

CCL Industries Inc.

105 Gordon Baker Road, Suite 500

Willowdale, Ontario

M2H 3P8

2009

Annual Information Form

March 9, 2010

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CCL Industries Inc.

This Annual Information Form ("AIF") contains forward-looking information and forward-looking statements, as defined under applicable securities laws, (hereinafter collectively referred to as "forward-looking statements") that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this AIF contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's divisions; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2010; the adequacy of the Company's financial liquidity; the future profitability of the Container Division; the Company's ongoing business strategy and the Company's expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the evolving global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and CCL's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic recovery and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific segments and entering into new segments; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; and general business and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report, particularly under Item 5: "Risk Factors".

Except as otherwise indicated, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on our business. Such statements do not, unless otherwise specified by us, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them and therefore cannot be described in a meaningful way in advance of knowing specific facts.

The forward-looking statements are provided as of the date of this AIF and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

Unless otherwise stated, all amounts stated in this document are given in Canadian dollars, and, unless otherwise stated, the information contained herein is current as of March 9, 2010.

ITEM 3 – CORPORATE STRUCTURE

CCL Industries Inc. commenced operations in 1951 as Connecticut Chemicals (Canada) Limited. In 1972, the business was acquired by Conn Chem Limited, then the controlling shareholder of Connecticut Chemicals (Canada) Limited. Conn Chem Limited had been incorporated under the laws of Ontario on April 15, 1957, and was continued under the Canada Business Corporations Act on December 16, 1977. On May 25, 1978, its name was changed to The Conn Chem Group Ltd. and on November 28, 1979, to CCL Industries Inc.

The registered and head office of CCL Industries Inc. is located at 105 Gordon Baker Road, Suite 500, Willowdale, Ontario M2H 3P8. Unless the context otherwise indicates, a reference to “CCL” or “the Company” means CCL Industries Inc. and its subsidiary companies. Listed below are the principal direct or indirect operating subsidiaries each of whose total consolidated assets or consolidated sales and operating revenues constitute more than 10% of the total consolidated assets or consolidated sales and operating revenues of the Company for the year ended December 31, 2009. The combined assets and sales of the other subsidiaries of CCL do not constitute more than 20% of the consolidated assets or the consolidated sales and operating revenues of the Company.

The Company manages three principal operating units, the Label Division, the Container Division and the Tube Division.

In the United States, Mexico and Puerto Rico, the Label Division operates through the Company’s indirect wholly owned subsidiary CCL Label, Inc. (incorporated in Michigan), which in turn has the following principal direct and indirect wholly owned subsidiaries (with state or country of incorporation):

- CCL Insertco de Puerto Rico, Inc. - Delaware
- CCL Insertco, LLC - Maryland
- Etiquetas CCL S.A. de C.V. - Mexico
- CCL Label (St. Louis), Inc. - Missouri
- CCL Label de Puerto Rico, Inc. - Puerto Rico
- CCL Label/Portland, Inc.
- CCL Label/Sioux Falls, Inc. - South Dakota

In Europe, the Company carries on the Label business through its indirect wholly owned subsidiaries in various jurisdictions. The principal direct and indirect operating subsidiaries are:

- CCL Label GmbH - Austria
- CCL Label A/S - Denmark
- CCL Inmould Label S.A.S. - France
- CCL Label France S.A.S. - France
- CCL Package Label S.N.C - France

CCL Design GmbH - Germany
CCL Label Meerane GmbH - Germany
CCL Label GmbH – Germany
CCL Label S.r.l. - Italy
CCL Label (Oss) BV – The Netherlands
CCL Label Sp z o.o. - Poland
CCL Label Limited - United Kingdom
CCL Label (Ashford) Limited - United Kingdom

In Australia, the Company carries on the Label business through its indirect wholly owned subsidiary Clear Image Labels Pty. Ltd.

In Brazil, the Company carries on the Label business through its indirect wholly owned subsidiary CCL Label do Brasil S/A.

In China, the Company carries on the Label business through its indirect wholly owned subsidiaries CCL Label (Guangzhou) Co., Ltd. and CCL Label (Hefei) Co., Ltd and a new subsidiary CCL Label (Tianjin) Co., Ltd.

In Russia, the Company carries on the Label business through OOO CCL-Kontur, its 50% owned equity investment.

In Thailand and Vietnam, the Company carries on the Label businesses through its indirect wholly owned subsidiaries CCL Label (Thai) Ltd. and CCL Label Vietnam Company Limited, respectively.

In South Africa, the Company carries on the Label business through its indirectly wholly owned subsidiary CCL Label Cape (Pty) Ltd.

The Container Division operates in the United States through CCL's indirect wholly owned subsidiary, CCL Container (Hermitage), Inc., a company incorporated under the laws of Delaware. The Container Division also operates in Mexico through CCL's indirect 99% owned subsidiary CCL Container S.A. de C.V.

The Tube Division operates in the United States through CCL's indirect wholly owned subsidiaries:

CCL Tube (Wilkes-Barre), Inc. – Pennsylvania
CCL Tube, Inc. – Delaware

ITEM 4 – GENERAL DEVELOPMENT OF THE BUSINESS

CCL commenced operations in Canada in 1951 as a custom manufacturer for major marketers of consumer products (see “Custom Manufacturing Division” below). Commencing in the 1980s, CCL diversified into specialty packaging, servicing the same customer base as its custom manufacturing business. In May 2005, CCL sold its North

American Custom Manufacturing (“N.A. Custom”) business to KCP Income Fund, while retaining interest in its European custom manufacturing joint venture, ColepCCL. In November 2007, CCL sold its 40% interest in ColepCCL in Europe to its majority partner for cash and a note payable in February 2008. The sale of its Custom Manufacturing Division has allowed the Company to focus its business solely on specialty packaging.

CCL now has three main operating areas of expertise in specialty packaging (“Specialty Packaging”): the Label, Container and Tube Divisions.

In the early 1980s, CCL commenced its international expansion and diversification into the United States and, later in the decade, into the United Kingdom. This international expansion and diversification has continued in its specialty packaging segments. In each of its businesses, the Company strives to satisfy the needs of its multinational customers in the non-durable and durable consumer products market. By providing a wide range of specialty packaging products to these customers on a global basis, CCL believes that it is or can become a leader in each of its businesses and, consequently, the Company believes that it will be able to enjoy sustainable sales and income growth.

In addition, the Company has divested non-core and underperforming businesses to allow each Division to focus on its customers and growth opportunities. CCL considers its core business to be specialty packaging products with generally high value-added characteristics and significant barriers to entry. The Company’s core customers are primarily global marketers. To this end, the following acquisitions and divestitures by Division were completed to better position each business in its respective markets.

CUSTOM MANUFACTURING DIVISION (Discontinued Operations)

Beginning in 2000, CCL restructured and reduced its investment in the Custom Manufacturing Division, culminating in the sale of the N.A. Custom business in May 2005 and the ColepCCL joint venture in November 2007.

The Custom Manufacturing Division was a leading provider of manufacturing and other value-added outsourcing services to international and national consumer products companies. It provided a wide range of personal care, over-the-counter medication, household care and specialty food products in aerosol, liquid, cream, lotion, paste and solid stick formats.

In July 2004, after experiencing strong competition in its European business, the Division formed a 40% owned joint venture named ColepCCL to add critical mass and low cost manufacturing locations to its existing well-established operations. The joint venture partner was RAR - Sociedade de Controle (Holding), S.A. (“RAR”) of Portugal. CCL funded this transaction with (a) the contribution of its European contract manufacturing operation consisting of its Scunthorpe, U.K., and Laupheim, Germany, operations and (b) \$ 23 million cash.

In May 2005, the Company sold its N.A. Custom business, while retaining ColepCCL, with a view to redeploying the capital into its businesses with higher growth potential (Label, Container and Tube). The Company believes that this sale lowered the Company's overall risk profile by reducing the potential impact of a weaker U.S. dollar and the Company's dependence on North American manufacturing, thereby creating greater geographic and currency diversification. It also improved the financial leverage of the Company, reduced refinancing risk (as there was a significant debt repayment due in March 2006) and increased the Company's balance sheet flexibility.

As described above, the ColepCCL joint venture was formed in 2004 and manufactured a variety of consumer products and packaging. Its products included a wide range of personal care, cosmetic, over-the-counter medicated and household products in liquid, cream lotion and paste formats. In addition, ColepCCL manufactured steel aerosol food and general line cans and plastic containers.

In November 2007, CCL sold its stake in ColepCCL to its majority partner, RAR, for cash proceeds of \$73 million and a note payable in February 2008 for a further \$74 million, for a total of approximately \$147 million. Along with the sale of the N.A. Custom business in May 2005, this transaction completed the repositioning of the Company solely as a global specialty packager.

LABEL DIVISION

The Label Division is the leading global producer of premium-quality labels and other promotional products for non-durable consumer product marketing and consumer durables companies in the home and personal care, food and beverage, healthcare, battery, chemical and automotive segments of the market. The Division's product lines include pressure sensitive, in-mould and expanded content labels, in addition to other presentation or promotional products such as packaging inserts and outserts, shrink sleeves, and games and promotional coupons.

CCL Label now operates 53 plants globally, which includes 14 label manufacturing plants in the United States (California, Connecticut, Kentucky, Maryland, Missouri, two in New Jersey, North Carolina, Oregon, Pennsylvania, three in South Dakota and one in Tennessee), and two in Puerto Rico. The Label Division also operates two plants in Canada (one in Ontario and one in Québec).

In Europe, with the CD-Design acquisition in January 2008 and the Eltex acquisition in December 2008 (described below), the Label Division now operates two plants in Austria, two in Denmark, four in France, four in Germany, one in Italy, one in the Netherlands, one in Poland, two in Russia and five plants in the United Kingdom.

In Latin America, the Label Division operates three plants, one in Mexico and two in Brazil.

In Asia, the Label Division has three plants in China, two in Thailand and one in Vietnam. In Australia, with the Clear Image acquisition in April 2008 and the Purbrick

Limited acquisition in early 2010 (both described below), the Label Division now operates three plants.

In South Africa, with the Ferro Print acquisition in March 2009 (described below), the Label Division operates one plant.

The current position of the Label Division was developed over the last few years as a result of the following transactions:

In January 2007, CCL acquired, for \$106 million in cash, the assets of the sleeve manufacturing business of Illinois Tool Works located in Europe and the shares of the subsidiary of Illinois Tool Works manufacturing sleeves in Brazil (“ITW”). These assets included a sales and distribution office in the United States. The Label Division had previously been a small player in the shrink sleeve market, and this acquisition positioned CCL as a leading significant player in this fast growing segment of the label industry. The business also included stretch sleeves, a product which was new to CCL. ITW serves many of the Division’s key global customers in the food, beverage, home and personal care markets. The ITW operations include two plants in the United Kingdom, one in Austria and one in Brazil.

In December 2007, CCL made a 50% equity investment in an Russian entity in order to manufacture and sell labels in Russia. While CCL owns 50% of the entity, the Russian partner maintains management control. The business, operating under the name “CCL-Kontur”, supplies pressure sensitive labels to global and domestic personal care and beverage customers from two plants in Russia (one in Moscow and one in St. Petersburg). The intention is for this business to supply CCL’s global customers in Russia over time.

In January 2008, CCL acquired CD-Design GmbH, a privately owned company based in Solingen, Germany, for approximately \$10 million in a combination of cash and assumed debt, with a further \$3 million in cash as certain predetermined levels of earnings were achieved at the end of 2008. CD-Design converts pressure sensitive films and aluminum for leading manufacturers of automotive original equipment in Germany and in other European markets. Products include regulatory informational labels, branding badges and functional products that improve component durability and design. CD-Design has been renamed CCL Design GmbH (“CCL Design”).

In April 2008, the Company acquired Clear Image Labels Pty. Ltd. (“Clear Image”), a privately owned label company based in Australia, for approximately \$34 million in a combination of cash, restricted stock and assumed debt. Clear Image supplies pressure sensitive labels to the Australian wine industry with plants in Sydney and the Barossa Valley. The company also exports labels to wine producers in the United States.

In December 2008, CCL acquired Eltex GmbH (“Eltex”) based in Solingen, Germany, for approximately \$5 million. The company supplies a patented pressure sensitive label solution that replaces solid aluminum riveted rating plates widely used in the automotive, consumer durable and information technology hardware markets. Eltex

was merged with CD-Design, the business that the Company acquired in 2008, now renamed CCL Design, which markets highly complementary products to the same industry sector.

In March 2009, Ferro Print Western Cape (Pty) Ltd., a privately owned pressure sensitive label company based in South Africa, was acquired for approximately \$3 million in cash. Ferro Print is a leading South African wine label producer with a plant located near Cape Town. This acquisition provides a manufacturing presence to build CCL's position in the important beverage market of South Africa.

In March 2010, Purbrick Limited ("Purbrick"), a privately owned company based in Melbourne, Australia, was acquired for approximately \$2 million in cash. Purbrick supplies patient information leaflets and pressure sensitive labels to the global pharmaceutical customers in Australia.

The Label Division has historically experienced positive sales growth and improved profitability in most markets. The global recession had a significant negative impact on operating income in 2009. In 2009, sales growth of 2% was driven primarily by acquisitions that accounted for 2% of the increase and foreign currency translations that accounted for 1% of the growth, partially offset by an organic decline of 1%. Lower operating profits resulted almost entirely from declines in Europe where the economy is recovering more slowly than the U.S., along with difficult comparative results for the first half of the year. The Label Division expects to experience overall improvement in sales and income in 2010 assuming the global economy recovers, particularly in Europe, and consumer spending levels improve.

CONTAINER DIVISION

In early 2006, the former Container Division separated out its plastic tube business into the Tube Division under separate management. The Container Division continues as a separate segment with its primary product being aluminum containers.

In April 2008, the Company sold the assets of its ABS 'Bag-on-Valve' business for approximately \$9 million. The business was a product line of CCL Container that was marketed in conjunction with aluminum aerosol containers for applications requiring separation between the propellant and the contents. This divestiture allowed the Division to focus on its core business of impact-extruded aluminum aerosols and bottles.

The Container Division is a leading manufacturer of specialty containers for the non-durable consumer products industry. The key product lines are specialty containers, which include recyclable aluminum cans and bottles.

The Container Division operates one plant in Ontario, one plant in Pennsylvania and two plants in Mexico.

In 2008, the Company invested approximately \$31 million in a state-of-the-art container facility in Guanajuato, Mexico. The plant was completed and became operational in the last quarter of 2008. It is expected that this new plant will be close to capacity in 2010 as major customers continue to move their aerosol filling to Mexico for both the U.S. and Latin American markets.

Historically, the Container aluminum aerosol and bottle business has shown growth with new product introductions creating new market categories. In this regard, the Container business has purchased seven new production lines between 2003 and 2008 to satisfy these requirements. All seven are installed and operating, the last one having been installed in 2008 in the new Mexican facility.

Aluminum represents a significant variable cost for this Division. Aluminum is a traded commodity and the Division has historically used a general hedging program in combination with fixed price contracts with a number of its significant customers. Aluminum prices have been extremely volatile in the past few years. This volatility created a significant challenge for the Division in 2009 as the aluminum hedges, arranged earlier in 2008 for general 2009 requirements, were fixed at higher values than current aluminum prices. The hedges not specifically related to customer contracts had a significant negative impact on the Division's operating income. The Company has no aluminum futures contracts in place for 2010 that are not matched to fixed-price customer contracts.

Sales in 2009 declined by 10% due to lower demand in the premium personal care business in North America and pricing challenges in a weak economy. This decline was partially offset by a favourable currency translation of 4%. The Division experienced an operating loss in 2009 compared to income in 2008 due to the lower sales, along with the significant negative impact of the losses on forward aluminum contracts not related to customer contracts and lower income from scrap aluminum sales.

The Company expects improved profitability in the Container Division in 2010 assuming demand in North America improves, management's plans for improved efficiency and lower costs are achieved and stable aluminum costs.

TUBE DIVISION

The Tube Division is one of North America's leading manufacturers of specialty plastic tubes for the non-durable consumer products industry. The product line consists of plastic tubes with a variety of decorations, sizes and applications.

The Tube Division operates one plant in California and one in Pennsylvania. The Tube Division exited its small manufacturing operations in Mexico in the fourth quarter of 2009

Sales in 2009 were 11% higher than 2008 reflecting organic growth of 4% and the favourable impact of currency translation of 7%. Operating income in 2009 was higher than 2008 primarily due to increased sales, productivity improvements and mix. The

2008 results were negatively impacted by the disruption, move costs and inefficiencies related to the plant relocation in Los Angeles to a newer but smaller facility.

In 2008, it was determined that the goodwill carried by the Tube Division was impaired as part of the Company performing its annual goodwill impairment testing. The major considerations that gave rise to the impairment were the Tube Division's operating loss in 2008, the uncertainty in the U.S. economy and the impact the recession has had on high-end products such as plastic tubes used for expensive cosmetic creams and lotions. Consequently, management analyzed the fair market value of the assets of the Tube Division and determined that the carrying value of the Division's goodwill was completely impaired. As a result of this review, the Tube Division recorded a goodwill impairment loss of \$31.4 million with no tax effect in the fourth quarter of 2008.

CORPORATE DEVELOPMENT

The proceeds from dispositions of non-core and underperforming businesses have been used to pay down debt in order to improve financial leverage and, along with operating cash flows, are being utilized to invest in selected acquisitions and capital equipment and infrastructure expenditures, and used to buy back CCL Class B non-voting shares when appropriate. The selection criteria for acquisition targets are based on an expectation that they will serve CCL's existing customer base as well as introducing new customers, that they will expand product lines, be purchased at reasonable valuations and be accretive to earnings in the first year of ownership.

The sale of the N.A. Custom business in 2005 and ColepCCL in 2007 resulted in a significant reduction in sales and earnings for CCL. The acquisitions during the past five years and the organic growth in the businesses supported by the Company's capital spending program have more than replaced N.A. Custom and ColepCCL's earnings since the dispositions. The cash from the sales of these businesses has financed the Company's growth in the specialty packaging businesses.

CCL is anticipating that it will continue to benefit from its acquisitions and substantial level of capital expenditure over the past few years as the global economy recovers and consumer spending returns to pre-crisis levels. It is expected that 2010 capital spending will be at a similar level as 2009 and in line with depreciation. The Company believes that cash on hand, combined with its available revolving credit facility, will provide the financial liquidity needed to meet its liabilities when they come due along with the flexibility to manage capital spending and to complete further strategic acquisitions.

In the first quarter of 2007, the Company completed a C\$95 million five-year extendible revolving credit facility with a Canadian bank. Its term has been further extended until January 2013. In 2008, the Company entered into a private placement financing of unsecured senior notes ("senior notes") with U.S. institutional investors. The proceeds were used to pay down the revolving credit facility. In 2009, the debt structure remained unchanged from December 31, 2008, except for the annual payment on one of the

senior notes of US\$9.4 million in September 2009. The Company continues to maintain over \$90 million of availability on its revolving facility for future liquidity needs.

Based on current exchange rates, the recent strengthening in the Canadian dollar relative to the currencies of CCL's foreign operations will have a negative impact on 2010 earnings on a comparative basis with 2009, particularly in the first half of year. CCL will continue to be subject to translation impact, favourable or unfavourable, in all of its foreign operations, including those jurisdictions such as Brazil, Mexico and Russia, where exchange rates have been historically volatile. See also "Potential Risks Relating to Significant Operations in Foreign Countries" in our Risk Factors in Item 5 of this AIF.

STRATEGY

CCL's goal is to improve its competitive position in each Division with a view to long-term profitable growth. The strategy is focused on specialty packaging businesses in which CCL (1) is or believes it can become the largest competitor in the market, (2) produces value-added products and uses technologies and know-how with strong barriers to entry, (3) is or can be the best value-added producer, (4) provides product lines and services that have growth potential and (5) sees potential in its businesses to take advantage of the trend toward globalization by its multinational customer base.

The Company is continually reviewing its businesses and may, if appropriate, divest non-core or unprofitable operations in order to improve its profitability and return on equity, and to improve its financial leverage. Management believes that this approach allows the Company to be better positioned to operate effectively during economic downturns, and to have the financial flexibility to make acquisitions and to invest in capital spending that support its business strategy. Restructuring costs were incurred over the last several years to reorganize certain business units, to provide for losses on dispositions and to provide for the write-down of assets of business units that were deemed to be non-core and under performing.

All acquisitions in recent years added further international elements to the Label Division, expanding it on a global basis, and enhancing its relationships with its traditional North American and European customers.

ITEM 5 – DESCRIPTION OF THE BUSINESS

OVERVIEW

CCL is a diversified, Canadian-based, multinational company, and is a leading provider of innovative packaging solutions to leading global customers in the personal care, cosmetic, healthcare, household, specialty food, beverage, automotive and consumer durable markets. The Company has manufacturing facilities in North America, Europe, Latin America, Asia, Australia and South Africa. CCL had approximately 5,500 employees as at December 31, 2009. The manufacturing facilities maintained by the Company are described below under the heading "Properties".

Net Sales By Business Segment:
(millions of dollars)

	Years ended December 31			
	2009		2008	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
Label	\$989.4	82.5%	\$971.3	81.7%
Container	139.9	11.7%	154.9	13.0%
Tube	69.7	5.8%	62.8	5.3%
Total	\$1,199.0	100.0%	\$1,189.0	100.0%

Net Sales By Geographic Segment:
(millions of dollars)

	Years ended December 31			
	2009		2008	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
Canada	\$109.6	9.1%	\$111.4	9.4%
United States and Puerto Rico	468.6	39.1%	430.8	36.2%
Mexico and Brazil	106.0	8.8%	99.4	8.4%
Europe	448.4	37.4%	494.6	41.6%
Asia, South Africa and Australia	66.4	5.6%	52.8	4.4%
Total	\$1,199.0	100.0%	\$1,189.0	100.0%

Many products manufactured by the Company are used on a regular basis and, in many cases, on a daily basis by the consumer. As a result, the business is relatively non-seasonal. However, as evidenced by the 2009 financial results of public non-durable and durable consumer products companies and CCL, these businesses are not generally recession-proof.

LABEL DIVISION

Principal Products

The Label Division, operating under the name of CCL Label, specializes in the printing of decorative and informational labels for a variety of non-durable and durable consumer products for personal care, healthcare, food, beverage, home care, battery, automotive and numerous other industries. Pressure sensitive labels are generally

printed on paper or plastic base materials. This Division also produces a variety of specialty label products such as instructional leaflets, shrink sleeves, expanded content labels (a label that unfolds to display information), battery, in-mould labels, promotional pieces including games and coupons and pressure sensitive films and aluminum labels for automotive and consumer durable industries.

Markets and Competition

All markets for labels around the world are very fragmented and the Company believes that the largest supplier is CCL Label but with many smaller competitors. In North America, the Company believes that while the Division is the largest participant in the industry, it only has an approximate market share of 20% in the customer segments in which it operates. On the same basis CCL Label's European market share is also approximately 20%, with a large number of small competitors. In Asia, CCL Label is a small but growing participant. In Latin America, CCL Label is the leader in a fragmented market.

The Company believes that it is competitive for several reasons. It is focused on specific segments of the prime label market that require more sophisticated technology. It has the ability to purchase its major raw materials (primarily pressure sensitive paper stock and film) at favourable prices due to bulk purchases under supply contracts. It has a focused decentralized and entrepreneurial operating style.

CCL Label's business is generally non-seasonal because of the wide variety of products manufactured and its large diverse customer base.

The Label Division delivers its products following its customers' directions at its customers' cost. Shipments are primarily by truck and, in very unusual circumstances, by air.

Employees

CCL Label had approximately 4,500 employees as of December 31, 2009.

CONTAINER DIVISION

Principal Products

The Container Division, operating under the name CCL Container, manufactures high quality extruded aluminum aerosol containers for the personal and home care industry and bottles for beverage customers and a variety of other specialty products, such as piston barrier food packages, aluminum caulking cartridges and cigar tubes.

Markets and Competition

Management believes that CCL Container is approximately the same size as its only domestic competitor in the United States and has approximately 50% market share as a supplier of extruded aluminum aerosol containers in North America, including Mexico. Competition comes from one other United States manufacturer of extruded aluminum aerosol containers, from imports and from aerosol containers manufactured from materials other than aluminum, particularly steel and numerous indirect competitors in plastic and glass containers. Competition in the beverage segment comes from many traditional container manufacturers, particularly aluminum and steel cans and plastic and glass bottles.

The Container Division delivers its products following its customers' directions primarily to the location where the product will be filled by its customers or by designated contract manufacturers. The customer pays for delivery, which is generally by truck, but can occasionally be by rail or air.

Generally, this business is non-seasonal but is subject to the global economy and its related impact on consumer spending.

Employees

The Container Division had approximately 700 employees as of December 31, 2009.

TUBE DIVISION

Principal Products

The Tube Division, operating under the name CCL Tube, manufactures high quality plastic tubes primarily for the personal care industry. Plastic tubes can be decorated in many ways such as by printing, hot stamping or applying pressure sensitive labels.

Markets and Competition

Management believes that CCL Tube is one of the largest suppliers in North America of squeezable plastic tubes with a 15% market share. Competition comes from a number of other manufacturers in the United States and from imports, primarily from Europe and Asia. Alternative packages such as plastic bottles and laminate tubes also compete with plastic tubes.

The Tube Division delivers its products following its customers' directions primarily to the location where the product will be filled by its customers or by designated contract manufacturers. The customer pays for delivery, which is generally by truck, but can occasionally be by rail or air.

Generally, this business is non-seasonal but is subject to the global economy and its related impact on consumer spending.

Employees

The Tube Division had approximately 300 employees as of December 31, 2009.

GENERAL

Suppliers

The Company purchases a broad range of materials and components at market prices in connection with its manufacturing activities. Major purchased items include pressure sensitive paper stock and film, and inks for the production of labels, aluminum slugs for the manufacture of extruded aluminum aerosol cans and bottles and plastic resin for the manufacture of plastic tubes.

The Company is not dependent on any single source of supply in its Label or Tube Divisions. The materials required for its manufacturing operations have been readily available and the Company does not foresee any significant shortages in the future. Sufficient power for manufacturing operations is available from local utilities or power companies in most jurisdictions.

Over 90% of aluminum slugs used in the aluminum aerosol industry in North America come from a single supplier. The cost of slugs for aluminum aerosol cans varies with the cost of aluminum, a traded commodity, which has historically been subject to periodic dramatic fluctuations. The Company partially hedges this cost and matches some of it where practical with specific customer contracts. This is achieved by entering into short-term forward contracts with its suppliers and by purchasing futures contracts for aluminum ingot on the London Metals Exchange for up to three years in the future. In the past, the Company had aluminum futures contracts that were not directly related to long term customer contracts. Due to the volatility of aluminum pricing in 2008 and 2009, these futures contracts had a significant negative impact on the Container Division's operating results. As of December 31, 2009, the Company does not have any aluminum futures contracts that are not tied to specific customer contracts for future periods.

Patents and Trademarks

In the conduct of the operation of its businesses, the Company generally benefits from various patents, licences and proprietary technologies, which, although collectively important in the day-to-day operations of such businesses, are not individually material to the prospects or profitability of the Company as a whole. Most of the Company's manufacturing equipment is purchased off-the-shelf and is available to its competitors. However, most of the manufacturing equipment has become increasingly sophisticated and expensive, which may limit the ability of smaller competitors in the market to maintain their positions. However, management believes that it is the Company's

manufacturing know-how, structured operating systems and trained employees that establish a meaningful barrier-to-entry for its businesses.

Over the many years that the Company has operated its businesses, it has developed an employee talent pool that has a significant specialized skill and knowledge base. Since the machinery in use for all the businesses is generally off-the-shelf, the Company's key asset is employee know-how from a trade (printers, machinists, etc.), technical (e.g. laboratory analysts) and business process perspective. Most of the Company's value-added techniques to produce products are not patented but reside in the skill set of the employee base.

Research and Product Development

The Company, through its Divisions, works with its customers in developing new products to meet market needs. The approach to new products is almost totally from active product development as opposed to pure scientific research. The Label Division develops innovative label products for home and personal care, food and beverage, and healthcare customers; specialty and promotional products; and automotive and other consumer durables. These include clear labels, game pieces and expanded content labels. In the Container Division, new barrier systems for aerosol cans, aluminum bottles for beverage products, and new shapes and styles for aluminum aerosol cans and bottles have been developed for its existing and new customers. In the Tube Division, new shapes, styles and decoration for plastic tubes are created to satisfy customers' demanding marketing needs.

Environmental Matters

Estimated capital expenditures for environmental control projects for 2010 will not be material and the Company believes compliance with existing environmental protection laws and continuation of ongoing remediation efforts will have no material effect on earnings or on the competitive position of the Company. Liabilities are recorded when site restoration and environmental remediation obligations are either known or considered probable and can be reasonably estimated. The Company is unable to predict what changes may be made to environmental laws in the future in the countries in which it operates, although it anticipates that such laws will continue to become more stringent. See also "Environmental, Health and Safety Requirements and other Considerations" in our Risk Factors in Item 5 of this AIF.

The Company believes that its exposure to environmental matters has been reduced with the sale of the N.A. Custom business in 2005 and the ColepCCL joint venture in 2007. These businesses were primarily involved in filling products created from chemical components. The Company has several environmental specialists to monitor and implement its environmental policy. The Board of Directors, through its Environment and Health & Safety Committee, receives regular reports on environmental issues and monitors compliance with established policies.

The Company has adopted an environmental policy statement that emphasizes the Company's commitment to best practices in waste handling, regulatory compliance, self-auditing and waste reduction. In addition, the policy provides for careful assessment of properties both prior to acquisition and prior to disposal. Furthermore, it promotes environmental awareness in the Company's host communities.

Social Policies

The Company has developed a company-wide Code of Business Conduct and Ethics (the "Code"), approved by the Board of Directors, that is distributed to each employee. The Code requires the employees to conduct themselves ethically in their business and workplace relationships, respecting other employees, the environment and the communities in which CCL operates. All new employees, in the course of their induction, receive and review the Code. The general manager of each facility is required to confirm in writing to the Human Resources Committee of the Board of Directors that the Code has been promulgated at regular intervals to all existing employees. Further, the Company has established an anonymous employee hotline, accessed by telephone or over the Internet and monitored by a third-party service, to allow all employees to report issues related to potential infractions of the Code. Any alleged infractions are reported to the Executive Management, investigated and, if there is substance to the allegations, reported to the Board of Directors. Management provides a quarterly report detailing any hotline reports and the action taken to the Human Resources Committee.

Customers

Each of the operating Divisions of the Company deals with a diverse customer base. While a small number of the manufacturing facilities are dependent upon one or a few customers for a significant portion of their business, no operating Division is dependent upon any single customer or upon a few customers. In 2009, the Company's largest customer accounted for about 11% of consolidated sales. See also "Dependence on Customers" in our Risk Factors in Item 5 of this AIF.

Employees

The Company has direct control over a total of approximately 5,500 employees and has two labour union contracts in the United States and Canada (covering approximately 350 employees) as at December 31, 2009. Neither labour contract expires in 2010. A number of international locations have unionized facilities covered by local legislation. The Company has not experienced work stoppages at any of its locations in the last 10 years. The Company does not anticipate any unusual difficulties in negotiating new labour contracts in 2010.

Foreign Operations

The Company currently conducts operations in Canada, the United States (including Puerto Rico), Australia, Austria, Brazil, China, Denmark, England, France, Germany, Italy, Mexico, the Netherlands, Poland, Russia, Scotland, South Africa, Thailand and Vietnam. Operations in each country primarily service the domestic market.

International operations are necessarily subject to different economic risks and opportunities. The Company's production costs are affected by conditions prevailing in the various locations. The Company is also exposed to foreign currency exchange, which may positively or negatively affect the Company's consolidated financial reporting as a result of the translation of foreign financial results into Canadian dollars and the impact of cash flows, cash holdings and debt obligations in these foreign currencies. The Company believes that international diversification has reduced its overall economic business risk. See also "Potential Risks Relating to Significant Operations in Foreign Countries" in our Risk Factors in Item 5 of this AIF.

Production and Services

The Company primarily manufactures its products at its various plant facilities utilizing standard equipment generally available to the market. In unusual circumstances, CCL may outsource certain production to other suppliers. As part of providing its manufacturing capabilities to its customers, the Company does provide ancillary services such as art work, tool and die manufacturing and product development for a fee. These fees are a small proportion of the Company's revenue

New Products

The Company has developed many new products in each of its businesses over the years. The approach to developing new products is primarily from active product development as opposed to pure scientific research. Product development by the Container Division in shaping aluminum have given rise to the aluminum bottle business, which has now reached the beer and beverage markets. Shaped aluminum aerosol containers have been introduced in the last few years and new products are evolving. The Label Division continues to develop new applications for clear labels, promotional products, shrink labels and expanded content labels. The Tube Division creates plastic tubes with new shapes and multiple combinations of decoration.

Properties

As at March 9, 2010, the Company operated the following principal manufacturing facilities:

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
<u>Label</u>		
Canada		
Etobicoke, Ontario	Owned	Healthcare Labels
St. Bruno, Québec	Owned	Healthcare Labels
United States		
Upland, California	Owned	Healthcare Labels
Shelton, Connecticut	Owned	Personal Care Labels
Cold Spring, Kentucky	Owned	Specialty Labels
Baltimore, Maryland	Leased	Healthcare Labels
St. Louis, Missouri	Owned	Healthcare Labels
Hightstown, New Jersey	Owned	Healthcare Labels
Robbinsville, New Jersey	Owned	Personal Care Labels, Shrink Sleeves
Charlotte, North Carolina	Leased	Personal Care Labels
Portland, Oregon	Leased	Wine Labels
Boothwyn, Pennsylvania	Leased	Battery Labels
Sioux Falls, South Dakota (3 plants)	2 Owned/ 1 Leased	Home and Personal Care, Shrink Sleeves and Healthcare & Specialty Labels
Collierville, Tennessee	Owned	Specialty Labels
Mexico		
Mexico City	Owned	Personal Care and Beverage Labels

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
Puerto Rico		
Cidra	Leased	Healthcare and Personal Care Labels
San German	Leased	Healthcare Labels
Brazil		
Criciuma	Owned	Sleeve Labels for Food and Beverage
Vinhedo	Owned	Personal Care, Healthcare and Beverage Labels
Australia		
Barossa Valley	Owned	Wine Labels
Melbourne	Leased	Healthcare Labels
Sydney	Leased	Wine Labels
Austria		
Hohenems	Owned	Sleeve Labels for Food and Beverage
Voelkermarkt	Owned	Sleeve Labels for Food and Beverage
Denmark		
Broendby	Leased	Healthcare Labels
Randers	Owned	Healthcare and Specialty Labels
France		
Chilly-Mazarin (2 plants)	Owned/ Leased	Healthcare and Specialty Labels
Moussy le Neuf	Owned	Personal Care Labels
Périgueux	Owned	Sleeve Labels for Food and Beverage and In-Mould Labels

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
Germany		
Holzkirchen	Owned Building/ Leased Land	Personal Care and Beverage Labels
Meerane	Owned	Battery and Beverage Labels
Solingen (2 plants)	Leased/ Owned	Automotive Durable Labels
Italy		
Milan	Owned	Healthcare Labels
The Netherlands		
Oss	Owned	Healthcare Labels
Poland		
Poznan	Owned	Personal Care Labels
Russia		
Moscow	Leased	Personal Care and Beverage Labels
St. Petersburg	Leased	Personal Care and Beverage Labels
South Africa		
Stellenbosch	Leased	Wine Labels
United Kingdom		
Ashford, England	Owned	Healthcare and Specialty Labels
Castleford, England (2 plants)	Owned	Personal Care and Sleeve Labels for Food and Beverage
King's Lynn, England	Owned	Sleeve Labels for Food and Beverage
East Kilbride, Scotland	Leased	Specialty Labels

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
China		
Guangzhou	Owned	Personal Care Labels
Hefei	Owned	Personal Care, Battery and Beverage Labels
Tianjin	Owned	Under construction
Thailand		
Bangkok (2 plants)	Owned	Personal Care and Beverage Labels
Vietnam		
Ho Chi Minh City	Owned	Personal Care Labels
<u>Container</u>		
Canada		
Penetanguishene, Ontario	Owned	Extruded Aluminum Aerosols, Bottles and Specialty Containers
United States		
Hermitage, Pennsylvania	Owned	Extruded Aluminum Aerosols, Bottles and Specialty Containers
Mexico		
Guanajuato	Owned	Extruded Aluminum Aerosols and Bottles
Mexico City	Leased	Extruded Aluminum Aerosols and Specialty Containers
<u>Tube</u>		
United States		
Los Angeles, California	Leased	Plastic Tubes
Wilkes-Barre, Pennsylvania	Owned	Plastic Tubes

RISK FACTORS

The Company is subject to a number of potential risks and uncertainties associated with being a supplier of goods and services to the non-durable consumer packaging and consumer durable industries that could have a material adverse effect on the business, financial condition and results of operations, such as:

Uncertainty Resulting from Recent Global Economic Crisis

The Company is dependent on the global economy and overall consumer confidence, disposable income and purchasing trends. A global economic downturn or economic uncertainty, which is currently occurring, can erode consumer confidence and may materially reduce consumer spending. Any decline in consumer spending may negatively affect the demand of customers' products. This decline directly influences the demand for the Company's packaging components used in its customers' products, and may negatively affect the Company's consolidated earnings. In addition, global economic conditions have affected interest rates and credit availability which may have a negative impact on earnings from higher interest costs or the inability to secure additional indebtedness to fund operations or refinance maturing obligations as they come due. Although the Company has a strong balance sheet, diverse businesses, and a broad geographic presence, it may not be able to manage a reduction in its earnings and cash flow that may arise from lower sales and decreased profits if the current economic global recession continues for an extended period or deteriorates further.

Potential Risks Relating to Significant Operations in Foreign Countries

The Company operates plants in North America, Europe, Latin America, Asia, South Africa and Australia. Sales from Canadian operations in 2009 were 9% of the Company's total sales from continuing operations similar to the level in 2008. Non-Canadian operating results are translated into Canadian dollars at the average exchange rate for the period covered. The Company has significant operating bases in both the United States and Europe. In 2009, 37% and 39% of total sales came from Europe and the United States, respectively. The sales from business units in Latin America, Asia, South Africa and Australia in 2009 were 14% of the Company's total sales. In addition, the Company has an equity investment in a Russian business. There are risks associated with operating a decentralized organization in 59 facilities in 19 countries around the world with a variety of different cultures and values. Operations outside of Canada, the United States and Europe are perceived generally to have greater political and economic risks and include our operations in Latin America, Asia and Russia. These risks include, but are not limited to, fluctuations in currency exchange rates, inflation, unexpected changes in foreign law and regulations, government nationalization of certain industries, currency controls, potential adverse tax consequences and local accepted business practices and standards which may not be similar to accepted business practices and standards in North America and Europe.

Although the Company has controls and procedures to mitigate these risks, they may have a material negative effect on the consolidated financial results of the Company.

Competitive Environment

The Company faces competition from other packaging suppliers in all the markets that it operates in. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on the business, financial condition and results of operations of the Company. This competitive environment may preclude the Company from passing on higher material, labour and energy costs to its customers. Any significant increase in in-house manufacturing by customers of the Company could adversely affect the business, financial condition and results of operations of the Company. In addition, the Company's consolidated financial results may be negatively impacted by competitors developing new products or processes that are of superior quality, fit our customers' needs better, or have lower costs; consolidation within our competitors or further pricing pressure on the industry by the large retail chains.

Profitability of the Container Division

The Company's Container Division operated at a substantial loss in 2009 due to the negative impact of aluminum hedges and lower volumes in Home and Personal Care and Beverage markets. The dramatic fluctuation of aluminum costs over the past few years has created challenges to maintain the Company's margins as it is difficult to pass price increases onto customers when costs increase, and to manage customers seeking lower prices when costs decrease. If the Division is not able to pass cost increases onto its customers, restructure operations, and maintain and grow sales volumes to utilize production capacity, it could have a material adverse effect on the business, financial condition and results of operations of the Company.

Foreign Exchange Exposure and Hedging Activities

Sales of products of the Company to customers outside Canada account for a significant portion of the revenue of the Company. Because the prices for such products are quoted in foreign currencies, any increase in the value of the Canadian dollar relative to such currencies, in particular the U.S. dollar and the euro, reduces the amount of Canadian dollar revenues and operating income reported by the Company in its consolidated financial statements. The Company also buys inputs for its products in world markets in several currencies. Exchange rate fluctuations are beyond the Company's control and there can be no assurance that such fluctuations will not have a material adverse effect on the reported results of the Company. The use of derivatives to provide hedges of certain exposures, such as interest rate swaps, forward foreign

exchange contracts and aluminum futures contracts could impact positively or negatively on the Company's operations.

Retention of Key Personnel and Experienced Workforce

Management believes that an important competitive advantage of the Company has been, and is expected to continue to be, the know-how and expertise possessed by its personnel at all levels of the Company. While the machinery and equipment used by the Company are generally available to competitors of the Company, the experience and training of the Company's workforce allows the Company to obtain a level of efficiency and a level of flexibility that management believes to be high relative to the industries in which it competes. To date, the Company has been successful in recruiting, training and retaining its personnel over the long term and while management believes that the know-how of the Company is widely distributed throughout the Company, the loss of the services of certain of its experienced personnel could have a material adverse effect on the business, financial condition and results of operations of the Company.

The operations of the Company are dependent on the abilities, experience and efforts of its senior management team. To date, the Company has been successful in recruiting and retaining competent senior management. Loss of certain members of the executive team of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations. This could have a material adverse effect on the business, financial condition and results of operations of the Company.

Acquired Businesses

As part of its growth strategy, the Company continues to pursue acquisition opportunities where such transactions are economically and strategically justified. However, there can be no assurance that the Company will be able to identify attractive acquisition opportunities in the future or have the required resources to complete desired acquisitions, or that it will succeed in effectively managing the integration of acquired businesses. The failure to implement the acquisition strategy, to successfully integrate acquired businesses or joint ventures into the Company's structure, or to control operating performance and achieve synergies, may have a material adverse effect on the business, financial condition and results of operations of the Company.

In addition, there may be liabilities that the Company has failed or was unable to discover in its due diligence prior to the consummation of the acquisition. In particular, to the extent that prior owners of acquired businesses failed to comply with or otherwise violated applicable laws, including environmental laws, the Company, as a successor owner, may be financially responsible for these violations. A discovery of any material liabilities could have a material adverse effect on the business, financial condition and results of operations of the Company.

Exposure to Income Tax Reassessments

The Company operates in many countries throughout the world. Each country has its own income tax regulations and many of these countries have additional income and other taxes applied at state, provincial and local levels. The Company's international investments are complex and subject to interpretation in each jurisdiction from a legal and tax perspective. The Company's tax filings are subject to audit by local authorities and the Company's positions in these tax filings may be challenged. The Company may not be successful in defending these positions and could be involved in lengthy and costly litigation during this process and could be subject to additional income taxes, interest and penalties. The Company may not be able to receive a tax benefit from its taxable losses in certain jurisdictions depending on the timing and extent of such losses. This outcome could have a material adverse effect on the business, financial condition and results of operations of the Company.

Fluctuations in Operating Results

While the Company's operating results have over the past several years indicated a general upward trend in sales and net income, operating results within particular product forms, within particular facilities of the Company and within particular geographic markets have undergone fluctuations in the past and, in management's view, are likely to do so in the future. This fluctuation is evident in the 2009 results which were negatively impacted by the global economic conditions. Operating results may fluctuate in the future as a result of many factors in addition to the global economic conditions, and they include the volume of orders received relative to the manufacturing capacity of the Company, the level of price competition (from competing suppliers both in domestic and in other lower cost jurisdictions), variations in the level and timing of orders, the cost of raw materials and energy, the ability to develop innovative packaging solutions and the mix of revenue derived in each of the Company's businesses. Operating results may also be impacted by the ability to achieve planned volumes through normal growth and successful renegotiation of current contracts with customers and on the ability to deliver expected benefits from cost reduction programs derived from the restructuring of certain business units. Any of these factors or a combination of these factors could have a material adverse effect on the Company's results of operations.

Insurance Coverage

Management believes that insurance coverage of the Company's facilities addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent owner/operator of similar facilities and is subject to deductibles, limits and exclusions that are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that

such insurance will continue to be offered on an economically feasible basis or at current premium levels, that the Company will be able to pass through any increased premium costs or that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Dependence on Customers

The Company has a modest dependence upon certain customers. The Company's largest customer accounted for about 11% of consolidated revenue for fiscal 2009. The five largest customers of the Company represented approximately 26% of the total revenue for 2009 and the largest 15 customers represented approximately 41% of the total revenue. Although the Company has strong partner relationships with its customers, there can be no assurance that the Company will maintain its relationship with any particular customer or continue to provide services to any particular customer at current levels. A loss of any significant customer, or a decrease in the sales to any such customer, could have a material adverse effect on the business, financial condition and results of operations of the Company. Consolidation within the consumer products marketer base could have negative or positive impacts on the Company's business depending on the nature and scope of any such consolidation.

Environmental, Health and Safety Requirements and other Considerations

The Company is subject to numerous federal, provincial, state and municipal statutes, regulations, by-laws, guidelines and policies, as well as permits and other approvals related to the protection of the environment and workers' health and safety. The Company maintains active health and safety and environmental programs for the purpose of preventing injuries to employees and pollution incidents at its manufacturing sites. The Company also carries out a program of environmental compliance audits, including independent third-party pollution liability assessment for acquisitions, to assess the adequacy of ongoing compliance at the operating level and to establish provisions, as required, for site restoration plans. The Company has environmental insurance for most of its operating sites with certain exclusions for historical matters.

Despite these programs and insurance coverage, further proceedings or inquiries from regulators on employee health and safety requirements particularly in Canada, the United States and the European Economic Community (collectively, the "EHS Requirements") could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, changes to existing EHS Requirements or the adoption of new EHS Requirements in the future, changes to the enforcement of EHS Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the Company, could require expenditures that might materially affect the business, financial condition and results of operations of the Company, to the extent not covered by indemnity, insurance or a

covenant not to sue. Furthermore, while the Company has generally benefited from increased regulations on its customers' products, the demand for the services or products of the Company may be adversely affected by the amendment or repeal of laws or by changes to the enforcement policies of the regulatory agencies concerning such laws.

Operating and Product Hazards

The Company's revenues are dependent on the continued operation of its facilities and its customers. The operation of manufacturing plants involves many risks, including the failure or substandard performance of equipment, natural disasters, suspension of operations and new governmental statutes, regulations, guidelines and policies. The operations of the Company and its customers are also subject to various hazards incidental to the production, use, handling, processing, storage and transportation of certain hazardous materials. These hazards can cause personal injury, severe damage to and destruction of property and equipment and environmental damage. Furthermore, the Company may become subject to claims with respect to workplace exposure, workers' compensation and other matters. The Company's pharmaceutical and specialty food product operations are subject to stringent federal, state, provincial and local health, food and drug regulations and controls, and may be impacted by consumer product liability claims and the possible unavailability and/or expense of liability insurance. The Company prints information on its labels and containers, which, if incorrect, could give rise to product liability claims. A determination by applicable regulatory authorities that any of the Company's facilities are not in compliance with any such regulations or controls in any material respect may have a material adverse effect on the Company. A successful product liability claim (or a series of claims) against the Company in excess of its insurance coverage could have a material adverse effect on the business, financial condition and results of operations of the Company. There can be no assurance as to the actual amount of these liabilities or the timing thereof. The occurrence of material operational problems, including, but not limited to, the above events, could have a material adverse effect on the business, financial condition and results of operations of the Company.

Labour Relations

While labour relations between the Company and its employees have been stable in the recent past and there have not been any material disruptions in operations as a result of labour disputes, the maintenance of a productive and efficient labour environment cannot be assured. Accordingly, a strike, lockout or deterioration of labour relationships could have a material adverse effect on the business, financial condition and results of operations of the Company.

Legal Proceedings

Any alleged failure by the Company to comply with applicable laws and regulations in the countries of operation may lead to the imposition of fines and penalties or the denial, revocation or delay in the renewal of permits and licences issued by governmental authorities. In addition, governmental authorities as well as third parties may claim that the Company is liable for environmental damages. A significant judgment against the Company, the loss of a significant permit or other approval or the imposition of a significant fine or penalty could have a material adverse effect on the business, financial condition and results of operations of the Company. Moreover, the Company may from time to time be notified of claims that it may be infringing patents, copyrights or other intellectual property rights owned by other third parties. Any litigation could result in substantial costs and diversion of resources, and could have a material adverse effect on the business, financial condition and results of operations of the Company. In the future, third parties may assert infringement claims against the Company or its customers. In the event of an infringement claim, the Company may be required to spend a significant amount of money to develop a non-infringing alternative or to obtain licences. The Company may not be successful in developing such an alternative or obtaining a licence on reasonable terms, if at all. In addition, any such litigation could be lengthy and costly and could have a material adverse effect on the business, financial condition and results of operations of the Company.

The Company may also be subject to claims arising from its failure to manufacture a product to the specifications of its customers or from personal injury arising from a consumer's use of a product or component manufactured by the Company. While the Company will seek indemnity from its customers for claims made against the Company by consumers, and while the Company maintains what management believes to be appropriate levels of insurance to respond to such claims, there can be no assurance that the Company will be fully indemnified by its customers nor that insurance coverage will continue to be available or, if available, adequate to cover all costs arising from such claims. In addition, the Company could become subject to claims relating to its prior businesses, including environmental and tax matters. There can be no assurance that insurance coverage will be adequate to cover all costs arising from such claims.

Defined Benefit Pension Plans

The Company is the sponsor of a number of defined benefit plans in six countries that give rise to accrued pension benefit obligations. Although the Company believes that its current financial resources combined with its expected future cash flows from operations and returns on pension plan assets will be sufficient to satisfy the obligations under these plans in future years, the cash outflow and higher expenses associated with these plans may be higher than expected and may have a material adverse impact on the financial condition of the Company.

ITEM 6 – DIVIDENDS

<u>Annual Cash Dividends Declared per Share</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Class A	\$0.55	\$0.51	\$0.43
Class B	\$0.60	\$0.56	\$0.48

Dividend payments are restricted by loan covenants in the senior notes agreements whereby certain unfavourable financial ratios could cause dividends to be reduced or eliminated until such financial ratios are rectified. Dividends can only be paid from retained earnings. CCL's dividend policy is to provide a stable and potentially growing cash return to shareholders, balancing the Company's internal cash position and requirements, and other means of providing returns to investors such as share repurchases in the open market. CCL has paid dividends quarterly for over 25 years with periodic increases and has not reduced its dividend payout per share during this period.

ITEM 7 - DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized capital consists of an unlimited number of Class A voting shares and an unlimited number of Class B non-voting shares.

Class A Voting Shares

Class A shares carry full voting rights and are convertible at any time into Class B shares. Dividends are currently set at \$0.05 per share per annum less than those payable per Class B share.

Class B Non-Voting Shares

Class B shares rank equally in all material respects with the Class A shares, except as stated above and as follows: (i) holders of Class B shares are entitled to receive meeting materials and to attend, but not to vote at, regular shareholder meetings, (ii) holders of Class B shares are entitled to voting privileges when consideration for the Class A shares, under a takeover bid when voting control has been acquired, exceeds 115% of the market price of the Class B shares and (iii) holders of Class B shares are entitled to receive, or have set aside for payment, dividends declared by the Board of Directors from time to time.

ITEM 8 – MARKET FOR SECURITIES

The Class A voting shares and the Class B non-voting shares of CCL are listed and posted for trading on the Toronto Stock Exchange.

CCL's Shares Trading in 2009 on The Toronto Stock Exchange

Class A

	<u>Volume Traded</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
January	1,749	\$23.65	\$21.90	\$23.25
February	766	24.00	21.63	22.22
March	1,650	22.46	21.15	22.46
April	675	23.17	21.34	23.17
May	2,282	23.92	22.50	23.40
June	100	21.19	21.19	21.19
July	-	-	-	-
August	530	24.50	20.00	21.68
September	400	22.17	21.70	21.70
October	-	-	-	-
November	565	25.01	25.00	25.01
December	<u>223</u>	<u>28.42</u>	<u>28.00</u>	<u>28.42</u>
Total Year	<u><u>8,940</u></u>	<u><u>\$28.42</u></u>	<u><u>\$20.00</u></u>	<u><u>\$28.42</u></u>

Class B

	<u>Volume Traded</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
January	1,186,502	\$26.87	\$21.25	\$21.92
February	978,487	23.77	21.00	21.39
March	1,016,804	23.47	19.84	20.90
April	763,611	24.50	20.87	23.01
May	2,237,361	25.96	20.92	21.82
June	1,187,077	23.66	20.75	22.97
July	1,318,478	24.31	21.63	23.08
August	1,445,109	24.13	19.20	22.02
September	1,788,673	22.46	20.91	22.20
October	1,013,207	22.94	21.06	22.46
November	1,471,680	29.14	22.00	27.70
December	<u>639,850</u>	<u>29.01</u>	<u>27.10</u>	<u>28.25</u>
Total Year	<u><u>15,046,839</u></u>	<u><u>\$29.14</u></u>	<u><u>\$19.20</u></u>	<u><u>\$28.25</u></u>

ITEM 9 – DIRECTORS AND OFFICERS

The names and municipalities of residence of all directors and officers of CCL as at the date hereof, the offices presently held, the principal occupations during the last five years and the year each director first became a director are set out below. Each director was elected at the last annual meeting of shareholders. Each director serves until the next annual meeting or until his or her successor is elected or appointed. The Articles of the Company provide for a minimum of five and a maximum of 15 directors. Officers are appointed annually and serve at the discretion of the Board of Directors.

Directors

<u>Name and Municipality</u>	<u>Principal Occupation in Last 5 Years</u>	<u>Director Since</u>
PAUL J. BLOCK New York, New York USA	Chairman and Chief Executive Officer of Proteus Capital Associates (an investment banking firm), Operating Partner of Behrman Capital (a private equity firm).	November 6, 1997
JON K. GRANT Peterborough, Ontario Canada	Corporate Director; Lead Director of the Board of the Company	December 8, 1994
EDWARD E. GUILLET Needham, Massachusetts USA	Independent Human Resources Consultant. Prior to January 2007, Senior Vice President, Human Resources, The Proctor & Gamble Company – Gillette Global Business Unit (personal care products company). Prior to October 2005, Senior Vice President, Human Resources, The Gillette Company (personal care products company).	November 5, 2008
ALAN D. HORN Toronto, Ontario Canada	President and Chief Executive Officer of Rogers Telecommunications Limited and Chairman of the Board of Rogers Communications Inc. (telecommunications company). Prior to 2006, Vice President, Finance and Chief Financial Officer of Rogers Communications Inc. (telecommunications company).	May 8, 2008

<u>Name and Municipality</u>	<u>Principal Occupation in Last 5 Years</u>	<u>Director Since</u>
DONALD G. LANG Toronto, Ontario Canada	Executive Chairman. Prior to May 2008, Vice Chairman and Chief Executive Officer of the Company. Prior to May 2005, President and Chief Executive Officer of the Company.	May 23, 1991
STUART W. LANG Cambridge, Ontario Canada	Corporate Director. Prior to February 2006, President of CCL Label International, a division of the Company.	May 23, 1991
GEOFFREY T. MARTIN Dover, Massachusetts USA	President and Chief Executive Officer of the Company. Prior to May 2008, President and Chief Operating Officer of the Company. Prior to May 2005, Vice President of the Company and President of CCL Label, a Division of the Company.	October 27, 2005
DOUGLAS W. MUZYKA Shanghai, People's Republic of China	President of DuPont Greater China and DuPont China Holding Co., Ltd. (manufacturing company). Prior to July 2006, Vice President and General Manager of DuPont Nutrition and Health, and President and Chief Executive Officer of E.I. DuPont de Nemours Canada Company (manufacturing company).	June 8, 2006
THOMAS C. PEDDIE Toronto, Ontario Canada	Senior Vice President and Chief Financial Officer of Corus Entertainment Inc. (media company).	June 4, 2003

Mr. Michael T. Cowhig, who was a director for calendar year 2009, resigned as a director effective January 13, 2010.

The Committees of the Board of Directors of the Company and their members are as follows:

Audit Committee

Thomas C. Peddie (Chairman)
Paul J. Block
Alan D. Horn

Human Resources Committee

Paul J. Block (Chairman)
Edward E. Guillet
Jon K. Grant

Nominating and Governance Committee

Jon K. Grant (Chairman)
Alan D. Horn
Thomas C. Peddie

Environment and Health & Safety Committee

Douglas W. Muzyka
(Chairman)
Jon K. Grant
Stuart W. Lang

Officers

Office with CCL and Principal Occupation in Last 5 Years

DONALD G. LANG
Toronto, Ontario
Canada

Executive Chairman. Prior to May 2008, Vice Chairman and Chief Executive Officer of the Company. Prior to May 2005, President and Chief Executive Officer of the Company.

GEOFFREY T. MARTIN
Dover, Massachusetts
USA

President and Chief Executive Officer of the Company. Prior to May 2008, President and Chief Operating Officer of the Company. Prior to May 2005, Vice President of the Company and President of CCL Label, a division of the Company.

BOHDAN I. SIROTA
Mississauga, Ontario
Canada

Senior Vice President, General Counsel and Secretary. Prior to November 2008, General Counsel and Secretary.

GASTON A. TANO
Mississauga, Ontario
Canada

Senior Vice President and Chief Financial Officer. Prior to October 2008, Global Corporate Controller for Bacardi Limited (beverage company).

LALITHA VAIDYANATHAN
Cambridge, Massachusetts
USA

Senior Vice President, Finance, Administration, and IT, CCL Operations. Prior to October 2005, Vice President of Finance, Planning and IT of CCL Label.

JANIS M. WADE
Toronto, Ontario
Canada

Senior Vice President, Human Resources and Corporate
Communications.

SUSAN V. SNELGROVE
Uxbridge, Ontario
Canada

Vice President, Risk and Environmental Management. Prior to
October 2005, Director, Risk and Environmental Management.

The directors and officers of CCL Industries Inc. as a group beneficially own, control, or direct, directly or indirectly, approximately 2,242,030 of the issued and outstanding Class A voting shares representing 94.44% of the issued and outstanding Class A voting shares.

No director of the Company has been involved with a company that declared bankruptcy within the 10 years prior the date of the AIF except Mr. Alan Horn, who was a director of AT&T Canada Inc., when it filed under the "Companies' Creditors Arrangement Act" for protection from its creditors in October 2002.

Conflicts of Interest

Neither CCL nor any of its subsidiaries has an existing or potential material conflict of interest with any of its directors or officers.

ITEM 10 – LEGAL PROCEEDINGS

In the course of its business activities, the Company engages in and contests a number of litigious claims. However, neither the Company nor any of its subsidiaries is a party to any legal proceedings that either individually or in the related aggregate exceed ten percent of the current assets of the Company.

ITEM 11 – TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is CIBC Mellon Trust Company. The register of transfers of the Company's Class A and Class B shares is located at Toronto, Ontario.

ITEM 12 – MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, there were no material contracts entered into within the Company's most recently completed financial year.

ITEM 13 – INTERESTS OF EXPERTS

KPMG LLP, the Company's external auditor, has reported on the consolidated financial statements of the Company for the year ended December 31, 2009. KPMG LLP is independent of CCL in accordance with the applicable Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ITEM 14 – AUDIT COMMITTEE

Charter of the Audit Committee

The principal purpose of the Audit Committee is to provide a forum for detailed discussion, examination and review of the Company's auditing needs, financial reporting, and information systems activities and the selection, instruction, evaluation and compensation of external and internal auditors of the Company and external providers of financial and information management systems services to the Company. The mandate of the Audit Committee of the Board is set forth below. Reference to 'Auditor' signifies the auditor appointed by the shareholders of the Company from time to time.

- Review the quality and acceptability of the accounting policies, principles and practices of the Company.
- Review the quarterly and year-end financial statements, Management's Discussion and Analysis, and earnings press releases of the Company before the Company publicly discloses this information, and report its findings for approval to the Board. In addition, the Audit Committee shall review the annual Management Information Circular and the Annual Information Form of the Company and ensure that the prescribed disclosure regarding the Audit Committee is contained in the Annual Information Form and is cross-referenced to the Annual Information Form from the Management Information Circular.
- Monitor the adequacy and integrity of internal controls over accounting and financial systems and ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure stated immediately above, and periodically assess the adequacy of the those procedures.
- Monitor the timely communication of accurate financial information regarding the Company to the shareholders.
- Evaluate and recommend to the Board the Auditor to be nominated to prepare or issue an audit report or perform other audit, review or attestation services for the Company, and the compensation of the Auditor. Ensure that the Auditor reports directly to the Audit Committee.

- Monitor the independence of the Auditor, and assume direct responsibility for overseeing the work of the Auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services for the Company, including the resolution of disagreements between Management and the Auditor regarding financial reporting and communicate directly with the Auditor for the discussion and review of any issues as appropriate. In addition, the Audit Committee shall require and receive from time to time the written confirmation of the Auditor as to its independent status and as to its good standing with the Canadian Public Accountability Board.
- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its Auditor. Authority to pre-approve non-audit services may be delegated to one or more independent members of the Audit Committee, provided that the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.
- Review the results of internal and external audits, and any change in accounting practices or policies and their impact on the financial statements and maintain oversight responsibility for management reporting on internal control.
- Review the reports of the internal audit department of the Company and provide direction and guidance to the internal auditors.
- Where there are unsettled issues raised by the Auditor that do not have a material affect on the annual audited financial statements, require that there be a written response identifying a course of action that would lead to their resolution.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review and approve the Company's hiring policies regarding partners and employees and former partners and employees of the present and former Auditor of the Company.
- Review and monitor the adequacy and integrity of the Company's management information systems.
- Monitor the adequacy of financial resources.
- Review the quality of the asset side of the balance sheet of the Company.
- Review risks facing the Company.

- Review and assess the adequacy of the charter of the Audit Committee on an annual basis.

Composition of the Audit Committee

The members of the Audit Committee, as disclosed under Item 9 – Directors and Officers, are: Thomas C. Peddie (Chairman), Paul J. Block and Alan D. Horn. Each of the members is independent as defined under National Instrument 52-110 and financially literate within the meaning of applicable securities legislation.

Relevant Education and Experience of the Audit Committee

Thomas C. Peddie - Mr. Peddie is Senior Vice President and Chief Financial Officer of Corus Entertainment Inc., a publicly traded company listed on the Toronto Stock Exchange (the “TSX”) and on the New York Stock Exchange. Mr. Peddie is a Chartered Accountant and was awarded his FCA designation by The Institute of Chartered Accountants of Ontario in 2003. Mr. Peddie holds an Honours Bachelor of Commerce degree from the University of Windsor. His career has reflected the progressive assumption of responsibility in the area of financial management of major companies, including WIC Western International Communication Inc., CTV Television Network, Toronto Sun Publishing Corporation, Canada Packers, and the international operations of Campbell Soup. Mr. Peddie has performed financial management directly and has supervised others in the performance of financial duties through much of his career. Along with his knowledge in matters of domestic and international finance, Mr. Peddie has an understanding of internal controls and procedures for financial reporting.

Paul J. Block - Mr. Block's U.S. and international experience as a divisional Chief Executive Officer for Revlon, Inc., includes positions as Chairman and President of Revlon International and President and Chief Executive Officer of Revlon Professional Group. In these capacities, Mr. Block monitored and had responsibility for the financial conditions of the respective operating divisions, and directly supervised the work of the Chief Financial Officer of each division. In addition, as a member of the board of the China Retail Fund, Mr. Block is required to evaluate and approve or reject investments made by the Fund. Accordingly, he has demonstrated a strong facility with the reading and interpretation of financial statements, with particular focus in the manufacture and marketing of personal care products in international markets.

Alan D. Horn - Mr. Horn's principal occupation is as President and Chief Executive Officer of Rogers Telecommunications Limited. Mr. Horn is also Chairman of the Board of Rogers Communications Inc. He is a Chartered Accountant, and holds a B.Sc. with First Class Honours in Mathematics from the University of Aberdeen, Scotland. Mr. Horn is also a director of March Networks Corporation and Fairfax Financial Holdings Limited. Mr. Horn served as Vice President Finance and Chief Financial Officer of Rogers Communications Inc. from 1996 to 2006 and was President and Chief Operating

Officer of Rogers Telecommunications Limited from 1990 to 1996. He brings to the Board his strategic, administrative and financial skills in the context of a large, publicly traded company.

Pre-Approval Policies and Procedures

Policy

The Company and its subsidiaries will not engage KPMG LLP, the external auditors of the Company, to carry out any service that may reasonably be thought to bear on KPMG's independence. KPMG must annually confirm to the Audit Committee that it is independent of the Company within the meaning of the applicable Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Ontario. For services that are not prohibited, the following pre-approval policies will apply.

A. Audit Services

The Audit Committee will pre-approve all Audit Services provided by KPMG through their recommendation of KPMG as shareholders' auditors at the Company's annual meeting and through the Audit Committee's review of KPMG's annual Audit Plan.

B. Audit Related Services and Recurring Tax and Other Non-Audit Services

Annually, the Audit Committee will review the List of Audit, Audit Related and Recurring Tax and Other Non-Audit Services and recommend pre-approval of these services for the upcoming year. Any additional requests will be addressed on a case-by-case specific engagement basis as described in (C) below.

The Audit Committee will be informed quarterly of the services on the pre-approved list for which the Auditor has been engaged.

C. Other Services

All requests to engage KPMG for other services must be pre-approved by the Audit Committee or the Chair of the Audit Committee, as described below, and will be addressed on a case-by-case specific engagement basis.

The Company's employee making the request is to submit the request for service to the Senior Vice President and Chief Financial Officer. The request for service should include a description of the service, the estimated fee, a statement that the service is not a prohibited service and the reason KPMG is being engaged.

Services where the aggregate fees are estimated to be less than or equal to \$ 50,000.

Recommendations, in respect of each engagement, will be submitted by the Senior Vice President and Chief Financial Officer to the Chair of the Audit Committee of the Board of Directors for consideration and approval. The full Audit Committee will subsequently be informed of the service, at its next meeting. The engagement may commence upon approval of the Chair of the Audit Committee.

Services where the aggregate fees are estimated to be greater than \$ 50,000.

Recommendations, in respect of each engagement, will be submitted by the Senior Vice President and Chief Financial Officer to the full Audit Committee for consideration and approval, generally at its next meeting. The engagement may commence upon approval of the Committee.

External Auditor Service Fees (by Category)

Audit Fees

The aggregate audit fees paid to KPMG LLP related to the audit of the annual consolidated financial statements and the review of the interim financial statements in 2009 were \$1,602,895 (2008 were \$1,595,170).

Audit-Related Fees

The aggregate fees billed in 2009 for assurance and related services by KPMG that are reasonably related to the performance of the audit or review of the financial statements and that are not reported under "Audit Fees" above, were \$45,160 (2008 - \$36,900) related to the audit of the Company's pension plans, the report on compliance with debt covenants, an audit of Thailand Board of Investments and an attestation report on compliance with local Mexican tax rules and regulations.

Tax Fees

The aggregate fees billed in 2009 for professional services rendered by the auditor for tax compliance, tax advice and tax planning were \$499,010 (2008 - \$858,060) for its Canadian and international operations.

All Other Fees

KPMG provided actuarial consulting services to CCL and assistance regarding the U.K. defined benefit pension plan and financial advisory services in connection with intercompany debt financing in 2009 for \$313,670 (2008 - \$466,700).

ITEM 15 – ADDITIONAL INFORMATION

Additional information concerning CCL, including directors' and officers' remuneration and indebtedness, principal holders of securities, options to purchase securities and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Management Proxy Circular of the Company dated March 9, 2010. Additional financial information is provided in the Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal period ended December 31,

2009. Copies of the above documents may be obtained upon request from the Secretary of CCL Industries Inc. at 105 Gordon Baker Road, Suite 500, Willowdale, Ontario, Canada M2H 3P8.

Additional information relating to CCL may be found on SEDAR at www.sedar.com and on the Company's website at www.cclind.com.