numerous companies, including Arpeggio Acquisition Corporation and Rhapsody Acquisition Corporation, both blank check corporations that later merged with Hill International and Primoris Services Corporation, respectively, Sierra Systems Group Inc., an information technology, management consulting and systems integration firm, Emergis Inc., an electronic commerce company, Hill International, a construction management firm, Matrikon Inc., a company that provides industrial intelligence solutions, DALSA Corp., a digital imaging and semiconductor firm, GEAC Computer, a software company, and Computer Horizons Corp., an IT services company. Mr. Rosenfeld was a director of Hip Interactive Corp. in 2005 while a cease trade order was issued because the company did not file its year-end financial information. Mr. Rosenfeld then resigned from the board. An interim receiver was later appointed. Mr. Rosenfeld has served on Cott's board since June 2008 and is our Lead Independent Director. The board nominated Mr. Rosenfeld to be a director because he has extensive experience serving on the boards of multinational public companies and in capital markets and mergers and acquisitions transactions. Mr. Rosenfeld also has valuable experience in the operation of a worldwide business faced with a myriad of international business issues. Mr. Rosenfeld's leadership and consensus-building skills, together with his experience as senior independent director of all boards on which he currently serves, make him an effective Lead Independent Director for the board.

**Committee Membership**  
Chair, Corporate

Governance Committee

**Table of Contents**

**Nominee**

**Graham Savage**, 63, of Toronto, Ontario, Canada, is a corporate director. Between 2002 and 2007, Mr. Savage served as the Chairman of Callisto Capital L.P., a Toronto-based private equity firm. Prior to this, since 1998, Mr. Savage was Managing Director at Savage Walker Capital Inc., Callisto Capital L.P.'s predecessor. Between 1975 and 1996, Mr. Savage was with Rogers Communications Inc. in various positions culminating in being appointed the Senior Vice President, Finance and Chief Financial Officer, a position he held for seven years. In addition, Mr. Savage serves on the boards of Canadian Tire Corporation, Postmedia Network Canada Corp. and Whistler Blackcomb Holdings Inc. He has also served on the boards of Rogers Communications Inc., Hollinger International, Inc., Alias Corp., Lions Gate Entertainment Corp. and Royal Group Technologies Limited, among others. Mr. Savage was a director of Microcell Inc., a telecommunications provider, when it filed for bankruptcy protection in Canada in 2003. He served as a director of Microcell Inc. until 2005. Mr. Savage has served on Cott's board since February 2008. The board nominated Mr. Savage to be a director because of his financial expertise, including expertise in the area of private equity. He is our audit committee financial expert and has served as Chief Financial Officer of a large public company. Mr. Savage also has board and committee experience at both public and private companies, and his extensive executive experience brings strong financial and operational expertise to the board. It is intended that each director will hold office until the close of business of the 2014 annual meeting or until his or her earlier resignation, retirement or death. Cott does not have a retirement policy for its directors.

**Committee Membership**  
Chair, Audit Committee

Unless otherwise instructed, the persons named in the accompanying form of proxy intend to vote FOR the election to the board of directors of the 11 nominees who are identified above. Management and the board of directors do not contemplate that any of the nominees will be unable to serve as a director. If, for any reason at the time of the meeting, any of the nominees are unable to serve, then the persons named in the accompanying form of proxy will, unless otherwise instructed, vote at their discretion for a substitute nominee or nominees.

**Majority Voting and Director Resignation Policy**

On December 4, 2012, the board of directors adopted a Majority Voting and Director Resignation Policy. Pursuant to the Majority Voting and Director Resignation Policy, if a nominee in an uncontested election does not receive the vote of at least the majority of the votes cast (including votes for and votes withheld), the director is required to nonetheless promptly tender his or her resignation from the board of directors to the Corporate Governance Committee. Following receipt of a resignation, the Corporate Governance Committee must consider whether or not to accept the offer of resignation and recommend to the board of directors whether or not to accept it. With the exception of special circumstances that would warrant the continued service of the applicable director on the board of directors, the Corporate Governance Committee is expected to accept and recommend acceptance of the resignation by the board of directors. In considering whether or not to accept the resignation, the Corporate Governance Committee may consider factors provided as guidance by the Toronto Stock Exchange and all factors deemed relevant by members of the Corporate Governance Committee including, without limitation, the stated reasons why shareowners withheld votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director's contributions to Cott, Cott's governance guidelines and Cott's obligations under applicable laws. The board of directors must make its decision on the Corporate Governance Committee's recommendation promptly following the meeting of Cott's shareowners. In considering the Corporate Governance Committee's recommendation, the



**Table of Contents**

board will consider the factors considered by the Corporate Governance Committee and such additional information and factors that the board of directors considers to be relevant. If a resignation is accepted in accordance with this policy, the board of directors may in accordance with the provisions of Cott's articles and bylaws appoint a new director to fill any vacancy created by the resignation or reduce the size of the board of directors.

**COMPENSATION OF DIRECTORS**

We use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on the board. We set director compensation at a level that reflects the significant amount of time and high skill level required of directors in performing their duties for Cott and for its shareowners.

In 2012, other than Jerry Fowden, our Chief Executive Officer, no employees served as directors. Mr. Fowden's compensation during 2012 has been fully reflected in the Summary Compensation Table on page 38 of this proxy circular. We provided the following annual compensation to our non-employee directors in 2012:

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)<sup>(2)</sup></b>	<b>Stock Awards (\$)<sup>(3)</sup></b>
Mark Benadiba <sup>(1)</sup>	65,000	65,000
George Burnett	65,000	65,000
David Gibbons	165,000	65,000
Stephen Halperin <sup>(1)</sup>	65,000	65,000
Betty Jane Hess	65,000	65,000
Gregory Monahan	65,000	65,000
Mario Pilozzi <sup>(1)</sup>	65,000	65,000
Andrew Prozes	75,000	65,000
Eric Rosenfeld	105,000	65,000
Graham Savage <sup>(1)</sup>	80,000	65,000

(1) Messrs. Benadiba, Halperin, Pilozzi and Savage are compensated in Canadian dollars. The amounts paid to such individuals are converted from the U.S. amounts listed above to Canadian amounts at the U.S. to Canadian conversion rate in effect at the time of payment.

(2) Non-employee directors are also reimbursed for certain business expenses, including travel expenses, in connection with board and committee meeting attendance. These amounts are not included in the above table.

(3) Represents common shares issued in payment of the annual director long-term incentive fee for non-employee directors pursuant to the Company's 2010 Equity Incentive Plan. No stock options were granted to directors in 2012. Options held by our directors are governed by our Restated 1986 Common Share Option Plan, as amended. The total number of common shares that may be acquired upon exercise of outstanding stock options held by our directors on December 29, 2012 was as follows: Mr. Burnett, 25,000; Mr. Gibbons, 25,000; Mr. Monahan, 25,000; Mr. Pilozzi, 25,000; and Mr. Rosenfeld, 25,000.

**Directors Compensation Schedule**

The compensation of directors is considered in light of the overall governance structure of Cott. Compensation for directors is recommended to the board by the Compensation Committee and is approved by the independent directors. Director compensation is set solely on an annual fee basis (paid quarterly in arrears) and per-meeting attendance fees are not paid.

**Table of Contents**

During 2012, directors of Cott were entitled to the following annual fees:

Category	Annual Fees
Annual board retainer	\$ 65,000
Annual committee membership retainer for serving on:	
Audit Committee	
Compensation Committee	
Corporate Governance Committee	
Annual fee for the non-executive chair of the board	\$ 100,000
Annual fee for chairing the:	
Audit Committee	\$ 15,000
Compensation Committee	\$ 10,000
Corporate Governance Committee	\$ 10,000
Annual fee for the lead independent director	\$ 30,000
Annual long-term equity incentive fee (stock award)	\$ 65,000

The amounts listed in the table above are denominated in U.S. dollars. U.S. resident directors receive their applicable retainers in U.S. dollar amounts, while Canadian resident directors receive their applicable retainers in Canadian dollar amounts. Directors are also reimbursed for certain business expenses, including their travel expenses in connection with board and committee meeting attendance.

In 2013, upon recommendation of the Compensation Committee, the board determined to increase each of the annual board retainer and the annual long-term equity incentive fee to \$81,000 (for total annual director compensation of \$162,000) and to increase the annual fee for chairing the Audit Committee and the Compensation Committee to \$17,500 and \$15,000, respectively.

**Share Ownership Requirements for Board Members**

The board of directors has adopted minimum share ownership requirements for non-management directors. Under the requirements, each such director must own common shares having a minimum aggregate value equal to four (4) times his or her annual board retainer fee (excluding additional committee or chairman retainers). The Corporate Governance Committee or the board of directors may, from time to time, reevaluate and revise these guidelines to give effect to changes in Cott's common share price or capitalization. The value of shares owned by each director as calculated under the guidelines, and compliance with the share ownership requirements, is measured on December 31<sup>st</sup> of each year by Cott's Vice President, General Counsel and Secretary. Directors are not required to attain the minimum ownership level by a particular deadline. However, until the guideline amount is achieved, such directors are required to retain an amount equal to 100% of net shares received as equity compensation. Net shares are defined as those shares that remain after shares are sold or netted to pay the exercise price of stock options (if applicable) and taxes payable upon the grant of a stock payment or the vesting of restricted stock, restricted stock units, performance shares, or performance share units. Failure to meet or to show sustained progress toward meeting the guidelines may be a factor considered by the Compensation Committee in determining future long-term incentive equity grants to such directors. Shares purchased on the open market may be sold in compliance with Cott's policies and applicable securities law. These requirements are designed to ensure that directors' long-term interests are closely aligned with those of our shareowners.

Each of the incumbent non-management directors currently holds common shares in excess of the threshold required by the share ownership guidelines.

**Table of Contents****SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT****Security Ownership**

The following table and the notes that follow show the number of our common shares beneficially owned as of March 15, 2013 by each of our directors and the individuals named in the Summary Compensation Table, as well as by our current directors and executive officers as a group.

Name	Common Shares Beneficially Owned, Controlled or Directed <sup>(1)</sup>	Options Exercisable within 60 days	Total	Common Shares Percentage of Class <sup>(2)</sup>
Mark Benadiba	26,601		26,601	*
George Burnett	50,251	25,000	75,251	*
David Gibbons	95,709	25,000	120,709	*
Stephen Halperin	79,273		79,273	*
Betty Jane Hess	56,848		56,848	*
Gregory Monahan	45,099	25,000	70,099	*
Mario Pilozzi	61,352	25,000	86,352	*
Andrew Prozes	55,079		55,079	*
Eric Rosenfeld	463,327	25,000	488,327	*
Graham Savage	43,138		43,138	*
Jerry Fowden	480,732		480,732	*
Jay Wells				*
Neal Cravens <sup>(3)</sup>	13,000		13,000	*
Marni Poe	45,089		45,089	*
Michael Gibbons	65,955		65,955	*
Gregory Leiter	55,019		55,019	*
Directors and executive officers as a group (consisting of 17 persons, including the current directors and executive officers named above)	1,663,127 <sup>(2)</sup>	125,000	1,788,127	1.87%

\* Less than 1%

(1) Each director and officer has provided the information on shares beneficially owned, controlled or directed. The shareowners named in this table have sole voting and investment power over all shares shown as beneficially owned by them.

(2) Percentage of class is based on 95,371,484 shares outstanding as of March 15, 2013.

(3) Mr. Cravens is no longer an employee of Cott. Mr. Cravens retired as Chief Financial Officer of Cott effective March 20, 2012. He ceased to be a reporting person upon his retirement. Information regarding his share ownership is based on our corporate records.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Our directors and executive officers and any beneficial owner of more than 10% of our common shares, as well as certain affiliates of those persons, must file reports with the SEC showing the number of common shares they beneficially own and any changes in their beneficial ownership. Based on our review of these reports and written representations of our directors and executive officers, we believe that all required reports were filed in 2012 in a timely manner, except that, as a result of administrative errors, Forms 4 each reporting one transaction were not timely filed on behalf of Marni Poe and Betty Jane Hess.

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

The board has determined that ten of the nominees for director, Mark Benadiba, George A. Burnett, David T. Gibbons, Stephen Halperin, Betty Jane Hess, Gregory Monahan, Mario Pillozzi, Andrew Prozes, Eric Rosenfeld and Graham W. Savage, are independent within the meaning of the rules of the SEC, NYSE and NI 58-101. A director is independent in accordance with the rules of the SEC, NYSE and NI 58-101 if the board affirmatively determines that such director has no material relationship with us (either directly or as a partner, shareowner or officer of an organization that has a relationship with us).

With respect to Mr. Halperin, the board of directors considered Mr. Halperin's position as a partner of Goodmans LLP, a law firm that provides services to Cott on a regular basis, and determined that Mr. Halperin is independent. The amount of fees earned by Goodmans LLP for legal services rendered to Cott is not financially material to Goodmans LLP and has no material impact on Mr. Halperin's compensation from such firm. In addition, although Mr. Savage serves on the audit committees of more than two publicly traded companies, the board of directors determined that such simultaneous service does not impair his ability to serve on Cott's Audit Committee.

Mr. Fowden is a management director and is therefore not independent.

David Gibbons, the Chairman of our Board of Directors, and Michael Gibbons, our former President U.S. Business Unit, are not related. There are no family relationships between any director nominees and executive officers.

Each director and nominee for election as director delivers to Cott annually a questionnaire that includes, among other things, a request for information relating to any transactions in which both the director or nominee, or their family members, and Cott participates, and in which the director or nominee, or such family member, has a material interest. Pursuant to Cott's Corporate Governance Guidelines and the charter of the Corporate Governance Committee, the Corporate Governance Committee is required to review all transactions between Cott and any related party (including transactions reported to it by a director or nominee in response to the questionnaire, or that are brought to its attention by management or otherwise), regardless of whether the transactions are reportable pursuant to Item 404 of Regulation S-K under the Exchange Act.

After considering advice from the Corporate Governance Committee, the board of directors is required to review, and, if appropriate, approve or ratify, such related party transactions. A related party transaction is defined under the Corporate Governance Guidelines as any transaction in which Cott was or is to be a participant and in which any related party has a direct or indirect material interest, other than transactions that (i) are available to all employees generally, (ii) involve compensation of executive officers or directors duly authorized by the appropriate board committee, or (iii) involve reimbursement of expenses in accordance with Cott's established policy.

A related party is defined under the Corporate Governance Guidelines as any person who is, or at any time since the beginning of Cott's last fiscal year was, an executive officer or director (including in each case nominees for director), any shareowner owning in excess of 5% of Cott's common shares, or an immediate family member of an executive officer, director, or 5% shareowner.

An immediate family member is defined under the Corporate Governance Guidelines as a person's spouse, parents, stepparents, children, stepchildren, siblings, mother- and father-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than employees) who shares such person's home.

Management and directors must also update the board of directors as to any material changes to proposed transactions as they occur.

**Table of Contents**

Because related party transactions potentially vary, the Corporate Governance Committee or the board of directors has not to date developed a written set of standards for evaluating them, but rather addresses any such transactions on a case-by-case basis.

To the knowledge of the directors, no insider, director or proposed nominee for election as a director, or any associate or affiliate of any such persons, had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with Cott since January 1, 2012.

---

**Table of Contents**

**COMPENSATION OF EXECUTIVE OFFICERS**

**Compensation Discussion and Analysis**

*Executive Summary*

We seek to incentivize management to increase long-term, sustainable shareowner value consistent with appropriate consideration of risk and reward, and to focus management on continuing to increase revenue, develop innovative new offerings, lower operating costs, maintain customer focus, control capital expenditures and manage working capital and cash. Our compensation programs are designed to reward executives based on the achievement of both individual and corporate performance targets, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. Our named executive officers' total compensation consists of a base salary, opportunities for annual performance-based cash bonus compensation, and long-term compensation in the form of equity ownership.

As described in Management's Discussion and Analysis of Financial Conditions and Results of Operations in our Annual Report on Form 10-K, Cott achieved increases in gross margin in line with Cott's gross margin restoration strategy, as well as significant cash generation, and we believe that our named executive officers were instrumental in helping us to achieve these results. Key highlights of our 2012 performance include the following:

We reported gross profit as a percentage of revenue of 12.9%, an increase of 110 basis points from 11.8% in 2011.

We continued to generate solid cash flow, generating free cash flow of \$103 million from net cash provided by operating activities of \$173 million less \$70 million in capital expenditures in 2012 (free cash flow is net cash provided by operating activities, less capital expenditures).

Our stock price on the NYSE increased 26% from \$6.26 on December 30, 2011, the last business day of our 2011 fiscal year, to \$7.90 on December 28, 2012, the last business day of our 2012 fiscal year.

In 2012, the Compensation Committee and management changed our compensation practices to further align the interests of our named executive officers with the interests of our shareowners and to more closely reflect both our financial position and our role as a low-cost producer of private label beverages, including:

In 2012, we awarded a combination of performance-based restricted share units (37.5%), time-based restricted share units (25%), and stock options (37.5%) to our Chief Executive Officer and those named executive officers who report directly to our Chief Executive Officer. Our Chief Accounting Officer, who reports to our Chief Financial Officer, was awarded a combination of performance-based restricted share units (25%) and time-based restricted share units (75%). All of these restricted share units and stock options cliff vest at the end of fiscal 2014, with the performance-based restricted share units vesting based upon the achievement of a specific level of cumulative pre-tax income over the three-year period ending at the end of fiscal 2014. By linking an element of our long-term incentives to three-year financial results, we hope to more closely align our named executive officers' incentives with the long-term interests of shareowners. For grants in 2013, our named executive officers received the same types and relative percentages of equity awards as were awarded in 2012.

In 2012, as a result of Cott's improved operating performance and achievement of individual performance goals, and after a review of peer group and market data and the results of annual performance reviews, the base salary for 2012 for each of our named executive officers and the target bonus for one of our named executive officers were increased to better align the base salary and total compensation for those named executive officers with the 50<sup>th</sup> percentile of executives performing similar functions in the competitive market. Perquisites available to our named executive officers continued to be limited to an annual executive physical examination and a car allowance.



**Table of Contents**

Our compensation programs for fiscal 2012 build upon our compensation framework and overall compensation philosophy. Features of this framework include:

A clawback policy to allow the board of directors to recoup any excess incentive compensation paid to our current and former executive officers in the event of a required accounting restatement of a financial statement of Cott, whether or not based on misconduct, due to material non-compliance with any financial reporting requirement under the securities laws of the United States. The clawback policy is intended to reduce potential risks associated with our incentive plans, and thus better align the long-term interests of our named executive officers and shareowners.

A no-hedging policy that prohibits our directors, named executive officers, and other key executive officers from engaging in any hedging or monetization transactions, such as zero-cost collars and forward sale contracts, with respect to Cott securities.

A policy prohibiting directors and employees, including named executive officers, from engaging in any short-term, speculative transactions involving Cott securities, including purchasing securities on margin, engaging in short sales, buying or selling put or call options, and trading in options.

A policy prohibiting directors and employees, including named executive officers, from holding Cott securities in a margin account or pledging Cott securities as collateral for a loan.

Share ownership guidelines that require our directors, named executive officers, and other key employees to hold a certain amount of Cott shares, with the amount set at a particular multiple of base salary.

The Compensation Committee's continued engagement of an independent compensation consultant that does not provide any services to management and that had no relationship with management prior to the engagement.

The continued administration of a robust risk management program, which includes our Compensation Committee's oversight of the ongoing evaluation of the relationship between our compensation programs and risk, as well as the oversight of risk by the Audit Committee on behalf of the full board pursuant to the Audit Committee Charter.

We believe that the following two tables are helpful in understanding the actual performance-based compensation received by our named executive officers in fiscal 2010 through 2012. These tables supplement the information in the Summary Compensation Table, the Grants of Plan-Based Awards in Fiscal 2012 Table, and the Outstanding Equity Awards at 2012 Fiscal Year End Table appearing following Compensation Discussion and Analysis.

Table 1 illustrates the targeted versus actual payout of the performance-based cash bonuses to our named executive officers over the previous three fiscal years.



**Table of Contents****TABLE 1: PERFORMANCE-BASED CASH BONUS ACHIEVEMENT HISTORY**

Named Executive Officer	Fiscal Year	Cash Incentives Actual Payout Against Target
Jerry Fowden	2012	129.0%
	2011	71.0%
Chief Executive Officer	2010	101.0%
Jay Wells <sup>(1)(2)</sup>	2012	129.0%
	2011	
Chief Financial Officer	2010	
Neal Cravens <sup>(2)</sup>	2012	129.0%
	2011	71.0%
Former Chief Financial Officer	2010	101.0%
Marni Morgan Poe	2012	129.0%
	2011	71.0%
Vice President, Secretary and General Counsel	2010	101.0%
Michael Gibbons	2012	128.0%
	2011	35.0% <sup>(3)</sup>
President U.S. Business Unit	2010	80.0%
Gregory Leiter <sup>(1)</sup>	2012	123.0%
	2011	
Senior Vice President, Chief Accounting Officer and Assistant Secretary	2010	

(1) These individuals were not named executive officers in 2010 and 2011.

(2) Mr. Wells was appointed as Chief Financial Officer of Cott on March 20, 2012, effective upon the retirement of Mr. Cravens on that date. Mr. Cravens continued with Cott until the end of 2012 to ensure an efficient transition to Mr. Wells.

(3) Mr. Gibbons participated in the U.S. bonus pool. Although actual EBITDA results in 2011 for the U.S. bonus pool were below the threshold level set for such pool, the Compensation Committee determined to pay a bonus to Mr. Gibbons with a multiplier of 0.35 times target in recognition of Mr. Gibbons achievement of his 2011 individual performance targets, which primarily focused on the successful completion of the integration of the acquired Cliffstar business into our operations.

Table 2 shows the grant date fair values and share-based compensation expense for performance-based restricted share units granted over the last three years to our named executive officers. We believe that this supplemental table presents a meaningful illustration of the actual fiscal year end value of performance-based restricted share units granted to our named executive officers in fiscal 2012 and in previous years. The performance targets established for the performance-based restricted share units granted to our named executive officers in fiscal 2010 were not met, and as a result, those awards did not vest. During 2011, we concluded that it was no longer probable that the targets established for the performance-based restricted share units granted to our named executive officers in fiscal 2011 would be met, and therefore we no longer expect these awards to ultimately vest. The data set forth in this table excludes time-based restricted share units and stock options.

**Table of Contents****TABLE 2: PERFORMANCE-BASED RESTRICTED SHARE UNITS**

Named Executive Officer	Fiscal Year	Grant Date Fair Value (\$)	Share-Based Compensation Expense <sup>(1)</sup> (\$)
Jerry Fowden	2012	600,000	750,000
	2011	880,875	0
Chief Executive Officer Jay Wells <sup>(2)(3)</sup>	2010	2,134,688	0
	2012	164,063	205,078
Chief Financial Officer Neal Cravens <sup>(3)</sup>	2010		
	2012		
Former Chief Financial Officer Marni Morgan Poe	2011	209,849	0
	2010	421,875	0
Vice President, Secretary and General Counsel Michael Gibbons	2012	111,926	139,907
	2011	149,901	0
President U.S. Business Unit Gregory Leiter <sup>(2)</sup>	2010	264,375	0
	2012	119,283	149,103
Senior Vice President, Chief Accounting Officer and Assistant Secretary	2011	170,404	0
	2010	386,719	0
	2012	41,458	51,822
	2011		
	2010		

(1) Represents the aggregate amount of share-based compensation expense to be recorded in selling, general, and administrative expenses in our Consolidated Statements of Operations over the term of the performance period.

(2) These individuals were not named executive officers in 2010 and 2011.

(3) Mr. Wells was appointed as Chief Financial Officer of Cott on March 20, 2012, effective upon the retirement of Mr. Cravens on that date. Mr. Cravens continued with Cott until the end of 2012 to ensure an efficient transition to Mr. Wells.

As we believe the above information indicates, the compensation program for our named executive officers emphasizes performance-based compensation that is at-risk and generally only payable based on achievement of challenging corporate and individual targets. We encourage you to read this Compensation Discussion and Analysis for details regarding our executive compensation program, including information about the 2012 compensation of the named executive officers.

**Say-on-Pay and Say-on-Frequency Results**

At the 2012 annual meeting of shareowners, we solicited from our shareowners an advisory vote on the compensation of our named executive officers. The shareowners voted to approve, on an advisory basis, the compensation of our named executive officers, as such information is disclosed in the Compensation Discussion and Analysis, the compensation tables and the accompanying narrative disclosure, set forth in our 2012 annual meeting proxy circular. The vote was 69,175,388 shares For (97.44% of the shares voted), 740,904 shares Against (1.04% of the shares voted), and 1,075,892 shares Withheld (1.52% of the shares voted).

The Compensation Committee took into account the result of the shareowner vote in determining executive compensation policies and decisions since the 2012 annual meeting of shareowners. The Compensation Committee viewed the vote as an expression of the shareowners' general satisfaction with our current executive compensation programs. While the Compensation Committee considered the outcome of the advisory vote in determining to continue our executive compensation programs for fiscal 2013, decisions regarding incremental changes in individual

compensation were made in consideration of the factors described in this Compensation Discussion and Analysis.

**Table of Contents**

Consistent with our shareowners' preference expressed in voting at the 2011 annual meeting of shareowners, the board determined that an advisory vote on the compensation of our named executive officers will be conducted every year. The next advisory vote on the frequency of an advisory vote on executive compensation will take place at the 2017 annual meeting of shareowners.

***Overview of Compensation Program***

The Compensation Committee is responsible for overseeing Cott's compensation reward programs, which include compensation (base salary, bonus, and equity compensation) and limited perquisites as described below and as set forth in the Summary Compensation Table. In addition, the Compensation Committee is responsible for overseeing talent management and succession planning for the senior management team, as well as setting objectives and evaluating the performance of Cott's Chief Executive Officer. To assist in executing its responsibilities, the Compensation Committee may retain independent compensation consultants, at Cott's expense, who report solely to the Compensation Committee. The Compensation Committee is responsible for ensuring that the total compensation paid to our Chief Executive Officer and the officers who directly report to our Chief Executive Officer is fair, reasonable and competitive. The Compensation Committee must recommend to the board of directors, and the board must review and, if it deems appropriate, approve all changes to our Chief Executive Officer's compensation package. The Compensation Committee reviews and approves all compensation packages and any adjustments thereto for those executive officers who report directly to our Chief Executive Officer, which, in 2012, included each named executive officer other than our Chief Accounting Officer (such named executive officers, the **direct reports**). The Compensation Committee also approves any severance packages to departing direct reports, as well as the severance plans that govern the terms of the severance packages. Compensation decisions for our Chief Accounting Officer are made by our Chief Financial Officer, with input from our Corporate Human Resources Vice President.

The Compensation Committee is comprised of three members: Andrew Prozes (chair), Betty Jane Hess and Mario Pillozzi. The board has determined that all members are independent within the meaning of the rules of the SEC, NYSE and NI 58-101. The Compensation Committee's charter is available on our website [www.cott.com](http://www.cott.com) under "For Investors" Governance.

***Company Objectives***

The primary objectives of our current compensation program are to incentivize management to increase long-term, sustainable shareowner value consistent with appropriate consideration of risk and reward, and to focus management on controlling costs, strengthening customer relationships, and managing capital expenditures and cash. Periodically, the Compensation Committee reviews and approves management's design of the compensation program to ensure that it provides sufficient compensation opportunities for executives in order to attract, retain and motivate the best possible management team. Our compensation programs are designed to:

Establish pay levels with reference to personal performance and external competitiveness with relevant labor markets and the relative value of the role in Cott's business, with the objective of aligning our named executive officers' compensation with the 50<sup>th</sup> percentile of the average total compensation of executives performing similar functions in the competitive market;

Reward executives based on the achievement of both individual and corporate performance targets, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking; and

Deliver conservative, market-based executive benefits.

Our compensation packages for named executive officers consist of a base salary, opportunities for annual performance-based cash bonus compensation, and long-term compensation in the form of equity ownership. The Compensation Committee has selected these components because it believes they align the interests of our named executive officers with those of our long-term shareowners and motivate these executives to achieve our goals.

---

**Table of Contents**

***Setting Executive Compensation and the Role of Executive Officers in Compensation Decisions***

Periodically, the Compensation Committee determines what adjustments, if any, to base salary, cash performance bonus amounts, performance targets for performance-based compensation, and the applicable levels and targets for other compensation would be appropriate for our Chief Executive Officer, and recommends any adjustments to the board of directors for their approval. The board considers the Compensation Committee's proposals and, if acceptable, approves them.

The Compensation Committee also determines whether any adjustments to compensation would be appropriate for the direct reports. The Compensation Committee, annually and as it otherwise deems appropriate, meets with our Chief Executive Officer and our Corporate Human Resources Vice President to obtain recommendations with respect to our compensation programs and packages for the direct reports. The Chief Executive Officer and our Corporate Human Resources Vice President may make recommendations to the Compensation Committee on base salary, long-term incentive plan awards, performance targets, and other terms for the direct reports that the Compensation Committee may consider. The Compensation Committee considers management's proposals, reviews independent data to validate these recommendations and, if acceptable, approves them. The Compensation Committee is not bound to, and does not always accept, management's recommendations with respect to executive compensation for the direct reports. In addition, the Compensation Committee has the authority to access (at Cott's expense) independent, outside compensation consultants and other advisors for both advice and competitive data as it determines the level and nature of Cott's executive compensation. With respect to adjustments to the compensation of our Chief Accounting Officer, our Chief Financial Officer, with input from our Corporate Human Resources Vice President, determines what adjustments, if any, would be appropriate following a review of peer group and market data.

In 2012, the Compensation Committee continued to retain Frederic W. Cook & Co. ( **Cook** ) as its sole independent compensation consultant. Cook only performs work for and reports directly to the Compensation Committee and attends Compensation Committee meetings as requested. Cook provided recommendations to the Compensation Committee on the competitiveness and appropriateness of all elements of executive compensation, including the Chief Executive Officer's compensation. Cook did not provide any additional services to the board or management. Cott paid Cook \$64,979 for services rendered during 2012.

The Compensation Committee has considered the independence of Cook in light of SEC rules and NYSE listing standards. In connection with this process, the Compensation Committee has reviewed, among other items, a report from Cook addressing the independence of Cook and the members of the consulting team serving the Compensation Committee, including the following factors: (i) other services provided to Cott by Cook, (ii) fees paid by Cott as a percentage of Cook's total revenue, (iii) policies or procedures of Cook that are designed to prevent conflicts of interest, (iv) any business or personal relationships between the senior advisor of the consulting team with a member of the Compensation Committee, (v) any Cott stock owned by the senior advisor or any immediate family member, and (vi) any business or personal relationships between our executive officers and the senior advisor. The Compensation Committee discussed these considerations and concluded that the work performed by Cook and its senior advisor involved in the engagement did not raise any conflict of interest.

The Compensation Committee periodically reviews compensation data and pay practices from Cott's peer group as part of its decision-making process. While the Compensation Committee reviews peer group compensation data, the board of directors and the Compensation Committee retain discretion in setting the compensation for our Chief Executive Officer and his direct reports, respectively. As a result, compensation for these executives may differ materially from the peer group and may vary according to factors such as experience, position, tenure, individual and organizational factors, and retention needs, among others. The Compensation Committee periodically evaluates and selects which companies to reference for purposes of executive compensation competitiveness. Annually, with guidance from its compensation consultant and input and discussion with management, the Compensation Committee discusses whether the mix of companies in the peer group produces a valid competitive analysis relative to our talent requirements.

**Table of Contents**

The Compensation Committee, with input from Cook, determined that the below peer group, consisting of selected North American consumer goods and retail organizations with revenues between \$0.5 billion and \$4 billion, was appropriate for compensation decisions made in 2012.

<b>Companies used for Compensation Comparison</b>	
The J.M. Smucker Company	Seneca Foods Corp.
Constellation Brands, Inc.	The Hain Celestial Group, Inc.
Chiquita Brands International, Inc.	SunOpta Inc.
United Natural Foods, Inc.	Hansen Natural Corp.
Brown-Forman Corp.	Lancaster Colony Corp.
McCormick & Company, Inc.	Cal-Maine Foods, Inc.
Ralcorp Holdings, Inc.	Lance, Inc.
Flowers Foods, Inc.	J&J Snack Foods Corp.
Sanderson Farms, Inc.	National Beverage Corp.
Central European Distribution Corp.	Coca-Cola Bottling Co. Consolidated
TreeHouse Foods, Inc.	Beam Inc.

Although a percentile benchmark was not established for 2012, the Compensation Committee reviewed peer group and market data in recommending our Chief Executive Officer's compensation to the board of directors and in setting compensation for the direct reports. Similarly, our Chief Financial Officer reviewed peer group and market data with our Corporate Human Resources Vice President to set compensation for our Chief Accounting Officer. While we do not conduct a formal benchmarking process, we do consider the companies in our peer group as we set compensation for named executive officers. Total compensation and base salary in 2012 for five of our named executive officers fell below the 50<sup>th</sup> percentile for the peer group. For one named executive officer, base salary was below, and total compensation was above, the 50<sup>th</sup> percentile for the peer group. Changes in compensation in 2012 were implemented to better align the base salary and total compensation for each named executive officer with the 50<sup>th</sup> percentile for the average total compensation of executives performing similar functions in the competitive market. Providing more competitive compensation can help us attract and retain executives who will create long-term, sustainable shareowner value.

***Long-Term versus Currently-Paid Compensation***

Currently-paid compensation to our named executive officers includes base salaries, which are paid periodically throughout the fiscal year, annual cash performance bonuses based on performance targets proposed by management and approved by the Compensation Committee, which are awarded after the end of the fiscal year, and limited perquisites and personal benefits, which are paid consistent with our policies in appropriate circumstances. Our named executive officers historically have been eligible to participate in our long-term equity incentive plans. In 2010, Cott adopted, and its shareowners approved, the 2010 Equity Incentive Plan. The 2010 Equity Incentive Plan provides the Compensation Committee and management with the flexibility to design compensatory awards responsive to Cott's business needs and goals. Awards under the 2010 Equity Incentive Plan may be in the form of stock options, stock appreciation rights, restricted shares, restricted share units, performance shares, performance units or stock payments. Subsequent to the adoption of the 2010 Equity Incentive Plan, Cott's other equity plans, including the Restated 1986 Common Share Option Plan (the **1986 Option Plan**), were terminated. As of December 29, 2012, other than outstanding equity awards under the 1986 Option Plan and the 2010 Equity Incentive Plan, there were no equity awards outstanding. Outstanding awards under the 1986 Option Plan will continue in accordance with the terms of the 1986 Option Plan until exercised, forfeited or terminated, as applicable. No further awards will be granted under the terminated plans. The 2010 Equity Incentive Plan and the 1986 Option Plan are described in more detail under the heading **Equity Compensation Plan Information** on page 52 of this proxy circular. Our executive officers may also participate in Cott's 401(k) Plan, which is available to all employees in the United States, except for certain union employees.

**Table of Contents**

The compensation structure for our named executive officers is intended to balance the need of these executives for current income with the need to create long-term incentives that are directly tied to achievement of our operational targets and growth in shareowner value. The allocation between cash and non-cash or short-term and long-term incentive compensation with respect to an individual executive is set by the terms of the individual's employment agreement or offer letter and the terms of our incentive plans. For our Chief Executive Officer, the Compensation Committee reviews peer group and market data and recommends to the board of directors the terms of the employment agreement. The board reviews the recommendation and, if acceptable, approves it. For direct reports, our Chief Executive Officer and Corporate Human Resources Vice President review peer group and market data and recommends to the Compensation Committee the terms of the employment agreement. The Compensation Committee reviews those recommendations and, if acceptable, approves them. For our Chief Accounting Officer, our Chief Financial Officer, together with our Corporate Human Resources Vice President, reviews peer group and market data and determines the terms of the employment agreement. In 2012, our compensation package for named executive officers was composed primarily of annual base salary, cash performance bonuses and long-term equity incentive awards.

With respect to long-term incentive awards in 2012, our Chief Executive Officer and his direct reports received a combination of performance-based restricted share units (37.5%), time-based restricted share units (25%) and stock options (37.5%) under the 2010 Equity Incentive Plan. Our Chief Accounting Officer received performance-based restricted share units (25%) and time-based restricted share units (75%). All of these restricted share units and stock options cliff vest at the end of fiscal 2014, with the performance-based restricted share units vesting at the end of fiscal 2014 based on the achievement of a specific level of cumulative pre-tax income during the three-year period ending at the end of fiscal 2014. The Compensation Committee selected a three-year performance period based upon input received from Cook regarding the time period utilized with respect to similar awards made by similarly-situated public companies, as well as the Compensation Committee's belief that a three-year measurement period reinforces the link between incentives and long-term Company performance.

The Compensation Committee determined to award the combination of equity described above to the named executive officers following a review of peer group and market data. We believe that this combination of equity awards incentivizes our named executive officers, aligns the interests of our named executive officers with those of our shareowners, and encourages executive retention. For grants in 2013, our named executive officers received the same types and relative percentages of equity awards as were awarded in 2012.

The Compensation Committee has recommended, and the board of directors has approved, the terms of the Amended and Restated Equity Plan, subject to shareowner approval, pursuant to which the 2010 Equity Incentive Plan will be amended and restated to, among other things, increase the number of shares that may be issued 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). Further discussion of the terms of the Amended and Restated Equity Plan appears under the heading **Approval of Amended and Restated Cott Corporation Equity Incentive Plan** on page 66 of this proxy circular.

***Compensation Components***

For 2012, the principal compensation components for Cott's named executive officers consisted of the following:

base salary fixed pay that takes into account an individual's role and responsibilities, experience, expertise, and individual performance;

cash performance bonuses paid to reward attainment of annual corporate and individual performance targets;

long-term equity incentive awards;

**Table of Contents**

retirement benefits matching under Cott's 401(k) Plan; and

limited perquisites and benefits.

*Base Salary*

We provide named executive officers and other employees with base salary, paid over the course of the year, to compensate them for services rendered during the fiscal year. Base salary is determined by an annual assessment of a number of factors, including position and responsibilities, experience, individual job performance relative to responsibilities, impact on development and achievement of our business strategy, and competitive market factors for comparable talent in the peer group. However, the board of directors and the Compensation Committee retain discretion in setting the compensation for our Chief Executive Officer and the direct reports, respectively, and as a result, base salary for these executives may differ from that of comparable executives in the peer group. Similarly, the base salary of our Chief Accounting Officer may differ from that of comparable executives in the peer group, as the Chief Financial Officer retains discretion in setting his compensation.

In 2012, the Compensation Committee considered Cott's improved operating performance, achievement of individual performance goals, a review of peer group and market data, the results of annual performance and peer reviews and input from Cook, and determined to increase the base salaries for the direct reports and recommended to the board of directors an increase to the base salary for our Chief Executive Officer, which the board approved. Our Chief Financial Officer, with input from our Corporate Human Resources Vice President, determined to increase the base salary for 2012 of our Chief Accounting Officer, following a review of peer group and market data, and the results of annual performance and peer reviews. In 2012, base salaries for each of our named executive officers fell below the 50<sup>th</sup> percentile for the peer group. Base salary for our named executive officers in 2012 is shown in the Summary Compensation Table, under the heading **Salary** on page 38 of this proxy circular. The increases in base salary in 2012 were implemented to better align the base salary for each named executive officer with the 50<sup>th</sup> percentile of executives performing similar functions in the competitive market. Set forth below is a chart detailing the base salaries for each named executive officer in 2011 and 2012.

Named Executive Officer	2011 Base Salary	2012 Base Salary	% Change from 2011
Jerry Fowden	\$ 725,000	\$ 800,000	10%
Chief Executive Officer			
Jay Wells <sup>(1)(2)</sup>		\$ 350,000	
Chief Financial Officer			
Neal Cravens <sup>(2)</sup>	\$ 357,000	\$ 357,000	0%
Former Chief Financial Officer			
Marni Morgan Poe	\$ 296,100	\$ 331,632	12%
Vice President, Secretary and General Counsel			
Michael Gibbons	\$ 336,600	\$ 353,430	5%
President U.S. Business Unit			
Gregory Leiter <sup>(1)</sup>		\$ 246,375	
Senior Vice President, Chief Accounting Officer and Assistant Secretary			

(1) These individuals were not named executive officers in 2011.



Edgar Filing: COTT CORP /CN/ - Form DEF 14A

- (2) Neal Cravens retired as Chief Financial Officer of Cott effective March 20, 2012, and Mr. Wells was appointed as Chief Financial Officer of Cott, effective upon Mr. Cravens' retirement.

## Table of Contents

### *Performance Bonuses*

#### General

The Compensation Committee believes that some portion of overall cash compensation for named executive officers should be performance-based, that is, contingent on successful achievement of corporate and individual targets. To that end, and depending on our financial and operating performance, the Compensation Committee may approve performance-based bonuses. The addition of performance bonuses in these situations more closely aligns a named executive officer's overall compensation with his or her individual performance and the profitability of the business unit for which he or she is accountable.

Eligibility for performance bonuses is set forth in a named executive officer's employment offer letter, and is based on market competitiveness, the impact of the executive's role within Cott, and the executive's long-term contributions. Any changes to the target bonus levels set forth in the employment offer letter for our Chief Executive Officer are recommended by the Compensation Committee and determined by the board of directors. Any changes to the target bonus levels set forth in the employment offer letters for the direct reports are reviewed and determined by the Compensation Committee. Any changes to the target bonus levels set forth in the employment offer letter for our Chief Accounting Officer are reviewed and determined by our Chief Financial Officer, with input from our Corporate Human Resources Vice President. The targets related to performance-based bonuses are reviewed and determined by the Compensation Committee. The Compensation Committee believes that this bonus arrangement presents executives with clear, quantified targets that will focus them on strategic issues and align management's interests with those of our long-term shareowners in the sustained growth of shareowner value.

At the end of each fiscal year, an individual performance review is conducted for each named executive officer. If an individual performance review results in a rating below acceptable levels for the relevant period, all or a portion of the performance bonus may be withheld, even if corporate targets were met. During the performance review for our Chief Executive Officer and for his direct reports, the Compensation Committee determines whether the individual performance targets were met, and during the performance review for our Chief Accounting Officer, our Chief Financial Officer determines whether our Chief Accounting Officer's individual performance targets were met. The board of directors and the Compensation Committee retain the discretion, respectively, to guarantee a performance bonus or modify the calculation of the performance bonus for our Chief Executive Officer or a direct report, respectively. Similarly, our Chief Financial Officer may guarantee a performance bonus or modify the calculation of the performance bonus for our Chief Accounting Officer.

Additionally, discretionary bonuses may be paid to named executive officers, and one such bonus was paid in 2012. The Compensation Committee approved a cash bonus for our Chief Financial Officer as an inducement for his employment with us in the amount of \$60,000 payable on March 20, 2012, as well as a bonus of \$65,000 payable on March 20, 2013. While discretionary bonuses may be paid in appropriate circumstances, no named executive officer has a guaranteed right to a discretionary bonus as a substitute for a performance-based bonus in the event that performance targets are not met.

#### Company Performance Targets

Performance bonus eligibility in 2012 was determined based in part on achieving corporate targets and in part on achieving individual targets. In 2012, 70% of the performance bonus of our Chief Executive Officer and his direct reports was calculated based on Cott achieving a specified level of EBITDA (as defined below), 15% of the performance bonus was based on Cott achieving a specified level of operating free cash flow (as defined below) and 15% of the performance bonus was based on Cott achieving a specified level of revenue. In 2012, 100% of the performance bonus of our Chief Accounting Officer was calculated based on Cott achieving a specified level of EBITDA.

---

## Table of Contents

For performance bonus purposes, (i) **EBITDA** is GAAP earnings before interest, taxes, depreciation, and amortization, and (ii) **operating free cash flow** is GAAP net cash provided by operating activities, less capital expenditures. EBITDA and operating free cash flow are adjusted for non-recurring losses or charges that are separately identified and quantified in Cott's audited financial statements and notes thereto including, but not limited to, extraordinary items, restructuring charges and the impact of changes in tax laws, changes in GAAP, discontinued operations, and acquisitions. Because these metrics are adjusted in the manner described above, they do not correspond to earnings before interest, taxes, depreciation, and amortization and free cash flow as may be used in Cott's other disclosures or filings.

The business unit in which an individual is employed and the reporting relationship of such individual to the Chief Executive Officer determines the bonus pool from which he or she may receive a performance bonus payment and the metrics applicable for the payment of the bonus. There were six company-wide major bonus pools designated at the start of 2012: United States, Canada, United Kingdom, Mexico, RCI and Corporate. All of our current named executive officers, other than the President of our U.S. Business Unit, participated in the Corporate bonus pool in 2012. The President of our U.S. Business Unit participated in the U.S. bonus pool.

There were three applicable metrics for the payment of performance bonuses to our Chief Executive Officer and his direct reports at the start of 2012 (EBITDA, free cash flow, and revenue). These three metrics closely correspond with the performance of our business, and the Compensation Committee therefore viewed them as appropriate performance targets for measuring the achievement by our Chief Executive Officer and his direct reports of Cott's business goals. There was one applicable metric (EBITDA) for the payment of performance bonuses to all other employees participating in the bonus program, including our Chief Accounting Officer, as management viewed EBITDA alone as an appropriate performance target for measuring achievement of Cott's business goals by our Chief Accounting Officer and by all other employees participating in the bonus program. Once the corporate performance targets were achieved, the individual performance of the named executive officer was considered, and if expectations for his or her role had been met, the executive was paid a bonus in full. A bonus could have been withheld in whole or in part if the executive did not meet expectations for his or her role. No bonus or portion of a bonus was withheld in 2012.

Performance bonuses in 2012 had a threshold level, a base target level and an outperform level. For the Chief Executive Officer and his direct reports, performance bonuses may be paid if actual results for either of the operating free cash flow or revenue metrics are less than the threshold levels. However, if the actual results for the EBITDA metric are below the threshold level, no performance bonuses will be paid, subject to the discretion of the board of directors and the Compensation Committee to modify the performance bonus of our Chief Executive Officer and his direct reports, respectively, based on achievement of individual performance targets. For our Chief Accounting Officer and all other employees participating in the bonus program, if the actual results for the EBITDA metric are below the threshold level, no performance bonuses will be paid, subject to management's discretion to modify performance bonuses based on achievement of individual performance targets. Management recommends the performance criteria targets at the beginning of each year to the Compensation Committee, which reviews and, if acceptable, approves them. For 2012, our named executive officers could earn a performance bonus of up to a maximum level of two times the target bonus amount based on achievement of goals in excess of the outperform level. In the Corporate and the U.S. bonus pools, the target bonus awards for 2012 for our named executive officers varied between 50% and 100% of annual base salary. Management recommended, and the Compensation Committee approved, the EBITDA, operating free cash flow and revenue targets.

The Compensation Committee believes that setting an achievable goal is important in motivating our employees appropriately and in constructing a pay package that allows us to compete successfully for talented employees in the market. The following chart sets forth the threshold, target and outperform performance targets established by the Compensation Committee in February 2012 for the Corporate and U.S. bonus pools and the actual results achieved for those bonus pools. The maximum bonus payout for 2012 was two times the target bonus amount, which would have been reached if Cott had achieved the below-referenced outperform goals.

**Table of Contents****2012 Performance Bonus Program****Targets applicable to named executive officers (in millions of U.S. dollars)**

	Corporate Pool (enterprise-level)			U.S. Business Unit Pool (operating unit level)		
	Operating Free Cash			Operating Free Cash		
	EBITDA (\$)	Flow (\$)	Revenue (\$)	EBITDA (\$)	Flow (\$)	Revenue (\$)
Threshold	161.0	49.9	2,170.5	142.0	95.3	1,453.5
Target	201.2	62.4	2,284.7	168.1	119.1	1,530.0
Outperform	241.4	74.9	2,444.6	194.3	142.9	1,637.1
Actual	210.6	79.2	2,241.0	174.6	143.7	1,485.2

For our Chief Executive Officer and his direct reports, actual results for EBITDA, free cash flow and revenue are interpolated on a straight-line basis between the threshold, target, and outperform performance levels, resulting in a payout percentage for each metric. The relative weighting for each metric (EBITDA 70%, operating free cash flow 15%, revenue 15%) is applied to the payout percentages, and the results are aggregated, resulting in a bonus multiplier. The bonus multiplier is then applied to the target bonus amount to determine the amount of a named executive officer's bonus, subject to the discretion of the board of directors and the Compensation Committee to modify the performance bonus.

For our Chief Accounting Officer, actual EBITDA results are interpolated on a straight-line basis between the threshold, target, and outperform performance levels for EBITDA noted in the Corporate Pool chart above, resulting in a payout percentage for EBITDA. Because EBITDA is the sole financial metric for the payment of a performance bonus to our Chief Accounting Officer, the calculated payout percentage is used as the bonus multiplier for our Chief Accounting Officer.

The following chart sets forth the calculation of the bonus multiplier for our Chief Executive Officer and his direct reports for the Corporate and U.S. bonus pools.

**2012 Performance Bonus Program****Calculation of bonus multiplier**

	Corporate Pool (enterprise-level)			U.S. Business Unit Pool (operating unit level)		
	Operating Free Cash			Operating Free Cash		
	EBITDA 70%	Flow 15%	Revenue 15%	EBITDA 70%	Flow 15%	Revenue 15%
% Payout (Per Metric)	1.23	2.00	.81	1.25	2.00	0.71
% Payout Weighted (Per Metric)	0.86	0.30	0.12	0.87	0.30	0.11
<b>Bonus Multiplier</b>		<b>1.29</b>			<b>1.28</b>	

As noted above, actual 2012 EBITDA, free cash flow and revenue resulted in a bonus multiplier of 1.29 times target for our Chief Executive Officer and his direct reports and 1.28 times target for the President of our U.S. Business Unit. For our Chief Accounting Officer, actual 2012 EBITDA resulted in a bonus multiplier of 1.23 times target.

For 2013, the Compensation Committee determined that the three metrics applicable to our Chief Executive Officer and his direct reports should apply to each employee participating in the bonus program, including our Chief Accounting Officer. As a result, the Compensation Committee has approved a threshold level, a target level, and an outperform level based on corporate performance using these three metrics for 2013. Once the achievement against the performance targets is evaluated and confirmed in early 2014, bonuses will be



## Table of Contents

determined based upon the results of Cott's annual individual performance review process. In the Corporate and the U.S. bonus pool, the 2013 target bonus award for our named executive officers will vary between 50% and 100% of annual base salary.

For 2013, we have reviewed our business strategy, current macroeconomic conditions and our expectations for Cott's results. Based on those expectations, we believe that we have set targets that are attainable by Cott and the individual executives.

### Individual Performance Targets

During 2012, we used individual performance targets for named executive officers in two ways. First, a performance bonus may be reduced or modified based on a named executive officer's achievement of or failure to achieve individual performance targets. No such reductions or modifications were made with respect to 2012 bonuses. Second, salary adjustment decisions with respect to a named executive officer are made at the end of the year based in part upon achievement of individual performance targets, as discussed above under the heading **Compensation Components Base Salary**. The targets set for 2012 varied by business unit and the named executive officer's function within Cott. The individual targets for the Chief Executive Officer were approved by the Compensation Committee, the individual targets for the direct reports were approved by the Chief Executive Officer, and the individual targets for our Chief Accounting Officer were approved by our Chief Financial Officer. The targets were set to reflect the executive's role in ongoing and planned business initiatives and were designed to closely correlate with our business plan for 2012. In setting specific target levels, a variety of factors were considered, including our areas of focus for the year, our relationships with customers and suppliers, and general economic conditions. A description of the individual 2012 performance targets applicable to our named executive officers is set out below:

Chief Executive Officer:

Develop strategic and operational initiatives for long-term growth of Cott;

Achieve specific financial and operational targets; and

Help in the successful transition to a new Chief Financial Officer.

Chief Financial Officer:

Continue to improve internal control over financial reporting;

Complete orientation program with an introduction to Cott's business and investors; and

Implement strategic and operational initiatives for long-term growth of Cott.

Vice President, General Counsel and Secretary:

Develop and oversee legal support function for implementation of strategic and operational initiatives for long-term growth of Cott; and

Reduce legal fees incurred by outside counsel by managing in-house legal review and reducing litigation life cycle.

President of our U.S. Business Unit:

Deliver product mix, margin and volume improvements;

Continue to develop the senior leadership in the business unit; and

Implement operational initiatives for long-term growth of Cott.

---

**Table of Contents**

Chief Accounting Officer:

Implement strategic and operational initiatives for long-term growth of Cott; and

Assist in the continued improvement of internal control over financial reporting.

The individual performance targets are set in order to accomplish two objectives. First, the targets represent management's and the Compensation Committee's goals for Cott's performance over time, based on market factors, customer relationships, commodity costs and other operational considerations that we weigh in preparing internal forecasts. Second, they provide executives with meaningful objectives, directly related to their job function, that motivate the executive to positively contribute to our success.

**Measuring Achievement: Payment of Performance Bonuses**

Based on audited results for the fiscal year, management presents a recommendation to the Compensation Committee for performance bonus payments for named executive officers based on results achieved as compared to the corporate and individual targets established for that fiscal year. The board of directors and the Compensation Committee have the discretion to award the amount corresponding to that level of achievement, or to increase or decrease the award payable, to our Chief Executive Officer and direct reports, respectively, if they believe such action would be in the best interest of Cott and our shareowners. Similarly, our Chief Financial Officer has the discretion to award the amount corresponding to that level of achievement, or to increase or decrease the award payable to our Chief Accounting Officer if he believes doing so would be in the best interest of Cott and our shareowners.

As discussed above, for 2012, performance bonus achievement for our Chief Executive Officer and his direct reports was based 70% on EBITDA, 15% on operating free cash flow, and 15% on revenue. For 2012, performance bonus achievement for the Chief Accounting Officer was based 100% on EBITDA. In February 2013, management presented to the Compensation Committee 2012 year-end results for each of the business units corresponding to the bonus pools. Each of our bonus-eligible named executive officers, other than the President of our U.S. Business Unit, participated in the Corporate bonus pool, and each such named executive officer, other than our Chief Accounting Officer, was entitled to a performance bonus for 2012 equal to 1.29 times target. Our Chief Accounting Officer was entitled to a performance bonus for 2012 equal to 1.23 times target. The President of our U.S. Business Unit participated in the U.S. bonus pool, and was entitled to a performance bonus for 2012 equal to 1.28 times target. The Compensation Committee determined that our Chief Executive Officer and his direct reports met their respective individual performance targets and, as a result, they received the full amount of their respective bonuses. Similarly, our Chief Financial Officer determined that our Chief Accounting Officer met his individual performance targets and as a result, he received the full amount of his bonus.

*Long-Term Incentive Plans*

In 2012, our senior-level employees were eligible to participate in our 2010 Equity Incentive Plan. There is no set formula for the granting of awards to individual executives or employees under the 2010 Equity Incentive Plan. Generally, we use a methodology to determine award size based on benchmarking against our peer group and the industry in general, among other factors.

The 2010 Equity Incentive Plan provides the Compensation Committee and management with the flexibility to design compensatory awards responsive to Cott's needs. Awards under the 2010 Equity Incentive Plan may be in the form of stock options, stock appreciation rights, restricted shares, restricted share units, performance shares, performance units or stock payments. After the adoption of the 2010 Equity Incentive Plan, Cott's other equity plans, including the 1986 Option Plan, were terminated. As of December 29, 2012, other than outstanding equity awards under the 1986 Option Plan and the 2010 Equity Incentive Plan, there were no equity awards outstanding. Outstanding awards under the 1986 Option Plan will continue in accordance with the terms of the 1986 Option Plan until exercised, forfeited or terminated, as applicable. The 2010 Equity Incentive Plan and the 1986 Option Plan are described in more detail under the heading **Equity Compensation Plan Information** on page 52 of this proxy circular.



---

**Table of Contents**

In 2012, our Chief Executive Officer and his direct reports received a combination of performance-based restricted share units (37.5%), time-based restricted share units (25%), and stock options (37.5%). Our Chief Accounting Officer was awarded a combination of performance-based restricted share units (25%) and time-based restricted share units (75%). All of these restricted share units and stock options cliff vest at the end of fiscal 2014, with the performance-based restricted share units vesting at the end of fiscal 2014 based on the achievement of a specific level of cumulative pre-tax income during the three-year period ending at the end of fiscal 2014. The Compensation Committee selected a three-year performance period based upon input received from Cook regarding the time period utilized with respect to similar awards made by similarly-situated public companies, as well as the Compensation Committee's belief that a three-year measurement period reinforces the link between incentives and long-term Company performance. The Compensation Committee determined to award this combination of equity to the named executive officers following a review of peer group and market data. We believe that this combination of equity awards incentivizes our named executive officers, aligns the interests of our named executive officers with those of our shareowners, and encourages executive retention. For grants in 2013, our named executive officers received the same types and relative percentages of equity awards as were awarded in 2012.

The Compensation Committee has recommended, and the board of directors has approved, the terms of the Amended and Restated Equity Plan, subject to shareowner approval, pursuant to which the 2010 Equity Incentive Plan will be amended and restated to, among other things, increase the number of shares that may be issued 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). Further discussion of the terms of the Amended and Restated Equity Plan appears under the heading **Approval of Amended and Restated Cott Corporation Equity Incentive Plan** on page 66 of this proxy circular.

*Retirement Benefits*

In 2012, as part of our cost-reduction efforts, we continued to limit executive benefits to those specifically granted pursuant to employment agreements (as discussed in the narrative following the Summary Compensation Table and below). Our named executive officers are eligible to participate in our 401(k) Plan, which is open to all employees in the United States, except certain union employees. Employees are eligible to join this plan the first day of the month following 90 days of employment. Employees can contribute up to 30% of their eligible earnings. During 2012, we matched up to 3.5% of employee contributions, subject to caps based on limits set by applicable law.

*Perquisites and Other Personal Benefits*

In order to attract and retain executive talent, we provide our named executive officers with limited perquisites and other personal benefits that are not otherwise available to all of our employees, including an annual executive physical examination and, with respect to each named executive officer except Mr. Cravens, a car allowance. The Compensation Committee periodically reviews the levels of perquisites and other personal benefits provided to named executive officers to ensure that they are appropriately limited and effectively facilitate job performance. Perquisites and personal benefits are taken into account as part of the total compensation to executive officers.

Perquisites and other personal benefits for our named executive officers are set forth in the Summary Compensation Table, under the heading **All Other Compensation** and related footnotes on page 38 of this proxy circular.

*Severance Arrangements*

We have arrangements with our named executive officers to provide for payment and other benefits if such executive's employment is terminated under certain circumstances. We have entered into such arrangements in order to discourage these executives from voluntarily terminating their employment with us in order to accept

---

**Table of Contents**

other employment opportunities, and to provide assurances to these executives that they will be compensated if terminated by us without cause. The specific arrangements for each officer may differ, depending on the terms of the officer's employment agreement or whether such officer participates in one of our severance plans.

*Severance and Legacy Retention Plans*

Mr. Fowden and Mr. Gibbons participate in the Cott Corporation Severance and Non-Competition Plan (the **Severance Plan**), which we implemented in 2009. The Severance Plan offers participants a more modest package of benefits upon a qualified termination of employment than was available under the prior plan discussed below. Subject to certain exceptions, the Severance Plan defines their entitlements upon a qualified termination of employment and replaces all previous termination and severance entitlements to which they may have been entitled. The Severance Plan and entitlements under such plan are described in more detail under the heading **Potential Payments Upon Termination or Change of Control Severance Plan** on page 46 of this proxy circular.

Prior to the Severance Plan, we had in place the Retention, Severance and Non-Competition Plan (the **Legacy Retention Plan**). The Legacy Retention Plan supersedes applicable provisions of a participant's employment agreement and provides for severance payments to the participant upon a termination of his employment under certain circumstances. Gregory Leiter is the only named executive officer that participates in the Legacy Retention Plan as of December 29, 2012. Mr. Fowden transitioned from the Legacy Retention Plan to the Severance Plan upon its adoption. The Legacy Retention Plan, and the participants' entitlements under such plan, are described in more detail under the heading **Potential Payments Upon Termination or Change of Control Legacy Retention Plan** on page 48 of this proxy circular.

*Other Severance Payments*

Jay Wells, Marni Poe and Neal Cravens do not participate in a severance plan. These officers' entitlements under a qualified termination of employment are governed by their respective employment letter agreements. The terms of these arrangements are described in more detail under the heading **Potential Payments Upon Termination of Change of Control- Payments to Other Named Executive Officers** on page 50 of this proxy circular.

*Treatment of Equity Awards upon Termination or Change of Control*

Our 2010 Equity Incentive Plan (see **Equity Compensation Plan Information** on page 52 of this proxy circular) contains provisions triggered by a change of control of Cott, thus providing assurances to our named executive officers and employees that their equity investment in Cott will not be lost in the event of the sale, liquidation, dissolution or other change of control of Cott. These terms provide for the acceleration of equity awards in limited circumstances, namely, when the awards (1) are not continued, assumed, or replaced by the surviving or successor entity or (2) are so assumed, but where a named executive officer or employee is involuntarily terminated for reasons other than Cause, or terminates his or her employment for Good Reason, within two years after the change of control. Our 1986 Option Plan also has provisions that are triggered by a change of control, but because all awards under the 1986 Option Plan have vested, a change of control would not affect awards under the 1986 Option Plan.

Additionally, our 2010 Equity Incentive Plan contains provisions triggered when a named executive officer or employee retires, is terminated without cause or resigns with Good Reason. These terms provide that, upon such a retirement, termination or resignation, a pro rata portion of the award, calculated based on the individual's actual employment period relative to the applicable performance or restriction period, will vest at each subsequent vesting date.

A more detailed discussion of payments in connection with a termination or change of control is set forth under **Potential Payments Upon Termination or Change of Control** on page 44 of this proxy circular.

## **Table of Contents**

### ***Share Ownership Guidelines***

The board of directors has established minimum share ownership requirements for the Chief Executive Officer, Chief Financial Officer, all other executive officers, and certain other employees. Under these requirements, the Chief Executive Officer must own common shares having a minimum aggregate value equal to four times his annual base salary. The Chief Financial Officer must own common shares having a minimum aggregate value equal to two times his annual base salary. Other individuals subject to the requirements must own common shares having a minimum aggregate value equal to one and a half times his or her annual base salary. The Corporate Governance Committee or the board of directors may, from time to time, reevaluate and revise these guidelines to give effect to changes in Cott's common share price, capitalization, or changes in the base salary or the title of the above mentioned persons.

The value of shares owned by each of the above persons as calculated under the guidelines, and compliance with the share ownership requirements is measured, on December 31st of each year by Cott's Vice President, General Counsel and Secretary. Individuals subject to the guidelines are not required to attain the minimum ownership level by a particular deadline; however, until the guideline amount is achieved, they are required to retain an amount equal to 100% of net shares received as equity compensation. Net shares are defined as those shares that remain after shares are sold or netted to pay the exercise price of stock options (if applicable) and taxes payable upon the grant of a stock payment or the vesting of restricted stock, restricted stock units, performance shares, or performance share units. Shares purchased on the open market may be sold in compliance with Cott's policies and applicable securities laws. Failure to meet or to show sustained progress toward meeting the guidelines may be a factor considered by the Compensation Committee in determining future long-term incentive equity grants to such persons. These requirements are designed to ensure that the economic interests of senior management correlate with the value of our stock and are thus closely aligned with the interests of Cott's shareowners.

### ***Insider Trading Restrictions and Policy Against Hedging***

Our insider trading policy prohibits directors, officers, employees and consultants of Cott and certain of their family members from purchasing or selling any type of security, whether issued by us or another company, while such person is aware of material non-public information relating to the issuer of the security or from providing such material non-public information to any person who may trade while aware of such information.

Trades by directors, executive officers and certain other employees are prohibited during certain prescribed blackout periods and are required to be pre-cleared by our Vice President, General Counsel and Secretary, subject to limited exceptions for approved Rule 10b5-1 plans. This policy prohibits directors, officers, employees and consultants of Cott from engaging in short sales with respect to our securities, trading in put or call options, or engaging in hedging or monetization transactions, such as zero-cost collars and forward sale contracts, with respect to our securities. This policy also prohibits employees and directors, including the named executive officers, from holding Cott securities in a margin account or pledging Cott securities as collateral for a loan.

### ***Policy Regarding Clawback of Incentive Compensation***

Our board of directors has adopted a clawback policy that allows the board to recoup any excess incentive compensation paid to our current and former executive officers in the event of a required accounting restatement of a financial statement of Cott, whether or not based on misconduct, due to material non-compliance with any financial reporting requirement under the securities laws of the United States. The clawback policy is intended to reduce potential risks associated with our incentive plans, and thus better align the long-term interests of our named executive officers and shareowners.

We believe that the clawback policy is sufficiently broad to reduce the potential risk that an executive officer would intentionally misstate results in order to benefit under an incentive program and provides a right of recovery in the event that an executive officer took actions that in hindsight, should not have been rewarded.

## **Table of Contents**

### ***Risk Management Considerations***

The Compensation Committee believes that Cott's performance-based cash bonus and long-term incentive plans create incentives for our executives and other employees to create long-term shareowner value. Several elements of the program are designed to promote the creation of long-term value and thereby discourage behavior that leads to excessive risk:

The base salary portion of compensation is designed to provide a steady income regardless of Cott's performance so that executives do not feel pressured to focus on achievement of certain performance goals at the expense of other aspects of Cott's business.

The performance goals used to determine the amount of an executive's bonus are measures that the Compensation Committee believes drive long-term shareowner value. For our Chief Executive Officer and his direct reports, these measures are EBITDA, operating free cash flow, and revenue. For our Chief Accounting Officer, this measure is EBITDA. For 2013, the Compensation Committee determined that the three metrics applicable to our Chief Executive Officer and his direct reports should apply to each employee participating in the bonus program, including our Chief Accounting Officer. The Compensation Committee attempts to set ranges for these measures that encourage success without encouraging excessive risk-taking to achieve short-term results.

The measures used to determine whether performance-based restricted share units vest are based on performance over a three-year period. The Compensation Committee believes that the three-year measurement period reinforces the link between incentives and long-term Company performance.

Cash bonuses are capped at 200% of target, and vesting for performance-based restricted share units is capped at 125% of target.

The equity awarded to our Chief Executive Officer and his direct reports is a mix of performance-based restricted share units, time-based restricted share units and stock options. The equity awarded to our Chief Accounting Officer is a mix of performance-based restricted share units and time-based restricted share units. The Compensation Committee believes that this mix avoids having a relatively high percentage of compensation tied to one element, and that the time-based restricted share units and stock options should reduce risky behavior because these awards are designed to retain employees and are earned over time.

Compensation is balanced between short-term and long-term compensation, creating diverse time horizons.

The Compensation Committee believes that linking performance and the corresponding payout factor mitigates risk by avoiding situations where a relatively small amount of increased performance results in a relatively high corresponding amount of increased compensation.

Named executive officers are required to hold a certain amount of Cott shares, which aligns their interests with those of our shareowners.

We have implemented accounting policies and internal controls over the measurement and calculation of performance goals.

We have implemented the clawback policy described above, which is intended to reduce potential risks associated with our incentive plans, and thus better align the long-term interests of our named executive officers and shareowners.

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

We have a no-hedging policy that prohibits employees from engaging in any hedging or monetization transactions, such as zero-cost collars and forward sale contracts, with respect to Cott securities.

We have a policy prohibiting employees from engaging in any short-term, speculative transactions involving Cott securities, including purchasing securities on margin, engaging in short sales, buying or selling put or call options, and trading in options.

## **Table of Contents**

We have a policy prohibiting employees from holding Cott securities in a margin account or pledging Cott securities as collateral for a loan.

The Compensation Committee approves our short-term and long-term incentive compensation programs, which mitigates risk by empowering a group of independent directors with substantial experience and expertise.

The Compensation Committee has engaged an outside, independent compensation consultant who is knowledgeable regarding various compensation policies and their associated risks, and is free from any conflict of interest.

The Compensation Committee has reviewed Cott's compensation policies and practices for its employees and determined that the risks arising from those policies and practices are not reasonably likely to have a material adverse effect on Cott.

### ***Tax and Accounting Implications***

When determining amounts of long-term incentive grants to executives and employees, the Compensation Committee considers the accounting cost associated with the grants. Under FASB ASC Topic 718, Share-based Payments, grants of equity-classified awards result in compensation expense for Cott. The Compensation Committee considers the accounting and tax treatment accorded to equity awards and takes steps to ensure that any issues are addressed by management, however, such treatment has not been a significant factor in establishing Cott's compensation programs or in the decisions of the Compensation Committee concerning the amount or type of equity award.

As part of its role, the Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), which includes potential limitations on the deductibility of compensation in excess of \$1 million paid to our Chief Executive Officer and three other most highly compensated executive officers (other than our principal financial officer) serving on the last day of the year. Based on the regulations issued by the Internal Revenue Service, we believe we have taken the necessary actions to ensure the deductibility of payments under Cott's annual performance bonus plan and with respect to stock options and performance-based restricted share units, whenever possible. We intend to continue to take the necessary actions to maintain the deductibility of compensation resulting from these types of awards. In contrast, time-based restricted share units generally do not qualify as performance-based compensation under Section 162(m). Therefore, the vesting of time-based restricted share units in some cases will result in a loss of tax deductibility of compensation. While we view preserving tax deductibility as an important objective, we believe the primary purpose of our compensation program is to support our strategy and the long-term interests of our shareowners. In specific instances we have authorized and in the future may authorize compensation arrangements that are not fully tax deductible but that promote other important objectives of Cott and of our executive compensation program.

**Table of Contents****Summary Compensation Table**

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(1)</sup> (\$)	Option/ SAR Awards <sup>(2)</sup> (\$)	Non-Equity	All Other Compensation (\$)	Total (\$)
						Incentive Plan Compensation <sup>(3)</sup> (\$)		
Jerry Fowden Chief Executive Officer (PEO)	2012	800,000		1,000,000	600,000	1,032,000	36,749 <sup>(4)</sup>	3,468,749
	2011	711,719		880,875		516,200	38,875	2,147,669
	2010	625,313		3,083,438	1,290,000 <sup>(5)</sup>	561,703	229,128	5,789,582
Jay Wells Chief Financial Officer (PFO)	2012 <sup>(6)</sup>	275,961	60,000 <sup>(7)</sup>	273,438	164,063	265,821	275,393 <sup>(8)</sup>	1,314,677
Neal Cravens Former Chief Financial Officer (Former PFO) <sup>(9)</sup>	2012	357,000				345,398	20,179 <sup>(10)</sup>	722,576
	2011	355,833		303,115		190,638	22,252	871,838
	2010	300,000	20,000	984,375		225,000	20,732	1,550,107
Marni Morgan Poe Vice President, Secretary and General Counsel	2012	331,632		186,543	111,926	320,854	30,468 <sup>(11)</sup>	981,423
	2011	293,750		216,523		105,412	11,808	627,493
	2010 <sup>(6)</sup>	230,833	20,000	616,875		117,500	23,922	1,009,130
Michael Gibbons President U.S. Business Unit <sup>(2)</sup>	2012	353,430		198,805	119,283	339,293	34,318 <sup>(13)</sup>	1,045,129
	2011	335,500	15,000	246,139		88,357	36,279	721,275
	2010 <sup>(6)</sup>	275,000		902,344		164,691	33,959	1,375,994
Gregory Leiter Senior Vice President, Chief Accounting Officer and Assistant Secretary	2012	244,795		165,831		151,520	108,559 <sup>(14)</sup>	670,705

(1) Stock awards made in 2012 were time-based and performance-based restricted stock units granted under the 2010 Equity Incentive Plan. The amounts reported in this column for 2012 reflect the aggregate grant date fair values for time-based and performance-based restricted stock units computed in accordance with FASB ASC Topic 718 ( ASC 718 ), excluding the effect of estimated forfeitures. The assumptions used for the valuations are set forth in Note 7 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 29, 2012. The grant date fair values of awards granted in 2012 subject to performance conditions were as follows: Mr. Fowden: \$600,000; Mr. Wells: \$164,063; Ms. Poe: \$ 111,926; Mr. Gibbons: \$ 119,283; and Mr. Leiter: \$41,458. Assuming achievement of the highest level of performance for these awards, the grant date fair values of awards subject to performance conditions would have been as follows: Mr. Fowden: \$750,000; Mr. Wells: \$205,078; Ms. Poe: \$ 139,907; Mr. Gibbons: \$149,103; and Mr. Leiter: \$51,823.

Stock awards made in 2011 were time-based and performance-based restricted stock units granted under the 2010 Equity Incentive Plan. The amounts reported in this column for 2011 reflect the aggregate grant date fair values for time-based and performance-based restricted stock units computed in accordance with ASC 718, excluding the effect of estimated forfeitures. The assumptions used for the valuations are set forth in Note 7 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011. The grant date fair values of awards granted in 2011 subject to performance conditions were as follows: Mr. Fowden: \$880,875; Ms. Poe: \$149,901; and Mr. Gibbons: \$170,404. Assuming achievement of the highest level of performance for these awards, the grant date fair values of awards subject to performance conditions would have been as follows: Mr. Fowden: \$1,468,125; Ms. Poe: \$249,834; and Mr. Gibbons: \$284,006.

Stock awards made in 2010 were time-based and performance-based restricted stock units granted under the 2010 Equity Incentive Plan. The amounts reported in this column for 2010 reflect the aggregate grant date fair values for time-based and performance-based restricted stock units computed in accordance with ASC 718, excluding the effect of estimated forfeitures. The assumptions used for the valuations are set forth in Note 7 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended January 1, 2011. The grant date fair values of awards granted in 2010 subject to performance conditions were as follows: Mr. Fowden: \$2,134,688; Ms. Poe: \$264,375; and Mr. Gibbons: \$386,719. Assuming achievement of the highest level of performance for these awards, the grant date fair values of awards subject to performance conditions would have been as follows: Mr. Fowden: \$3,557,813; Ms. Poe: \$440,625; and Mr. Gibbons: \$644,531. The performance targets established for the performance-based restricted share units granted to our named executive officers in fiscal 2010 were not met, and as a result, such awards did not vest.

(2) The values of option awards reflect the grant date fair values, as computed in accordance with ASC 718. The assumptions used for the valuations are set forth in Note 7 to our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended January 1, 2011, and Note 7 to our audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 29, 2012.

(3) The amounts under the Non-Equity Incentive Plan Compensation column reflect amounts earned under Cott's annual performance bonus plan.



**Table of Contents**

- (4) Includes car allowance of \$16,000, phone allowance of \$1,620, health and dental premiums of \$6,578, retirement plan contribution of \$8,750, income imputed for term life insurance and disability premiums of \$570, and \$3,231 for an annual medical exam.
- (5) Mr. Fowden was granted an option to purchase 250,000 common shares of Cott on February 18, 2010. On August 9, 2010, Cott and Mr. Fowden entered into a Common Share Option Cancellation and Forfeiture Agreement to cancel this award in order to transition him to the 2010 Equity Incentive Plan. The grant date fair value of the option was \$1,290,000. This option was cancelled on August 9, 2010 pursuant to a Common Share Option Cancellation and Forfeiture Agreement entered into between Mr. Fowden and Cott.
- (6) Certain named executive officers did not serve a full year because they became an executive officer of Cott during the fiscal year.
- (7) Represents a sign-on bonus awarded to Mr. Wells.
- (8) Includes car allowance of \$10,644, phone allowance of \$1,429, health and dental premiums of \$6,625, retirement plan contribution of \$6,125, income imputed for term life insurance and disability premiums of \$570, and \$250,000 in relocation expenses.
- (9) Mr. Cravens retired as Chief Financial Officer of Cott effective March 20, 2012, and remained with the Company until December 29, 2012 to assist with transitioning matters to Mr. Wells.
- (10) Includes a phone allowance of \$2,025, health and dental premiums of \$8,834, retirement plan contribution of \$8,750, and income imputed for term life insurance and disability premiums of \$570.
- (11) Includes car allowance of \$19,125, phone allowance of \$2,025, retirement plan contribution of \$8,750, and income imputed for term life insurance and disability premiums of \$568.
- (12) Mr. Gibbons became Chief Commercial and Business Development Officer of Cott's U.S. business unit effective March 4, 2013, reporting to Steven Kitching, who was appointed President U.S. Business Unit on that same date. Mr. Gibbons was a named executive officer for 2012, and this proxy circular provides disclosure relating to his 2012 compensation.
- (13) Includes car allowance of \$13,500, phone allowance of \$1,905, health and dental premiums of \$8,834, retirement plan contribution of \$8,750, income imputed for term life insurance and disability premiums of \$570, and \$759 for an annual medical exam.
- (14) Includes car allowance of \$13,500, phone allowance of \$1,905, health and dental premiums of \$8,834, retirement plan contribution of \$8,750, income imputed for term life insurance and disability premiums of \$570, and \$75,000 in relocation expenses.

Each of our named executive officers has a written employment agreement or offer letter setting forth the material terms of his or her employment. Under these employment agreements or offer letters, these executives receive annual base salaries at rates not less than the amounts reported in the Summary Compensation Table for 2012, which may be adjusted from time to time. Each of these agreements provides for:

eligibility to earn bonuses based upon the achievement of agreed-upon criteria established from time to time by the Compensation Committee, and

customary allowances and limited perquisites.

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

Each of the named executive officers employed by Cott as of the end of 2012 participates in both short-term and long-term incentive programs provided by us. The level of participation is determined by the Compensation Committee and varies by named executive officer. Each of our named executive officers is bound by restrictive covenants that generally limit their ability to compete with us in any countries in which we conduct business. They have also agreed to non-solicitation and nondisparagement covenants. These limitations continue during the term of employment and for a period of time following termination (regardless of the cause of the termination).

Potential severance payments in the event of termination or change of control of Cott for each named executive officer, as applicable, are described more particularly below under the heading **Potential Payments Upon Termination or Change of Control** on page 44 of this proxy circular.

### **Named Executive Officer Employment Agreements**

#### *Jerry Fowden Employment Agreement*

In February 2009, we entered into an employment letter agreement with Jerry Fowden to serve as our Chief Executive Officer. The agreement has an indefinite term and provides for an annual base salary, which was increased to \$800,000 in 2012, and a car allowance. Mr. Fowden is eligible to participate in our annual performance bonus plan with an annual target bonus equal to 80% of his base salary. Mr. Fowden's annual bonus target was increased to 90% of his base salary in 2010 and to 100% of his base salary in 2011.

## **Table of Contents**

Mr. Fowden is eligible to participate in all of our long-term incentive plans made available from time to time to our senior executives at the discretion of the Compensation Committee, including the 2010 Equity Incentive Plan. The grants to Mr. Fowden under the 2010 Equity Incentive Plan are set forth in the **Grants of Plan-Based Awards Table in Fiscal 2012** on page 42 of this proxy circular.

Mr. Fowden participates in the Severance Plan pursuant to which he is subject to standard confidentiality undertakings and non-disparagement covenants that survive the termination of his employment, regardless of the cause of the termination. He is also subject to a non-competition covenant that generally limits his ability to compete with us in any countries in which we conduct business, as well as a non-solicitation covenant. These limitations continue during the term of employment and for a period of one year following termination, regardless of the cause of the termination.

### ***Jay Wells Employment Agreement***

On January 14, 2012, we entered into an offer letter agreement with Jay Wells to serve as our Chief Financial Officer. The agreement has an indefinite term and provides for an annual base salary of \$350,000 and a car allowance. Mr. Wells received a long-term incentive award equal to \$437,500, an inducement bonus in the amount of \$60,000 payable on March 20, 2012, and an inducement bonus in the amount of \$65,000 payable on March 20, 2013. Mr. Wells is eligible to participate in our annual performance bonus plan with an annual target bonus equal to 75% of his base salary.

Mr. Wells is eligible to participate in our benefit plans made available to our employees and senior executives, as well as our long-term incentive plans at the discretion of the Compensation Committee, including the 2010 Equity Incentive Plan. The grants to Mr. Wells under the 2010 Equity Incentive Plan are set forth in the **Grants of Plan-Based Awards Table in Fiscal 2012** on page 42 of this proxy circular.

Mr. Wells is subject to a restrictive covenant that generally limits his ability to compete with us in any countries in which we conduct business, as well as a non-solicitation covenant. These limitations continue during the term of employment and for a period of six months following termination, regardless of the cause of the termination.

### ***Neal Cravens Employment Agreement***

Mr. Cravens retired as Chief Financial Officer of Cott effective March 20, 2012. Mr. Cravens continued with us until the end of 2012 to ensure an efficient transition to Mr. Wells. The offer letter agreement that we entered into on August 19, 2009 governed the terms of Mr. Cravens' employment. The agreement provided for an annual base salary, which was increased to \$357,000 in 2011. Mr. Cravens was eligible to participate in our annual performance bonus plan with an annual target bonus equal to 75% of his base salary.

Mr. Cravens was eligible to participate in our benefit plans made available to our employees and senior executives, as well as our long-term incentive plans at the discretion of the Compensation Committee, including the 2010 Equity Incentive Plan, and he received an inducement award under a prior equity incentive plan. Mr. Cravens did not receive any grants in 2012 under the 2010 Equity Incentive Plan.

Mr. Cravens is subject to a restrictive covenant that generally limits his ability to compete with us in any countries in which we conduct business, as well as a non-solicitation covenant. These limitations continue during the term of employment and for a period of nine months following termination, regardless of the cause of the termination.

### ***Marni Poe Employment Agreement***

On January 14, 2010, we entered into an offer letter agreement with Marni Poe to serve as our Vice President, General Counsel. The agreement has an indefinite term and provides for an annual base salary, which

---

**Table of Contents**

was increased to \$331,632 in 2012. Ms. Poe is eligible to participate in our annual performance bonus plan with an annual target bonus equal to 50% of her base salary. Ms. Poe's annual bonus target was increased to 75% of her base salary in 2012.

Ms. Poe is eligible to participate in our benefit plans made available to our employees and senior executives, as well as our long-term incentive plans at the discretion of the Compensation Committee, including the 2010 Equity Incentive Plan. The grants to Ms. Poe under the 2010 Equity Incentive Plan are set forth in the **Grants of Plan-Based Awards Table in Fiscal 2012** on page 42 of this proxy circular. The Compensation Committee conducted a perquisite review in 2011 and determined that the award of a car allowance to Ms. Poe was appropriate.

Ms. Poe is subject to a restrictive covenant that generally limits her ability to compete with us in any countries in which we conduct business, as well as a non-solicitation covenant. These limitations continue during the term of employment and for a period of six months following termination, regardless of the cause of the termination.

***Michael Gibbons Employment Agreement***

On March 6, 2009, we entered into an offer letter agreement with Michael Gibbons to serve as Senior Vice President and General Manager of our U.S. business unit. The agreement has an indefinite term and provides for an annual base salary, which was increased to \$353,430 in 2012, and a car allowance. Mr. Gibbons is eligible to participate in our annual performance bonus plan with an annual target bonus equal to 75% of his base salary. Effective March 4, 2013, Mr. Gibbons was appointed Chief Commercial and Business Development Officer of Cott's U.S. business unit. His employment with Cott continues to be governed by the terms of his March 2009 offer letter agreement.

Mr. Gibbons is eligible to participate in our benefit plans made available to our employees and senior executives, as well as our long-term incentive plans at the discretion of the Compensation Committee, including the 2010 Equity Incentive Plan. The grants to Mr. Gibbons under the 2010 Equity Incentive Plan are set forth in the **Grants of Plan-Based Awards Table in Fiscal 2012** on page 42 of this proxy circular.

Mr. Gibbons participates in the Severance Plan, pursuant to which he is subject to standard confidentiality undertakings and non-disparagement covenants that survive the termination of his employment, regardless of the cause of the termination. He is also subject to a non-competition covenant that generally limits his ability to compete with us in any countries in which we conduct business, as well as a non-solicitation covenant. These limitations continue during the term of employment and for a period of one year following termination, regardless of the cause of the termination.

***Gregory Leiter Employment Agreement***

On September 25, 2007, we entered into an offer letter agreement with Gregory Leiter to serve as Corporate Controller. Mr. Leiter was appointed Senior Vice President and Controller in April 2008. Mr. Leiter took on the additional role of Chief Accounting Officer in January 2010. Mr. Leiter currently serves as our Senior Vice President, Chief Accounting Officer and Assistant Secretary. The agreement has an indefinite term and provides for an annual base salary, which was increased to \$246,375 in 2012, and a car allowance. Mr. Leiter is eligible to participate in our annual performance bonus plan with an annual target bonus equal to 50% of his base salary.

Mr. Leiter is eligible to participate in our benefit plans made available to our employees and senior executives, as well as our long-term incentive plans at the discretion of the Compensation Committee, including the 2010 Equity Incentive Plan. The grants to Mr. Leiter under the 2010 Equity Incentive Plan are set forth in the **Grants of Plan-Based Awards Table in Fiscal 2012** on page 42 of this proxy circular.

Mr. Leiter participates in the Legacy Retention Plan, pursuant to which he is subject to standard confidentiality undertakings and non-disparagement covenants that survive the termination of his employment, regardless of the cause of the termination. He is also subject to a non-competition covenant that generally limits his ability to compete with us in any countries in which we conduct business, as well as a non-solicitation covenant. These limitations continue during the term of employment and for a period of one year following termination, regardless of the cause of the termination.

**Table of Contents****Grants of Plan-Based Awards in Fiscal 2012**

The following table sets forth information with respect to performance-based restricted share units, time-based restricted share units and stock options granted under the 2010 Equity Incentive Plan during the year ended December 29, 2012 to each of our named executive officers, as well as the range of possible cash payouts to each of our named executive officers under our annual performance bonus plan for achievement of specified levels of performance in fiscal 2012.

Name	Grant Date	Board Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares or Units <sup>(3)</sup>	All Other Awards: Number of Securities Underlying Options <sup>(4)</sup>	Exercise Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock Awards and Options <sup>(5)</sup>
			Threshold	Target	Maximum	Threshold	Target	Maximum				
			(\$)	(\$)	(\$)	(#)	(#)	(#)				
Jerry Fowden			400,000	800,000	1,600,000							
	2/21/2012	2/15/2012				36,474	91,185	113,981				
	2/21/2012	2/15/2012							60,790		600,000	
Jay Wells			103,032	206,063	412,126							
	2/21/2012	2/15/2012				9,974	24,934	31,168			164,063	
	2/21/2012	2/15/2012							16,622		109,375	
Neal Cravens			133,875	267,750	535,500							
	2/21/2012	2/15/2012								40,610	6.58	
	2/21/2012	2/15/2012									164,063	
Marni Poe			124,362	248,724	497,448							
	2/21/2012	2/15/2012				6,804	17,010	21,263			111,926	
	2/21/2012	2/15/2012							11,340		74,617	
Michael Gibbons			132,537	265,073	530,146							
	2/21/2012	2/15/2012				7,251	18,128	22,660			111,926	
	2/21/2012	2/15/2012							12,085		79,522	
Gregory Leiter			61,594	123,187	246,374							
	2/21/2012	2/15/2012				2,520	6,301	7,876			119,283	
	2/21/2012	2/15/2012							29,525	6.58	79,522	
											119,283	
											41,458	
									18,902		124,373	

- (1) The amounts in these columns show the range of possible cash payouts under our annual performance bonus plan for achievement of specified levels of performance in fiscal 2012. For additional information related to the annual cash incentive awards including performance goals, measures and weighting, see the **Compensation Discussion and Analysis** section of this proxy circular.
- (2) The amounts in these columns represent performance-based restricted share unit awards. The performance-based restricted share unit awards vest based on the achievement of a specified target level of cumulative pre-tax income for the period beginning on January 1, 2012 and ending on the last day of our 2014 fiscal year. The amounts included in the **Threshold** column reflect the total number of shares that would be issued at the end of the three-year performance period if Cott achieves 70% of the target pre-tax income level. The amounts included in the **Target** column reflect the total number of shares that would be issued at the end of the three-year performance period if Cott achieves 100% of the target pre-tax income level. The amounts included in the **Maximum** column reflect the total number of shares that would be issued at the end of the three-year performance period if Cott achieves 125% of the target pre-tax income level.
- (3) The amounts in this column represent grants of time-based restricted share units. Time-based restricted share units granted in 2012 vest on the last day of our 2014 fiscal year.

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

- (4) The amounts in this column represent grants of stock options. Stock options granted in 2012 vest on the last day of our 2014 fiscal year.
- (5) The Grant Date Fair Value of Stock Awards column shows the full grant date fair values of the stock options and performance- and time-based restricted share units granted in fiscal 2012. The grant date fair values of the awards are determined under ASC 718 and represent the amounts we would expense in our financial statements over the vesting schedule for the awards. In accordance with SEC rules, the amounts in this column reflect the actual ASC 718 accounting cost without reduction for estimates of forfeitures related to service-based vesting conditions. The assumptions used for determining values are set forth in Note 7 to our audited consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 29, 2012. The amounts reflect our accounting for these grants and do not correspond to the actual values that may be realized by the named executive officers.

**Table of Contents****Outstanding Equity Awards at 2012 Fiscal Year End**

The following table sets forth information with respect to equity awards outstanding at December 29, 2012 for each of our named executive officers.

Name	OPTION AWARDS				STOCK AWARDS		
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Type of Award	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
Jerry Fowden		148,515	6.58	2/21/2022	Performance-Based RSU	91,185 <sup>(3)</sup>	720,362
					Time-Based RSU	60,790 <sup>(4)</sup>	480,241
					Performance-Based RSU	137,529 <sup>(5)</sup>	1,086,479
Jay Wells		40,610	6.58	2/21/2022	Performance-Based RSU	24,934 <sup>(3)</sup>	196,979
					Time-Based RSU	16,622 <sup>(4)</sup>	131,314
Neal Cravens					Performance-Based RSU	21,842 <sup>(6)</sup>	172,552
Marni Poe		27,704	6.58	2/21/2022	Performance-Based RSU	17,010 <sup>(3)</sup>	134,379
					Time-Based RSU	11,340 <sup>(4)</sup>	89,586
					Performance-Based RSU	23,404 <sup>(5)</sup>	184,892
					Time-Based RSU	7,801 <sup>(7)</sup>	61,628
Michael Gibbons		29,525	6.58	2/21/2022	Performance-Based RSU	18,128 <sup>(3)</sup>	143,211
					Time-Based RSU	12,085 <sup>(4)</sup>	95,472
					Performance-Based RSU	26,605 <sup>(5)</sup>	210,180
					Time-Based RSU	8,868 <sup>(7)</sup>	70,057
Gregory Leiter					Performance-Based RSU	6,301 <sup>(3)</sup>	49,778
					Time-Based RSU	18,902 <sup>(4)</sup>	149,326
					Performance-Based RSU	18,725 <sup>(5)</sup>	147,928
					Time-Based RSU	6,242 <sup>(7)</sup>	49,312

(1) This amount represents stock options granted in 2012 that vest on the last day of our 2014 fiscal year, assuming continued employment through such date.

(2) The market value shown has been calculated based on the closing price of our common shares on the NYSE as of December 28, 2012 (\$7.90), the last business day of our 2012 fiscal year.

(3) This amount represents performance-based restricted share units granted in 2012. The performance-based restricted share units vest based on the achievement of a specified target level of cumulative pre-tax income for the period beginning on January 1, 2012 and ending on the last day of our 2014 fiscal year. The payout percentage of the performance-based restricted share units 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 1, 2012 and ending on the last day of our 2014 fiscal year. The amounts included reflect the total number of shares that would be issued at the end of the three-year performance period if Cott achieves 100% of the target pre-tax income level.

(4) This amount represents time-based restricted share units granted in 2012. The time-based restricted share units vest on the last day of our 2014 fiscal year, assuming continued employment through such date.

(5) This amount represents performance-based restricted share units granted in 2011. The performance-based restricted share units vest based on the achievement of a specified target level of cumulative pre-tax income for the period beginning on January 1, 2011 and ending on the last day of our 2013 fiscal year. The payout percentage of the performance-based restricted share units 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 1, 2011 and ending on the last day of our 2013 fiscal year. The amounts

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

included reflect the total number of shares that would be issued at the end of the three-year performance period if Cott achieves 100% of the target pre-tax income level.

- (6) This amount represents performance-based restricted share units granted to Mr. Cravens in 2011. The performance-based restricted share units vest based on the achievement of a specified target level of cumulative pre-tax income for the period beginning on January 1, 2011 and ending on the last day of our 2013 fiscal year. The amount included reflects the pro rata portion of shares that would be issued at the end of the three-year performance period if Cott achieves 100% of the target pre-tax income level, as calculated by reference to the portion of the performance period during which Mr. Cravens was actually employed.
- (7) This amount represents time-based restricted share units granted in 2011. The time-based restricted share units vest on the last day of our 2013 fiscal year, assuming continued employment through such date.



**Table of Contents****Option Exercises and Stock Vested In Fiscal 2012**

The following table sets forth information with respect to option exercises and stock awards vesting during 2012 for each of our named executive officers.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#) <sup>(1)</sup>	Value Realized on Vesting (\$) <sup>(2)</sup>
Jerry Fowden			165,000	1,303,500
Jay Wells				
Neal Cravens			105,106 <sup>(3)</sup>	830,338
Marni Poe			61,304	484,304
Michael Gibbons			89,674	708,424
Gregory Leiter			54,783	432,786

(1) This amount represents time-based restricted share units granted in 2010. The time-based restricted share units vested on the last day of our 2012 fiscal year.

(2) The value realized on vesting has been calculated based on the closing price of our common shares on the NYSE as of December 28, 2012 (\$7.90), the last business day of our 2012 fiscal year.

(3) Includes (i) 97,826 time-based restricted share units granted to Mr. Cravens in 2010 that vested on the last day of our 2012 fiscal year, and (ii) 7,280 time-based restricted share units granted to Mr. Cravens in 2011 that vested upon Mr. Cravens' last day of employment, which represents a pro rata portion of shares that would have been issued at the end of the three-year restriction period, as calculated by reference to the portion of the restriction period during which Mr. Cravens was actually employed.

**Potential Payments Upon Termination or Change of Control****2010 Equity Incentive Plan**

Under the 2010 Equity Incentive Plan, in the event of a Change of Control, the surviving or successor entity may continue, assume or replace awards outstanding as of the date of the Change of Control. If (1) such awards are continued, assumed, or replaced by the surviving or successor entity, and within two years after the Change of Control a grantee experiences an involuntary termination of employment for reasons other than Cause, or terminates his or her employment for Good Reason, or (2) such awards are not continued, assumed or replaced by the surviving or successor entity, then (i) outstanding options and stock appreciation rights issued to a participant that are not yet fully exercisable will immediately become exercisable in full and will remain exercisable in accordance with their terms, (ii) all unvested restricted shares, restricted share units, performance shares and performance units will become immediately fully vested and non-forfeitable; and (iii) any performance objectives applicable to awards will be deemed to have been satisfied to the maximum degree specified in connection with the applicable award. Additionally, the Compensation Committee may terminate some or all of such outstanding awards, in whole or in part, as of the effective time of the Change of Control in exchange for payments to the holders as provided in the 2010 Equity Incentive Plan.

The 2010 Equity Incentive Plan defines **Change of Control** as (i) the consummation of a consolidation, merger, amalgamation, or other similar corporate reorganization of Cott with or into any other corporation whereby the voting shareholders of Cott immediately prior to such event receive less than 50% of the voting shares of the consolidated, merged or amalgamated corporation; (ii) the consummation of a sale by Cott of all or substantially all of Cott's undertakings and assets; (iii) the date upon which individuals who, on the effective date of the 2010 Equity Incentive Plan constitute Cott's Board (the Incumbent Directors) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the effective date of the 2010 Equity Incentive Plan whose appointment, election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors who remain on the Board (either by a specific vote or by approval of the proxy statement of Cott in which such person is named as a nominee for director, without objection to such nomination) shall also be deemed to be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of Cott as a result of an actual or



**Table of Contents**

threatened election contest with respect to directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or (iv) a proposal by or with respect to Cott being made in connection with a liquidation, dissolution or winding-up of Cott. The 2010 Equity Incentive Plan defines **Cause** and **Good Reason** the same way as the Severance Plan described on page 46 of this proxy circular.

If a Change of Control had occurred on December 28, 2012 and either (1) the surviving or successor entity continued, assumed or replaced awards and within two years after the Change of Control, a named executive officer was involuntarily terminated for reasons other than Cause, or terminated his or her employment for Good Reason, or (2) the surviving or successor entity did not continue, assume or replace awards outstanding as of such date, and the Compensation Committee had not in either case elected to terminate some or all of such outstanding awards in exchange for payments to the holders as provided in the 2010 Equity Incentive Plan, the unvested awards granted to our named executive officers would have vested on an accelerated basis as set forth below:

<b>2010 Equity Incentive Plan</b>	<b>Accelerated Vesting (\$)<sup>(1)</sup></b>
Jerry Fowden	3,912,060
Jay Wells	698,356
Neal Cravens	409,811
Marni Poe	769,164
Michael Gibbons	840,515
Gregory Leiter	445,769

- (1) Represents the value, based on the closing price of our common shares on the NYSE as of December 28, 2012 (\$7.90), the last business day of our 2012 fiscal year, of common shares issuable pursuant to (i) unvested time-based restricted share units under the 2010 Equity Incentive Plan, (ii) unvested performance-based restricted share units under the 2010 Equity Incentive Plan, assuming the performance objectives applicable to such awards were satisfied to the maximum degree, and (iii) unvested stock options under the 2010 Equity Incentive Plan.

These amounts are included in the applicable **Accelerated Vesting** column in the tables under the headings **Payments to Jerry Fowden and Michael Gibbons under the Severance Plan** on page 47, and **Payments to Gregory Leiter under the Legacy Retention Plan** on page 50.

Additionally, in the case of a grantee's termination without Cause or resignation with Good Reason, the number of restricted share units or stock options to be deemed earned by a grantee is equal to the pro rata number of restricted share units or stock options that he or she would have earned on the vesting date had he or she been continuously employed through such vesting date, as calculated by reference to the portion of the applicable restriction period or performance period during which the grantee was actually employed.

Assuming the named executive officers had been terminated on December 28, 2012 by Cott without Cause or by the named executive officers for Good Reason, they would have been entitled to the following:

<b>2010 Equity Incentive Plan</b>	<b>Pro Rata Equity Awards (\$)<sup>(1) (2)</sup></b>
Jerry Fowden	1,515,610
Jay Wells	216,370
Neal Cravens	230,069
Marni Poe	311,955
Michael Gibbons	344,137
Gregory Leiter	197,861

- (1) Represents the value of common shares issuable pursuant to unvested time-based restricted share units and stock options granted to our named executive officers in 2012 and 2011, with a value based on the closing price of our common shares on the NYSE as of December 28, 2012 (\$7.90), the last business day of our 2012 fiscal year.

**Table of Contents**

(2) Because the performance periods for the performance-based restricted share units granted to our named executive officers in 2012 and 2011 have not yet been completed, the number of common shares issuable pursuant to performance-based restricted share units that such named executive officers would have been entitled to on December 28, 2012 is not capable of determination. As such, this column includes the value of such performance-based restricted share units on a pro rata basis, assuming achievement of the performance goals at target and a share value equal to the closing price of our common shares on the NYSE as of December 28, 2012.

These amounts are included in the applicable Pro Rata Equity Awards column in the tables under the headings **Payments to Jerry Fowden and Michael Gibbons under the Severance Plan** on page 47, **Payments to Gregory Leiter under the Legacy Retention Plan** on page 50, and **Payments to Other Named Executive Officers** on page 50.

***Severance Plan***

In February 2009, we commenced the Severance Plan. As of December 28, 2012, Mr. Fowden and Mr. Gibbons are the only named executive officers who participate in such plan. Mr. Gibbons continues to participate in the Severance Plan in his new role as Chief Commercial and Business Development Officer. The triggering events for any severance payments under the Severance Plan are designed to discourage executive officers from voluntarily terminating their employment with us in order to accept other employment opportunities. The triggering events also provide assurances to the executive officers that they will be compensated if terminated by us without Cause. Subject to certain exceptions described below, the Severance Plan defines Mr. Fowden's entitlements upon a qualified termination of employment and replaces all previous termination and severance entitlements to which he may have been entitled. These arrangements are described for Mr. Fowden below.

The Compensation Committee determines which employees participate in the Severance Plan. Each participant is assigned to one of three groups, which correspond to severance multiples as follows: Level 1 Employees 1 times; Level 2 Employees 0.75 times; Level 3 Employees 0.50 times. Mr. Fowden is a Level 1 employee. Mr. Gibbons is a Level 2 employee.

The Severance Plan defines **Cause** to mean:

- (i) the willful failure of the participant to properly carry out the participant's duties and responsibilities or to adhere to the policies of Cott after written notice by Cott of the failure to do so, and such failure remaining uncorrected following an opportunity for the participant to correct the failure within ten (10) days of the receipt of such notice;
- (ii) theft, fraud, dishonesty or misappropriation by the participant, or the gross negligence or willful misconduct by the participant, involving the property, business or affairs of Cott, or in the carrying out of his duties, including, without limitation, any breach by the participant of the representations, warranties and covenants contained in the participant's employment agreement or restrictive covenants set out in the Severance Plan;
- (iii) the participant's conviction of or plea of guilty to a criminal offense that involves fraud, dishonesty, theft or violence;
- (iv) the participant's breach of a fiduciary duty owed to Cott; or
- (v) the participant's refusal to follow the lawful written reasonable and good faith direction of the board of directors.

The Severance Plan defines **Good Reason** to include any of the following:

- (i) a material diminution in the participant's title or duties or assignment to the participant of materially inconsistent duties;
- (ii) a reduction in the participant's then current annual base salary or target bonus opportunity as a percentage of annual base salary, unless such reduction in target bonus opportunity is made applicable to all participants serving in substantially the same capacity as participant;



---

**Table of Contents**

- (iii) relocation of the participant's principal place of employment to a location that is more than 50 miles away from his principal place of employment on the date upon which he became a participant, unless such relocation is effected at the request of the participant or with his approval;
- (iv) a material breach by Cott of any provisions of the Severance Plan, or any employment agreement to which the participant and Cott are parties, after written notice by the participant of the breach and such failure remaining uncorrected following an opportunity for Cott to correct such failure within ten (10) days of the receipt of such notice; or
- (v) the failure of Cott to obtain the assumption in writing of its obligation to perform the Severance Plan by any successor to all or substantially all of the business or assets of Cott within fifteen (15) days after a merger, consolidation, sale or similar transaction.

If a participant's employment is terminated by us without Cause or by the participant for Good Reason, he will receive a cash payment of an amount equal to the participant's total annual base salary and average bonus (based on the actual bonus paid for the previous two years) for the year in which the termination takes place multiplied by his severance multiple, less applicable withholdings. The terminated participant would also be paid accrued salary and vacation through the date of termination, less applicable withholdings. In addition, the terminated participant would receive accelerated vesting of rights under our equity incentive plans and would continue to receive benefits under our benefit plans for the number of years equal to the severance multiple, where we may do so legally and in accordance with the applicable benefit plans in effect from time to time.

Level 1 Employees receive gross-up payments in the event excise tax is imposed. Payments to Level 2 or 3 Employees who would otherwise be subject to excise tax are reduced, or cut back, to an amount that will result in no portion of the payments being subject to the excise tax. The 280G excise tax and gross-up is an estimated amount assuming an effective individual income tax rate of 40%. This amount is determined on the basis that the amount subject to excise tax would not be decreased by amounts attributable to reasonable compensation for services before the change of control.

Participants whose employment terminates for Cause, or by voluntary resignation (other than for Good Reason), death, or disability are not entitled to benefits under the Severance Plan.

Participants in the Severance Plan agree to non-competition and non-solicitation provisions that continue beyond termination for the number of years equal to the applicable severance multiple, regardless of the cause of termination. Participants agree to execute a general release of claims against us in return for payments under the Severance Plan, and, other than with respect to Mr. Fowden, the Severance Plan supersedes applicable provisions of each participant's prior employment agreement.

***Payments to Jerry Fowden and Michael Gibbons under the Severance Plan***

Mr. Gibbons and, subject to certain exceptions Mr. Fowden, participate in the Severance Plan. Under the Severance Plan, if their employment is terminated by Cott without Cause or by the executive for Good Reason, each executive would receive a cash payment equal to the sum of his annual base salary and bonus (based generally on his average bonus for the previous two years) times a severance multiple. Mr. Fowden's employment agreement provides that he would receive a pro rata bonus for the year of termination based on the actual bonus he would have received had he been employed through the end of the year. Mr. Fowden's severance multiple is 1.0, except that under the terms of his employment letter agreement if a termination occurs in connection with a change of control, his severance multiple would be 1.5. A change of control is defined in his employment letter agreement as a takeover, consolidation, merger, amalgamation, sale of all or substantially all assets or a similar transaction involving Cott. Mr. Gibbons's severance multiple is 0.75.

**Table of Contents**

Assuming his employment had been terminated on December 28, 2012 by Cott without Cause or by Mr. Fowden for Good Reason, he would have been entitled to the following:

	Cash Severance (\$)	Non Equity Incentive Plan Payment (\$)	Medical Continuation (\$)	280G Gross-up \$( <sup>(1)</sup> )	Pro Rata Equity Awards (\$)	Total (\$)
Jerry Fowden	800,000	774,100	11,272	4,282,093	1,515,610	7,383,075

(1) Mr. Fowden is a Level 1 Employee and would have received the 280G gross-up.

Assuming his employment had been terminated on December 28, 2012 by Cott without Cause or by Mr. Gibbons for Good Reason, he would have been entitled to the following:

	Cash Severance (\$)	Non Equity Incentive Plan Payment (\$)	Medical Continuation (\$)	280G Cut-back \$( <sup>(1)</sup> )	Pro Rata Equity Awards (\$)	Total (\$)
Michael Gibbons	265,073	160,369	11,517		344,137	781,096

(1) As a Level 2 Employee, Mr. Gibbons may receive a 280G cut-back.

Assuming his employment had been terminated in connection with a Change of Control on December 28, 2012, Mr. Fowden would have been entitled to the following:

	Cash Severance (\$)	Non Equity Incentive Plan Payment (\$)	Medical Continuation (\$)	280G Gross-up \$( <sup>(1)</sup> )	Accelerated Vesting (\$)	Total (\$)
Jerry Fowden	1,200,000	1,161,150	16,908	4,282,093	3,912,060	10,572,211

(1) Mr. Fowden is a Level 1 Employee and would have received the 280G gross-up.

**Legacy Retention Plan**

Mr. Leiter is the only named executive officer serving at the end of fiscal 2012 who is a participant in the Legacy Retention Plan. The Legacy Retention Plan supersedes applicable provisions of an executive's employment agreement and provides for severance payments to the executive upon a termination of his employment. The triggering events for any severance payments under the Legacy Retention Plan were designed to discourage officers from voluntarily terminating their employment with us in order to accept other employment opportunities. The triggering events also provide assurances to the officers that they will be compensated if terminated by us without cause.

The Legacy Retention Plan provides for different payment calculations depending on whether the termination occurs in connection with a Change of Control of Cott. For purposes of the Legacy Retention Plan, a Change of Control means:

- A. a take-over bid (within the meaning of the *Securities Act* (Ontario)), other than a take-over bid exempt from the requirements of Part XX of such Act pursuant to sub-sections 93(1)(b) or (c) thereof, is completed in respect of more than 20% of Cott's common shares and the majority of the members who were members of our board of directors prior to completion of such take-over bid are replaced within 60 days following completion of such take-over bid; or
  
- B. any of the following occur: (A) any consolidation, merger or amalgamation of Cott with or into any other corporation whereby our voting shareowners immediately prior to such event receive less than 50% of the voting shares of the consolidated, merged or amalgamated corporation; (B) a sale by us of



---

**Table of Contents**

all or substantially all of our undertakings or assets; (C) a proposal by or with respect to Cott being made in connection with our liquidation, dissolution or winding up; (D) any reorganization, reverse stock split or recapitalization of Cott that would result in a Change of Control as otherwise defined herein; or (E) any transaction or series of related transactions having, directly or indirectly, the same effect as any of the foregoing.

Under the Legacy Retention Plan, each participant is assigned to one of three groups, which correspond to severance multiples as follows: Level 1 Employees-2 times; Level 2 Employees-1.5 times; Level 3 Employees-1 time. Mr. Leiter is a Level 3 employee.

The Legacy Retention Plan contemplates a window (the **Change of Control Window**) that begins 90 days prior to the Change of Control or the first public announcement thereof and continues past the Change of Control for a length of one year multiplied by each participant's severance multiple.

The Legacy Retention Plan defines **Cause** in the same way as the Severance Plan described on page 46 of this proxy circular.

The Legacy Retention Plan defines **Good Reason** to include any of the following:

- (i) a material diminution in the participant's title or duties or assignment to the participant of materially inconsistent duties;
- (ii) in the case of a participant who is identified in his award letter as a Level 1 Employee and who reports to the Chief Executive Officer as of the date on which he becomes a participant under this Plan, a change in the reporting structure of the participant such that he no longer reports to the Chief Executive Officer (or their equivalent) or any successor thereto following a Change of Control, including a successor to all or substantially all of the business, assets or undertakings of Cott;
- (iii) a reduction in the participant's then current annual base salary or target bonus opportunity as a percentage of annual base salary;
- (iv) relocation of the participant's principal place of employment to a location that is more than 50 miles away from his principal place of employment on the date upon which he became a participant, unless such relocation is effected at the request of the participant or with his approval;
- (v) a material breach by Cott of any provisions of the Legacy Retention Plan, or any employment agreement to which the participant and Cott are parties, after written notice by the participant of the breach and such failure remaining uncorrected following an opportunity for Cott to correct such failure within 10 days of the receipt of such notice; or
- (vi) the failure of Cott to obtain the assumption in writing of its obligation to perform the Legacy Retention Plan by any successor to all or substantially all of the business or assets of Cott within 15 days after a merger, consolidation, sale or similar transaction.

If a participant's employment is terminated by us without Cause or by the participant for Good Reason, he will receive a cash payment of an amount equal to the participant's total annual base salary, car allowance and target bonus multiplied by the participant's severance multiple, less applicable withholdings. The terminated participant would also be paid accrued salary, vacation and a pro rata bonus at target for the year in which the termination took place, less applicable withholdings. In addition, the terminated participant would continue to receive benefits under our benefit plans for the number of years equal to his severance multiple, where we may do so legally and in accordance with the applicable benefit plans in effect from time to time. If the participant's employment is terminated during the Change of Control Window, he would also receive accelerated vesting of rights under our equity incentive plans.

If a participant's employment is terminated by us without Cause or by the participant for Good Reason at a time that falls outside the Change of Control Window, he will receive a cash payment of an amount equal to the participant's total annual base salary, car allowance and target bonus multiplied by the participant's severance



**Table of Contents**

multiple, less applicable withholdings. The terminated participant would also be paid accrued salary, vacation and a pro rata bonus at target for the year in which the termination took place, less applicable withholdings. In addition, the terminated participant would continue to receive benefits under our benefit plans for the number of years equal to his severance multiple.

Level 1 Employees receive gross-up payments in the event excise tax is imposed. Payments to Level 2 or 3 Employees who would otherwise be subject to excise tax are reduced, or cut back, to an amount that will result in no portion of the payments being subject to the excise tax. The 280G excise tax and gross-up is an estimated amount assuming an effective individual income tax rate of 40%. This amount is determined on the basis that the amount subject to excise tax would not be decreased by amounts attributable to reasonable compensation for services before the change of control.

Participants whose employment terminates for Cause, or by voluntary resignation (other than for Good Reason), death, or disability are not entitled to benefits under the Legacy Retention Plan.

**Payments to Gregory Leiter under the Legacy Retention Plan**

Assuming his employment had been terminated by Cott without Cause or by him for Good Reason on December 28, 2012 outside a Change of Control Window, Mr. Leiter would have been entitled to the following:

	Cash Severance (\$)	Non Equity Incentive Plan Payment (\$)	Medical Continuation (\$)	280G Cut-back (\$) <sup>(1)</sup>	Pro Rata Equity Awards (\$)	Total (\$)
Gregory Leiter	259,875	123,187	15,356		197,861	596,279

(1) As a Level 3 Employee, Mr. Leiter may receive a 280G cut-back.

Assuming his employment had been terminated by Cott without Cause or by him for Good Reason on December 28, 2012 inside a Change of Control Window, Mr. Leiter would have been entitled to the following:

	Cash Severance (\$)	Non Equity Incentive Plan Payment (\$)	Medical Continuation (\$)	280G Cut-back (\$) <sup>(1)</sup>	Accelerated Vesting (\$)	Total (\$)
Gregory Leiter	259,875	123,187	15,356		445,769	844,187

(1) As a Level 3 Employee, Mr. Leiter may receive a 280G cut-back.

The payments to Mr. Leiter would be made by us as a lump sum after the date of termination of employment or, if a six-month delay is required to comply with Code Section 409A (for our named executive officers who are U.S. residents), on the first business day of the seventh month following the month in which termination occurs. The payments would be made within 30 days of an individual termination, 60 days of a group termination, and 120 days of a termination in connection with a Change of Control.

Participants in the Legacy Retention Plan agree to non-competition and non-solicitation provisions that continue beyond termination for the number of years equal to the applicable severance multiple, regardless of the cause of termination. The Legacy Retention Plan supersedes applicable provisions of each participant's prior employment agreement, and participants agree to execute a general release of claims against Cott in return for payments under the Legacy Retention Plan.

*Payments to Other Named Executive Officers*

Mr. Wells, Mr. Cravens and Ms. Poe do not participate in either the Severance Plan or the Legacy Retention Plan.

**Table of Contents**

Mr. Wells's employment letter agreement, dated January 14, 2012, provides that if his employment is terminated by Cott without Cause or by Mr. Wells for Good Reason (each as defined therein), he would be entitled to receive a cash payment in an amount equal to nine months of his then-current annual base salary, less all applicable withholding taxes, payable within 30 days of such termination, except in the case of an involuntary termination that is a part of a group termination program, in which case the payment would be made within 60 days.

Mr. Cravens's employment letter agreement, dated September 8, 2009, provides that if his employment was terminated by Cott without Cause or by Mr. Cravens for Good Reason (each as defined therein), he would have been entitled to receive a cash payment in an amount equal to nine months of his then-current annual base salary, less all applicable withholding taxes, payable over a nine-month period beginning 30 days after the date of termination. Mr. Cravens retired as Chief Financial Officer of Cott effective March 20, 2012, and Mr. Wells was appointed as Chief Financial Officer of Cott, effective upon Mr. Cravens's retirement. Mr. Cravens continued with Cott until the end of 2012 to ensure an efficient transition to Mr. Wells.

Ms. Poe's employment letter agreement, dated January 14, 2010, provides that if her employment is terminated by Cott without Cause or by Ms. Poe for Good Reason (each as defined therein), she would be entitled to receive a cash payment in an amount equal to six months of her then-current annual base salary, less all applicable withholding taxes, payable within 30 days of such termination, except in the case of an involuntary termination that is a part of a group termination program, in which case the payment would be made within 60 days.

Assuming their employment had been terminated on December 28, 2012 by Cott without Cause or by the executive for Good Reason, Mr. Wells, Mr. Cravens and Ms. Poe would have been entitled to the following cash payments:

	<b>Cash Payments</b>	<b>Pro Rata Equity Awards</b>	<b>Total</b>
	(\$)	(\$)	(\$)
Jay Wells	262,500	216,370	478,870
Neal Cravens	267,750	230,069	497,819
Marni Poe	165,816	311,955	477,771

***Termination by Cott for Cause; Resignation by the Executive Officer other than for Good Reason***

We are not obligated to make any cash payment or benefit to any of our executive officers if the executive officer's employment is terminated by us for Cause or if the executive officer resigns for other than Good Reason (each as defined in applicable severance arrangements), other than the payment of unpaid salary and accrued and unused vacation pay.

***Termination because of Death or Disability***

Upon an executive officer's death or disability, we pay accrued salary and a prorated target bonus to the executive officer or the executive officer's estate. Upon an executive officer's death, a pro rata portion of any restricted shares, restricted share units, performance shares or performance units granted to such executive officer under the 2010 Equity Incentive Plan vest and are paid, in the case of performance shares or units, upon certification by the Compensation Committee of the achievement of the results for the applicable performance period, and in the case of restricted shares or restricted share units, following the executive officer's death. We provide executive-level life, short-term disability, and long-term care benefits to our executive officers that are not also available to our employees generally. Amounts in respect of such benefits are disclosed in the Summary Compensation Table on page 38 of this proxy circular.

**Table of Contents****THE HUMAN RESOURCES AND COMPENSATION COMMITTEE REPORT**

The Human Resources and Compensation Committee of Cott's board of directors (collectively, the **Compensation Committee**) has submitted the following report for inclusion in this proxy circular:

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this proxy circular with management. Based on the Compensation Committee's review of and the discussions with management with respect to the Compensation Discussion and Analysis, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy circular and incorporated into Cott's Annual Report on Form 10-K for the fiscal year ended December 29, 2012 for filing with the SEC and with all applicable Canadian securities authorities.

The foregoing report is provided by the following directors, who constitute the Compensation Committee:

ANDREW PROZES, CHAIR

BETTY JANE HESS

MARIO PILOZZI

February 13, 2013

**EQUITY COMPENSATION PLAN INFORMATION**

Set out below is information about the 2010 Equity Incentive Plan and the 1986 Option Plan, the only plans with awards outstanding as of December 29, 2012. After the adoption and shareowner approval of the 2010 Equity Incentive Plan, in early 2011 the board of directors determined to terminate the 1986 Option Plan and certain of our other equity compensation plans. Options issued to participants under the 1986 Option Plan will continue to become exercisable, terminate and be forfeited in accordance with the terms of the 1986 Option Plan. The 2010 Equity Incentive Plan and the 1986 Option Plan generally require us to issue shares that would be dilutive to our shareowners.

Plan Category	Number of Common Shares to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Common Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
<b>Equity compensation plans approved by shareowners</b>			
2010 Equity Incentive Plan <sup>(1)</sup>	1,696,184 <sup>(2)</sup>	US\$6.58 <sup>(3)</sup>	812,584
<b>Equity compensation plans not approved by shareowners</b>			
Restated Cott Corporation 1986 Common Share Option Plan, as amended <sup>(4)</sup>	125,000	CDN\$9.49	0
<b>Total</b>	<b>1,821,184</b>	<b>US\$7.38<sup>(5)</sup></b>	<b>812,584</b>

(1) The 2010 Equity Incentive Plan was approved by shareowners on May 4, 2010.

(2) Represents 529,188 time-based restricted share units, 824,517 performance-based restricted share units, and 342,479 stock options granted (and not vested, exercised, forfeited or cancelled, as applicable) under the 2010 Equity Incentive Plan. If any of the shares to be issued pursuant to time-based restricted share

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

units, performance-based restricted share units, or stock options are forfeited, expired, or are cancelled or settled without the issuance of shares, they will return to the pool of shares available for issuance under the 2010 Equity Incentive Plan.

**Table of Contents**

- (3) Represents the weighted-average exercise price of stock options granted under the 2010 Equity Incentive Plan.
- (4) As the 1986 Option Plan was adopted prior to our initial public offering, it was not approved by shareowners. Subsequent amendments to the plan that required shareowner approval have been approved by shareowners. The 1986 Option Plan is administered in Canadian dollars.
- (5) Represents the weighted-average exercise price of outstanding options granted under the 2010 Equity Incentive Plan and the 1986 Option Plan. The option prices for options granted under the 1986 Option Plan were converted to U.S. dollars at a conversion rate of 1.00675, which is the Canadian to U.S. conversion rate for December 29, 2012 listed on OANDA.com

**2010 Equity Incentive Plan**

The 2010 Equity Incentive Plan is administered by the Compensation Committee or any other board committee as may be designated by the board from time to time. The 2010 Equity Incentive Plan provides the Compensation Committee flexibility to design compensatory awards that are responsive to Cott's needs. Subject to the terms of the 2010 Equity Incentive Plan and applicable statutory and regulatory requirements, the Compensation Committee has the discretion to determine the persons to whom awards will be granted under the plan, the nature and extent of such awards, the times when awards will be granted, the duration of each award, and the restrictions and other conditions to which payment or vesting of awards may be subject.

Awards under the 2010 Equity Incentive Plan may be in the form of stock options, stock appreciation rights, restricted shares, restricted share units, performance shares, performance units or stock payments. Full-time, part-time or contract employees of Cott and its subsidiaries and non-employee directors of Cott may be selected by the Compensation Committee to receive awards under the 2010 Equity Incentive Plan.

The 2010 Equity Incentive Plan provides that up to 4,000,000 shares may be issued under the plan. Common shares issued under the 2010 Equity Incentive Plan may be newly-issued shares, shares held in Treasury or shares that have been reacquired by Cott. No participant may receive awards during any one calendar year representing more than 2,000,000 common shares. In addition, the maximum amount that may become vested under any cash-denominated award during any one calendar year is five million dollars (\$5,000,000). These limits are subject to adjustments by the Compensation Committee as provided in the 2010 Equity Incentive Plan for share splits, share dividends, recapitalizations and other similar transactions or events. In addition, the number of common shares issuable to insiders of Cott (as defined in Part I of the Toronto Stock Exchange Company Manual) at any time, and the number of shares issued to insiders of Cott within any one year period, under the 2010 Equity Incentive Plan or when combined with all of Cott's other security based compensation arrangements (as described in the Toronto Stock Exchange Company Manual), may not exceed 10% of Cott's issued and outstanding common shares, respectively. In addition, neither the board nor the Compensation Committee may, without further shareowner approval, grant to non-employee directors an amount equal to or greater than the lesser of (i) 1% of Cott's issued and outstanding common shares; and (ii) an annual equity award of \$100,000 per non-employee director. The aforementioned restriction may not be amended without further shareowner approval.

In 2012, Cott granted 96,010 common shares to the non-management members of our board of directors in consideration of such directors annual board retainer fee. Cott also granted 330,969 performance-based restricted share units, 441,996 time-based restricted share units and 384,546 stock options to certain of its employees. The performance-based restricted share units vest based on the achievement of a specified target level of cumulative pre-tax income for the period beginning on January 1, 2012 and ending on the last day of our 2014 fiscal year. The payout percentage of the performance-based restricted share units 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 1, 2012 and ending on the last day of our 2014 fiscal year. The time-based restricted share units and stock options vest on the last day of our 2014 fiscal year, assuming the participant's continued employment on that date.

In 2011, Cott granted 76,110 common shares to the non-management members of our board of directors in consideration of such directors annual board retainer fee. Cott also granted 592,163 performance-based



---

**Table of Contents**

restricted share units and 151,545 time-based restricted share units to certain of its employees. The performance-based restricted share units vest based on the achievement of a specified target level of cumulative pre-tax income for the period beginning on January 1, 2011 and ending on the last day of our 2013 fiscal year. The payout percentage of the performance-based restricted share units 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 1, 2011 and ending on the last day of our 2013 fiscal year. The time-based restricted share units vest on the last day of our 2013 fiscal year, assuming the participant's continued employment on that date.

In 2010, Cott granted 78,790 common shares to the non-management members of our board of directors in consideration of such directors' annual board retainer fee. Cott also granted 1,726,807 performance-based restricted share units and 1,396,807 time-based restricted share units to certain of its employees. The performance targets established for the performance-based restricted share units were not met and, as a result, these awards did not vest. The time-based restricted share units vested on the last day of our 2012 fiscal year.

The Compensation Committee has recommended, and the board of directors has approved, the terms of the Amended and Restated Equity Plan, subject to shareholder approval, pursuant to which the 2010 Equity Incentive Plan will be amended and restated to, among other things, increase the number of shares that may be issued 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). Further discussion of the terms of the Amended and Restated Equity Plan appears under the heading **Approval of Amended and Restated Cott Corporation Equity Incentive Plan** on page 66 of this proxy circular.

**Restated 1986 Common Share Option Plan**

After the adoption of the 2010 Equity Incentive Plan, the board determined that the 1986 Option Plan was no longer needed and terminated the 1986 Option Plan, effective February 23, 2011. Outstanding options will continue in accordance with the terms of the 1986 Option Plan plans until exercised, forfeited or terminated, as applicable. Future awards are expected to be governed by the terms of our 2010 Equity Incentive Plan, as it may be amended. The following description of the 1986 Option Plan is provided because options to purchase Cott shares remain outstanding under it notwithstanding its termination.

Prior to its termination, the 1986 Option Plan was administered by the Compensation Committee. Subject to certain limitations, the Compensation Committee had discretion to determine eligibility for participation in the 1986 Option Plan, the number of common shares for which options were granted, the date of grant of option awards and the vesting period for each option. The exercise price of options was the fair market value of our common stock based on the closing price on the Toronto Stock Exchange the day before the grant. Upon ceasing to serve as an employee or director of Cott, options are generally forfeited if not exercised within 60 days.

Options held by our non-employee directors vest immediately and are reflected in footnote 3 to the table under the heading **Compensation of Directors** on page 14 of this proxy circular.

**DIRECTORS AND OFFICERS INSURANCE**

We provide insurance for the benefit of our directors and officers against certain liabilities that may be incurred by them in their capacity as directors and officers, as specified in the policy. The current annual policy limit is \$75,000,000. We are reimbursed for amounts paid to indemnify directors and officers, subject to a deductible of \$750,000 for securities claims and a deductible of \$500,000 for all other claims. The deductible is our responsibility. There is no applicable deductible if we are unable to indemnify. The annual premium, which is currently \$683,706, is paid by us.

Under the terms of our by-laws and agreements with each of our directors, we indemnify our directors and officers against certain liabilities incurred by them in their capacity as directors and officers to the extent permitted by law.

## **Table of Contents**

### **CORPORATE GOVERNANCE**

#### **Board and Management Roles**

The board of directors has explicitly assumed responsibility for the stewardship of Cott, including:

the adoption of a strategic planning process,

the identification of the principal risks for Cott and the implementation of appropriate risk management systems,

succession planning and monitoring of senior management,

ensuring that we have in place a communications policy to enable us to communicate effectively and in a timely manner with our shareowners, other stakeholders and the public generally, and

the integrity of our internal control and management information systems.

All decisions materially affecting Cott, our business and operations, including long-term strategic and operational planning, must be approved by the board prior to implementation. Each year, management presents a strategic plan to the board for review and approval.

To assist in discharging its responsibilities effectively, the board has established three committees: the Audit Committee, the Corporate Governance Committee and the Human Resources and Compensation Committee. The roles of the committees as part of our governance process are outlined below, and their charters may be viewed on our website at [www.cott.com](http://www.cott.com). Each committee has the authority to retain special legal, accounting or other advisors.

#### **Allocation of Responsibility between the Board and Management**

The board has adopted a written mandate, the text of which is set out in Appendix C. The business and affairs of Cott are managed by or under the supervision of the board in accordance with all applicable laws and regulatory requirements. The board is responsible for providing direction and oversight, approving our strategic direction and overseeing the performance of our business and management. Management is responsible for presenting strategic plans to the board for review and approval and for implementing our strategic direction. The board has approved a job description for the Chief Executive Officer, which specifically outlines the responsibilities of this position. One of these responsibilities is to prepare, on behalf of management, a written statement of management's objectives, plans and standards of performance. This report is reviewed and approved annually by both the Compensation Committee and the entire board. Additionally, we have established a lead independent director role and position descriptions for the chairman of the board and for each committee chair.

#### **Board Oversight of Risk**

Pursuant to the written mandate, management is responsible for day-to-day risk management and is responsible for implementing the risk management strategy for Cott. Risk oversight is a responsibility of the full board that is administered by the Audit Committee pursuant to the Audit Committee Charter. The Audit Committee discusses with management our guidelines and policies with respect to risk assessment, risk management, and major strategic, financial and operational risk exposures such as fraud, environmental, competitive and regulatory risks, and the steps management has taken to monitor and control any exposure resulting from such risks.

The Audit Committee regularly reports to the board on the risks to Cott. Additionally, management from time to time reports to the board on the risks to Cott. Adjustments to the initiatives undertaken in connection with the risk assessment process may be made as a result of such reports. Over the course of the year, the Audit Committee further reviews with the board the risks facing Cott. We believe that the board oversight and involvement in risk assessment provides effective oversight of Cott's enterprise risks.



## **Table of Contents**

### **Board's Expectations of Management**

The board expects management to pursue the following objectives:

produce timely, complete and accurate information on our operations and business and on any other specific matter that may, in management's opinion, have material consequences for us, our shareowners and other stakeholders,

act on a timely basis and make appropriate decisions with regard to our operations, in accordance with all the relevant requirements and obligations and in compliance with our policies, with a view to increasing shareowner value,

apply a rigorous budget process and closely monitor our financial performance in terms of the annual budget approved by the board,

develop and implement a strategic plan in light of trends in the market, and

promote high ethical standards and practices in conducting our business.

### **Board Leadership**

Our board is composed of 11 directors, 10 of whom are independent. Mr. David Gibbons is the Chairman of our board. Mr. Rosenfeld serves as our Lead Independent Director. The only nominee for director who is not independent is Mr. Fowden, our Chief Executive Officer. See **Certain Relationships and Related Transactions** on page 17 of this proxy circular for further discussion of the board's determinations as to independence.

Cott has a separate Chairman of the Board and Chief Executive Officer. The board feels that separating the role of Chairman and Chief Executive Officer is in the best interests of shareowners at this time. This structure ensures a greater role for independent directors in the oversight of Cott and active participation by the independent directors in establishing priorities and procedures for the work of the board. The board believes that its leadership structure has not been affected by the board's administration of the risk oversight function.

For each regular board meeting and most special meetings the Chairman establishes the agenda. Each member of the board may suggest items for the agenda and may also raise at any meeting subjects that are not on the agenda for that meeting.

The board believes that it is beneficial to designate a Lead Independent Director, and requires it whenever the Chairman is not independent. While David Gibbons was serving as Interim Chief Executive Officer in 2008 and early 2009, Mr. Rosenfeld became Lead Independent Director. The board determined to continue this arrangement even after Mr. Gibbons ceased to serve as Interim Chief Executive Officer and became Chairman. The Lead Independent Director acts in a supportive capacity to the Chairman and acts as Chairman in the event the Chairman is unavailable.

The board conducts an annual evaluation to determine whether it and its committees are functioning effectively, which includes an evaluation of whether the current leadership structure continues to be optimal for Cott and its shareowners. The board conducted this evaluation for 2012 and determined not to make changes to the leadership structure.

### **Shareowner Communications**

We seek to maintain a transparent and accessible exchange of information with all of our shareowners and other stakeholders with regard to our business and performance, subject to the requirements of all applicable laws and any other limitations of a legal or contractual nature. In addition to our timely and continuous disclosure obligations under applicable law, we regularly distribute information to our shareowners and the investment community through conferences, webcasts made available to the public and press releases. Shareowners and



## **Table of Contents**

other interested parties are invited to communicate with one or more of our directors, including the Lead Independent Director or with our non-management directors as a group, by sending a letter to the attention of the directors, or any one of them, c/o Cott Corporation, 5519 West Idlewild Avenue, Tampa, Florida, U.S.A. 33634 or by sending an e-mail to Cottboard@cott.com. The letter or e-mail should indicate that you are a Cott shareowner or your other interest in Cott. Unless the letter or e-mail contains unsolicited advertising material, it will be forwarded to the director or directors to whom it is addressed (or, if it is not directed toward a specific director, to our Chairman).

### **Composition of the Board**

Our articles of amalgamation permit a minimum of three and a maximum of 15 directors. The size of the board is currently set at 11 members, a number that the board considers to be adequate given our size and the nature of our shareowner constituency.

Board members are encouraged to attend each annual meeting of shareowners. All of our directors attended the 2012 annual meeting in person.

### **Independence of the Board**

The only nominee for director who is not independent is Mr. Fowden, our Chief Executive Officer. See **Certain Relationships and Related Transactions** on page 17 of this proxy circular for further discussion of the board's determinations as to independence. Mr. Rosenfeld serves as our Lead Independent Director.

At all meetings of the board and committees of the board, any non-management board member may request that all members of management, including management directors, be excused so that any matter may be discussed without any representative of management being present. The non-management directors, all of whom are independent, meet independently of management as part of each regularly scheduled meeting of the board. In addition, directors who have a material interest in a transaction or agreement are required to disclose the interest to the board and to refrain from voting on the matter, and they do not participate in discussions relating to the transaction or agreement.

Each of the Compensation Committee, the Corporate Governance Committee and the Audit Committee is comprised entirely of independent directors. The board oversees the establishment and function of all committees, the appointment of committee members and their conduct. The board has considered the independence of each of its members for purposes of the rules of the NYSE and, where applicable, NI 58-101. See **Certain Relationships and Related Transactions** on page 17 of this proxy circular.

### **Board Committees**

The board has the following standing committees: Corporate Governance Committee, Audit Committee and Compensation Committee. The charters of these committees are available on our website, [www.cott.com](http://www.cott.com). From time to time, the board may form additional committees in its discretion.

#### ***Corporate Governance Committee***

Members: Eric Rosenfeld (Chair), David T. Gibbons, Stephen Halperin, Andrew Prozes, Mark Benadiba

The board has determined that each member of the Corporate Governance Committee is independent within the meaning of the rules of the NYSE and NI 58-101. The Corporate Governance Committee is responsible for developing and monitoring our approach to corporate governance issues in general. Specifically, the Corporate Governance Committee is responsible for:

developing and maintaining a set of corporate governance principles applicable to Cott and monitoring, on behalf of the board of directors, Cott's approach to corporate governance issues,

**Table of Contents**

reviewing periodically and recommending changes to the governing documents and the mandates of the board committees,

establishing and articulating qualifications and other selection criteria for the members of the board or any board committee,

advising the board of directors regarding the appropriate number of directors, and identifying and recommending the nomination of new members to the board and its committees from time to time and nominees for each annual meeting of shareowners (and as such functions as a nominating committee),

in the event that a director's principal employment responsibilities change (except for internal promotions within his or her organization) and that director tenders his or her resignation from the board as required pursuant to the Corporate Governance Guidelines, recommend to the board whether or not such resignation should be accepted,

advising the board with respect to the board's leadership structure and the positions held by the members of the board,

ensuring that management develops, implements and maintains appropriate orientation and education programs for directors and schedules periodic presentations for directors to ensure they are aware of major business trends and industry and corporate governance practices,

developing and recommending to the board of directors for approval an annual self-evaluation process of the board and its committees (including each member thereof) and management,

monitoring the quality of the relationship between management and the board and recommending any areas for improvement,

reporting on corporate governance as required by all applicable public disclosure requirements,

reviewing and assessing annually Cott's Corporate Governance Guidelines,

reviewing and, as appropriate, modifying the Code of Business Conduct and Ethics, and pre-approving any request for a waiver of such Code,

reviewing all related party transactions, whether or not reportable pursuant to applicable securities laws and regulations,

reviewing on an at least an annual basis the way in which Cott's corporate governance is being evaluated by relevant external organizations and publications,

being responsible for those matters assigned to it under Cott's Code of Business Conduct and Ethics and Code of Ethics for Senior Officers,

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

reviewing and reassessing the adequacy of the Corporate Governance Committee's charter annually and recommending any proposed changes to the board for approval, and

reviewing and assessing the Corporate Governance Committee's own performance on an annual basis and reporting regularly to the board regarding the results of the Corporate Governance Committee's activities.

In selecting candidates for the board, the Corporate Governance Committee applies a number of criteria, including:

each director should be an individual of the highest character and integrity,

each director should have sufficient experience to enable the director to make a meaningful contribution to the board and to Cott,

each director should have sufficient time available to devote to our affairs in order to carry out his or her responsibilities as a director,

each person who is nominated as an independent director should meet all of the criteria established for independence under applicable securities or stock exchange laws, rules or regulations,



**Table of Contents**

whether the residency of the nominee will impact residency and qualification requirements under applicable legislation relating to the composition of the board and its committees, and

whether the person is being nominated, or is precluded from being nominated, to fulfill any contractual obligation we may have. In addition to the factors considered above, the Corporate Governance Committee also considers how a nominee will contribute to the diversity of the board, which is measured by a number of factors, including professional background, education, race, gender, and residence (subject to any applicable law or regulation).

The Corporate Governance Committee considers suggestions as to nominees for directors from any source, including any shareowner. Shareowners wishing to suggest a candidate for a director should write to our Secretary no later than November 28, 2013 at our executive office and include:

a statement that the writer is a shareowner and is proposing a candidate for consideration by the Corporate Governance Committee,

the name and contact information for the candidate,

a statement of the candidate's business and educational experience,

information regarding each of the factors listed above, other than those in respect of board size and composition, to enable the committee to evaluate the candidate,

a statement detailing the relationship between the candidate and us or any of our customers, suppliers or competitors,

detailed information about any relationship or understanding between the writer and the proposed candidate, and

a statement that the candidate is willing to be considered as a candidate and willing to serve as a director if nominated and elected. The Corporate Governance Committee conducts assessments of the board and its committees at least annually. Directors are required to complete an evaluation of the performance of the board, its committees and directors, which are then reviewed by the Corporate Governance Committee, and conclusions and recommendations resulting therefrom are reported to the full board.

New directors are provided with material respecting Cott and attend information sessions and plant tours with management in order to familiarize themselves with the business. They also meet with company representatives to review the mandates and roles of the board and its committees, as well as applicable corporate policies. Directors regularly meet with management to discuss corporate developments and participate in plant tours from time to time. In addition, directors are provided with materials concerning matters to be discussed at an upcoming meeting prior to the meeting.

The Corporate Governance Committee may from time to time engage outside advisors to assist in identifying and evaluating potential nominees to the board.

The Corporate Governance Committee met four times in 2012.

***Audit Committee***

Members: Graham W. Savage (Chair), George Burnett, Gregory Monahan

Edgar Filing: COTT CORP /CN/ - Form DEF 14A

The Audit Committee reports directly to the board. Each member has been determined by the board to be independent within the meaning of the rules of the NYSE and Rule 10A-3 of the Exchange Act.

---

**Table of Contents**

The Audit Committee, on behalf of the board, oversees the integrity of our annual and interim consolidated financial statements, compliance with applicable legal and regulatory requirements, significant financial reporting issues, the internal audit function, the annual independent audit of our financial statements, the independent auditor's qualifications and independence, the performance of our internal auditors and independent auditor and is responsible for satisfying itself that we have implemented appropriate systems of internal controls. The Audit Committee reviews the terms of engagement and proposed overall scope of the annual audit with management and the independent auditor. See **Independent Registered Certified Public Accounting Firm Audit Committee Report** on page 63 of this proxy circular.

The Audit Committee is also tasked with fulfilling the board's oversight role with respect to risk management.

The Audit Committee operates pursuant to a written charter that was most recently updated in February 2013, the text of which is set out in Appendix D. Each member of the Audit Committee is financially literate. Additionally, the board has determined that Mr. Savage qualifies as an audit committee financial expert as such term is defined in the rules of the SEC. The Audit Committee met six times in 2012.

***Human Resources and Compensation Committee***

Members: Andrew Prozes (Chair), Betty Jane Hess, Mario Pillozzi

The board has determined that each member of the Compensation Committee is independent within the meaning of the rules of the NYSE and NI 58-101. See **Certain Relationships and Related Transactions** on page 17 of this proxy circular. The Compensation Committee's charter includes:

recommending to the independent members of the board the annual compensation of the Chief Executive Officer, including base salary, incentive bonus structure, targets, pay-out levels, long-term incentive awards and perquisites,

establishing the annual compensation of our executive officers, other than the Chief Executive Officer,

periodically reviewing with the board and approving short-term and long-term incentive compensation programs and equity-based plans, including general plan administration such as determining eligibility, and setting targets,

reviewing and recommending to the board the remuneration to be paid to members of the board,

reviewing all executive compensation disclosure before such information is publicly disclosed by Cott, and

evaluating whether and to what extent Cott's compensation policies or practices create incentives that affect risk taking.

The Compensation Committee also is responsible for reviewing and reporting periodically to the board of directors on our organizational structure and ensuring that an appropriate succession plan for the Chief Executive Officer and our executive officers has been developed. The Compensation Committee met five times in 2012.

In determining the amount of compensation for directors, the Compensation Committee reviews industry publications and trends provided by Cook to determine the appropriate level of compensation. The Compensation Committee then reports its findings and makes recommendations to the board of directors for approval.

In 2012, the Compensation Committee continued to retain Cook as its sole independent compensation consultant. Cook only performs work for and reports directly to the Compensation Committee and attends Compensation Committee meetings as requested. Cook provided recommendations to the Compensation Committee on the competitiveness and appropriateness of all elements of executive compensation, including the Chief Executive Officer's compensation. Cook did not provide any additional services to the board or management. Cott paid Cook \$64,979 for services rendered during 2012.



**Table of Contents**

The Compensation Committee has considered the independence of Cook in light of SEC rules and NYSE listing standards. In connection with this process, the Compensation Committee has reviewed, among other items, a report from Cook addressing the independence of Cook and the members of the consulting team serving the Compensation Committee, including the following factors: (i) other services provided to Cott by Cook, (ii) fees paid by Cott as a percentage of Cook's total revenue, (iii) policies or procedures of Cook that are designed to prevent conflicts of interest, (iv) any business or personal relationships between the senior advisor of the consulting team with a member of the Compensation Committee, (v) any Cott stock owned by the senior advisor or any immediate family member, and (vi) any business or personal relationships between our executive officers and the senior advisor. The Compensation Committee discussed these considerations and concluded that the work performed by Cook and its senior advisor involved in the engagement did not raise any conflict of interest.

For more information regarding the function of the Compensation Committee, see **Compensation Discussion and Analysis** beginning on page 19 of this proxy circular.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

No member of the Compensation Committee is or was during 2012 an employee, or is or ever has been an officer, of Cott or its subsidiaries. No executive officer of Cott served as a director or a member of the Compensation Committee of another company, one of whose executive officers served as a member of Cott's board of directors or Compensation Committee.

**INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM****Approval of Appointment of Independent Registered Certified Public Accounting Firm**

At the meeting you will be asked to approve the appointment of PricewaterhouseCoopers LLP, as our independent registered certified public accounting firm for the 2013 fiscal year. A majority of the votes cast must be in favor of this resolution in order for it to be approved. PricewaterhouseCoopers LLP will be appointed if a majority of the votes cast by those of you who are present in person or represented by proxy at the meeting are in favor of this action.

**We recommend that you vote FOR the appointment of PricewaterhouseCoopers LLP.**

**IF YOU PROPERLY COMPLETE AND RETURN THE ENCLOSED FORM OF PROXY, YOUR SHARES WILL BE VOTED FOR THE APPROVAL OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP UNLESS YOU SPECIFICALLY INDICATE OTHERWISE ON THE FORM OF PROXY.**

**Principal Accounting Fees**

The aggregate fees billed by PricewaterhouseCoopers LLP for professional services performed by PricewaterhouseCoopers LLP for us for 2012 and 2011 were as follows:

	Fees (\$)	
	2012	2011
Audit Fees (including out-of-pocket expenses)	2,230,000	2,541,575
Audit-Related Fees	148,800	222,000
Tax Fees	77,000	96,390
All Other Fees	2,700	2,700
<b>Total</b>	<b>2,458,500</b>	<b>2,862,665</b>

## **Table of Contents**

### *Audit Fees*

Audit fees are those for services related to the audit of our annual financial statements for inclusion in our Annual Report on Form 10-K for the 2012 and 2011 fiscal years and for the review of the financial statements included in our Quarterly Reports on Form 10-Q for those years.

### *Audit-Related Fees*

Audit-related fees for the 2012 and 2011 fiscal years consisted primarily of audits of employee benefit plans, due diligence pertaining to business combinations, and other audit-related services.

### *Tax Fees*

Tax fees in 2012 and 2011 consisted of tax compliance services and advice.

### *All Other Fees*

All Other Fees for 2012 and 2011 consist of fees for products and services other than the services reported above.

## **Pre-Approval Policies and Procedures**

In engaging Cott's independent registered certified public accounting firm, the Audit Committee considers the following guidelines:

For audit services, the independent auditor is to provide the Audit Committee with an engagement letter for each fiscal year outlining the scope of the audit services proposed to be performed. If agreed to by the Audit Committee, this engagement letter will be formally accepted by the Audit Committee. The independent auditor is to submit an audit services fee proposal for approval by the Audit Committee.

For non-audit services, management and the independent auditor will periodically submit to the Audit Committee for approval in advance a description of particular non-audit services. Management and the independent auditor will each confirm to the Audit Committee that each proposed non-audit service is permissible under applicable legal requirements. The Audit Committee must approve permissible non-audit services in order for us to engage the independent auditor for such services. The Audit Committee will be informed routinely as to the non-audit services actually provided by the independent auditor pursuant to this process.

If management proposes that the Audit Committee engage the independent auditor to provide a non-audit service that is not contemplated or approved by the Audit Committee pursuant to the process outlined above, management will submit the request to the Audit Committee. Our management and the independent auditor will each confirm to the Audit Committee that such non-audit service is permissible under all applicable legal requirements. Management will also provide an estimate of the cost of such non-audit service. The Audit Committee must approve the engagement for the non-audit service and the fees for such service prior to our engagement of the independent auditor for the purposes of providing such non-audit service.

Any amendment or modification to an approved permissible non-audit service must be approved by the Audit Committee or the chair of the Audit Committee prior to the engagement of the auditor to perform the service.

Our audit-related fees, tax fees, and all other fees in 2012 were pre-approved by the Audit Committee. The Audit Committee has determined that the provision of the non-audit services for which these fees were rendered is compatible with maintaining the independent auditor's independence.

## **Table of Contents**

The Audit Committee has appointed PricewaterhouseCoopers LLP as Cott's independent registered certified public accounting firm for the 2013 fiscal year. One or more representatives of PricewaterhouseCoopers LLP will be present at the annual and special meeting, will have an opportunity to make a statement as he or she may desire and will be available to respond to appropriate questions.

### **Audit Committee Report**

The Audit Committee reviewed and discussed with management Cott's audited financial statements. The Audit Committee reviewed with the independent auditor its judgment as to the quality, not just the acceptability, of Cott's accounting principles and such other matters as the Audit Committee and the auditor are required to discuss under generally accepted auditing standards, in particular those matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1, AU Section 380, as adopted by the Public Company Accounting Oversight Board in Rule 3200T). The Audit Committee also reviewed with management and PricewaterhouseCoopers LLP the critical accounting policies underlying Cott's financial statements and how these policies were applied to the financial statements.

The Audit Committee received the written disclosures and the letter from the auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with the Audit Committee concerning independence, and has discussed with the auditor the auditor's independence from Cott and management. Additionally, the Audit Committee has considered the compatibility of non-audit services with the auditor's independence.

Based on the foregoing reviews and discussions, the Audit Committee recommended to the board of directors that the audited financial statements be included in Cott's annual report on Form 10-K for the year ended December 29, 2012 for filing with the U.S. Securities and Exchange Commission.

GRAHAM SAVAGE, CHAIR

GREGORY MONAHAN

GEORGE BURNETT

February 13, 2013

---

**Table of Contents**

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide our shareowners with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy circular in accordance with the compensation disclosure rules of the SEC. Consistent with our shareowners' preference expressed in voting at the 2011 annual meeting of shareowners, the board determined that an advisory vote on the compensation of our named executive officers will be conducted every year. The next advisory vote on the frequency of an advisory vote on executive compensation will take place at the 2017 annual meeting of shareowners.

As described in detail under the heading **Compensation Discussion and Analysis**, beginning on page 19 of this proxy circular, we seek to closely align the interests of our named executive officers with the interests of our shareowners. Our compensation programs are designed to reward executives based on the achievement of both individual and corporate performance targets, while at the same time avoiding the encouragement of unnecessary or excessive risk-taking. In considering our executive compensation program for 2012, we believe our shareowners will find the following information important:

In 2012, we awarded a combination of performance-based restricted share units (37.5%), time-based restricted share units (25%), and stock options (37.5%) to our Chief Executive Officer and those named executive officers who report directly to our Chief Executive Officer. Our Chief Accounting Officer, who reports to our Chief Financial Officer, was awarded a combination of performance-based restricted share units (25%) and time-based restricted share units (75%). All of these restricted share units and stock options cliff vest at the end of fiscal 2014, with the performance-based restricted share units vesting based upon the achievement of a specific level of cumulative pre-tax income over the three-year period ending at the end of fiscal 2014. By linking an element of our long-term incentives to three-year financial results, we hope to more closely align our named executive officers' incentives with the long-term interests of shareowners. For grants in 2013, our named executive officers received the same types and relative percentages of equity awards as were awarded in 2012.

In 2012, as a result of Cott's improved operating performance and achievement of individual performance goals, and after a review of peer group and market data and the results of annual performance reviews, the base salary for 2012 for each of our named executive officers and the target bonus for one of our named executive officers were increased to better align the base salary and total compensation for those named executive officers with the 50<sup>th</sup> percentile of executives performing similar functions in the competitive market. Perquisites available to our named executive officers continued to be limited to an annual executive physical examination and a car allowance.

Our compensation programs for fiscal 2012 build upon our compensation framework and overall compensation philosophy. Features of this framework include:

A clawback policy to allow the board of directors to recoup any excess incentive compensation paid to our current and former executive officers in the event of a required accounting restatement of a financial statement of Cott, whether or not based on misconduct, due to material non-compliance with any financial reporting requirement under the securities laws of the United States. The clawback policy is intended to reduce potential risks associated with our incentive plans, and thus better align the long-term interests of our named executive officers and shareowners.

A no-hedging policy that prohibits our directors, named executive officers, and other key executive officers from engaging in any hedging or monetization transactions, such as zero-cost collars and forward sale contracts, with respect to Cott securities.

A policy prohibiting directors and employees, including named executive officers, from engaging in any short-term, speculative transactions involving Cott securities, including purchasing securities on margin, engaging in short sales, buying or selling put or call options, and trading in options.





---

**Table of Contents**

A policy prohibiting directors and employees, including named executive officers, from holding Cott securities in a margin account or pledging Cott securities as collateral for a loan.

Share ownership guidelines that require our directors, named executive officers, and other key employees to hold a certain amount of Cott shares, with the amount set at a particular multiple of base salary.

The Compensation Committee's continued engagement of an independent compensation consultant that does not provide any services to management and that had no relationship with management prior to the engagement.

The continued administration of a robust risk management program, which includes our Compensation Committee's oversight of the ongoing evaluation of the relationship between our compensation programs and risk, as well as the oversight of risk by the Audit Committee on behalf of the full board pursuant to the Audit Committee Charter.

As described in Management's Discussion and Analysis of Financial Conditions and Results of Operations in our Annual Report on Form 10-K, Cott achieved increases in gross margin in line with Cott's gross margin restoration strategy, as well as significant cash generation, and we believe that our named executive officers were instrumental in helping us to achieve these results. Key highlights of our 2012 performance include the following:

We reported gross profit as a percentage of revenue of 12.9%, an increase of 110 basis points from 11.8% in 2011.

We continued to generate solid cash flow, generating free cash flow of \$103 million from net cash provided by operating activities of \$173 million less \$70 million in capital expenditures in 2012 (free cash flow is net cash provided by operating activities, less capital expenditures).

Our stock price on the NYSE increased 26% from \$6.26 on December 30, 2011, the last business day of our 2011 fiscal year, to \$7.90 on December 28, 2012, the last business day of our 2012 fiscal year.

**For these reasons, the board is asking shareowners to vote to support our pay practices.**

The vote on this resolution is not intended to address any specific element of compensation; rather, the vote relates to the compensation of our named executive officers, as described in this proxy circular in accordance with the compensation disclosure rules of the SEC. Although the vote we are asking you to cast is advisory and non-binding, our board and the Compensation Committee value the views of our shareowners and will consider the outcome of the vote when making future compensation decisions for our named executive officers. We believe that Cott benefits from constructive dialogue with our shareowners, and while we will continue to reach out to our shareowners on these and other important issues, we also encourage our shareowners to contact us. Shareowners who wish to communicate with our board should refer to **Shareowner Communications** on page 56 in this proxy circular for additional information on how to do so.

The text of the resolution is as follows:

Be it resolved as a resolution of the shareowners that the Company's shareowners hereby approve, on an advisory basis, the compensation paid to Cott Corporation's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including Compensation Discussion and Analysis, compensation tables and narrative discussion.

**The board unanimously recommends a vote FOR the advisory approval of the compensation of our named executive officers, as disclosed in this proxy circular. Because the vote on executive compensation is advisory, there is technically no minimum vote requirement for that proposal. Notwithstanding the advisory nature of the vote, the resolution will be considered passed with the affirmative vote of a majority of the votes cast by shareowners that are present or represented and entitled to vote at the meeting. Unless a proxy specifies that the shares it represents should abstain from voting or vote against the resolution set out above, the persons named in the enclosed proxy intend to vote in favor of the resolution.**



**Table of Contents**

**APPROVAL OF AMENDED AND RESTATED COTT CORPORATION EQUITY INCENTIVE PLAN**

The board of directors adopted the Amended and Restated Equity Plan on February 14, 2013 and is submitting the Amended and Restated Equity Plan to Cott's shareowners for approval. If the Amended and Restated Equity Plan is approved by Cott's shareowners, it will become effective and will amend and restate the 2010 Equity Incentive Plan in its entirety.

The board of directors believes that the Amended and Restated Equity Plan will advance Cott's long-term success by (i) encouraging the long-term commitment of key employees and non-employee directors, (ii) motivating the performance of key employees and non-employee directors by means of long-term performance-related incentives, (iii) attracting and retaining outstanding key employees and non-employee directors by providing incentive compensation opportunities, and (iv) enabling participation by key employees and non-employee directors in the long-term growth and financial success of Cott. If the Amended and Restated Equity Plan is approved, the amount of awards to our non-employee directors, executive officers and other employees is not determinable at this time because such awards would be made in the future.

**Significant Amendments to the Currently Effective Plan**

As described in more detail below, the Amended and Restated Equity Plan increases the number of shares that may be issued under the 2010 Equity Incentive Plan from 4,000,000 to 12,000,000 shares, and provides for certain share-counting rules, including that the number of shares available for issuance under the Amended and Restated Equity Plan will be reduced by 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).

**Administration of the Amended and Restated Equity Plan**

The Amended and Restated Equity Plan is administered by the Compensation Committee or any other board committee as may be designated by the board from time to time. The Amended and Restated Equity Plan provides the Compensation Committee flexibility to design compensatory awards that are responsive to Cott's needs. Subject to the terms of the Amended and Restated Equity Plan and applicable statutory and regulatory requirements, the Compensation Committee has the discretion to determine the persons to whom awards will be granted under the plan, the nature and extent of such awards, the times when awards will be granted, the duration of each award, and the restrictions and other conditions to which payment or vesting of awards may be subject. The Compensation Committee also may establish, amend and rescind rules and regulations relating to the plan, interpret the plan and any award or related agreement made under the plan, and otherwise make all other determinations it deems necessary for administering the plan.

The Compensation Committee also may amend the terms of outstanding awards, subject to certain conditions set forth in the plan. In the event of the occurrence of certain specified events, the Compensation Committee may amend or modify the vesting criteria (including performance objectives and related performance goals) of any outstanding award that is based in whole or in part on the financial performance of Cott (or any subsidiary or division or other subunit thereof) so as equitably to reflect such event.

**Types of Awards Granted under the Amended and Restated Equity Plan**

Awards under the Amended and Restated Equity Plan may be in the form of stock options, stock appreciation rights, restricted shares, restricted share units, performance shares, performance units or stock payments.

**Persons Eligible to Receive Awards**

Full-time, part-time or contract employees of Cott and its subsidiaries and non-employee directors of Cott may be selected by the Compensation Committee to receive awards under the Amended and Restated Equity

**Table of Contents**

Plan. The benefits or amounts that may be received by or allocated to participants under the Amended and Restated Equity Plan will be determined at the discretion of the Compensation Committee and are not presently determinable.

**Classes of Eligible Persons**

Full-time, part-time or contract employees of Cott and its subsidiaries and non-employee directors of Cott are eligible to participate in the Amended and Restated Equity Plan, as selected and approved by the Compensation Committee. Approximately 4,000 employees and 10 non-employee directors would be eligible to participate in the Amended and Restated Equity Plan.

**Definition of Fair Market Value**

Fair market value means, with respect to a share on any determination date, the closing price of the shares on the NYSE on the last trading day on which Cott's common shares traded prior to such date; provided that if no shares traded in the five trading days prior to the determination date, the Compensation Committee shall determine the fair market value on a reasonable basis using a method that complies with Code Section 409A and guidance issued thereunder.

The fair market value of a common share on the NYSE on March 15, 2013 was \$9.59.

**Shares Available for Issuance under the Amended and Restated Equity Plan**

The Amended and Restated Equity Plan provides that up to 12,000,000 shares may be issued under such plan. The 2010 Equity Incentive Plan provided for the issuance of up to 4,000,000 shares of common stock, of which approximately 812,584 shares remained available for issuance as of December 29, 2012. As amended and restated, the Amended and Restated Equity Plan's share limitation is inclusive of the amount available for issuance under the 2010 Equity Incentive Plan, so the net increase in the number of shares available for issuance by virtue of the amendment and restatement is 8,000,000 shares:

	<b>Common Stock</b>
Proposed new maximum	12,000,000
Shares currently authorized	4,000,000
<b>Net increase in maximum</b>	<b>8,000,000</b>

The limit of 12,000,000 shares is subject to adjustments by the Compensation Committee as provided in the Amended and Restated Equity Plan for share splits, share dividends, recapitalizations and other similar transactions or events. This amount represents 12.58% of Cott's outstanding common shares on March 15, 2013.

**Share Counting Rules**

Approximately 3,187,416 shares have been issued or are subject to outstanding awards made pursuant to the 2010 Equity Incentive Plan, and those shares would be counted against the maximum number of shares available for issuance under the Amended and Restated Equity Plan.

Shares that are issued in the future under the Amended and Restated Equity Plan will be applied to reduce the maximum number of shares remaining available for issuance under the Amended and Restated Equity Plan; provided that the total number of shares available for issuance under the Amended and Restated Equity Plan 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).

**Table of Contents**

Any shares subject to an award that, at any time, lapses, is forfeited or cancelled, expires, or for any reason is terminated unexercised or unvested, or is settled or paid in cash or any form other than shares, will not count towards the maximum number of shares that may be issued under the Amended and Restated Equity Plan and will be available for future awards, with each share made available for awards in connection with the lapse, forfeiture, cancellation, termination or cash settlement of full-value awards increasing the number of shares available for reissuance by 2.0 shares. Similarly, any shares that are withheld by Cott, or any previously-acquired shares that are tendered (either actually or by attestation), in either case to satisfy any tax withholding obligation with respect to a full-value award, will not count towards the maximum number of shares that may be issued under the Amended and Restated Equity Plan and will be available for future awards, with each share made available for awards under this provision increasing the number of shares available for reissuance by 2.0 shares. The following shares will not again become available for issuance under the Amended and Restated Equity Plan: (i) any and all shares awarded as part of an option or stock appreciation right that are withheld by Cott to satisfy any tax withholding obligation, and any previously-acquired shares tendered (actually or by attestation) in payment of any taxes relating to an option or stock appreciation right; (ii) shares that would have been issued upon exercise of an option but for the fact that the exercise was pursuant to a net exercise arrangement or by any previously-acquired shares tendered in payment of such exercise price; (iii) shares covered by a stock appreciation right that are not issued in connection with the stock settlement of the stock appreciation right upon its exercise and (iv) shares that are repurchased by Cott using option exercise proceeds or otherwise.

**Certain Limitations on Awards**

No participant may receive awards during any one calendar year representing more than 2,000,000 common shares. In addition, the maximum amount that may become vested under any cash-denominated award during any one calendar year is five million dollars (\$5,000,000). In no event will the number of common shares issued under the plan upon the exercise of incentive stock options exceed 12,000,000 shares, representing 12.58% of Cott's common shares on March 15, 2013. These limits are subject to adjustments by the Compensation Committee as provided in the Amended and Restated Equity Plan for share splits, share dividends, recapitalizations and other similar transactions or events.

The number of common shares issuable to insiders of Cott (as defined in Part I of the Toronto Stock Exchange Company Manual) at any time, and the number of shares issued to insiders of Cott within any one year period, under the Amended and Restated Equity Plan or when combined with all of Cott's other security based compensation arrangements (as described in the Toronto Stock Exchange Company Manual), may not exceed 10% of Cott's issued and outstanding common shares, respectively. In addition, neither the board of directors nor the Compensation Committee may, without further shareholder approval, grant to non-employee directors an amount equal to the lesser of (i) 1% of Cott's issued and outstanding shares; and (ii) an annual equity award of \$200,000 per such director.

**Terms Upon Which Options May Be Awarded**

Stock options entitle the optionee to purchase common shares at a price equal to or greater than the fair market value on the date of grant. Options may be either incentive stock options or nonqualified stock options, provided that only nonqualified stock options may be granted to non-employee directors. The option may specify that the exercise price is payable (i) in cash, (ii) by the transfer to Cott of unrestricted shares that have an aggregate value at the time of exercise that is equal to the exercise price (including through a net exercise), (iii) with any other legal consideration the Compensation Committee may deem appropriate or (iv) any combination of the foregoing. In addition, the option may specify that the exercise price is payable by cashless exercise. No stock option may be exercised more than 10 years from the date of grant. Each grant may provide a period of continuous employment that is necessary before the options become vested, or may specify performance objectives of Cott or its subsidiaries that must be met before the stock option becomes vested.

---

**Table of Contents**

**Terms Upon Which Stock Appreciation Rights May Be Awarded**

Stock appreciation rights represent the right to receive an amount equal to the difference between the base price established for such rights and the fair market value of Cott's common shares on the date the rights are exercised. The base price must not be less than the fair market value of the common shares on the date the right is granted. The grant may specify that the amount payable upon exercise of the stock appreciation right may be paid by Cott (i) in cash, (ii) in common shares of Cott valued at the fair market value of Cott's common shares on the date of exercise or (iii) any combination of the foregoing. Any grant may specify a waiting period or periods before the stock appreciation rights may become exercisable and permissible dates or periods on or during which the stock appreciation rights shall be exercisable. No stock appreciation right may be exercised more than ten years from the grant date.

**Terms Upon which Restricted Shares and Restricted Share Units May Be Awarded**

An award of restricted stock involves the immediate transfer by Cott to a participant of ownership of a specific number of common shares in return for the performance of services. The participant is entitled immediately to voting, dividend and other ownership rights in such shares, subject to the discretion of the Compensation Committee; provided, however, that if the award of restricted shares is conditioned upon the attainment of certain performance objectives, the participant is not entitled to receive dividends until the restricted shares become vested unless otherwise determined by the Compensation Committee. Each grant may be made without a requirement for additional payment by the participant. Any grant or vesting of restricted shares may be further conditioned upon the attainment of one or more performance objectives. Upon expiration of the restriction period referred to below and satisfaction of any other terms or conditions (including performance objectives) set forth in an award agreement, the restricted shares become immediately non-forfeitable and are released by Cott to the participant without transferability restrictions.

A restricted share unit is denominated in units and represents the right to receive common shares of Cott. An award of restricted share units is payable to the participant in common shares of Cott as determined by the Compensation Committee. The participant is not entitled to any rights as a shareowner with respect to shares underlying such award until the underlying shares are issued to the participant, unless otherwise determined by the Compensation Committee. Each grant may be made without a requirement for additional payment by the participant. Any grant or the vesting of restricted share units may be conditioned upon the attainment of performance objectives established by the Compensation Committee.

Restricted shares and restricted share units must be subject to a substantial risk of forfeiture within the meaning of Code Section 83 for a period to be determined by the Compensation Committee on the grant date, and any grant or sale may provide for the earlier termination of such risk of forfeiture in the event of a change in control of Cott or other similar transaction or event. If a participant ceases to be an employee or a non-employee director, the number of shares subject to the award, if any, to which the participant is entitled is determined in accordance with the plan and the applicable award agreement. All remaining shares underlying restricted shares or restricted share units as to which restrictions apply at the date of termination will be forfeited subject to such exceptions, if any, authorized by the Compensation Committee. Restricted shares and restricted share units that vest solely as a result of the passage of time and continued service by the participant will be subject to a vesting period of not less than three years from the date of grant of the applicable award (but permitting pro rata vesting over such time), subject to certain exceptions as provided in the plan. Additionally, restricted shares and restricted share units whose vesting is subject to the achievement of specified performance objectives over a performance period will be subject to a performance period of not less than one year from the date of grant of the applicable award, subject to certain exceptions as provided in the plan.

**Terms Upon Which Performance Shares and Units May Be Granted**

A performance share is the equivalent of one common share, and a performance unit is the equivalent of \$1.00. Each grant will specify one or more performance objectives to be met during a specified performance period. A grant of performance shares or units may specify a threshold performance objective, below which no

## **Table of Contents**

payment will be made, and may set forth a formula for determining the amount of any payment to be made if performance is at or above such minimum level. A grant of performance shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Compensation Committee on the grant date. A grant of performance units may specify that the amount payable, or the number of shares issued, with respect thereto may not exceed maximums specified by the Compensation Committee on the grant date. Performance shares or units must be subject to a substantial risk of forfeiture within the meaning of Code Section 83 for a period to be determined by the Compensation Committee on the grant date and any grant or sale may provide for the earlier termination of such risk of forfeiture in the event of a change of control of Cott or similar event. The Compensation Committee may adjust the performance objectives and the related minimum acceptable level of achievement if it determines that events or transactions have occurred after the grant date that are unrelated to the performance of the participant and result in distortion of the performance objectives or the related minimum acceptable level of achievement. To the extent earned, the performance shares or performance units will be paid to the participant at the time and in the manner determined by the Compensation Committee in cash, common shares of Cott or any combination thereof.

### **Terms Upon Which Stock Payments May Be Awarded**

The Compensation Committee may issue unrestricted shares to participants, in such amounts and subject to such terms and conditions as the Compensation Committee may determine. A stock payment may be granted as, or in payment of, non-employee director fees, bonuses, or to provide incentives or recognize special achievements or contributions.

### **Consequences of Termination**

#### ***Stock Options and Stock Appreciation Rights***

Unless otherwise determined by the Compensation Committee, in the case of a participant's termination due to retirement, death, resignation with Good Reason, or termination without Cause, the participant's outstanding stock options and/or stock appreciation rights that have vested prior to the date of termination will continue to be exercisable during the period ending on the three year anniversary of the date of termination. In addition, the participant's outstanding options and/or stock appreciation rights that have not vested prior to the date of termination will vest and become exercisable as of the later of the date of termination and the one year anniversary of the effective date of the award and thereafter will continue to be exercisable for the remaining portion of the period ending on the three year anniversary of the date of termination. For stock options and stock appreciation rights that are subject to performance-based vesting, a participant's outstanding options and/or stock appreciation rights that have vested prior to the date of termination will continue to be exercisable during the period ending on the three year anniversary of the date of termination. In addition, the number of options and/or stock appreciation rights that vest on each subsequent applicable vesting date shall equal the pro rata number of options and/or stock appreciation rights that he or she would have earned on that vesting date had he or she been continuously employed through such date, as calculated by reference to the portion of the applicable performance period during which the participant was actually employed and thereafter will continue to be exercisable for the remaining portion of the period ending on the three year anniversary of the date of termination.

In the case of a participant's resignation without Good Reason, the participant's outstanding stock options and/or stock appreciation rights that have not vested prior to the date of termination will be forfeited and cancelled as of such date of termination and the participant's outstanding stock options and/or stock appreciation rights that have vested prior to the participant's date of termination will continue to be exercisable during the 90 day period following such date of termination.

#### ***Restricted Shares, Restricted Share Units, Performance Shares, and Performance Share Units***

Unless otherwise determined by the Compensation Committee, in the case of a participant's death or termination due to retirement or termination without Cause or resignation with Good Reason, the number of restricted shares, restricted share units, performance shares and performance units to be deemed earned by such



## **Table of Contents**

participant on each subsequent applicable vesting date will equal the pro rata number of restricted shares, restricted share units, performance shares and performance units that he or she would have earned on that vesting date had he or she been continuously employed through such date, as calculated by reference to the portion of the applicable restriction period or performance period during which the participant was actually employed.

In the event of a participant's termination due to the participant's voluntary resignation (other than upon retirement or with Good Reason), the participant's unvested restricted shares, restricted share units, performance shares and performance units will be forfeited immediately.

### ***Termination for Cause***

In the case of a participant's termination for Cause, any and all then outstanding awards (other than stock payments) granted to the participant, whether or not vested, will be immediately forfeited and cancelled, without any consideration therefor, as of the commencement of the day that notice of such termination is given.

### **Change in Control**

#### ***Definition***

A change in control under the Amended and Restated Equity Plan will occur upon:

- (i) the consummation of a consolidation, merger, amalgamation or other similar corporate reorganization of Cott whereby the voting shareowners of Cott prior to such event receive less than 50% of the voting shares of the surviving corporation, or, subject to certain limited exceptions, the acquisition by any person of securities representing 50% or more of the combined voting power of Cott's then outstanding securities;
- (ii) the consummation by Cott of a sale of all or substantially all of its assets;
- (iii) the date on which a majority of Cott's board of directors is not comprised of individuals who are members of the board, or individuals whose appointment, election or nomination is not approved by at least two thirds of the incumbent directors; or
- (iv) a liquidation, dissolution or winding up of Cott.

#### ***Continuation, Assumption or Replacement of Awards***

In the event of a change in control, the surviving or successor entity (or its parent corporation) may continue, assume or replace awards outstanding as of the date of the change in control (with such adjustments as may be required or permitted by the Amended and Restated Equity Plan), and such awards or replacements will remain outstanding and be governed by their respective terms, subject to the terms of the Amended and Restated Equity Plan. A surviving or successor entity may elect to continue, assume or replace only some awards or portions of awards.

#### ***Acceleration of Awards***

If and to the extent that outstanding awards under the Amended and Restated Equity Plan are not continued, assumed or replaced in connection with a change in control, then (i) outstanding options and stock appreciation rights issued to a participant that are not yet fully exercisable will immediately become exercisable in full and will remain exercisable in accordance with their terms, (ii) all unvested restricted shares, restricted share units, performance shares and performance units will become immediately fully vested and non-forfeitable; and (iii) any performance objectives applicable to awards will be deemed to have been satisfied to the target level of performance specified in connection with the applicable award.



**Table of Contents*****Payment for Awards***

If and to the extent that outstanding awards under the Amended and Restated Equity Plan are not continued, assumed or replaced in connection with a change in control, then the Compensation Committee may terminate some or all of such outstanding awards, in whole or in part, as of the effective time of the change in control in exchange for payments to the holders, as provided in the Amended and Restated Equity Plan. Any payment will be made in such form, on such terms and subject to such conditions as the Compensation Committee determines in its discretion, which may or may not be the same as the form, terms and conditions applicable to payments to Cott's shareowners in connection with the change in control, and may include subjecting such payments to vesting conditions comparable to those of the award surrendered.

***Termination After a Change in Control***

If and to the extent that awards are continued, assumed or replaced, and if within two years after the change in control a participant experiences an involuntary termination of employment or other service for reasons other than Cause, or terminates his or her employment or other service for Good Reason, then (i) outstanding options and stock appreciation rights issued to the participant that are not yet fully exercisable will immediately become exercisable in full and shall remain exercisable in accordance with their terms, (ii) all unvested restricted shares, restricted share units, performance shares and performance units will become immediately fully vested and non-forfeitable; and (iii) any performance objectives applicable to awards will be deemed to have been satisfied to the maximum degree specified in connection with the applicable award.

***Impact of the Amended and Restated Equity Plan on Cott's Dilution or Overhang***

Overhang is an analysis of potential dilution to shareowners from the equity being transferred to employees via equity incentive plans. Overhang is calculated by dividing (a) the number of outstanding awards under Cott's equity compensation plans plus the number of common shares available for future grant under Cott's equity compensation plans by (b) the number of shares described in clause (a) plus the total number of common shares outstanding. As of January 1, 2013, Cott's overhang was approximately 2.69%. After approval of the Amended and Restated Equity Plan, Cott estimates that its overhang will be approximately 10.03%.

***Section 162(m) Exemption***

Code Section 162(m) prevents a publicly held corporation from claiming income tax deductions for compensation in excess of \$1,000,000 paid to certain senior executives. Compensation is exempt from this limitation if it is qualified performance-based compensation. Stock options and stock appreciation rights are two examples of performance-based compensation. Other types of awards, such as restricted stock, deferred shares and performance shares, that are granted pursuant to pre-established objective performance formulas, may also qualify as performance-based compensation, so long as certain requirements are met, including the prior approval by shareowners of the performance formulas or measures.

***Performance Objectives***

The Amended and Restated Equity Plan provides that grants of performance shares, performance units or, when determined by the Compensation Committee, options, restricted shares, restricted share units or other stock-based awards may be made based upon performance objectives. For any awards that are intended to be exempt from the limitations of Code Section 162(m), performance objectives shall consist of one or more of the following: earnings before or after any one or more of interest, taxes, depreciation and amortization; adjusted earnings before interest, taxes, depreciation and amortization; operating income; net operating income after tax; adjusted operating income; pre-tax or after-tax income; cash flow; net earnings; earnings per share (basic or diluted); share price performance; return on assets; return on equity; return on invested capital; return on sales; tangible net asset growth; total shareowner return; return on investment; sales; growth in shareowner value relative to the moving average of S&P 500 Index or a peer group index; market share; cost reduction goals;

## **Table of Contents**

economic value added; margins (including one or more of gross, operating and net income margins); strategic plan development and implementation; any such metric with respect to Cott or any of its subsidiaries. The Compensation Committee is authorized to make adjustments in the method of calculating attainment of performance objectives or in the terms and conditions of awards in recognition of unusual or nonrecurring events affecting Cott or its financial statements or changes in applicable laws, regulations or accounting principles; provided, however, that, if applicable, any such adjustments shall be made in a manner consistent with Code Section 162(m). For example, non-recurring losses or charges which are separately identified and quantified in Cott's audited financial statements and notes thereto including, but not limited to, extraordinary items, changes in tax laws, changes in generally accepted accounting principles, impact of discontinued operations, restructuring charges, acquisitions, asset impairment charges, intangible impairment charges, and restatement of prior period financial results, will be excluded from the calculation of performance results for purposes of the Amended and Restated Equity Plan.

### **Adjustments**

In the event of any equity restructuring that causes the per share value of shares to change, such as a stock dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the Compensation Committee will make such adjustments as it deems equitable and appropriate to the aggregate number and kind of shares or other securities issued or reserved for issuance under the plan, the number and kind of shares or other securities subject to outstanding awards, the exercise price of outstanding options and stock appreciation rights, and any maximum limitations prescribed by the plan with respect to certain types of awards or the grants to individuals of certain types of awards. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of Cott, the above mentioned adjustments may be made as determined to be appropriate and equitable by the Compensation Committee to prevent dilution or enlargement of rights of participants.

### **Transferability of Awards Made Under the Amended and Restated Equity Plan**

No award granted under the Amended and Restated Equity Plan may be transferred or assigned other than by will or the laws of descent and distribution for normal estate settlement purposes, and stock options and stock appreciation rights may be exercised during the participant's lifetime only by the participant or, in the event of the participant's legal incapacity, by the guardian or legal representative acting in a fiduciary capacity on behalf of the participant under state law.

### **Termination of the Amended and Restated Equity Plan**

The Amended and Restated Equity Plan will terminate on the tenth anniversary of the date that the plan is adopted by the board of directors, and no awards will be granted under the Amended and Restated Equity Plan after that date. Termination of the Amended and Restated Equity Plan will not affect any participant's rights under any then outstanding award without the written consent of such participant.

### **Amendment of the Amended and Restated Equity Plan**

The Amended and Restated Equity Plan may be amended by the board of directors, but without further approval by the shareowners of Cott no such amendment may increase the limitations on the number of shares that may be issued under the Amended and Restated Equity Plan, the limitations on the amount of awards to individual participants, or the limitations on the value of vested awards to individual participants. In addition, no such amendment may modify the re-pricing prohibition set forth in the plan. The board may condition any amendment on the approval of the shareowners if such approval is necessary or deemed advisable with respect to the applicable listing or other requirements of an applicable securities exchange or other applicable laws, policies or regulations. Shareowner approval will be required in the case of any reduction in the exercise price or extension of the term of an award benefiting an insider of Cott. The following amendments may be made without

---

**Table of Contents**

the approval of Cott's shareowners: (1) amendments of a housekeeping nature; (2) a change to vesting provisions; (3) a change to employment termination provisions that does not entail an extension beyond the original expiry date; and (4) any other amendment that does not require shareowner approval pursuant to the rules of any applicable securities exchange.

**United States Federal Income Tax Consequences**

The following is a brief summary of certain of the United States federal income tax consequences of certain transactions under the Amended and Restated Equity Plan. This summary is not intended to be exhaustive and does not describe state or local tax consequences.

In general, an optionee will not recognize income at the time a nonqualified stock option is granted. At the time of exercise, the optionee will recognize ordinary income in an amount equal to the difference between the exercise price paid for the shares and the fair market value of the shares on the date of exercise. At the time of sale of shares acquired pursuant to the exercise of a nonqualified stock option, any appreciation (or depreciation) in the value of the shares after the date of exercise generally will be treated as capital gain (or loss).

An optionee generally will not recognize income upon the grant or exercise of an incentive stock option. If shares issued to an optionee upon the exercise of an incentive stock option are not disposed of in a disqualifying disposition within two years after the date of grant or within one year after the transfer of the shares to the optionee, then upon the sale of the shares any amount realized in excess of the exercise price generally will be taxed to the optionee as long-term capital gain and any loss sustained will be a long-term capital loss. If shares acquired upon the exercise of an incentive stock option are disposed of prior to the expiration of either holding period described above, the optionee generally will recognize ordinary income in the year of disposition in an amount equal to any excess of the fair market value of the shares at the time of exercise (or, if less, the amount realized on the disposition of the shares) over the exercise price paid for the shares. Any further gain (or loss) realized by the optionee generally will be taxed as short-term or long-term capital gain (or loss) depending on the holding period.

Subject to certain exceptions for death or disability, if an optionee exercises an incentive stock option more than three months after termination of employment, the exercise of the option will be taxed as the exercise of a nonqualified stock option. In addition, if an optionee is subject to federal alternative minimum tax, the exercise of an incentive stock option will be treated essentially the same as a nonqualified stock option for purposes of the alternative minimum tax.

A recipient of restricted shares generally will be subject to tax at ordinary income rates on the fair market value of the restricted stock (reduced by any amount paid by the recipient) at such time as the shares are no longer subject to a risk of forfeiture or restrictions on transfer for purposes of Code Section 83. However, a recipient who so elects under Code Section 83(b) within 30 days of the date of transfer of the restricted shares will recognize ordinary income on the date of transfer of the shares equal to the excess of the fair market value of the restricted stock (determined without regard to the risk of forfeiture or restrictions on transfer) over any purchase price paid for the shares. If a Section 83(b) election has not been made, any dividends received with respect to restricted stock that are subject at that time to a risk of forfeiture or restrictions on transfer generally will be treated as compensation that is taxable as ordinary income to the recipient.

A participant generally will not recognize income upon the grant of performance shares or performance units. Upon payment, with respect to performance shares or performance units, the participant generally will recognize as ordinary income an amount equal to the amount of cash received and the fair market value of any unrestricted stock received.

To the extent that a participant recognizes ordinary income in the circumstances described above, Cott or the subsidiary for which the participant performs services will be entitled to a corresponding deduction, provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an excess parachute payment within the meaning of Code Section 280G and is not disallowed by the \$1,000,000 limitation on certain executive compensation under Code Section 162(m).

## **Table of Contents**

Awards of stock appreciation rights, performance shares and performance units under the Amended and Restated Equity Plan may, in some cases, result in the deferral of compensation that is subject to the requirements of Code Section 409A. To date, the U.S. Treasury Department and Internal Revenue Service have issued only preliminary guidance regarding the impact of Code Section 409A on the taxation of these types of awards. Generally, to the extent that deferrals of these awards fail to meet certain requirements under Code Section 409A, such awards will be subject to immediate taxation and tax penalties in the year they vest unless the requirements of Code Section 409A are satisfied. It is the intent of Cott that awards under the Amended and Restated Equity Plan will be structured and administered in a manner that complies with the requirements of Code Section 409A.

### **Failure to Adopt Resolution**

If the resolution set out at Appendix A is not adopted, Cott may continue to make grants under the 2010 Equity Incentive Plan in accordance with the terms of such plan.

**The board of directors and management recommend that you vote FOR the resolution adopting the Amended and Restated Equity Plan. A majority of the votes cast must be in favor of the resolution adopting the Amended and Restated Equity Plan, which is set out at Appendix A on page A-1, in order for it to be approved. Unless a proxy specifies that the shares it represents should abstain from voting or vote against the resolution set out in Appendix A, the persons named in the enclosed proxy intend to vote in favor of the resolution. The full text of the Amended and Restated Equity Plan is attached at Appendix B at page B-1 of this proxy circular. The foregoing discussion of the Amended and Restated Equity Plan is qualified in its entirety by reference to the Amended and Restated Equity Plan at Appendix B.**

**Table of Contents**

**ADDITIONAL INFORMATION**

**Information about Cott**

Upon request to our Secretary you may obtain a copy of our Annual Report on Form 10-K for the fiscal year ended December 29, 2012, our 2012 audited financial statements, and additional copies of this document. Copies of these documents may also be obtained on our website at [www.cott.com](http://www.cott.com), on the SEDAR website maintained by the Canadian securities regulators at [www.sedar.com](http://www.sedar.com) and on the EDGAR website maintained by the SEC at [www.sec.gov](http://www.sec.gov).

In addition, we have made available on our website our Code of Business Conduct and Ethics and our Corporate Governance Guidelines, as well as the charters of each of our Compensation Committee, Corporate Governance Committee and Audit Committee. Copies of any of these documents are available in print to any shareowner upon request to our Secretary.

**Important Notice Regarding Availability of Proxy Materials for the Annual and Special Meeting of Shareowners to be held on April 30, 2013:**

The Notice of Annual and Special Meeting, Proxy Circular and our 2012 Annual Report on Form 10-K are available electronically at <http://www.cott.com/for-investors/financial-information>.

**Householding**

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy circulars and annual reports. This means that only one copy of our proxy circular or annual report may have been sent to multiple shareowners in your household. We will promptly deliver a separate copy of either document to you if you request one by writing or calling as follows: Cott Corporation, 5519 West Idlewild Avenue, Tampa, Florida, U.S.A. 33634, Attention: Investor Relations Department; telephone number (813) 313-1786. If you want to receive separate copies of the annual report and proxy circular in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address and phone number.

**Approval**

Cott's board of directors has approved the contents and sending of this proxy circular.

MARNI MORGAN POE  
Vice President, General Counsel and

Secretary

March 28, 2013

**Table of Contents**

**APPENDIX A**

**RESOLUTION APPROVING AMENDED AND RESTATED**

**COTT CORPORATION EQUITY INCENTIVE PLAN**

**BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREOWNERS THAT:**

1. the Amended and Restated Cott Corporation Equity Incentive Plan which, among other things, increases the maximum number of shares issuable thereunder from 4,000,000 to 12,000,000, and otherwise is as described in the proxy circular dated March 28, 2013 for Cott Corporation's annual and special meeting of shareowners to be held on April 30, 2013, under the heading "Approval of Amended and Restated Cott Corporation Equity Incentive Plan" be and the same is hereby authorized and approved; and
2. any officer or director of Cott Corporation be and is hereby authorized and directed, for and on behalf of Cott Corporation, to execute and deliver all such documents and to do all such acts and things as he or she may determine necessary or desirable in order to carry out the foregoing provisions of this resolution, the execution of any such document or the doing of any such acts and things being conclusive evidence of such determination.

A-1



**Table of Contents**

**APPENDIX B**

**AMENDED AND RESTATED**

**COTT CORPORATION EQUITY INCENTIVE PLAN**

1. **Purpose.** The purposes of the Amended and Restated Cott Corporation Equity Incentive Plan (the "Plan") are to foster and promote the long-term financial success of the Company and its Subsidiaries and materially increase the value of the Company and/or its Subsidiaries by (i) encouraging the long-term commitment of key Employees and Nonemployee Directors (as such terms are defined below), (ii) motivating the performance of key Employees and Nonemployee Directors by means of long-term performance-related incentives, (iii) attracting and retaining outstanding key Employees and Nonemployee Directors by providing incentive compensation opportunities, and (iv) enabling participation by key Employees and Nonemployee Directors in the long-term growth and financial success of the Company.
  
2. **Amendment and Restatement; Effective Date.** The Cott Corporation 2010 Equity Incentive Plan was adopted by the Board on March 15, 2010, was amended on May 4, 2010, and was approved by Cott's shareholders on May 4, 2010 (as so amended prior to the date hereof, the "**Original Plan**"). This Amended and Restated Cott Corporation Equity Incentive Plan was adopted by the Board on February 14, 2013 and, upon approval by the Company's shareholders, will become effective and will amend and restate the Original Plan in its entirety.
  
3. **Definitions.** As used in this Plan, the following terms shall be defined as set forth below:
  - (a) **Award** means any Option, Stock Appreciation Right, Restricted Shares, Restricted Share Units, Performance Shares, Performance Units, or Stock Payments granted under the Plan.
  
  - (b) **Award Agreement** means an agreement, certificate, resolution or other form of writing (including in electronic medium) approved by the Committee which sets forth the terms and conditions of an Award.
  
  - (c) **Base Price** means the price to be used as the basis for determining the Spread upon the exercise of a Stock Appreciation Right.
  
  - (d) **Board** means the Board of Directors of the Company.
  
  - (e) **Cause** means any action by the Grantee or inaction by the Grantee that constitutes:
    - (1) A wilful failure to properly carry out the Grantee's duties and responsibilities or to adhere to the policies of the Company or a Subsidiary;
  
    - (2) Theft, fraud, dishonesty or misappropriation, or the gross negligence or wilful misconduct, involving the property, business or affairs of the Company or a Subsidiary, or in the carrying out of the Grantee's duties, including, without limitation, any breach of the representations, warranties and covenants contained in any employment agreement between the Grantee and the Company or a Subsidiary;

Edgar Filing: COTT CORP /CN/ - Form DEF 14A

- (3) Conviction of or plea of guilty to a criminal offense that involves fraud, dishonesty, theft or violence;
  - (4) Breach of a fiduciary duty owed to the Company or a Subsidiary;
  - (5) Refusal to follow the lawful written reasonable and good faith direction of the Board; or
  - (6) Any other action that constitutes cause for termination of the Grantee's employment with the Company or a Subsidiary under any other agreement to which the Grantee is a party or under applicable law.
- (f) **Change in Control** means:
- (1) the consummation of a consolidation, merger, amalgamation or other similar corporate reorganization of the Company with or into any other corporation whereby the voting shareholders of the Company immediately prior to such event receive less than 50% of the voting shares of the

B-1

**Table of Contents**

consolidated, merged or amalgamated corporation, or any acquisition or similar transaction or series of transactions whereby any person, as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the Exchange Act) (other than the Company, any entity controlled by the Company, or any employee benefit plan sponsored by the Company or an entity that is controlled by the Company), is or becomes, including pursuant to a tender or exchange offer for Shares, the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

- (2) the consummation of a sale by the Company of all or substantially all of the Company's assets;
- (3) the date upon which individuals who, on the effective date of this Plan constitute the Board (the Incumbent Directors) cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the effective date of this Plan whose appointment, election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors who remain on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall also be deemed to be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or
- (4) a proposal by or with respect to the Company being made in connection with a liquidation, dissolution or winding-up of the Company.

(g) **Code** means the United States Internal Revenue Code of 1986, as amended from time to time.

(h) **Committee** means the Human Resources and Compensation Committee of the Board.

(i) **Company** means Cott Corporation, a corporation amalgamated under the laws of Canada.

(j) **Date of Termination or Termination** means (i) the date of termination of a Grantee's active employment or service with the Company or a Subsidiary (other than in connection with the Grantee's transfer to or from employment with a Subsidiary), but not including a Grantee's absence from active employment or service during a period (not exceeding 90 days) of vacation, temporary illness, authorized leave of absence or short or long-term disability, (ii) in the case of a Grantee who does not return to active employment or service with the Company or a Subsidiary immediately following a period of absence exceeding 90 days due to vacation, temporary illness, authorized leave of absence or short or long-term disability, the last day of such period of absence, or (iii) if applicable, the date of termination of a Grantee's active employment or service with the Company or a Subsidiary as defined under any other agreement to which the Grantee is a party. Unless otherwise determined by the Board or Committee, for the purposes of this Plan and all matters relating to the Awards, the Date of Termination or Termination shall be determined without regard to any applicable notice of termination, severance or termination pay, damages, or any claim thereto (whether express, implied, contractual, statutory, or at common law).

(k) **Employee** means a full-time, part-time or contract employee of the Company or a Subsidiary.

(l) **Fair Market Value** means, with respect to a Share on any determination date, the closing price of the Shares on the New York Stock Exchange on the last trading day on which Shares traded prior to such date; provided that if no Shares traded in the five trading days prior to the determination date, the Committee shall determine Fair Market Value on a reasonable basis using a method that complies

Edgar Filing: COTT CORP /CN/ - Form DEF 14A

with Code Section 409A and guidance issued thereunder.

(m) **Good Reason** shall mean any of the following:

(1) A material diminution in the Grantee's title or duties or assignment to the Grantee of materially inconsistent duties;

B-2

**Table of Contents**

- (2) A reduction in the Grantee's then-current annual base salary or target bonus opportunity as a percentage of annual base salary, unless such reduction in target bonus opportunity is made applicable to all other Grantees serving in substantially the same capacity;
  - (3) Relocation of the Grantee's principal place of employment to a location that is more than 50 miles away from the Grantee's principal place of employment on the Grantee's date of hire, unless such relocation is effected at the Grantee's request or with the Grantee's approval;
  - (4) A material breach by the Company or a Subsidiary of any provisions of any employment agreement to which the Grantee and the Company or Subsidiary are parties, after written notice by the Grantee of the breach and such failure remaining uncorrected following an opportunity for the Company or Subsidiary to correct such failure within 10 days of the receipt of such notice;
  - (5) The failure of the Company or Subsidiary to obtain the assumption in writing of an employment agreement to which the Grantee and the Company or Subsidiary are parties by any successor to all or substantially all of the business or assets of the Company or Subsidiary within 15 days after a merger, consolidation, sale or similar transaction; or
  - (6) Any other action that constitutes good reason for resignation or termination from or of the Grantee's employment with the Company or Subsidiary under any other agreement to which the Grantee is a party or under applicable law.
- (n) **Grant Date** means the date specified by the Committee on which a grant of an Award shall become effective, which shall not be earlier than the date on which the Committee takes action with respect thereto.
- (o) **Grantee** means an Employee or Nonemployee Director who has been selected by the Committee to receive an Award and to whom an Award has been granted.
- (p) **Incentive Stock Option** means any Option that is intended to qualify as an incentive stock option under Code Section 422 or any successor provision.
- (q) **Nonemployee Director** means a member of the Board who is not an Employee.
- (r) **Nonqualified Stock Option** means an Option that is not intended to qualify as an Incentive Stock Option.
- (s) **Option** means any option to purchase Shares granted under Section 6 of the Plan.
- (t) **Option Price** means the purchase price payable upon the exercise of an Option.
- (u) **Performance Objectives** means the performance objectives established pursuant to this Plan for Grantees who have received Awards. Performance Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Grantee or the Subsidiary, division, department or function within the Company or Subsidiary in which the Grantee is employed. Performance Objectives may be measured on an absolute or relative basis. Relative performance

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

may be measured by a group of peer companies or by a financial market index. For any Qualified Performance-Based Award, Performance Objectives shall consist of one or a combination of two or more of the following:

- (1) earnings before or after any one or more of interest, taxes, depreciation and amortization;
- (2) adjusted earnings before interest, taxes, depreciation and amortization;
- (3) operating income;
- (4) net operating income after tax;
- (5) adjusted operating income
- (6) pre-tax or after-tax income;
- (7) cash flow;

B-3

**Table of Contents**

- (8) net earnings;
- (9) earnings per share (basic or diluted);
- (10) share price performance;
- (11) return on assets;
- (12) return on equity;
- (13) return on invested capital;
- (14) return on sales;
- (15) tangible net asset growth;
- (16) total shareholder return;
- (17) return on investment;
- (18) sales;
- (19) growth in shareowner value relative to the moving average of the S&P 500 Index or a peer group index;
- (20) market share;
- (21) cost reduction goals;
- (22) economic value added;
- (23) margins (including one or more of gross, operating and net income margins);
- (24) strategic plan development and implementation;

Edgar Filing: COTT CORP /CN/ - Form DEF 14A

(25) any such metric with respect to the Company or any Subsidiary.

The Committee shall be authorized to make adjustments in the method of calculating attainment of Performance Objectives or in the terms and conditions of Awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in applicable laws, regulations or accounting principles; provided, however, that, if applicable, any such adjustments shall be made in a manner consistent with Code Section 162(m).

- (v) **Performance Period** means a period of time established under Section 9 of the Plan within which the Performance Objectives relating to a Performance Share, Performance Unit, Restricted Share or Restricted Share Unit are to be achieved.
- (w) **Performance Share** means a bookkeeping entry that records the equivalent of one Share awarded pursuant to Section 9 of the Plan.
- (x) **Performance Unit** means a bookkeeping entry that records a unit equivalent to \$1.00 awarded pursuant to Section 9 of the Plan.
- (y) **Qualified Performance-Based Award** means an Award or portion of an Award that is intended to satisfy the requirements for qualified performance-based compensation under Code Section 162(m). The Committee shall designate any Qualified Performance-Based Award as such at the time of grant. If the Committee designates an Award as a Qualified Performance-Based Award, then the lapsing of restrictions thereon and the distribution of Shares pursuant thereto, as applicable, shall be subject to satisfaction of one, or more than one, Performance Objectives. The Committee shall determine the performance targets that will be applied with respect to each Qualified Performance-Based Award at the time of grant, but in no event later than 90 days after the commencement of the period of service to which the performance target(s) relate. Notwithstanding any contrary provision of the Plan, the Committee may not increase the number of Shares granted pursuant to any Qualified Performance-

B-4



**Table of Contents**

Based Award, nor may it waive the achievement of any performance target established pursuant to this Section 2(y). Prior to the payment of any Qualified Performance-Based Award, the Committee shall certify in writing that the performance target(s) applicable to such Award was met. The Committee shall have the power to impose such other restrictions on Qualified Performance-Based Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for performance-based compensation within the meaning of Code Section 162(m), the regulations promulgated thereunder, and any successors thereto.

- (z) **Restricted Shares** mean Shares granted under Section 8 of the Plan.
- (aa) **Restricted Share Unit** means an Award granted under Section 8 of the Plan and denominated in units representing rights to receive Shares.
- (bb) **Retirement** means retirement from office or employment with the Company or a Subsidiary at the election of the Grantee and as agreed to by the Company or applicable Subsidiary, in its sole discretion.
- (cc) **Shares** means the common shares in the capital of the Company, or any security into which Shares may be converted by reason of any transaction or event of the type referred to in Section 13 of the Plan.
- (dd) **Spread** means, in the case of a Stock Appreciation Right, the amount by which the Fair Market Value per Share on the date when any such right is exercised exceeds the Base Price specified in such right.
- (ee) **Stock Appreciation Right** means a right granted under Section 7 of the Plan.
- (ff) **Stock Payment** means Shares granted under Section 10 of the Plan.
- (gg) **Subsidiary** means a corporation or other entity that controls or is controlled by the Company or that is controlled by the same person that controls the Company within the meaning of National Instrument 45-106, provided that for purposes of determining whether any person may be a Grantee for purposes of any grant of Incentive Stock Options, **Subsidiary** means any corporation (within the meaning of the Code) in which the Company owns or controls directly or indirectly more than 50% of the total combined voting power represented by all classes of stock issued by such corporation at the time of such grant.
- (hh) **Tax Act** means the Income Tax Act (Canada) and all regulations thereunder, as amended or restated from time to time. Any reference in the Agreement to a provision of the Tax Act includes any successor provision thereto.

4. **Shares Available Under the Plan.**

- (a) **Reserved Shares**. Subject to adjustment as provided in Section 13 of the Plan, the maximum number of Shares that may be issued from treasury with respect to Awards shall not in the aggregate exceed 12,000,000 Shares. The Shares issued by the Company hereunder may at the Company's option be either (i) evidenced by a certificate registered in the name of the Grantee or his or her designee; or (ii) credited to a book-entry account for the benefit of the Grantee maintained by the Company's stock transfer agent or its designee.

Shares that are issued under the Plan or that are potentially issuable pursuant to outstanding Awards will be applied to reduce that maximum number of Shares remaining available for issuance under the Plan; provided, however, that the total number of Shares remaining available for issuance under the Plan shall be reduced 2.0 Shares for each Share issued pursuant to an Award other than an Option or Stock Appreciation

## Edgar Filing: COTT CORP /CN/ - Form DEF 14A

Right (each such other Award being referred to herein as a full-value Award). Any Shares subject to an Award that, at any time, lapses, is forfeited or cancelled, expires, or for any reason is terminated unexercised or unvested, or is settled or paid in cash or any form other than Shares shall not count towards the maximum number of Shares that may be issued under the Plan as set forth in this Section 4 and shall be available for future Awards, with each Share made available for Awards under this provision in connection with the lapse, forfeiture, cancellation, termination or cash

B-5

---

**Table of Contents**

settlement of full-value Awards increasing the number of Shares available for reissuance by 2.0 Shares. Similarly, any Shares that are withheld by the Company, or any previously-acquired shares that are tendered (either actually or by attestation), in either case to satisfy any tax withholding obligation with respect to a full-value Award shall not count towards the maximum number of Shares that may be issued under the Plan as set forth in this Section 4 and shall be available for future Awards, with each Share made available for Awards under this provision increasing the number of Shares available for reissuance by 2.0 Shares. Notwithstanding anything to the contrary in this Section 4(a), the following Shares shall not again become available for issuance under the Plan: (i) any and all Shares awarded as part of an Option or Stock Appreciation Right that are withheld by the Company to satisfy any tax withholding obligation, and any previously-acquired Shares tendered (actually or by attestation) in payment of any taxes relating to an Option or Stock Appreciation Right; (ii) Shares that would have been issued upon exercise of an Option but for the fact that the exercise was pursuant to a net exercise arrangement or by any previously-acquired shares tendered in payment of such Exercise Price; (iii) Shares covered by a Stock Appreciation Right that are not issued in connection with the stock settlement of the Stock Appreciation Right upon its exercise; and (iv) Shares that are repurchased by the Company using Option exercise proceeds or otherwise.

- (b) **Incentive Stock Option Maximum.** In no event shall the number of Shares issued from treasury or otherwise upon the exercise of Incentive Stock Options exceed 12,000,000 Shares, subject to adjustment as provided in Section 13 of the Plan.
  - (c) **Maximum Calendar Year Award.** No Grantee may receive Awards representing more than 2,000,000 Shares in any one calendar year, subject to adjustment as provided in Section 13 of the Plan. In addition, the maximum amount that may become vested under any cash-denominated Award during any one calendar year is \$5,000,000.
  - (d) **Certain Additional Limits.** The number of Shares issuable to insiders of the Company (as defined in Part I of the Toronto Stock Exchange Company Manual) at any time, and the number of Shares issued to insiders of the Company within any one year period, under this Plan or when combined with all of the Company's other security based compensation arrangements (as described in the Toronto Stock Company Manual), shall not exceed 10% of the issued and outstanding Shares, respectively. In addition, neither the Board nor the Committee may, without further shareholder approval, grant to Nonemployee Directors an amount equal to the lesser of (i) 1% of the Company's issued and outstanding Shares; and (ii) an annual equity award of \$200,000 per Nonemployee Director. Notwithstanding Section 16(a) of the Plan, the aforementioned restriction may not be amended without further shareholder approval.
5. **Plan Administration.** This Plan shall be administered by the Committee or any other Board committee as may be designated by the Board from time to time.
- (a) In accordance with and subject to the provisions of the Plan, the Committee will have the authority to determine all provisions of Awards as the Committee may deem necessary or desirable and as consistent with the terms of the Plan, including, without limitation, the following: (i) the individuals to be selected as Grantees; (ii) the nature and extent of the Awards to be made to each Grantee (including the number of Shares to be subject to each Award, any exercise price, the manner in which Awards will vest or become exercisable and whether Awards will be granted in tandem with other Awards) and the form of written or electronic agreement, if any, evidencing such Award; (iii) the time or times when Awards will be granted; (iv) the duration of each Award; and (v) the restrictions and other conditions to which the payment or vesting of Awards may be subject. In addition, the Committee will have the authority under the Plan in its sole discretion to (A) establish, amend or rescind rules to administer the Plan; (B) interpret the Plan and any Award or related agreement made under the Plan; (C) make all other determinations necessary or desirable for the administration of the Plan; and (D) pay the intrinsic value of any Award in the form of cash, Shares or any combination of both.

**Table of Contents**

- (b) Subject to Section (d) below, the Committee will have the authority under the Plan to amend or modify the terms of any outstanding Award in any manner, including, without limitation, the authority to modify the number of shares or other terms and conditions of an Award, accelerate the exercisability or vesting or otherwise terminate any restrictions relating to an Award, accept the surrender of any outstanding Award or, to the extent not previously exercised or vested, authorize the grant of new Awards in substitution for surrendered Awards; provided, however that (i) the amended or modified terms are permitted by the Plan as then in effect; (ii) any Grantee divested of his or her existing rights under the Plan with respect to previously-granted Awards by such amended or modified terms shall have consented to such amendment or modification unless such amendment is necessary to comply with applicable law or stock exchange rules; and (iii) the authority to accelerate the exercisability or vesting or otherwise terminate restrictions relating to an Award may be exercised only in connection with a Grantee's death, disability or Retirement, in connection with a Change in Control, or to the extent such actions involve an aggregate number of Shares not in excess of 5% of the number of Shares available for Awards at such time.
- (c) In the event of (i) any reorganization, merger, consolidation, recapitalization, liquidation, reclassification, stock dividend, stock split, combination of shares, rights offering, extraordinary dividend or divestiture (including a spin off) or any other change in corporate structure or shares; (ii) any purchase, acquisition, sale, disposition or write-down of a significant amount of assets or a significant business; (iii) any change in accounting principles or practices, tax laws or other such laws or provisions affecting reported results; (iv) any uninsured catastrophic losses or extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 or in management's discussion and analysis of financial performance appearing in the Company's annual report to shareholders for the applicable year; or (v) any other similar change, in each case with respect to the Company or any other entity whose performance is relevant to the grant or vesting of an Award, the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) may, without the consent of any affected Grantee, amend or modify the vesting criteria (including Performance Objectives and related performance goals) of any outstanding Award that is based in whole or in part on the financial performance of the Company (or any Subsidiary or division or other subunit thereof) or such other entity so as equitably to reflect such event, with the desired result that the criteria for evaluating such financial performance of the Company or such other entity will be substantially the same (in the sole discretion of the Committee or the board of directors of the surviving corporation) following such event as prior to such event; provided, however, that (A) the amended or modified terms are permitted by the Plan as then in effect and (B) with respect to any Award intended to qualify as a Qualified Performance-Based Award, any such amendment or modification would not result in such Award failing to qualify as performance-based compensation for purposes of Section 162(m) of the Code.
- (d) Notwithstanding any other provision of this Plan other than Section 13, the Committee may not, without prior approval of the Company's shareholders, seek to effect any re-pricing of any previously granted, underwater Option or Stock Appreciation Right by: (i) amending or modifying the terms of the Option or Stock Appreciation Right to lower the exercise price; (ii) canceling the underwater Option or Stock Appreciation Right and granting either (A) replacement Options or Stock Appreciation Rights having a lower exercise price; (B) Restricted Share Awards; or (C) Restricted Share Unit Awards or Performance Shares or Performance Units in exchange; or (iii) repurchasing the underwater Options or Stock Appreciation Rights for cancellation. For purposes of this Section, an Option or Stock Appreciation Right will be deemed to be underwater at any time when the Fair Market Value of a Share is less than the exercise price of the Option or Stock Appreciation Right. Notwithstanding any other provision of this Plan, neither the Board nor the Committee may, without prior approval of the Company's shareholders, extend the term of Awards that benefit non-insiders.
- (e) In addition to the authority of the Committee under Section (b) and notwithstanding any other provision of the Plan, the Committee may, in its sole discretion, amend the terms of the Plan or Awards

**Table of Contents**

with respect to Grantees resident outside of the United States or employed by a non-U.S. Subsidiary in order to comply with local legal requirements, to otherwise protect the Company's or Subsidiary's interests, or to meet objectives of the Plan, and may, where appropriate, establish one or more sub-plans (including the adoption of any required rules and regulations) for the purposes of qualifying for preferred tax treatment under foreign tax laws. The Committee shall have no authority, however, to take action pursuant to this Section: (i) to reserve shares or grant Awards in excess of the limitations provided in the Plan; (ii) to effect any repricing in violation of the Plan; (iii) to grant Options having an exercise price less than 100% of the Fair Market Value of one share of Common Stock on the date of grant in violation of the Plan; or (iv) for which stockholder approval would then be required pursuant to Section 422 of the Code or Section 162(m) of the Code or the rules of the New York Stock Exchange or the Toronto Stock Exchange.

- (f) Notwithstanding anything in this Plan to the contrary, the Committee will determine whether an Award is subject to the requirements of Code Section 409A and, if determined to be subject to Code Section 409A, the Committee will make such Award subject to such written terms and conditions determined necessary or desirable to cause such Award to comply in form with the requirements of Code Section 409A. Further, the Plan, as it relates to Awards that are subject to Code Section 409A, will be administered in a manner that is intended to comply with the requirements of Code Section 409A and any regulations or rulings issued thereunder.
6. **Options.** The Committee may from time to time authorize grants to Grantees of Options to purchase Shares upon such terms and conditions as the Committee may determine in accordance with the following provisions:
- (a) **Number of Shares.** Each grant shall specify the number of Shares to which it pertains.
- (b) **Option Price.** Each grant shall specify an Option Price per Share, which shall be equal to or greater than the Fair Market Value per Share on the Grant Date.
- (c) **Consideration.** Each grant shall specify the form of consideration to be paid in satisfaction of the Option Price and the manner of payment of such consideration, which may include (i) cash in the form of currency or check or other cash equivalent acceptable to the Company, (ii) nonforfeitable, unrestricted Shares owned by the Grantee at the time of exercise and which have a value at the time of exercise that is equal to the Option Price (including through a net exercise), (iii) any other legal consideration that the Committee may deem appropriate on such basis as the Committee may determine in accordance with this Plan, or (iv) any combination of the foregoing. In the case of a net exercise of an Option, the Company will not require a payment of the Option Price from the Grantee but will reduce the number of Shares issued upon the exercise by the largest number of whole Shares that has a Fair Market Value that does not exceed the aggregate Option Price for the Shares exercised under this method. Shares will no longer be outstanding under an Option (and will therefore not thereafter be exercisable) following the exercise of such Option to the extent of (i) Shares used to pay the Option Price of an Option under the net exercise, (ii) Shares actually delivered to the Grantee as a result of such exercise and (iii) any Shares withheld for purposes of tax withholding.
- (d) **Cashless Exercise.** To the extent permitted by applicable law, any grant may provide for deferred payment of the Option Price from the proceeds of sale of the Shares acquired on exercise of the Option through a broker-dealer to whom the Grantee has submitted an irrevocable notice of exercise and irrevocable instructions to deliver promptly to the Company the amount of sale or loan proceeds sufficient to pay the Option Price, together with, if requested by the Company, the amount of federal, state, local or foreign withholding taxes payable by the Grantee by reason of such exercise, or through simultaneous sale through a broker of Shares acquired upon exercise.
- (e) **Performance-Based Options.** Any grant of an Option may specify Performance Objectives that must be achieved as a condition to exercise of the Option.

**Table of Contents**

- (f) **Vesting.** Each Option grant may specify a period of continuous employment of the Grantee by the Company or any Subsidiary (or, in the case of a Nonemployee Director, service on the Board) that is necessary before the Options or installments thereof shall become exercisable.
  - (g) **Incentive Stock Option Dollar Limitation.** Options granted under this Plan may be Incentive Stock Options, Nonqualified Stock Options or a combination of the foregoing, provided that only Nonqualified Stock Options may be granted to Nonemployee Directors. Each grant shall specify whether (or the extent to which) the Option is an Incentive Stock Option or a Nonqualified Stock Option. Notwithstanding any such designation, to the extent that the aggregate Fair Market Value of the Shares as of the Grant Date with respect to which Options designated as Incentive Stock Options are exercisable for the first time by a Grantee during any calendar year (under all plans of the Company) exceeds \$100,000, such Options shall be treated as Nonqualified Stock Options.
  - (h) **Exercise Period.** No Option granted under this Plan may be exercised more than ten years from the Grant Date.
  - (i) **Award Agreement.** Each Option grant shall be evidenced by an Award Agreement containing such terms and provisions as the Committee may determine that are not inconsistent with this Plan.
7. **Stock Appreciation Rights.** The Committee may from time to time authorize grants to Grantees of Stock Appreciation Rights. A Stock Appreciation Right is the right of the Grantee to receive from the Company an amount equal to the Spread at the time of the exercise of such right. Any grant of Stock Appreciation Rights under this Plan shall be upon such terms and conditions as the Committee may determine in accordance with the following provisions:
- (a) **Payment in Shares or Cash.** Any grant may specify that the amount payable upon the exercise of a Stock Appreciation Right may be paid by the Company in cash, Shares valued at Fair Market Value on the date of exercise or any combination thereof at the discretion of the Committee at the time of payment.
  - (b) **Exercise Period.** Any grant may specify (i) a waiting period or periods before Stock Appreciation Rights shall become exercisable and (ii) permissible dates or periods on or during which Stock Appreciation Rights shall be exercisable. No Stock Appreciation Right granted under this Plan may be exercised more than ten years from the Grant Date.
  - (c) **Award Agreement.** Each grant shall be evidenced by an Award Agreement which shall describe the subject Stock Appreciation Rights, specify the Base Price (which shall be equal to or greater than the Fair Market Value on the Grant Date), state that the Stock Appreciation Rights are subject to all of the terms and conditions of this Plan and contain such other terms and provisions as the Committee may determine consistent with this Plan.
8. **Restricted Shares and Restricted Share Units.** The Committee may from time to time authorize grants to Grantees of Restricted Shares and Restricted Share Units upon such terms and conditions as the Committee may determine in accordance with the following provisions:
- (a) **Transfer of Shares.** Each grant of Restricted Shares shall constitute an immediate transfer of the ownership of Shares to the Grantee in consideration of the performance of services, subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to. Upon expiration of the restriction period and satisfaction of any other terms or conditions (including, but not limited to, Performance Objectives) and as set forth in the Restricted Share Award Agreement, the Restricted Share shall immediately become vested and the Shares underlying such award of Restricted Share shall be released by the Company to the Grantee without restrictions on transfer. Restricted Share Units shall become payable to a Grantee in Shares at the time or times determined by the Committee and set forth in the Restricted Share Unit Award Agreement.

- (b) **Consideration**. Each grant of Restricted Shares or Restricted Share Units may be made without a requirement for additional payment by the Grantee.

B-9

---

**Table of Contents**

- (c) **Substantial Risk of Forfeiture.** Each grant shall provide that the Restricted Shares or Restricted Share Units covered thereby shall be subject to a substantial risk of forfeiture within the meaning of Code Section 83 for a period to be determined by the Committee on the Grant Date, and any grant or sale may provide for the earlier termination of such risk of forfeiture in the event of a Change in Control of the Company or other similar transaction or event. If a Grantee ceases to be an Employee or a Non-Employee Director, the number of Shares subject to the Award, if any, to which the Grantee shall be entitled shall be determined in accordance with the Plan and the applicable Award Agreement. All remaining Shares underlying Restricted Shares or Restricted Share Units as to which restrictions apply at the Date of Termination shall be forfeited subject to such exceptions, if any, authorized by the Committee. Except as otherwise provided in this Section, Restricted Shares and Restricted Share Units that vest solely as a result of the passage of time and continued service by the Grantee shall be subject to a vesting period of not less than three (3) years from the date of grant of the applicable Award (but permitting pro rata vesting over such time); and (ii) Restricted Shares and Restricted Share Units whose vesting is subject to the achievement of specified performance objectives over a Performance Period shall be subject to a Performance Period of not less than one (1) year from the date of grant of the applicable Award. The minimum vesting periods specified in clauses (i) and (ii) of the preceding sentence shall not apply: (A) to Awards made in payment of earned performance-based Awards and other earned cash-based incentive compensation; (B) to a termination of employment due to death or Retirement; (C) upon a Change in Control; (D) to a substitute award that does not reduce the vesting period of the award being replaced; or (E) to Awards involving an aggregate number of Shares not in excess of 5% of the number of Shares available for Awards.
- (d) **Dividends, Voting and Other Ownership Rights.** Unless otherwise determined by the Committee, an Award of Restricted Shares shall entitle the Grantee to dividend, voting and other ownership rights during the period for which such substantial risk of forfeiture is to continue; provided however that unless otherwise determined by the Committee, the Award Agreement with respect to an Award of Restricted Shares that is conditioned on the attainment of performance goals shall provide that the Grantee shall not receive any dividends unless and until such time as the Restricted Shares becomes vested. Alternatively, an Award Agreement may require that any or all dividends or other distributions paid on the Restricted Shares during the period for which the substantial risk of forfeiture is to continue be automatically sequestered and reinvested in additional Shares, which may be subject to the same restrictions as the underlying Award or such other restrictions as the Committee may determine. Unless otherwise determined by the Committee, a Grantee shall not have any rights as a shareholder with respect to Shares underlying an Award of Restricted Share Units until such time, if any, as the underlying Shares are actually issued to the Grantee, which may, at the option of the Company be either (i) evidenced by delivery of a certificate registered in the name of the Grantee or his or her designee; or (ii) credited to a book-entry account for the benefit of the Grantee maintained by the Company's stock transfer agent or its designee. The Committee may provide in a Restricted Share Unit Award Agreement for the payment of dividend equivalents and distributions to the Grantee at such times as paid to shareholders generally or at the time of vesting or other payout of the Restricted Share Units, provided, however, if the payment or crediting of dividends or dividend equivalents is in respect of an Award that is subject to Code Section 409A, then the payment or crediting of such dividends or dividend equivalents shall conform to the requirements of Code Section 409A and such requirements shall be specified in writing.
- (e) **Performance-Based Restricted Shares and Restricted Share Units.** Any grant or the vesting thereof may be further conditioned upon the attainment of Performance Objectives established by the Committee in accordance with the applicable provisions of Section 9 of the Plan regarding Performance Shares and Performance Units.
- (f) **Award Agreements.** Each grant of Restricted Shares or Restricted Share Units shall be evidenced by an Award Agreement containing such terms and provisions as the Committee may determine consistent with this Plan. Unless otherwise directed by the Committee, all certificates representing Restricted



**Table of Contents**

Shares, together with a stock power that shall be endorsed in blank by the Grantee with respect to such Shares, shall be held in custody by the Company until all restrictions thereon lapse.

9. **Performance Shares and Performance Units.** The Committee may from time to time authorize grants of Performance Shares and Performance Units, which shall become payable to the Grantee upon the achievement of specified Performance Objectives, upon such terms and conditions as the Committee may determine in accordance with the following provisions:
- (a) **Number of Performance Shares or Units.** Each grant shall specify the number of Performance Shares or Performance Units to which it pertains, which may be subject to adjustment to reflect changes in compensation or other factors.
  - (b) **Performance Objectives and Performance Period.** Each grant shall specify the Performance Objectives that are to be achieved by the Grantee during a specified performance period.
  - (c) **Threshold Performance Objectives.** Each grant may specify in respect of the specified Performance Objectives a minimum acceptable level of achievement below which no payment will be made and may set forth a formula for determining the amount of any payment to be made if performance is at or above such minimum acceptable level but falls short of the maximum achievement of the specified Performance Objectives.
  - (d) **Payment of Performance Shares and Units.** Each grant shall specify the time and manner of payment of Performance Shares or Performance Units that shall have been earned, and any grant may specify that any such amount may be paid by the Company in cash, Shares or any combination thereof and may either grant to the Grantee or reserve to the Committee the right to elect among those alternatives.
  - (e) **Maximum Payment.** Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee on the Grant Date. Any grant of Performance Units may specify that the amount payable, or the number of Shares issued, with respect thereto may not exceed maximums specified by the Committee on the Grant Date.
  - (f) **Dividend Equivalents.** Any grant of Performance Shares may provide for the payment to the Grantee of dividend equivalents thereon in cash or additional Shares, provided however that the Award Agreement shall provide that the Grantee shall not receive any dividends unless and until such time as the Performance Shares are earned and paid, and provided further that if the payment or crediting of dividends or dividend equivalents is in respect of an Award that is subject to Code Section 409A, then the payment or crediting of such dividends or dividend equivalents shall conform to the requirements of Code Section 409A and such requirements shall be specified in writing.
  - (g) **Adjustment of Performance Objectives.** If provided in the terms of the grant, the Committee may adjust Performance Objectives and the related minimum acceptable level of achievement if, in the sole judgment of the Committee, events or transactions have occurred after the Grant Date that are unrelated to the performance of the Grantee and result in distortion of the Performance Objectives or the related minimum acceptable level of achievement.
  - (h) **Substantial Risk of Forfeiture.** Each grant shall provide that the Performance Shares or Performance Units shall be subject to a substantial risk of forfeiture within the meaning of Code Section 83 for a period to be determined by the Committee on the Grant Date, and any grant may provide for the earlier termination of such risk of forfeiture in the event of a Change in Control of the Company or other similar transaction or event. If a Grantee ceases to be an Employee or a Non-Employee Director, the portion, if any, to which the Grantee shall be entitled shall be determined in accordance with the Plan and the applicable Award Agreement. All remaining portions as to which restrictions apply at the Date of Termination shall be forfeited subject to such exceptions, if any,

authorized by the Committee.

- (i) **Award Agreement**. Each grant shall be evidenced by an Award Agreement which shall state that the Performance Shares or Performance Units are subject to all of the terms and conditions of this Plan and such other terms and provisions as the Committee may determine consistent with this Plan.

B-11

**Table of Contents**

10. **Stock Payments.** If not prohibited by applicable law, the Committee may from time to time issue unrestricted Shares to Grantees, in such amounts and subject to such terms and conditions as the Committee shall from time to time in its sole discretion determine. A Stock Payment may be granted as, or in payment of, Nonemployee Director fees, bonuses (including without limitation any compensation that is intended to qualify as performance based compensation for purposes of Code Section 162(m)), or to provide incentives or recognize special achievements or contributions.

11. **Consequences of Termination.**

(a) **Options/Stock Appreciation Rights (Not Performance-Based).** Unless otherwise determined by the Committee, outstanding Options and/or Stock Appreciation Rights that are held by a Grantee (or the executors or administrators of such Grantee's estate, and any person or persons who acquire the right to exercise Options and/or Stock Appreciation Rights directly from the Grantee by bequest or inheritance) as of the Grantee's Date of Termination and are not subject to vesting conditions based upon the satisfaction of Performance Objectives shall be subject to the following clauses (1) and (2), as applicable, except that in all events, the period for exercise of Options and/or Stock Appreciation Rights shall end no later than the last day of the maximum term thereof established under Section 6(h) or 7(d), as applicable.

(1) In the case of a Grantee's death or a Grantee's Termination due to Retirement, or the Grantee's resignation with Good Reason, or the Grantee's Termination without Cause, (x) those of the Grantee's outstanding Options and/or Stock Appreciation Rights that have become vested prior to the Grantee's Date of Termination shall continue to be exercisable during the period ending on the three (3) year anniversary of the Date of Termination and (y) those of the Grantee's outstanding Options and/or Stock Appreciation Rights that have not become vested prior to the Grantee's Date of Termination shall become Vested and exercisable as of the later of the Date of Termination and the one year anniversary of the Effective Date of the Award thereof and thereafter shall continue to be exercisable for the remaining portion of the period ending on the three (3) year anniversary of the Date of Termination.

(2) In the case of a Grantee's Termination due to the Grantee's resignation voluntarily (other than upon Retirement or with Good Reason), (x) those of the Grantee's outstanding Options and/or Stock Appreciation Rights that have not become vested prior to the Date of Termination shall be forfeited and cancelled as of such Date of Termination and (y) those of the Grantee's outstanding Options and/or Stock Appreciation Rights that have become vested prior to the Grantee's Date of Termination shall continue to be exercisable during the 90 day period following such Date of Termination.

Options and/or Stock Appreciation Rights that are not exercised prior to the expiration of the exercise period following a Grantee's Date of Termination permitted under this Section 11(a) shall automatically expire on the last day of such period.

(b) **Options/Stock Appreciation Rights (Performance-Based).** Unless otherwise determined by the Committee, outstanding Options and/or Stock Appreciation Rights that are held by a Grantee (or the executors or administrators of such Grantee's estate, and any person or persons who acquire the right to exercise Options and/or Stock Appreciation Rights directly from the Grantee by bequest or inheritance) as of the Grantee's Date of Termination and are subject to vesting conditions based upon the satisfaction of Performance Objectives shall be subject to the following clauses (1) and (2), as applicable, except that in all events, the period for exercise of Options and/or Stock Appreciation Rights shall end no later than the last day of the maximum term thereof established under Section 6(h) or 7(d), as applicable.

(1) In the case of a Grantee's death or a Grantee's Termination due to Retirement, or the Grantee's resignation with Good Reason, or the Grantee's Termination without Cause, (x) those of the Grantee's outstanding Options and/or Stock Appreciation Rights that have become vested prior to the Grantee's Date of Termination shall continue to be exercisable during the period ending on the

**Table of Contents**

three (3) year anniversary of the Date of Termination and (y) any employment requirements under Section 6(f) and 7(b) shall not apply, in which case the number of Options and/or Stock Appreciation Rights that become vested on each subsequent applicable vesting date shall equal the pro rata number of Options and/or Stock Appreciation Rights that he or she would have earned on that vesting date had he or she been continuously employed through such date, as calculated by reference to the portion of the applicable Performance Period during which the Grantee was actually employed and thereafter shall continue to be exercisable for the remaining portion of the period ending on the three (3) year anniversary of the Date of Termination.

- (2) In the case of a Grantee's Termination due to the Grantee's resignation voluntarily (other than upon Retirement or with Good Reason), (x) those of the Grantee's outstanding Options and/or Stock Appreciation Rights that have not become vested prior to the Date of Termination shall be forfeited and cancelled as of such Date of Termination and (y) those of the Grantee's outstanding Options and/or Stock Appreciation Rights that have become vested prior to the Grantee's Date of Termination shall continue to be exercisable during the 90 day period following such Date of Termination.

Options and/or Stock Appreciation Rights that are not exercised prior to the expiration of the exercise period following a Grantee's Date of Termination permitted under this Section 11(b) shall automatically expire on the last day of such period.

- (c) **Restricted Shares, Restricted Share Units, Performance Shares and Performance Units.** Unless otherwise determined by the Committee, outstanding Restricted Shares, Restricted Share Units, Performance Shares and Performance Units of the Grantee (and the executors and administrators of such Grantee's estate, and any person or persons acquiring any interest directly from the Grantee by bequest or inheritance) as of the Grantee's Date of Termination shall be subject to the following clauses (1) and (2), as applicable.

- (1) In the case of a Grantee's death or a Grantee's Termination due to Retirement or Termination without Cause or resignation with Good Reason, any employment requirements of Section 8(c) and 9(i) and the applicable Award Agreement shall not apply, in which case the number of Restricted Shares, Restricted Share Units, Performance Shares and Performance Units to be deemed earned by such Grantee on each subsequent applicable vesting date shall equal the pro rata number of Restricted Shares, Restricted Share Units, Performance Shares and Performance Units that he or she would have earned on that vesting date had he or she been continuously employed through such date, as calculated by reference to the portion of the applicable Restriction Period or Performance Period during which the Grantee was actually employed.

- (2) In the event of a Grantee's Termination due to the Grantee's resignation voluntarily (other than upon Retirement or with Good Reason), all of the Grantee's unvested Restricted Shares, Restricted Share Units, Performance Shares and Performance Units will be forfeited immediately.

- (d) **Termination for Cause.** Notwithstanding any other provision hereof or in any instrument of grant, in the case of a Grantee's Termination for Cause, any and all then outstanding Awards (other than Stock Payments) granted to the Grantee, whether or not Vested, shall be immediately forfeited and cancelled, without any consideration therefore, as of the commencement of the day that notice of such termination is given.

12. **Nontransferability.** No Award granted under this Plan (including Options) shall be transferable or assignable by a Grantee other than by will or the laws of descent and distribution for normal estate settlement purposes, and Options and Stock Appreciation Rights shall be exercisable during a Grantee's lifetime only by the Grantee or, in the event of the Grantee's legal incapacity, by his guardian or legal representative acting in a fiduciary capacity on behalf of the Grantee under state law. Any attempt to transfer or assign an Award in violation of this Plan shall render such Award null and void.

13. **Adjustments.** In the event of any equity restructuring (within the meaning of FASB ASC Topic 718, Compensation-Stock Compensation) that causes the per share value of Shares to change, such as a stock



---

**Table of Contents**

dividend, stock split, spinoff, rights offering or recapitalization through an extraordinary dividend, the Committee shall make such adjustments as it deems equitable and appropriate to (i) the aggregate number and kind of Shares or other securities issued or reserved for issuance under the Plan, (ii) the number and kind of Shares or other securities subject to outstanding Awards, (iii) the Option Price of outstanding Options and Stock Appreciation Rights, and (iv) any maximum limitations prescribed by the Plan with respect to certain types of Awards or the grants to individuals of certain types of Awards. In the event of any other change in corporate capitalization, including a merger, consolidation, reorganization, or partial or complete liquidation of the Company, such equitable adjustments described in the foregoing sentence may be made as determined to be appropriate and equitable by the Committee (or, if the Company is not the surviving corporation in any such transaction, the board of directors of the surviving corporation) to prevent dilution or enlargement of rights of Grantees. In either case, any such adjustment shall be conclusive and binding for all purposes of the Plan. No adjustment shall be made pursuant to this Section 13 in connection with the conversion of any convertible securities of the Company, or in a manner that would cause Incentive Stock Options to violate Code Section 422(b) or cause an Award to be subject to adverse tax consequences under Code Section 409A.

14. **Fractional Shares.** The Company shall not be required to issue any fractional Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement thereof in cash.
15. **Withholding Taxes.** If, for any reason whatsoever, the Company or a Subsidiary becomes obligated to withhold and/or remit to any applicable tax authority (whether domestic or foreign) any amount in connection with this Plan in respect of a Grantee, then the Company or such Subsidiary shall make the necessary arrangements, as acceptable to the Company or such Subsidiary, in connection with the amount that must be withheld and/or remitted. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit.
16. **Amendments and Other Matters.**
- (a) **Plan Amendments.** This Plan may be amended from time to time by the Board, but no such amendment shall increase any of the limitations specified in Section 4 of the Plan, other than to reflect an adjustment made in accordance with Section 13 of the Plan, or amend this Section 16(a), or modify the repricing prohibition in Section 5(d) of this Plan, without the further approval of the shareholders of the Company. The Board may condition any amendment on the approval of the shareholders of the Company if such approval is necessary or deemed advisable with respect to the applicable listing or other requirements of an applicable securities exchange or other applicable laws, policies or regulations. Shareholder approval will be required in the case of any reduction in the Option Price or extension of the term of an Award benefiting an insider of the Company. No amendment, alteration, suspension or termination of the Plan shall divest any Grantee of his or her existing rights under the Plan with respect to any Awards previously granted to such Grantee, unless mutually agreed otherwise between the Grantee and the Company, which agreement must be in writing and signed by the Grantee and the Company. Notwithstanding the foregoing, the following amendments may be made without the approval of shareholders of the Company:
- (1) Amendments of a housekeeping nature;
  - (2) A change to vesting provisions;
  - (3) A change to employment termination provisions that does not entail an extension beyond the original expiry date; and
  - (4) Any other amendment that does not require shareholder approval pursuant to the rules of the Toronto Stock Exchange.
- (b)

**No Employment Right.** This Plan shall not confer upon any Grantee any right with respect to continuance of employment or other service with the Company or any Subsidiary and shall not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any Grantee's employment or other service at any time.

B-14

**Table of Contents**

- (c) **Tax Qualification.** To the extent that any provision of this Plan would prevent any Option that was intended to qualify under particular provisions of the Code from so qualifying, such provision of this Plan shall be null and void with respect to such Option, provided that such provision shall remain in effect with respect to other Options, and there shall be no further effect on any provision of this Plan.
- (d) **Change in Control.** Unless otherwise provided in an agreement evidencing an Award, the following provisions shall apply to outstanding Awards in the event of a Change in Control.
- (1) Continuation, Assumption or Replacement of Awards. In the event of a Change in Control, the surviving or successor entity (or its parent corporation) may continue, assume or replace Awards outstanding as of the date of the Change in Control (with such adjustments as may be required or permitted by the Plan), and such Awards or replacements therefore shall remain outstanding and be governed by their respective terms, subject to subsection (4) below. A surviving or successor entity may elect to continue, assume or replace only some Awards or portions of Awards. For purposes of this subsection (1), an Award shall be considered assumed or replaced if, in connection with the Change in Control and in a manner consistent with Sections 409A and 424 of the Code, either (i) the contractual obligations represented by the Award are expressly assumed by the surviving or successor entity (or its parent corporation) with appropriate adjustments to the number and type of securities subject to the Award and the exercise price thereof that preserves the intrinsic value of the Award existing at the time of the Change in Control, or (ii) the Grantee has received a comparable equity based award that preserves the intrinsic value of the Award existing at the time of the Change in Control and provides for a vesting or exercisability schedule that is the same as or more favorable to the Grantee.
  - (2) Acceleration of Awards. If and to the extent that outstanding Awards under the Plan are not continued, assumed or replaced in connection with a Change in Control, then (i) outstanding Options and Stock Appreciation Rights issued to the Grantee that are not yet fully exercisable shall immediately become exercisable in full and shall remain exercisable in accordance with their terms, (ii) all unvested Restricted Shares, Restricted Share Units, Performance Shares and Performance Units will become immediately fully vested and non-forfeitable; and (iii) any performance objectives applicable to Awards will be deemed to have been satisfied at the target level of performance specified in connection with the applicable Award.
  - (3) Payment for Awards. If and to the extent that outstanding Awards under the Plan are not continued, assumed or replaced in connection with a Change in Control, then the Committee may terminate some or all of such outstanding Awards, in whole or in part, as of the effective time of the Change in Control in exchange for payments to the holders as provided in this subsection (3). The Committee will not be required to treat all Awards similarly for purposes of this Section (3). The payment for any Award or portion thereof terminated shall be in an amount equal to the excess, if any, of (i) the fair market value (as determined in good faith by the Committee) of the consideration that would otherwise be received in the Change in Control for the number of Shares subject to the Award or portion thereof being terminated, or, if no consideration is to be received by the Company's shareholders in the Change in Control, the Fair Market Value of such number of shares immediately prior to the effective date of the Change in Control, over (ii) the aggregate exercise price (if any) for the Shares subject to the Award or portion thereof being terminated. If there is no excess, the Award may be terminated without payment. Any payment shall be made in such form, on such terms and subject to such conditions as the Committee determines in its discretion, which may or may not be the same as the form, terms and conditions applicable to payments to the Company's shareholders in connection with the Change in Control, and may include subjecting such payments to vesting conditions comparable to those of the Award surrendered.
  - (4) Termination After a Change in Control. If and to the extent that Awards are continued, assumed or replaced under the circumstances described in subsection (1), and if within two years after the



**Table of Contents**

Change in Control a Grantee experiences an involuntary termination of employment or other service for reasons other than Cause, or terminates his or her employment or other service for Good Reason, then (i) outstanding Options and Stock Appreciation Rights issued to the Grantee that are not yet fully exercisable shall immediately become exercisable in full and shall remain exercisable in accordance with their terms, (ii) all unvested Restricted Shares, Restricted Share Units, Performance Shares and Performance Units will become immediately fully vested and non forfeitable; and (iii) any performance objectives applicable to Awards will be deemed to have been satisfied to the maximum degree specified in connection with the applicable Award.

- (e) **Foreign Grantees.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for Awards as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose, provided that no such supplements, amendments, restatements or alternative versions shall include any provisions that are inconsistent with the terms of this Plan, as then in effect, unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.
17. **Currency.** Dollar amounts set forth in the Plan are expressed in U.S. dollars.
18. **Termination.** This Plan shall terminate on the tenth anniversary of the date on which this amendment and restatement is adopted by the Board, and no Award shall be granted after that date.
19. **Compliance with Applicable Laws.** The granting of Awards and the issuance, purchase, and delivery of Shares shall be carried out in compliance with applicable law, including, without limitation, the rules, regulations and by laws of the Toronto Stock Exchange, the New York Stock Exchange, the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations (including Rule 10b-5) promulgated thereunder, and the policies and regulations of applicable securities regulatory authorities. If the Committee determines in its discretion that, in order to comply with any such statutes or regulations, certain action is necessary or desirable as a condition of or in connection with the granting of an Award or the issuance or purchase or delivery of Shares under this Plan, no Award may be granted and no Shares may be issued, purchased, or delivered unless that action shall have been completed in a manner satisfactory to the Committee. It is intended that the Plan and all Awards hereunder be administered in a manner that will comply with Code Section 409A, including the final regulations and other guidance issued by the United States Secretary of the Treasury and the Internal Revenue Service with respect thereto. The Committee is authorized to adopt rules or regulations deemed necessary or appropriate to qualify for an exception from or to comply with the requirements of Section 409A of the Code (including any transition or grandfather rules relating thereto). Notwithstanding anything in this Section to the contrary, with respect to any Award subject to Section 409A of the Code, no amendment to or payment under such Award will be made unless permitted under Section 409A of the Code and the regulations or rulings issued thereunder. Without limiting the generality of the foregoing, if any amount shall be payable with respect to any Award hereunder as a result of a Grantee's separation from service at such time as the Grantee is a specified employee (as those terms are defined for purposes of Section 409A of the Code) and such amount is subject to the provisions of Section 409A of the Code, then no payment shall be made, except as permitted under Section 409A of the Code, prior to the first day of the seventh calendar month beginning after the Grantee's separation from service (or the date of his or her earlier death). The Company may adopt a specified employee policy that will apply to identify the specified employees for all deferred compensation plans subject to Section 409A of the Code; otherwise, specified employees will be identified using the default standards contained in the regulations under Section 409A of the Code.
20. **Governing Law.** The Plan and any Award Agreements and any and all determinations made and actions taken in connection with the Plan and Award Agreements, shall be governed by and construed in accordance with the laws of the State of Florida and the laws of the United States applicable therein.

**Table of Contents**

21. **Prior Option Plan**. The Company's Restated 1986 Common Share Option Plan, as amended, (the **Prior Option Plan** ) was terminated by the Board effective February 23, 2011. Outstanding awards made under the Prior Option Plan will continue in accordance with their terms until exercised, forfeited or terminated, as applicable, and are unaffected by the amendment and restatement of the Original Plan.

B-17

**Table of Contents**

**APPENDIX C**

**COTT CORPORATION (the Corporation )**

**MANDATE OF THE BOARD OF DIRECTORS**

**Purpose:**

The purpose of this mandate is to set out the responsibilities of the Board of Directors of the Corporation. The Board of Directors is committed to fulfilling its statutory mandate to supervise the management of the business and affairs of the Corporation with the highest standards of ethical conduct and in the best interests of the Corporation. The Board of Directors approves the strategic direction of the Corporation and oversees the performance of the Corporation's business and management. The management of the Corporation is responsible for presenting strategic plans to the Board of Directors for review and approval and for implementing the Corporation's strategic direction.

This mandate should be read in conjunction with the Corporate Governance Guidelines of the Corporation which set out additional responsibilities of the Board of Directors and contain guidelines pertaining to, *inter alia*, board size, selection, expectations, committees and meetings.

**Responsibilities:**

1. To the extent feasible, the Board of Directors shall satisfy itself as to the integrity of the Chief Executive Officer and other senior officers and that the Chief Executive Officer and other senior officers create a culture of integrity throughout the Corporation.
2. Review and approve the annual operating plan (including the capital budget), strategic plan (which takes into account, among other things, the opportunities and risks facing the Corporation's business) and business objectives of the Corporation that are submitted by management and monitor the implementation by management of the strategic plan. During at least one meeting each year, the Board of Directors will review the Corporation's long-term strategic plans and the principal issues that the Corporation expects to face in the future.
3. Identify and review the principal business risks of the Corporation's business and oversee, with the assistance of the Audit Committee, the implementation and monitoring of appropriate risk management systems and the monitoring of risks.
4. Ensure, with the assistance of the Corporate Governance Committee, the effective functioning of the Board of Directors and its committees in compliance with the corporate governance requirements of stock exchange listing rules and applicable law, and that such compliance is reviewed periodically by the Corporate Governance Committee.
5. Develop the Corporation's approach to corporate governance. The Corporate Governance Committee shall develop a set of corporate governance principles and guidelines that are specifically applicable to the Corporation. The Board of Directors shall review and approve the principles and guidelines applicable to the Corporation and its officers, directors, and employees, including the Code of Ethics for Senior Officers and the Code of Business Conduct and Ethics.
6. Satisfy itself that internal controls and management information systems for the Corporation are in place, are evaluated as part of the internal auditing process and reviewed periodically on the initiative of the Audit Committee.
7. Assess the performance of the Corporation's executive officers, including monitoring the establishment of appropriate systems for succession planning as set forth in the Corporate Governance Guidelines of the Corporation (including appointing, training and monitoring senior management) and for periodically monitoring the compensation levels of such executive officers based on determinations and

recommendations made by the Human Resources and Compensation Committee.

C-1

**Table of Contents**

8. Ensure that the Corporation has in place a policy for effective communication with shareowners, other stakeholders and the public generally.
  
9. Review and, where appropriate, approve the recommendations made by the various committees of the Board of Directors, including, without limitation, to: select nominees for election to the Board of Directors; appoint directors to fill vacancies on the Board of Directors; appoint and replace, as applicable, the chairman, the lead independent director, the members of the various committees of the Board of Directors and the chair of each such committee; and establish the form and amount of director compensation.

The Board of Directors has delegated to the Chief Executive Officer, working with the other executive officers of the Corporation and its affiliates, the authority and responsibility for managing the business of the Corporation in a manner consistent with the standards of the Corporation.

The Chief Executive Officer shall seek the advice and, in appropriate situations, the approval of the Board of Directors with respect to extraordinary actions to be undertaken by the Corporation, including those that would make a significant change in the financial structure or control of the Corporation, the acquisition or disposition of any significant business, the entry of the Corporation into a major new line of business or transactions involving related parties.

**Measures for Receiving Shareowner Feedback:**

The Corporation shall provide a mechanism for receiving feedback from shareowners regarding its publicly disseminated materials and otherwise. The Board of Directors, upon recommendation of the Corporate Governance Committee, will adopt specific procedures for permitting shareowner feedback and communication with the Board of Directors.

**Expectations of Directors:**

The Board of Directors shall develop and update, in conjunction with the Corporate Governance Committee, specific expectations of directors and such expectations shall be set out in the Corporate Governance Guidelines of the Corporation.

**Annual Evaluation:**

At least annually, the Board of Directors through the Corporate Governance Committee shall, in a manner the Board of Directors determines to be appropriate:

Conduct a review and evaluation of the performance of the Board of Directors and its members, its committees and their members, including the compliance of the Board of Directors with this mandate and of the committees with their respective charters.

Review and assess the adequacy of this mandate.

*February 2013*

**Table of Contents**

**APPENDIX D**

**COTT CORPORATION (the Corporation )**

**AUDIT COMMITTEE (the Committee )**

**CHARTER**

**Purpose:**

The Committee is appointed by the Board of Directors (the Board ) to assist the Board in fulfilling the oversight responsibilities it has with respect to: (1) the integrity of the financial statements of the Corporation, (2) the compliance by the Corporation with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Corporation's internal auditors and independent auditor.

**Committee Authority and Responsibilities:**

To fulfill its responsibilities and duties, the Committee shall:

**Meetings**

1. Report regularly to the Board by means of written or oral reports, submission of minutes of Committee meetings or otherwise, from time to time or whenever it shall be called upon to do so, including a review of any issues that arise with respect to the quality and integrity of the Corporation's financial statements, the Corporation's compliance with legal and regulatory requirements, the performance and independence of the Corporation's independent auditor, and the performance of the internal auditors.
2. Meet as often as it determines necessary, but not less frequently than quarterly. The Committee shall meet separately in person or telephonically, periodically, with management (including the Chief Financial Officer and Chief Accounting Officer), the internal auditors and the independent auditor, and have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The Committee may request any officer or employee of the Corporation or the Corporation's outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The time at which and the place where the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meeting shall be determined by the Committee, unless otherwise provided for in the by-laws of the Corporation or otherwise determined by resolution of the Board.

**Financial Statement and Disclosure Matters**

3. Meet to review and discuss the annual audited financial statements with management and the independent auditor, including the Corporation's specific disclosures made in Management's Discussion and Analysis of Financial Condition and Results of Operations, and recommend to the Board whether the audited financial statements should be included in the Corporation's Form 10-K.
4. Meet to review and discuss the quarterly financial statements with management and the independent auditor prior to filing its Form 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
5. Discuss with management and the independent auditor significant financial accounting and reporting issues, complex or unusual transactions and judgments made in connection with the preparation of the Corporation's financial statements, including any significant changes in the Corporation's selection or application of accounting principles.



**Table of Contents**

6. Review and discuss with management and the independent auditor any major issues as to the adequacy of the Corporation's internal controls, any special steps adopted in light of material control deficiencies and the adequacy of disclosures about changes in internal control over financial reporting.
7. Prepare the audit report required by the rules of the Securities and Exchange Commission to be included in the Corporation's annual proxy circular and any other Committee reports required by applicable securities laws or stock exchange listing requirements or rules.
8. Discuss with management the Corporation's earnings press releases (including the use of any pro forma or adjusted non-GAAP information) prior to the public disclosure thereof by the Corporation, as well as financial information and earnings guidance provided to analysts and rating agencies.
9. Discuss with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Corporation's financial statements.
10. Review disclosures made to the Committee by the Corporation's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Corporation's internal controls.
11. Review and discuss with management (including the senior internal audit executive) and the independent auditor the Corporation's internal controls report and the independent auditor's attestation of the report prior to the filing of the Corporation's Form 10-K.

**Oversight of the Corporation's Risk Management Function**

12. Oversee the risk management activities of the Corporation, which will include holding periodic discussions with management regarding the Corporation's guidelines and policies with respect to risk assessment, risk management, and major strategic, financial and operational risk exposures such as fraud, environmental, competitive and regulatory risks. The Committee shall receive regular reports regarding such risks and the steps management has taken to monitor and control any exposure resulting from such risks. The Committee shall, on at least an annual basis, facilitate a discussion with the Board regarding the Corporation's risk management function and the Corporation's major strategic, financial and operational risk exposures.

**Oversight of the Corporation's Relationship with the Independent Auditor**

13. Subject to compliance with the requirements of applicable laws, the Committee shall have the sole authority to appoint or replace the independent auditor (subject, if applicable, to shareholder ratification). The Committee shall be directly responsible for the compensation and oversight of the work of the independent auditor and advisors retained by the Committee (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. The independent auditor shall report directly to the Committee.
14. Before the engagement of the independent auditor and at least annually thereafter, review and discuss with the independent auditor the independent auditor's written communications to the Committee regarding the relationships between the auditor and the Corporation that, in the auditor's professional judgment, may reasonably be thought to bear on its independence and affirming in writing to the Committee that the auditor is independent.



Edgar Filing: COTT CORP /CN/ - Form DEF 14A

15. Review with the independent auditor any audit problems or difficulties and management's response. This review should include a discussion of (a) any restrictions on the scope of the independent auditor's activities or on access to requested information, and (b) any significant disagreements with management. The Committee may review, as it deems appropriate, (i) any accounting adjustments that were noted or proposed by the independent auditor but were passed (as immaterial or otherwise) (ii) any communications between

D-2

**Table of Contents**

the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement; and (iii) any management or internal control letter issued, or proposed to be issued, by the independent auditor to the Corporation.

16. Subject to compliance with the requirements of applicable law, the Committee shall set clear hiring policies for employees or former employees and partners or former partners of the current and former independent auditor.
17. The Committee shall, at least annually, obtain and review a report from the independent auditor describing: (i) the independent auditor's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the auditor, and any steps taken to deal with any such issues, and (iii) all relationships between the independent auditor and the Corporation.
18. Based on the above mentioned report, the Committee shall evaluate the qualifications, performance and independence of the independent auditor, and select the Corporation's auditor for the next year, subject to shareholder ratification. In this evaluation, the Committee shall (i) consider whether the independent auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the independent auditor's independence, (ii) evaluate the lead partner of the independent auditor's team and make sure that there is a regular rotation of the lead partner, and consider whether, in order to assure continuing auditor independence, there should be regular rotation of the independent auditing firm on a regular basis, (iii) evaluate the independent auditor's team and make sure that there is a regular rotation in compliance with applicable laws, and (iv) take into account the opinions of management and internal auditors. The Committee shall present its conclusions with respect to the independent auditor to the Board.
19. The Committee shall review and discuss quarterly reports from the independent auditor (required by Section 10A of the Securities Exchange Act of 1934 (the Exchange Act)) on (a) all critical accounting policies and practices to be used, (b) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor, and (c) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
20. The Chair of the Committee shall be permitted to pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Corporation by its independent auditor or its subsidiary entities; provided that any such pre-approvals shall be subject to ratification by the Committee at its next meeting. This permission is also subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee shall review and discuss with the independent auditor any documentation supplied by the independent auditor as to the nature and scope of any tax services to be approved, as well as the potential effects of the provision of such services on the auditor's independence.
21. Meet with the independent auditor prior to the audit to review and discuss the planning and staffing of the audit.

**Oversight of the Corporation's Internal Audit Function**

22. The senior internal audit executive will report directly to the Chair of the Committee and administratively on a dotted line to the Corporation's Chief Financial Officer. The Committee will review and advise on the selection and removal of the senior internal audit executive.
23. Review the significant reports to management prepared by the internal audit department and management's responses.



**Table of Contents**

24. Periodically review, with the independent auditor, the internal audit department's responsibilities, budget and staffing and any recommended changes in the planned scope of the internal audit.
25. Periodically review, with the senior internal audit executive, any significant difficulties, disagreements with management, or scope restrictions encountered in the course of the function's work.
26. Annually, review and recommend changes (if any) to the internal audit charter.

**Compliance Oversight Responsibilities**

27. Obtain from the independent auditor assurance that Section 10A(b) of the Exchange Act has not been implicated.
28. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls and auditing matters, and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
29. Periodically review and discuss with management, the internal auditors, and the independent auditor the overall adequacy and effectiveness of the Corporation's legal, regulatory and ethical compliance programs, including the Corporation's Code of Business Conduct and Ethics and Code of Ethics for Senior Officers. The Committee shall periodically receive from management confirmation of its compliance with material legal and regulatory compliance requirements. The Committee shall advise the Board with respect to the Corporation's policies and procedures regarding compliance with applicable laws and regulations and with the Corporation's Code of Business Conduct and Ethics and Code of Ethics for Senior Officers.
30. Discuss with management and the independent auditor any correspondence with regulators or governmental agencies and any published reports that raise material issues regarding the Corporation's financial statements or accounting policies.
31. Discuss with the Corporation's General Counsel legal matters that may have a material impact on the financial statements or the Corporation's compliance policies and internal controls.
32. It is understood that in order to properly carry out its responsibilities, the Committee shall have the authority, without seeking Board approval and to the extent it deems necessary or appropriate, to retain independent legal, accounting or other advisors. The Corporation shall provide appropriate funding, as determined by the Committee, for payment of compensation to the independent auditor for the purpose of rendering or issuing an audit report or performing other audit, review or attest services for the Corporation and to any advisors employed by the Committee, as well as the funding levels for the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

**Committee Membership and Evaluation:**

33. Upon the recommendation of the Corporate Governance Committee, the Board shall elect annually from among its members a committee to be known as the Audit Committee to be composed of at least three independent directors, none of whom shall (a) accept directly or indirectly from the Corporation or any subsidiary of the Corporation any consulting, advisory or other compensatory fee or (b) be affiliated with the Corporation or (c) be officers or employees of the Corporation or of any of its affiliates, or have been an officer or employee of the Corporation, any of its affiliates or the independent auditor in the three years prior to being appointed to the Committee or (d) be an immediate family member of any of these persons.

Edgar Filing: COTT CORP /CN/ - Form DEF 14A

34. Each member of the Committee shall meet the independence, experience and financial literacy requirements of any stock exchange upon which the Corporation's stock is listed from time to time and in accordance with applicable law, including applicable listing standards. At least one member of the Committee shall be an audit committee financial expert (as defined by the Securities and Exchange Commission).

D-4

**Table of Contents**

35. Committee members shall not simultaneously serve on the audit committees of more than two other public companies unless the Board determines that simultaneous service on more than two other audit committees would not impair such member's ability to effectively serve on the Committee. If such a determination is made, it must be disclosed in the Corporation's annual proxy circular.
36. A majority of the members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present (in person or by means of telephone conference whereby each participant has the opportunity to speak to and hear one another) or by a resolution in writing signed by all the members of the Committee. Polling of Committee members in lieu of a meeting is not permitted.
37. Each member of the Committee shall hold such office until the next annual meeting of shareholders after election as a member of the Committee. However, any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director or otherwise ceases to be qualified to be a member of the Committee.
38. Upon the recommendation of the Corporate Governance Committee, the Board shall elect a member of the Committee to act as Chair (the Chair). The Chair will appoint a secretary who will keep minutes of all meetings (the Secretary), which shall be circulated to members of the Board upon completion. The Secretary need not be a member of the Committee or a director and can be changed by simple notice from the Chair.
39. The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.
40. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant preapprovals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant preapprovals shall be presented to the full Committee at its next scheduled meeting.
41. The Committee shall review and reassess the adequacy of this Charter periodically, at least on an annual basis, as conditions dictate. The Committee shall annually review and assess the Committee's own performance.

**Disclosure:**

This charter shall be made available on the Corporation's website.

**Interpretations and Determinations:**

The Committee and the Board shall have the power and authority to interpret this charter and make any determinations as to whether any act taken has been taken in compliance with the terms hereof.

**Limitation of Audit Committee's Role:**

It is not the duty of the Committee to prepare financial statements, to plan or conduct audits or to determine that the Corporation's financial statements and disclosure are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

*Rev. February 2013*

**Table of Contents**

Cott Corporation

6525 Viscount Road

Mississauga, Ontario, Canada

L4V1H6

[www.cott.com](http://www.cott.com)

5519 West Idlewild Avenue

Tampa, Florida U.S.A.

33634

**Table of Contents**

9th Floor, 100 University Avenue

Toronto, Ontario M5J 2Y1

www.computershare.com

**Security Class**

**Holder Account Number**

Fold

**This Form of Proxy is solicited by and on behalf of management and the board of directors.**

**Notes to proxy**

- 1. Every holder has the right to appoint some other person of their choice, who need not be a holder, to attend and act on their behalf at the meeting. If you wish to appoint a person other than the persons whose names are printed herein, please insert the name of your chosen proxyholder in the space provided (see reverse).**
2. If the securities are registered in the name of more than one owner (for example, joint ownership, trustees, executors, etc.), then all those registered should sign this proxy. If you are voting on behalf of a corporation or another individual you may be required to provide documentation evidencing your power to sign this proxy with signing capacity stated.
3. This proxy should be signed in the exact manner as the name appears on the proxy.
4. If this proxy is not dated, it will be deemed to bear the date on which it is mailed by management to the holder.
- 5.



The securities represented by this proxy will be voted or withheld from voting in accordance with the instructions of the holder, however, if you do not specify how to vote in respect of any matter, your proxyholder is entitled to vote your shares as he or she sees fit. If this proxy does not specify how to vote on a matter, and if you have authorized a director or officer of Cott Corporation to act as your proxyholder, this proxy will be voted as recommended by management. In particular, if your proxy does not specify how to vote, this proxy will be voted:

**FOR the nominees listed in resolution number 1. Election of Directors,**

**FOR the approval of the appointment of Cott's independent registered public accounting firm set out in resolution number 2. Approval of Appointment of Independent Registered Public Accounting Firm,**

**FOR the approval of our executive compensation by non-binding advisory vote set out in resolution number 3. Advisory Vote on Executive Compensation, and**

**FOR the approval of the Amended and Restated Cott Corporation Equity Incentive Plan set out in resolution number 4. Approval of Amended and Restated Cott Corporation Equity Incentive Plan.**

6.

This proxy confers discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting and at any continuation of the meeting after an adjournment thereof. Fold

7. This proxy should be read in conjunction with the accompanying documentation provided by management.

Proxies submitted must be received by 5:00 p.m. (local time in Toronto, Ontario, Canada) on April 26, 2013.

**THANK YOU**

**VOTE USING THE TELEPHONE OR INTERNET 24 HOURS A DAY 7 DAYS A WEEK!**

Call the number listed BELOW from a touch tone telephone.

**1-866-732-VOTE (8683) Toll Free**

Go to the following web site:

[www.investorvote.com](http://www.investorvote.com)

**Smartphone?**

Scan the QR code to vote now.

You can enroll to receive future security holder communications electronically by visiting [www.computershare.com/eDelivery](http://www.computershare.com/eDelivery) and clicking on eDelivery Signup .

**If you vote by telephone or the Internet, DO NOT mail back this proxy.**

**Voting by mail** may be the only method for securities held in the name of a corporation or securities being voted on behalf of another individual.

**Voting by mail or by Internet** are the only methods by which a holder may appoint a person as proxyholder other than the management nominees named on the reverse of this proxy. Instead of mailing this proxy, you may choose one of the two voting methods outlined above to vote this proxy.

**To vote by telephone or the Internet, you will need to provide your CONTROL NUMBER listed below.**

**CONTROL NUMBER**

00Y3YB

**Table of Contents**

+

+

**This Form of Proxy is solicited by and on behalf of management and the board of directors.**

**Appointment of Proxyholder**

**I/We being shareowner(s) of Cott Corporation hereby appoint:** David T. Gibbons, Chairman, or failing him, Marni Morgan Poe, Vice-President, General Counsel & Secretary

**Print the name of the person you are appointing if this person is someone other than the Chairman or Secretary**

**OR**

as my/our proxyholder with full power of substitution and to vote in accordance with the following direction (or if no directions have been given, as the proxyholder sees fit) at the Annual and Special Meeting of shareowners of Cott Corporation to be held at The Westin Bristol Place, Toronto Airport, 950 Dixon Road, Toronto, Ontario, Canada, on Tuesday, April 30, 2013 at 8:30 a.m. (local time in Toronto, Ontario, Canada), and at any continuation of the meeting after an adjournment thereof. Discretionary authority is hereby conferred with respect to any amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the meeting and at any continuation of the meeting after an adjournment thereof. As of March 15, 2013, management is not aware of any such amendments, variations or other matters to be presented at the meeting.

**1. Election of Directors** The proposed nominees named in the accompanying Proxy Circular are:

01. Mark Benadiba; 02. George A. Burnett; 03. Jerry Fowden; 04. David T. Gibbons; 05. Stephen H. Halperin; 06. Betty Jane Hess; 07. Gregory Monahan; 08. Mario Pillozzi; 09. Andrew Prozes; 10. Eric Rosenfeld; 11. Graham Savage

Fold

FOR all nominees listed above:	w	..
FOR all nominees listed above other than:	w	..
WITHHOLD vote for all nominees listed above:	w	..

Please specify the

name of the individual(s)

from whom you wish to

withhold your vote:

**2. Approval of Appointment of Independent Registered Public Accounting Firm**      **For w** "      **Against w** "      **Withhold w** "

Appointment of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm.

**3. Advisory Vote on Executive Compensation**      **For w** "      **Against w** "      **Withhold w** "

Approval, on a non-binding advisory basis, of the compensation of Cott's named executive officers.

**4. Approval of Amended and Restated Cott Corporation Equity Incentive Plan**      **For w** "      **Against w** "

Approval of the Amended and Restated Cott Corporation Equity Incentive Plan

Fold

**Authorized Signature(s) - Sign Here - This section must be completed for your instructions to be executed.**

I/We authorize you to act in accordance with my/our instructions set out above. I/We hereby revoke any proxy previously given with respect to the meeting. **If no voting instructions are indicated above, this proxy will be voted as recommended by management.**

Signature(s)

Date

**Interim Financial Statements Request**

In accordance with Canadian securities regulations, shareowners may elect to receive interim financial statements, if they so request. Mark this box if you would like to receive interim financial statements and accompanying Management's Discussion and Analysis by mail. If you do not mark this box, or do not return this PROXY, then it will be assumed you do NOT want to receive interim financial statements and the accompanying Management's Discussion and Analysis.

If you are not mailing back your proxy, you may register online to receive the above financial statement(s) by mail at [www.computershare.com/maillinglist](http://www.computershare.com/maillinglist).

**Annual Financial Statements Request**

Mark this box if you would NOT like to receive annual financial statements and accompanying Management's Discussion and Analysis by mail. If you do not mark this box, or do not return this PROXY, then the annual financial statements and accompanying Management's Discussion and Analysis will continue to be sent to you.