OUR GLOBAL ADVANTAGES

CCL INDUSTRIES INC. 2008 ANNUAL REPORT

CCL IS A GLOBAL SPECIALTY PACKAGING COMPANY

HEADQUARTERED IN TORONTO, CANADA

3 divisions: Label, Container and Tube

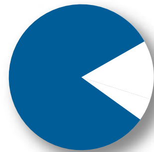
55 locations in **17** countries

5,400 employees

CCL LABEL

CCL Label is the world's largest converter of pressure sensitive and film materials and sells to leading global customers in the consumer packaging, healthcare and consumer durable segments.

CCL Label represents **82%** of total CCL sales.



With 49 operations on five continents, CCL Label is the only global player in its industry and uses its scale and worldwide footprint to drive growth and expansion.

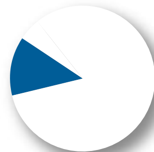
Number of Plants
(by location)

North America – 18
Latin America – 3
Europe – 21
Asia – 3
Australia – 2
Russia – 2

CCL CONTAINER

CCL Container is a leading North American manufacturer of sustainable aluminum aerosol containers and bottles for premium brands in the home and personal care and food and beverage markets.

CCL Container represents **13%** of total CCL sales.



CCL Container operates facilities in Canada, the United States and Mexico. Our greenfield site in Guanajuato, which is our second container plant in Mexico, became operational in the second half of 2008.

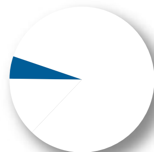
Number of Plants
(by location)

North America – 2
Latin America – 2

CCL TUBE

CCL Tube produces highly decorated extruded plastic tubes for premium brands in the personal care and cosmetics markets in North America.

CCL Tube represents **5%** of total CCL sales.



CCL Tube has invested in new equipment and moved into a new state-of-the-art facility in Carson City, California, that became operational in the first quarter of 2009.

Number of Plants
(by location)

North America – 2

CAUTION ABOUT FORWARD-LOOKING INFORMATION

This Annual Report contains forward-looking information, as defined in Canadian securities laws (hereinafter referred to as "forward-looking statements"), that involves a number of risks and uncertainties. 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. 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. Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties, and assumptions 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; 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. Further details on key risks can be found throughout this report, particularly in Management's Discussion and Analysis: "Risks and Uncertainties" on page 43 of this Annual Report.

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.

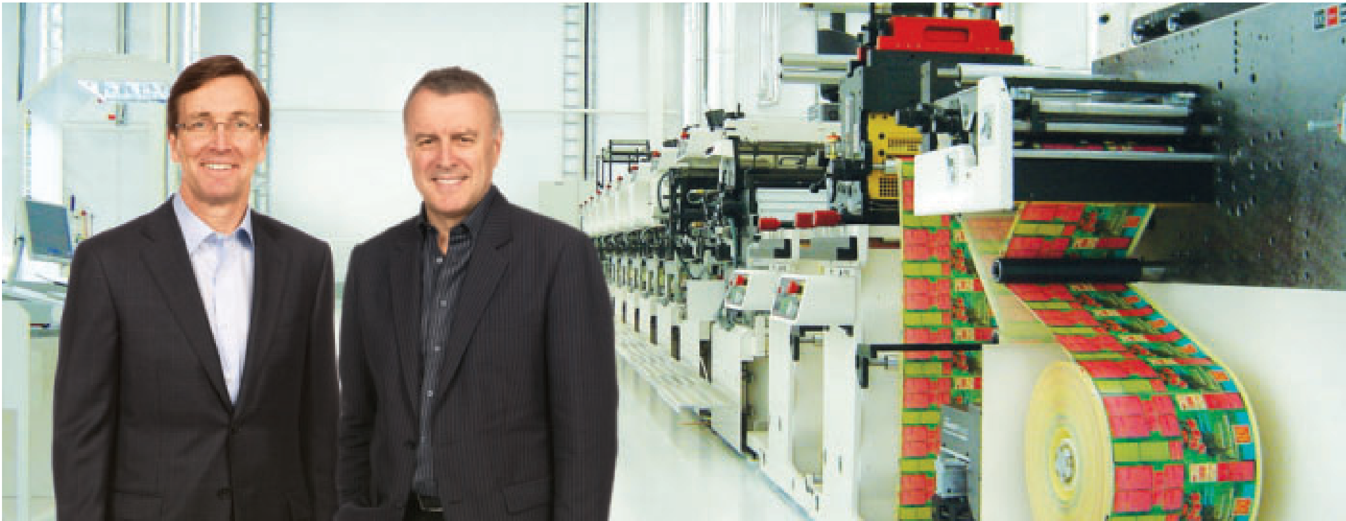
The forward-looking statements are provided as of the date of this Annual Report and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

AT CCL INDUSTRIES, WE THINK GLOBALLY AND ACT LOCALLY. OUR HIGHLY INTEGRATED LABEL NETWORK OF MANUFACTURING OPERATIONS IS WELL-POSITIONED IN KEY MARKETS AROUND THE WORLD. WE SUPPORT OUR CUSTOMERS WITH SECURE AND QUICK-TO-MARKET GLOBAL LAUNCH CAPABILITIES, PROVIDING CONSISTENT QUALITY NO MATTER WHERE OUR PRODUCTS ARE PRODUCED. THIS UNIQUE ABILITY TO COORDINATE PRODUCT SUPPLY AROUND THE WORLD, WHILE AT THE SAME TIME CATERING TO SPECIFIC MARKET NEEDS, WILL CONTINUE TO GENERATE VALUE FOR OUR SHAREHOLDERS FOR YEARS TO COME.

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and Chief Executive Officer

OUR STRONG GLOBAL POSITION



AS 2008 UNFOLDED WE EXPERIENCED MACRO-ECONOMIC DEVELOPMENTS WITHOUT PRECEDENT IN THE MODERN ERA. DESPITE THIS WE GENERATED GROWTH IN SALES AND SOLID OPERATING PERFORMANCE. MORE IMPORTANTLY, WITH A STRONG BALANCE SHEET AND SOLID FINANCIAL POSITION, CCL IS IN EXCELLENT SHAPE TO MANAGE ITS BUSINESS THROUGH THESE CHALLENGING TIMES AND TO TAKE ADVANTAGE OF THE MANY OPPORTUNITIES THAT LIE AHEAD.

A Strong Financial Position

Cash and liquidity have become the focus for many global companies given the turbulence in financial markets. CCL has world-class working capital management performance and strict controls around our capital expenditures to create shareholder value. Our disciplined approach has resulted in one of the strongest balance sheets in our long history, including more than $100 million in cash and over $90 million in available long-term credit lines. Despite the growth generated during the year, and more than $193 million invested in our future, we maintained a very conservative financial position with a debt-to-capitalization ratio of only 38% at year-end. Importantly, the vast majority of our world-class assets are fully owned by the Company without any covenants against them, including a significant global real estate portfolio with a book value of $216 million.

A key initiative in 2008 was the completion of a $130 million private placement debt transaction in September on very favourable terms. We were pleased to have raised this money in the midst of a global financial credit crisis, a testament to our prudent financial management and credibility in the capital markets.

Most importantly, our strong balance sheet and financial position are key advantages for the Company going forward as they will help us meet the challenges of the current economic slowdown, while positioning us strongly to capitalize on opportunities as conditions improve.

This financial strength also underpins the stability and sustainability of our share dividends. We have delivered over 25 years of uninterrupted cash dividends with regular increases and no reductions. Over the last seven years, CCL Class B dividends per share have increased 88% earning us a place on the S&P/TSX Canadian Dividend Aristocrats index. Our stated policy is to continue distributing between 20% and 25% of net earnings to our shareholders annually, and we are confident this goal will be met once again in 2009 and in the years ahead.

Solid Operating Performance

Despite the slowing global economy through the last half of 2008 and its impact on consumer spending, we were pleased that both sales and operating income from our Label Division, which represents 82% of CCL's overall business, increased for the year ended December 31, 2008 compared to the prior year. We attribute this success to the quality of our products, our strong relationships with world-class customers, our talented people and our expanding presence in markets around the world. These are significant competitive advantages, and will serve us well as we meet the challenges through 2009.

Our Container and Tube businesses, supplying the North American personal care sector, struggled with extremely soft market conditions. Aluminum pricing, which hit all time highs and lows within a matter of months, created significant cost and pricing challenges, while substantial swings in exchange rates to the U.S. dollar added further complexity for our Container business.

Our adjusted earnings per share (EPS) on operating income from continuing operations at the end of 2008 were $2.54 compared to $2.48 at the end of 2007. Although disappointed that we did not achieve our targeted rate of EPS growth in 2008, our compound average growth rate (CAGR) over the two year period is a healthy 13%. Although CCL's net earnings declined, earnings before interest, tax, depreciation and amortization (EBITDA) increased 4.6% to $216 million in 2008, which provided the cash flow to support the Company's ongoing growth plans.

Our growth in the Label Division in 2008 was generated both organically and through bolt-on acquisitions. In early 2008 we added CD-Design GmbH, a German durable label producer serving the European automotive market. We strengthened our presence in this market in December with the purchase of Eltex GmbH, also located in Germany, a producer of patented pressure sensitive labels that replace solid aluminum riveted rating plates in the automotive, consumer durable and information technology markets. In April 2008 we acquired Clear Image Labels Pty. Ltd., an Australian label producer with two plants catering to premium brand owners in the wine industry, expanding our presence in the beverage business. Our Russian equity investment, CCL-Kontur, further expanded our geographic footprint.

We continued investing in plants and equipment in 2008 to enhance our production capabilities and to meet the needs of our customers. We built a new home and personal care Label plant just outside Paris to support the many global personal care customers who run European supply operations in France. State-of-the-art Container and Label plants were also commissioned in Mexico, and both commenced full operation in the fourth quarter. We began construction of a greenfield home and personal care Label facility in Vietnam and a second Label plant in Thailand to support our beverage customers' expansion in Southeast Asia.

2008 PERFORMANCE

CCL continued its solid performance in meeting its goals in a challenging environment.

GOAL:	2008 RESULT
* EPS Growth 10%+ – 2-year CAGR ** (EPS growth for 2008 – 2%)	13%
** Return on Equity equal to leading specialty packaging peers 12%–14%	11%
** Return on Sales 10%–12%	12%
Dividend Payout 20%–25% of EPS	22%
** Net Debt to Total Book Capitalization	38%

* EPS growth is defined as the change in adjusted basic earnings per share from continuing operations excluding goodwill impairment loss, and restructuring and other items and favourable tax adjustments.

** Non-GAAP measures. See section 5A of CCL's MD&A for more detail.

Figures above are from continuing operations, excluding restructuring and other items.

OUR GLOBAL SCOPE HELPS TO INSULATE SHAREHOLDERS FROM EXPOSURE TO ANY SINGLE GEOGRAPHIC OR MARKET SEGMENT.

World-Class Operations

With our acquisitions in 2008, we now have 55 world-class facilities strategically positioned in major markets around the world. With this growing global footprint, we are in a unique position to provide consistent quality and product security no matter where our products are produced or where our customers are located. We can support our customers with secure and quick-to-market global launch capabilities, another key competitive advantage arising from our worldwide network and state-of-the-art facilities. At CCL, we call this “thinking globally and acting locally.”

Our global scope also helps to insulate shareholders from exposure to any single geographic or market segment, an important consideration given today’s economic volatility. Over the last five years, we have significantly increased our global footprint and now have facilities in 17 countries. While the majority of our revenues are divided between North America and Europe, over 12% of sales are produced in emerging markets where we still see significant opportunities for growth, even with today’s economic challenges.

World-Class Customers

With our expanding presence in key global markets, we count as customers many of the world’s most recognized companies. Today, more than 80% of our consolidated revenues are derived from large, stable and well-financed global customers who partner with us because of our ability to support their growth wherever they do business.

Many of these “blue chip” customers are focused on consumer staple and healthcare markets that are generally less affected by economic cycles with some continuing to see robust demand in certain categories and regions of the world. Our recent entry into the durable label market with the acquisitions of CD-Design and Eltex is also focused on a sector with well positioned, global companies with whom we have a direct supply relationship.

World-Class Team

Our most important competitive advantage at CCL is our team of people, a diverse, highly experienced and entrepreneurial group that understands the products, cultures and challenges that face our customers each and every day. Our facilities are managed by highly skilled professionals with a proven track record of turning revenues into profits and cash flow, and the discipline to act on our strategies quickly and effectively. Supporting this highly capable team is a global infrastructure and technology backbone that ensures best practices are shared across all of our operations.

Our deeply experienced Board of Directors is another important strength at CCL. Our directors, the majority of whom are independent, bring a diverse set of skills and knowledge to the Company. We thank them for their wisdom and their contributions to our success. In 2008 we welcomed two new members to the Board, Alan Horn and Edward Guillet, and look forward to engaging them in our plans and strategies going forward.

Building on Our Global Advantages

Looking ahead, we remain highly confident in our ability to generate stable operational performance, solid cash flow and sustainable dividends. More importantly, we believe we are well-positioned with the financial resources to capitalize on opportunities as conditions improve over the longer term, and our strong balance sheet and cash position provide our shareholders with security in these uncertain times. Our diversified global footprint, and our growing presence in emerging markets, will also help us deliver stable results, particularly in Asia where we are targeting increased investments in the coming years. Finally, the economic climate is unearthing a number of potential bolt-on acquisition opportunities with valuations significantly lower than we have seen in many years.

In closing, we want to thank our customers and our suppliers for their support through what has been a challenging 2008. We also extend our gratitude to everyone within the CCL family for their dedication and hard work over the last year. Their spirit of entrepreneurship, their commitment to our values and their dedication to our success will enable us to weather the economic storms we face over the near term and accelerate our track record of profitable growth in the years ahead.

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and Chief Executive Officer

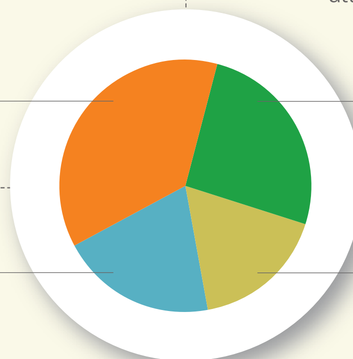
STRENGTHENING OUR MARKETS GLOBALLY

Home and Personal Care

Our globally integrated network of Label facilities combined with our North American Container and Tube businesses are trusted partners for many of the world's leading home and personal care brands. With manufacturing operations in most major markets, our ability to combine global project management, coordinated local supply chains and innovative technical development resources helps our customers confidently launch products in developed and emerging markets around the world.

Premium Food and Beverage

Since our entry into the premium food and beverage business, our innovative container and labelling solutions now support the global sales and marketing efforts of many of the world's leading beer and soft drink brands. Our patented clear pressure sensitive WashOff labels, 360-degree decorative shrink and stretch sleeves and shaped aluminum bottles offer our customers original and powerful ways to attract new consumers across all demographic segments around the world.



Home and Personal Care sales represent **37%** of total CCL sales from continuing operations.

Premium Food and Beverage sales represent **26%** of total CCL sales from continuing operations.

Healthcare sales represent **20%** of total CCL sales from continuing operations.

Specialty Label sales represent **17%** of total CCL sales from continuing operations.

CCL Label is a valued partner to many of the world's leading pharmaceutical companies and has invested heavily in manufacturing capacity, quality assurance and security technologies. Our products include expanded content labels, clear labels for glass vials and syringes, intelligent labels and unique traceability technologies with overt and covert security features. Our competitive advantage is our ability to provide a global network of state-of-the-art facilities providing best-in-class converting solutions and 100% digital quality assurance systems.

Healthcare Solutions

Our Specialty Label capabilities provide our customers with innovative solutions that meet unique and specific requirements. Our patented labels decorate most of the world's alkaline batteries. We provide water-resistant expanded content labels for lawn and garden chemicals, and our highly secure software and printing technologies enable us to supply personalized and uniquely numbered labels for consumer promotions, games and other product-related promotional contests. In 2008 we entered the durables market with the acquisition of CD-Design and Eltex, label suppliers to the European automotive industry.

Specialty Label Applications

OUR GLOBAL ADVANTAGES

CCL'S STRONG FINANCIAL POSITION, GLOBAL FOOTPRINT, "BLUE CHIP" CUSTOMERS AND TALENTED TEAM OF PEOPLE WILL CONTINUE TO DELIVER ENHANCED SHAREHOLDER VALUE OVER THE LONG TERM.

FINANCIAL STRENGTH AND STABILITY

For many decades and through all economic cycles our financial discipline has enabled us to execute the Company's business plans while underpinning the stability and sustainability of our track record of over 25 years uninterrupted dividends, which have increased by 88% over the last 7 years.

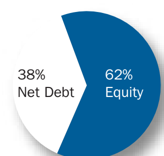
10-year dividend history ($)

99	00	01	02	03	04	05	06	07	08
0.31	0.32	0.32	0.34	0.36	0.39	0.40	0.43	0.48	0.56

Cash flow (in millions of CDN dollars)

	2008
Cash provided by operating activities	$ 216.3
Cash provided by (used for) financing activities	40.0
Cash used for investing activities	(230.4)
Effect of exchange rates on cash	13.8
Increase (decrease) in cash and cash equivalents	$ 39.7
Cash and cash equivalents – end of year	$ 136.3

CCL continues to maintain a **conservative financial position** and approach to debt.



A GLOBAL PRESENCE IN STRONG MARKETS

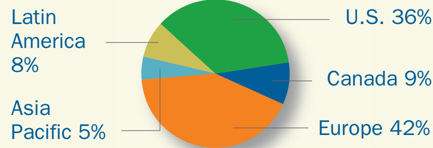
With 55 locations in 17 countries, CCL is well-positioned to serve our global customers wherever they do business. We focus on attractive markets that offer an opportunity for growth and margin enhancement. In addition to our strong base in North America and Europe, over the last several years we have increased our presence in higher-growth emerging markets where demand for consumer staples and healthcare products is more robust.

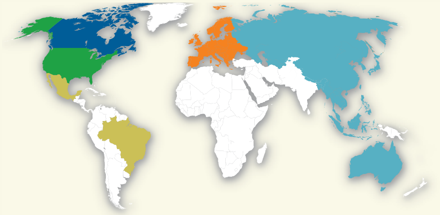
A GLOBAL PLAYER

2008 Total Sales

$1,189 million

(12 months ended December 31, 2008)





A "BLUE CHIP" CUSTOMER BASE

CCL's customers include the world's leading companies and their brands. Today, more than 80% of our revenues come from large, global customers who partner with us because of our innovative products and unique ability to support their growth around the world.

L'ORÉAL P&G

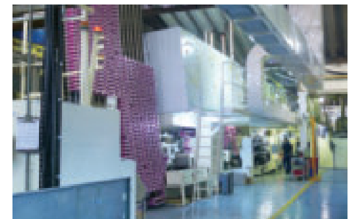
Johnson & Johnson

A PROVEN AND EXPERIENCED MANAGEMENT TEAM

CCL's management team is a blend of industry veterans and young internally developed talent. We are a diverse, entrepreneurial group that understand global markets and have the discipline to act on value-enhancing opportunities quickly and effectively. Our global network and leading-edge technology ensures best practices are shared across all of our operations.

WORLD-CLASS OPERATIONS AND CAPABILITIES

Over the last five years, CCL has invested $727 million to build and equip our world-class facilities, building CCL into a highly integrated global network of state-of-the-art manufacturing facilities. This investment ensures our customers receive the highest possible consistent quality, technology and manufacturing capacity wherever they do business.



STRENGTHENING
GLOBAL
MARKETS

HOME AND PERSONAL CARE

OUR HOME AND PERSONAL CARE CUSTOMERS DO BUSINESS WITH CCL IN ALL REGIONS OF THE WORLD WITH AN INCREASING FOCUS ON HIGHER GROWTH KEY EMERGING MARKETS. GLOBAL CUSTOMERS NEED DESIGNED SOLUTIONS TO BUILD THE EQUITY AND INTEGRITY OF THEIR BRANDS AND SUPPLY CHAIN EXCELLENCE IN A "PRODUCE-TO-DEMAND" WORLD.

Tide Coldwater CCL partnered with Procter & Gamble to create a new in-mould label for their compact Tide Coldwater bottles. This unique holographic in-mould label provided consumer shelf impact for the new package.

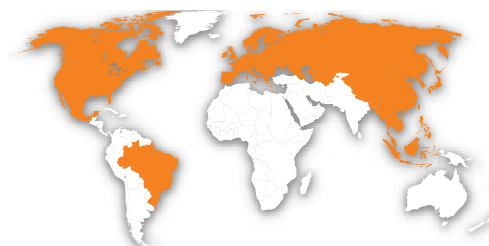
ADVANTAGES & OPPORTUNITIES

- **Over 30% of our CCL Label revenues** in the home and personal care sector come from higher growth emerging markets encouraging construction of greenfield plants, such as Ho Chi Minh City, Vietnam that will become operational in 2009.
- The Los Angeles, California, Tube plant has been relocated to a **new state-of-the-art building** in Carson City, Los Angeles.
- Our **new world-class personal care Label facility near Paris, France**, provides the much needed capacity for this significant market.

Mexico

In 2008 we opened our new 160,000 square foot **facility in Mexico City**, making it one of the largest label facilities in the world. In late 2008 our new Container plant in Guanajuato, Mexico, also became operational. The new facility is the most advanced high-speed aluminum container plant of its kind in the world, completing our $45 million investment program announced in 2007 for our Mexican operations.

GLOBAL MARKETS COVERAGE



HEALTHCARE SOLUTIONS

WITH 18 PLANTS GLOBALLY, OUR HEALTHCARE SOLUTIONS BUSINESS FOCUSES EXCLUSIVELY ON THE NEEDS OF THE WORLD'S PHARMACEUTICAL INDUSTRY. OUR GLOBAL CUSTOMERS RECOGNIZE THE VALUE OF SOURCING THEIR VARIOUS LABELLING REQUIREMENTS FROM ONE ACCREDITED VENDOR BACKED BY SOPHISTICATED QUALITY ASSURANCE AND SECURITY CONTROL SYSTEMS.

Roche CCL has provided printed packaging inserts to Roche for their Accu-Chek® blood glucose monitoring systems for over 10 years. In 2008 we broadened our business by creating printed labels for Roche's vials that contain test strips. Both the insert and the label are manufactured under our secure quality assurance procedures and convey brand information and usage instructions.

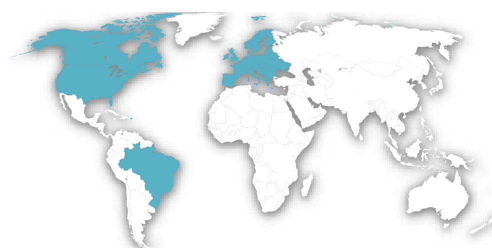
ADVANTAGES & OPPORTUNITIES

- We are executing **new technologies to implement ePedigree**, a new legislated requirement to identify drug packages with unique codes at the consumer level.
- **CCL's brand-protection products continue to grow** as awareness of counterfeiting increases.
- **CCL Label was featured on the cover** of the December *Pharmaceutical & Medical Packaging* magazine with its weight-based dosage spinformation label.

Digital Printing

In 2008 CCL Label installed **Digital printing presses** in our Canadian and European facilities. With this new digital technology we are able to provide shorter runs with quicker turn-around times and lower production costs while maintaining our secure quality assurance standards. This technology allows us to print on demand, accommodating rapid response for product launches and changes to graphics. These features have also attracted new business to CCL as pharmaceutical companies move towards using higher-end graphics for their over-the-counter products.

GLOBAL MARKETS COVERAGE



PREMIUM FOOD AND BEVERAGE

OUR PREMIUM FOOD AND BEVERAGE BUSINESS HAS SEEN SIGNIFICANT GROWTH OVER THE LAST FEW YEARS AS WE PARTNER WITH OUR CUSTOMERS TO DELIVER INNOVATIVE LABEL AND CONTAINER SOLUTIONS THAT HELP THEM DRIVE GROWTH IN NEW DEMOGRAPHIC AND GLOBAL MARKET SEGMENTS.

Shrink Sleeve CCL is the second-largest producer of shrink sleeves in the world, providing full decoration capability to fit any shape. With nine facilities capable of producing innovative solutions worldwide, we can guarantee our customers uniform high-quality products and an excellent level of support for their global brand roll-outs.

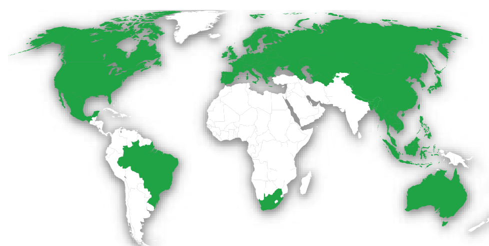
ADVANTAGES & OPPORTUNITIES

- CCL Container's high-end graphics and resealable bottle helped **drive a successful launch** for Dr Pepper's new energy drink, Venom.
- **CCL entered the wine industry and another continent** with the acquisition of Clear Image with its two plants in Australia.
- CCL is constructing **a new facility in Thailand** to supply beverage labels for the Southeast Asian market. The new plant will come online in the second half of 2009.

SABMiller, A Truly Global Customer

Our long-term partnership with SABMiller has generated a number of innovative products and solutions. During 2008 we used our WashOff label technology in SABMiller's South African beverage market with great success. In Russia, we helped introduce Miller Genuine Draft with new full-body shrink sleeves that accentuate the young and dynamic image of the brand. In Poland, we helped relaunch one of the country's premium beers with a refreshed new label. SABMiller also utilized our long-neck aluminum bottle for its new beer, Miller Chill.

GLOBAL MARKETS COVERAGE



SPECIALTY LABEL APPLICATIONS

OVER THE LAST FEW YEARS, WE HAVE SIGNIFICANTLY EXPANDED OUR PROPRIETARY SPECIALTY LABEL APPLICATIONS AND TECHNOLOGIES INTO NEW GROWTH MARKETS, INCLUDING THE AGRO-CHEMICAL BUSINESS, CONSUMER PROMOTIONS AND ON-PACK LABEL GAME PIECES.

SUBWAY This year, CCL teamed up with two strong global brands, SUBWAY and Scrabble, to create a unique promotional game label. The game play was unique in that the consumer could win instantly or win by collecting Scrabble tiles increasing SUBWAY's sales by driving consumers back to the store creating repeat business.

ADVANTAGES & OPPORTUNITIES

- CCL Label provides **100+ page expanded content labels** that adhere directly to the product to accommodate the increasing requirement for product information and consumer safety.
- **The acquisitions of CD-Design and Eltex in 2008 propelled CCL into the consumer durables market.** Automotive, information technology, domestic appliances, cellular phones and consumer electronics all represent future growth opportunities.
- CCL Label is **the leading global supplier to the promotions industry, creating interactive game, contest and sweepstake pieces** that require state-of-the-art security label converting technologies.

Bayer
Bayer CropScience AG is a global company specializing in crop protection, non-agricultural pest control and plant biotechnology. The regulatory demand for more information on product safety identified on the label continues to increase. **CCL Label has created a number of solutions for Bayer CropScience AG** including an expanded content label large enough to contain all the information required as well as unique security features.

GLOBAL MARKETS COVERAGE

FINANCIAL HIGHLIGHTS

(In thousands of Canadian dollars, except per share and ratio data)

For the years ended December 31	2008	2007	% Change
Sales	**$ 1,189,025**	$ 1,144,260	3.9%
EBITDA*	**$ 216,436**	$ 206,904	4.6%
% of sales	**18.2%**	18.1%	
Goodwill impairment loss	**$ 31,386**	$ —	
Restructuring and other items – net loss (gain)	**$ 3,094**	$ (4,137)	
Net earnings from continuing operations	**$ 47,986**	$ 93,506	(48.7%)
% of sales	**4.0%**	8.2%	
Net earnings from discontinued operations, net of tax	**—**	10,957	
Gain on sale of discontinued operations, net of tax	**—**	43,452	
Net earnings	**$ 47,986**	$ 147,915	(67.6%)
Basic earnings per Class B share			
Continuing operations	**$ 1.50**	$ 2.90	
Discontinued operations	**—**	0.34	
Gain on sale of discontinued operations	**—**	1.35	
Net earnings	**$ 1.50**	$ 4.59	(67.3%)
Diluted earnings	**$ 1.46**	$ 4.42	(67.0%)
Adjusted basic earnings per Class B share from continuing operations**	**$ 2.54**	$ 2.48	2.4%
Dividends	**$ 0.56**	$ 0.48	16.7%

At year end			
Total assets	**$ 1,766,674**	$ 1,488,190	18.7%
Net debt***	**$ 456,253**	$ 306,775	48.7%
Shareholders' equity	**$ 750,518**	$ 717,859	4.5%
Net debt to equity ratio	**0.61**	0.43	
Net debt to total book capitalization	**37.8%**	29.9%	
Return on equity (before goodwill impairment loss, restructuring and other items, favourable tax adjustments and gain on discontinued operations)****	**11.1%**	13.3%	
Book value per B share	**$ 23.37**	$ 22.12	5.7%
Number of employees	**5,400**	4,900	10.2%

* EBITDA – a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A.

** Adjusted basic earnings from Class B shares from continuing operations – a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A.

*** See Summary of Net Debt table on page 35.

**** Return on equity; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A.

Gaston A. Tano
Senior Vice President and Chief Financial Officer

Gaston Tano joined CCL in 2008 as senior vice president and chief financial officer of CCL Industries Inc. Mr. Tano served in a variety of financial roles at Bacardi Limited; most recently as global corporate controller in its corporate office in Hamilton, Bermuda. Mr. Tano brings with him extensive experience in corporate financial reporting, international tax and treasury matters and acquisition projects. Prior to Bacardi, Mr. Tano gained public accounting experience at PricewaterhouseCoopers in Canada and holds his CA and CPA designations.

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") relates to the years ended December 31, 2008 and 2007. In preparing this MD&A, we have taken into account information available until February 26, 2009 unless otherwise noted. This MD&A should be read in conjunction with the Company's December 31, 2008 year-end financial statements, which form part of the CCL Industries Inc. 2008 Annual Report dated February 28, 2009. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise noted, both the financial statements and this MD&A are expressed in Canadian dollars as the reporting currency. The major measurement currencies of CCL's operations are the Canadian dollar, the U.S. dollar, the euro, the Australian dollar, the Brazilian real, the Chinese renminbi, the Danish krone, the Japanese yen, the Mexican peso, the Polish zloty, the Russian rouble, the Thai baht, the U.K. pound sterling and the Vietnamese dong. All "per Class B share" amounts in this document are expressed on an undiluted basis, unless otherwise indicated. CCL's Audit Committee and its Board of Directors have reviewed this MD&A to ensure consistency with the approved strategy of the Company and the results of the Company.

INDEX

14 **1. Corporate Overview**
14 A) Our Company
14 B) Our Customers and Markets
15 C) Our Strategy and Financial Targets
17 D) Recent Acquisitions and Dispositions
18 E) Consolidated Annual Financial Results
22 F) Seasonality and Fourth Quarter Financial Results

26 **2. Business Segment Review**
26 A) General
29 B) Label Division
32 C) Container Division
34 D) Tube Division

35 **3. Financing and Risk Management**
35 A) Liquidity and Capital Resources
37 B) Cash Flow
38 C) Interest Rate, Foreign Exchange Management and Other Hedges
39 D) Shareholders' Equity and Dividends
40 E) Commitments and Other Contractual Obligations
42 F) Controls and Procedures

43 **4. Risks and Uncertainties**

44 **5. Accounting Policies and Non-GAAP Measures**
44 A) Key Performance Indicators and Non-GAAP Measures
46 B) Accounting Policies and New Standards
48 C) International Financial Reporting Standards ("IFRS")
48 D) Critical Accounting Estimates
48 E) Inter-Company and Related Party Transactions

49 **6. Outlook**

This MD&A contains forward-looking information, as defined in Canadian securities laws (hereinafter referred to as "forward-looking statements"), that involves a number of risks and uncertainties. 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. 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. Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties, and assumptions 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. Further details on key risks can be found throughout this report, particularly in Section 4: "Risks and Uncertainties."

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 MD&A 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.

1. CORPORATE OVERVIEW

A) Our Company

CCL Industries Inc. is a world leader in the development of label and specialty packaging solutions to global producers of consumer brands in the home and personal care, healthcare, durable goods, and specialty food and beverage sectors. Founded in 1951, the Company has been public under its current name since 1980. CCL's corporate office is located in Toronto, Canada, with its operational leadership centred in Framingham, Massachusetts, United States. The corporate office provides executive and centralized services such as finance, accounting, internal audit, treasury, risk management, legal, tax, human resources, information technology and environmental, health and safety. The Framingham office provides operational direction and oversees the activities of CCL's divisions: Label, Container and Tube. As of February 2009, CCL employs approximately 5,400 people and operates 55 production facilities in North America, Latin America, Europe, Australia and Asia, including an equity investment in Russia.

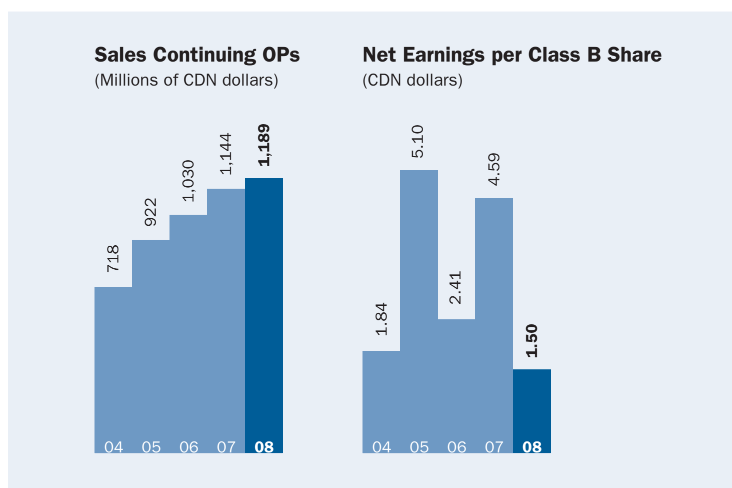
B) Our Customers and Markets

CCL's customer base is primarily comprised of a significant number of global non-durable consumer product and healthcare companies. CCL also has a durable goods position in the automotive industry. A strategy of many of our customers is a continuous focus on growing their global market positions. Recent industry trends include customer consolidation, even among the largest players, and a disproportionate growth in sales in emerging markets and relatively lower growth in the developed world.

Total demand for non-durable personal care, healthcare and household products is fairly stable as consumers generally use them on a regular basis, often daily. There tends to be less volatility in demand for CCL's products and services relative to those of some other industries. This is due to the more routine and predictable consumer usage of these non-durable products and, as a result, the specialty packaging products and services supplied by CCL to these sectors. Certain markets, such as for beverage and agro-chemical products, are more seasonal in nature and affect the variability of quarterly sales and profitability.

The state of the global economy and geopolitical events affect consumer demand and ultimately our customers' plans. Our customers react to these issues and competitive activity in their categories as they develop marketing strategies including the introduction of new products and the promotion of new and existing products. These factors directly influence the demand for CCL's packaging components destined for our customers' products. The Company's growth expectations generally mirror the trends of each of the markets and product lines in which our customers compete and the growth of the economy in each market. CCL also anticipates improving its market share generally in each market and category over time, which is consistent with its recent overall historical trend.

No single competitor of the Label Division has the substantial operating breadth or global reach of CCL Label. The Container and Tube Divisions operate only in North America. There is one significant direct competitor in the Container business and a handful of competitors in the Tube business.



C) Our Strategy and Financial Targets

CCL's vision is to increase shareholder value by providing the best total value to our customers as a successful, growing market leader in providing labelling and specialty packaging solutions; by building on the strengths of our people, manufacturing and product development skills; and by nurturing strong international customer relationships. The Company anticipates increasing its market share in most product categories by capitalizing on the growth of our customers, by following market trends such as globalization, by new product innovation and by further developing existing products.

A key driver in CCL's strategy is maintaining our focus and discipline. We aspire to be the market leader and the highest value-added producer in each product line and region in which we choose to compete. CCL does not intend to move into radically different segments of the packaging industry but rather to expand in existing categories or in other complementary and adjacent areas closely aligned with our existing business strengths. The recent sale of our interest in the non-core ColepCCL joint venture; the investment in Russia, a geographic expansion in pressure sensitive labels; the CD-Design GmbH and Eltex GmbH acquisitions, a diversification into durable pressure sensitive labels; and the Clear Image Labels Pty. Ltd. acquisition, a geographic and product line expansion into Australia and wine labels, are further steps in building on our focused business strategy.

The Company's overall strategic business focus in this decade has been to maximize earnings and cash flow from our current operations while developing growth opportunities through investment in new plants and equipment and by innovation in new product development. This approach is intended to allow us to increase market share and to grow internationally with our customers. The strategy also includes seeking attractively priced acquisitions. These acquisitions should be within CCL's core competencies and manufacturing capabilities and be immediately accretive to earnings. In addition, they should generally support our strategic geographic expansion plans and/or provide new technologies and products to CCL's portfolio.

The Company's financial strategy is to be fiscally prudent and conservative. Financial leverage has been maintained at modest levels, and ensuring liquidity has been a cornerstone of our philosophy. This strategy continues to serve us well, particularly during this economic downturn that has dramatically played havoc with many companies, including some of our major competitors. During good and bad economies, the Company has maintained high levels of cash on hand and unused lines of credit to reduce our financial risk and to provide flexibility when acquisition opportunities are available. The long-term debt placement by the Company for US$130 million in September 2008 at favourable interest rates further enhances our liquidity and strengthens our financial foundation for the foreseeable future.

CCL has a continuous focus on maximizing cash flow by minimizing its investment in working capital. In addition, capital expenditures are approved when they are expected to be positively accretive to earnings and are selectively targeted towards the most attractive growth opportunities.

A key financial target is return on equity before goodwill impairment loss, restructuring and other items and favourable tax adjustments ("ROE," a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below). CCL continues to execute its strategy with a goal of achieving a comparable ROE level to its leading peers in specialty packaging. Historically, these comparables have been in the 12% to 14% range. However, with the major economic downturn in the last year, ROE for these comparable companies has been dramatically lower, and industry targets for ROE may now be lower given recent reductions in inflation and interest rates. CCL's ROE had grown from 11.5% in 2002 to 13.3% in 2007 but fell back slightly to 11.1% in 2008. Management believes that attaining the historical target level of ROE will be a challenge in the short-term but is achievable once there is improvement in the global economy.

Another important and related financial target is the long-term growth rate of earnings per share. Management believes that taking into account both the overall relatively stable demand for non-durable consumer products globally and the continuing benefits from its focused strategies and operational approach, a targeted growth rate in earnings per share excluding the goodwill impairment loss, restructuring and other items and favourable tax adjustments (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) in the range of 10% compounded annually is realistic under normal economic circumstances.

Earnings per share from continuing operations and discontinued operations, excluding goodwill impairment loss, restructuring and other items and favourable tax adjustments and gains on business dispositions, had grown by 19%, 19% and 53% in 2007, 2006 and 2005, respectively, despite the impact of unfavourable currency rates. In 2008, the growth in earnings per share was 2% due primarily to the negative effect of the global economic recession. Over the four-year period of 2005 to 2008, the Company averaged 23% growth per year, far in excess of the 10% target.

The Company will continue to focus on generating cash and effectively utilizing the cash flow generated by operations and divestitures. This cash will continue to be invested in capital additions to take advantage of organic growth opportunities and in acquisitions that are accretive to earnings per share. If the net cash flow periodically exceeds attractive acquisition opportunities available, CCL may also repurchase its shares provided that the repurchase is accretive to earnings per share, is at a valuation equal or lower than valuations for acquisition opportunities, and will not materially increase financial leverage beyond targeted levels or significantly reduce liquidity.

The framework supporting the above targets is an appropriate level of financial leverage. Based on the dynamics within the packaging industry and the risks that higher leverage may bring, CCL has a comfort level up to a target of approximately 45% for its net debt to total book capitalization (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below). As at December 31, 2008, net debt to total book capitalization was 38%. Although the Company is experiencing the effects of the global recession, this current level of leverage and profitability would imply that CCL's debt is in the investment-grade category. This leverage level is below the target, primarily due to the sale of ColepCCL in late 2007 and the Company's conservative approach to increasing financial risk in this economic environment.

CCL also believes that the dividend payout is an important metric. CCL has paid dividends quarterly for over 25 years without an omission or reduction and has increased the dividend substantially since 2001. The Company views this consistency and dividend growth as important factors in enhancing shareholder value. The Company plans to continue paying dividends equal to 20% to 25% of normalized earnings defined as earnings excluding gains on dispositions, goodwill impairment loss, restructuring and other items and favourable tax adjustments. In 2008, the dividend payout ratio was 22% (17% in 2007). Consequently, after a review of the 2008 results, and considering the cash flow and earnings planned for 2009 and the Company's current favourable level of liquidity, the Board of Directors has declared a 7% increase in the dividend to $0.15 per quarter per Class B share (or $0.60 annualized).

The Company believes that all of the above targets are mutually compatible and consequently should drive meaningful shareholder value over time.

CCL's strategy and its ability to grow and achieve attractive returns for its shareholders are shaped by key internal and external factors that are common to specialty packaging. The key performance driver is our continuous focus on customer satisfaction, supported by our reputation for quality manufacturing, competitive cost, innovation, dependability, ethical business practices and financial stability. CCL believes that it is the highest value-added producer in most of its businesses and is continuing to foster new product innovations to support its customers' needs.

In these volatile and uncertain times, the Company recognizes that maintaining its focus and financial discipline is more important than ever. Our customers' markets have been negatively affected by the global economic slowdown with the fourth quarter of 2008 registering the largest reduction in business activity. So far in 2009, the trend is not turning around. CCL is closely monitoring its orders from customers and reviewing and reducing its overhead levels and cost structure where appropriate to try to modify the effects of selling-price pressure and lower volume in certain segments and markets. In response, CCL continues to challenge its suppliers to reduce their costs to offset a portion of the margin reductions. The impact on operating income due to lower sales volumes is particularly significant in the Container and Tube Divisions where fixed overheads are higher.

D) Recent Acquisitions and Dispositions

In November 2007, CCL sold the last vestiges of its former custom manufacturing business with the disposition of its joint venture interest in ColepCCL to its majority partner for cash proceeds of approximately $147 million, with half paid upon closing and the balance paid on February 29, 2008. This price represented a good valuation for this investment and completed the transformation of the Company into a focused specialty packaging business.

The proceeds from the dispositions of its custom manufacturing businesses this decade have been and continue to be invested in the Company's higher value-added specialty packaging segments. These investments include accretive acquisitions and capital spending for organic internal growth and technology enhancements. The ColepCCL sale reduced the investment risk of minority ownership, the related risks around CCL not being able to control operating decisions associated with this joint venture, and the risks in operating a contract manufacturing and metal packaging business in Europe. CCL is now a more internationally positioned company with increased diversification across the global economy and with exposure to many different currencies. For financial reporting purposes, ColepCCL has been treated as discontinued operations.

CCL has been redeploying the proceeds of the sale of ColepCCL and its cash flow from operations into its specialty packaging business with internal organic capital investments and by way of the following acquisitions in the last two years:

- In January 2007, CCL acquired the shrink sleeve and stretch sleeve business of Illinois Tool Works, Inc. ("ITW") located in Europe, Brazil and the United States for $106 million.
- In December 2007, CCL entered into the 50% owned CCL-Kontur equity investment with manufacturing facilities located in Moscow and St. Petersburg, Russia, servicing the personal care and beverage label markets in the region for $9 million, with a further $10 million investment in 2008 after the assets were legally transferred to CCL-Kontur by the Russian partner.
- In January 2008, CD-Design GmbH in Solingen, Germany was acquired for $10 million, including assumed debt, as CCL's first entry into the durable label business as it services the European automotive original equipment manufacturing market in Europe with further consideration of $3 million recognized as goodwill based on its 2008 financial performance.
- In April 2008, Clear Image Labels Pty. Ltd., a privately owned pressure sensitive label company based in Australia, was acquired for $34 million in a combination of cash, restricted stock and assumed debt. Clear Image is a leading Australian wine label business with two operations in Australia, servicing both the domestic and U.S. markets.
- In late December 2008, Eltex GmbH, based in Solingen, Germany, was acquired for $5 million on a debt-free basis. Eltex provides a patented pressure sensitive label solution servicing the automotive, consumer durable and information technology hardware markets. This business is merging with CCL's complementary and neighbouring CD-Design operation.

CCL continues to review its existing businesses to ensure that each product line in each division is a strategic fit within the Company's portfolio. In April 2008, as a result of this business review process, the Company sold the inventory and equipment related to the Container Division's ABS "Bag-on-Valve" product line located within its Penetanguishene, Ontario, plant for $9 million in cash.

From 2003 to date, the Company has spent approximately $500 million on acquisitions including the Russian investment. They have been primarily funded by dispositions totalling over $470 million in cash over the same time frame. Strategically, CCL has repositioned itself as a growing specialty packaging company over these years by funding acquisitions with the proceeds from the sale of non-core businesses.

All of the recent acquisitions in conjunction with the building of new plants in Mexico, Thailand, Poland, China and Vietnam in the last few years have positioned the Label Division as the global leader for pressure sensitive labels in the personal care, healthcare, battery, food, beverage, promotional, durables and specialty categories.

E) Consolidated Annual Financial Results

Selected Financial Information

Results of Consolidated Operations

	2008	2007	2006
Sales from continuing operations	$ 1,189.0	$ 1,144.3	$ 1,029.5
Cost of goods sold	923.3	878.6	794.4
Selling, general and administrative expenses	127.5	128.3	119.9
Depreciation and amortization	6.9	6.4	6.1
	131.3	131.0	109.1
Interest expense – net	(23.9)	(23.2)	(20.6)
Goodwill impairment loss	(31.4)	—	—
Restructuring and other items – net (loss) gain	(3.1)	4.1	(11.5)
Earnings before income taxes	72.9	111.9	77.0
Income taxes	24.9	18.5	12.1
Net earnings from continuing operations	48.0	93.4	64.9
Net earnings from discontinued operations, net of tax	—	11.0	12.5
Gain on sale of discontinued operations, net of tax	—	43.5	—
Net earnings	$ 48.0	$ 147.9	$ 77.4
Per Class B share			
Continuing operations	$ 1.50	$ 2.90	$ 2.02
Discontinued operations	—	0.34	0.39
Gain on sale of discontinued operations	—	1.35	–
Net earnings	$ 1.50	$ 4.59	$ 2.41
Goodwill impairment loss, restructuring and other items and favourable tax adjustment – net (loss) gain	$ (1.04)	$ 0.42	$ 0.04
Diluted earnings	$ 1.46	$ 4.42	$ 2.33

Comments on Consolidated Results

Sales from continuing operations were $1,189.0 million in 2008 compared to $1,144.3 million in 2007, up 4%. This performance comes off very strong years in 2007 and 2006, with sales growth of 11% and 12%, respectively, despite unfavourable currency translation. In 2008, favourable currency translation accounted for 1% of the sales growth. The impact of the CD-Design and Clear Image acquisitions by the Label Division in 2008 provided the largest part of the sales growth, partially offset by a small product line divestiture in the Container Division. Organic growth was flat year over year. The sales growth in 2008 of $44.7 million was derived from the following divisions: Label and Tube were up by $66.9 million and $4.4 million, respectively, offset in part by Container, which was down by $26.6 million. In 2008, currency translation had a small positive overall effect on sales; however, the U.S.-based business units were slightly negatively affected by unfavourable currency translation (particularly Container and Tube) whereas the euro-based European operations (Label) were favourably affected by currency translation, partially offset by the lower value of the U.K. pound sterling.

Sales from manufacturing in Canada represented only 9% of 2008 total sales from continuing operations, compared to 12% in 2007. Sales and income reported from foreign operations are reported in local currency and then translated into Canadian dollars. During 2007 and 2008, a number of key currencies changed value relative to the Canadian dollar. The U.S. dollar, the base currency for 36% of CCL's total sales from continuing operations, depreciated by 1% on average for the year 2008 versus 2007 and this followed a depreciation of 5% in 2007. The 2008 depreciation was quite significant in the first half of the year but was nearly reversed in the fourth quarter as the U.S. dollar strengthened dramatically.

In addition, Europe, accountable for 42% of CCL's total sales, saw its primary currency, the euro, appreciate 6% on average against the Canadian dollar in 2008 versus 2007, after an appreciation of 3% in 2007 versus 2006. The U.K. pound sterling dropped 9% during 2008 after a 3% appreciation in 2007. However, all of the relative appreciation of the euro in 2008 occurred in the last three quarters of the year after a weak start in the first quarter. There was a modest 1% positive effect on sales due to currency translation in 2008 overall, but in 2007 there was a 1% negative effect. If the effect of foreign currency translation were excluded, sales increased by 3% in 2008 compared to 2007, including acquisitions. Excluding currency translation and the impact of divestitures, sales from continuing operations increased by 13% in 2007 compared to 2006.

Income after cost of goods sold, selling, general and administrative expenses, and depreciation and amortization in 2008 was $131.3 million, up by $0.3 million from $131.0 million in 2007 and up substantially over $109.1 million in 2006. The detailed analysis of the above income follows in the next two paragraphs as it consists of divisional operating income and corporate expenses.

Divisional operating income from continuing operations in 2008 was $142.8 million, down by 2% from a very strong $145.1 million reported in 2007 but up from the $121.8 million earned in 2006. This income reduction in 2008 was derived from existing operations despite profitable acquisitions and modest positive currency influences. The reduction in divisional operating income in 2008 of $2.3 million was attributable to Container, down $8.5 million, and Tube, down $1.2 million, partly offset by Label's $7.4 million improvement. The Label Division was positively affected by currency translation while the Container and Tube operations were negatively impacted by currency translation. In addition, Container was affected by unfavourable currency transactions on its Canadian operations year over year of $0.6 million. Further details on the divisions follow later in this report.

Corporate expenses in 2008 at $11.5 million were down from $14.1 million in 2007 and $12.7 million in 2006. Major areas of decreased corporate expenses in 2008 were reduced performance based executive compensation and lower insurance costs.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") from continuing operations before goodwill impairment loss and restructuring and other items (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) in 2008 were $216.4 million, up 5% from the $206.9 million recorded in 2007. The growth in 2007 was up by a substantial 17% from the 2006 level of $176.1 million.

Net interest expense from continuing operations was $23.9 million in 2008, up modestly by $0.7 million from the $23.2 million recorded in 2007 and the $20.6 million in 2006. In 2007 and 2006, interest expense was allocated to discontinued operations, which accounts for some of the increase in 2007 and 2008. Other factors in the increase in net interest expense in 2008 were lower interest rates on short-term investments, and the negative effect of a weakening Canadian dollar on the interest of U.S. dollar-denominated and euro-denominated debt. Interest expense is net of interest earned on short-term investments, interest rate swap agreements ("IRSAs") and cross-currency interest rate swap agreements ("CCIRSAs").

In the fourth quarter of 2008, the Company incurred a non-cash goodwill impairment loss related to the Tube Division of $31.4 million with no tax benefit. Further discussion follows in Section 2D: "Tube Division" later in this report.

For the full year 2008, restructuring costs and other items represented a loss of $3.1 million ($2.0 million after tax) as follows:

- In the first quarter, a gain on the note receivable from the sale of ColepCCL due to foreign exchange of $2.3 million ($1.6 million after tax);
- In the second quarter, a gain on the sale of the ABS product line in the Container Division of $3.1 million ($2.8 million after tax);
- In the second quarter, the loss on the shutdown of the Rhyl, Wales, operation in the Label Division of $3.6 million ($2.6 million after tax);
- In the third quarter, a gain from the repatriation of capital from Europe that arose from the disposal of the Company's investment in ColepCCL late last year of $1.6 million with no tax effect;
- In the fourth quarter, the loss on the shutdown of the Avelin, France, operation in the Label Division of $3.5 million with no tax effect and
- In the fourth quarter, the loss provision for the residual lease payments for the Tube Division's building in Los Angeles, CA, as a result of its move to a new location of $3.1 million ($2.0 million after tax).

The negative impact of the goodwill impairment loss and the restructuring and other items in 2008 was $0.97 and $0.07 per Class B share, respectively.

In 2007, the Company incurred restructuring costs and other items for a total gain of $4.1 million ($3.7 million after tax) as follows:

- In the first quarter, a gain on sale of a redundant property of $0.7 million ($0.9 million after tax);
- Container Division restructuring costs, net of a recovery of a severance provision, of $0.2 million ($0.1 million after tax);
- In the fourth quarter, a gain on repatriation of capital from a foreign subsidiary to Canada primarily from the sale of ColepCCL of $1.3 million with no tax effect and
- In the fourth quarter, an unrealized exchange gain on the euro-denominated note receivable from the sale of ColepCCL of $2.3 million ($1.6 million after tax).

The positive earnings impact of these restructuring and other items in 2007 was $0.12 per Class B share. In addition, the Company recorded favourable tax adjustments of $9.9 million or $0.30 per share. The net gain of the restructuring and other items and favourable tax adjustments in 2007 was $0.42 per share.

There were a number of restructuring and other items in 2006 for a total loss of $11.5 million ($10.2 million after tax) as follows:

- In early 2006, the Company commenced a senior management restructuring in the Container Division and incurred severance costs. With new management in place, and in light of changes in the business environment, the Division's capital assets and spare parts inventory were reviewed and it was determined that certain of these assets had no future value in the restructured operations and should not have a carrying value. The total cost of the Container restructuring was $11.4 million ($7.2 million after tax);
- The Company sold net assets of its CCL Dispensing Systems, LLC for $24.4 million in cash and realized a gain of $1.6 million (net loss of $1.5 million after tax);
- The Company repatriated capital from a foreign subsidiary for a net foreign exchange loss of $3.5 million with no tax effect;
- The Company restructured its European label operations, which included the sale of its label operation in Houten, the Netherlands, for $2.8 million cash, and incurred certain severances within the Label Division. The gain on sale, net of restructuring costs, was $0.5 million ($0.7 million after tax) and
- The Company recovered $1.3 million related to a loan amount previously provided for on a disposed operation with no tax effect.

The negative earnings impact of these restructuring and other items was $0.32 per Class B share for the full year 2006. In addition, in December, the Company recorded a favourable tax adjustment of $11.5 million or $0.36 per share.

In 2008, the tax rate from continuing operations was 34.1% compared to 16.5% and 15.7%, respectively, in 2007 and 2006. The effective rate in 2008 was higher than the combined Canadian federal and provincial tax rate of 31.5% in 2008. In 2008, the goodwill impairment loss was not subject to a tax benefit, and a portion of the restructuring and other items incurred was similarly not subject to a tax benefit. Excluding the goodwill impairment loss and restructuring and other items, the tax rate from continuing operations in 2008 would have been 24.2%.

In 2007 and 2006, the effective tax rate was lower than the combined Canadian federal and provincial tax rate of 34.1%. In 2007, tax rates were positively affected by tax rate reductions in Canada and foreign jurisdictions and other adjustments for a total of $9.9 million or $0.30 per share. The tax rate would have been 25.9% in 2007 if the above tax expense reductions and restructuring and other items were excluded. In 2006, CCL successfully settled a significant tax reassessment with a foreign tax authority and recorded a net reduction in tax of $11.5 million or $0.36 per share. The tax rate would have been 27.9% in 2006 if the above tax expense reduction and restructuring and other items were excluded.

Approximately 91% of CCL's sales are manufactured in plants outside of Canada, and the income from these foreign operations is subject to varying rates of taxation. The Company has benefited from lower tax rates in these jurisdictions compared to the combined Canadian federal and provincial rates. The Company's effective tax rate varies from year to year as a result of the level of income in the various countries, tax losses not previously recognized, tax reassessments and income and expense items not subject to tax. The Company's tax rate may increase in the future since the Company may not be able to benefit from its future tax losses in certain countries.

On November 20, 2007, ColepCCL was sold and is classified as discontinued operations. Net earnings from this business for the part year of 2007 were $11.0 million compared to the full year of 2006 of $12.5 million. In addition, a gain of $43.5 million was recorded upon the sale of the business in 2007.

Net earnings for 2008 of $48.0 million compare to $147.9 million in 2007 and $77.4 million in 2006. Net earnings per Class B share amounted to $1.50 in 2008 versus the $4.59 recorded in 2007 and $2.41 in 2006. The reductions in earnings and earnings per Class B share in 2008 compared to 2007 were primarily due to the goodwill impairment loss in 2008 of $0.97, the unfavourable impact of restructuring and the other items in 2008 versus 2007, the gain on the sale of ColepCCL in 2007 and slightly higher earnings from operations in 2007. The increases in earnings and earnings per Class B share in 2007 compared to 2006 were primarily due to the gain on the sale of ColepCCL and the significant improvement in operational performance. In particular, 2007 results included the positive impact of the gain on the sale of ColepCCL of $43.5 million or $1.35 per share. Diluted earnings per Class B share were $1.46 in 2008, $4.42 in 2007 and $2.33 in 2006.

Adjusted basic earnings per Class B share from continuing operations (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below), were $2.54 in 2008, up 2% from $2.48 in 2007.

There was no net impact on earnings per share from foreign currency translation in 2008 as gains in operating income were offset by higher interest costs. However, there were meaningful positive and negative effects by quarter throughout 2008. The negative impact of currency translation was $0.01 per share in 2007 compared to 2006. The negative effect of currency transactions in the Container Division's Canadian operation due to the weakening U.S. dollar was $0.01 per share in 2008 compared to 2007 and was $0.09 per share in 2007 compared to 2006.

The following table is presented to provide context for the change in the Company's financial performance. CCL's long-term strategy is to increase the earnings in existing businesses and replace the earnings from the recent divestiture of ColepCCL in late 2007. The plan to replace this income includes investing in existing businesses through capital expenditures and accretive acquisitions, generating interest income on the cash proceeds from the sale, paying down debt and potentially repurchasing stock at appropriate prices. On March 4, 2008, the Company initiated a normal course issuer bid to repurchase up to 2.5 million Class B shares and 13,000 Class A shares in the following 12 months. Total purchases for 2008 were 618,000 Class B shares at an average price per share of $29.28 for a total cost of $18.1 million. There have been no other share repurchases since early 2005.

The progress of our earnings growth is of primary importance to our shareholders, lenders, employees and the financial community. This progress is measured based on earnings per Class B share and can be seen in the following table. The gain from the sale of the ColepCCL business in 2007 is excluded for this purpose. If the net losses and gains from goodwill impairment, restructuring and other items and favourable tax adjustments were excluded, earnings per Class B share from continuing operations would have shown improvement in 2008 versus 2007 and 2007 versus 2006.

Earnings per Class B Share

		2008		2007		2006
Continuing operations	**$**	**1.50**	$	2.90	$	2.02
Net (loss) gain from goodwill impairment, restructuring and other items and favourable tax adjustments included in continuing operations		**(1.04)**		0.42		0.04
Adjusted basic earnings from continuing operations*	**$**	**2.54**	$	2.48	$	1.98
Discontinued operations	**$**	**—**	$	0.34	$	0.39

* Note: This is a non-GAAP measure. Refer to "Key Performance Indicators and Non-GAAP Measures" in Section 5A below.

The financial results of ColepCCL have been restated as discontinued operations due to its sale in November 2007.

F) Seasonality and Fourth Quarter Financial Results

2008	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Sales					
Label	$ 237.9	$ 258.4	$ 237.1	$ 237.9	**$ 971.3**
Container	41.5	39.2	36.9	37.3	**154.9**
Tube	15.7	15.2	15.8	16.1	**62.8**
Total sales	$ 295.1	$ 312.8	$ 289.8	$ 291.3	**$ 1,189.0**
Divisional operating income					
Label	$ 37.2	$ 39.7	$ 30.1	$ 27.3	**$ 134.3**
Container	5.4	2.8	2.8	(1.7)	**9.3**
Tube	0.1	0.3	0.2	(1.4)	**(0.8)**
Contribution from continuing operations	42.7	42.8	33.1	24.2	**142.8**
Corporate expenses	2.4	4.2	1.8	3.1	**11.5**
	40.3	38.6	31.3	21.1	**131.3**
Interest expense, net	4.2	5.9	6.1	7.7	**23.9**
	36.1	32.7	25.2	13.4	**107.4**
Goodwill impairment loss	—	—	—	(31.4)	**(31.4)**
Restructuring and other items – net gain (loss)	2.3	(0.5)	1.7	(6.6)	**(3.1)**
Earnings before income taxes	38.4	32.2	26.9	(24.6)	**72.9**
Income taxes	10.9	8.1	4.8	1.1	**24.9**
Net earnings (loss) from continuing operations	27.5	24.1	22.1	(25.7)	**48.0**
Net earnings from discontinued operations	—	—	—	—	**—**
Net earnings	$ 27.5	$ 24.1	$ 22.1	$ (25.7)	**$ 48.0**
Per Class B share					
Net earnings (loss) from continuing operations	$ 0.85	$ 0.75	$ 0.70	$ (0.80)	**$ 1.50**
Net earnings from discontinued operations	—	—	—	—	**—**
Gain on sale of discontinued operations	—	—	—	—	**—**
Net earnings	$ 0.85	$ 0.75	$ 0.70	$ (0.80)	**$ 1.50**
Diluted earnings	$ 0.82	$ 0.73	$ 0.68	$ (0.77)	**$ 1.46**
Goodwill impairment loss, restructuring and other items and favourable tax adjustments included in net earnings – net gain (loss)	$ 0.05	$ 0.01	$ 0.05	$ (1.15)	**$ (1.04)**

2007	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Sales					
Label	$ 245.1	$ 238.4	$ 222.9	$ 198.0	$ 904.4
Container	52.9	49.3	40.2	39.1	181.5
Tube	18.2	15.8	11.8	12.6	58.4
Total sales	$ 316.2	$ 303.5	$ 274.9	$ 249.7	$ 1,144.3
Divisional operating income					
Label	$ 39.0	$ 32.7	$ 29.7	$ 25.5	$ 126.9
Container	6.0	6.0	2.9	2.9	17.8
Tube	1.4	0.2	(0.4)	(0.8)	0.4
Contribution from continuing operations	46.4	38.9	32.2	27.6	145.1
Corporate expenses	4.7	2.1	4.0	3.3	14.1
	41.7	36.8	28.2	24.3	131.0
Interest expense, net	6.4	6.2	5.8	4.8	23.2
	35.3	30.6	22.4	19.5	107.8
Restructuring and other items – net gain (loss)	(0.3)	—	1.2	3.2	4.1
Earnings before income taxes	35.0	30.6	23.6	22.7	111.9
Income taxes	8.7	4.7	2.8	2.3	18.5
Net earnings from continuing operations	26.3	25.9	20.8	20.4	93.4
Net earnings from discontinued operations	3.7	2.9	3.0	1.4	11.0
Gain on sale of discontinued operations	—	—	—	43.5	43.5
Net earnings	$ 30.0	$ 28.8	$ 23.8	$ 65.3	$ 147.9
Per Class B share					
Net earnings from continuing operations	$ 0.82	$ 0.80	$ 0.64	$ 0.64	$ 2.90
Net earnings from discontinued operations	0.11	0.09	0.10	0.04	0.34
Gain on sale of discontinued operations	—	—	—	1.35	1.35
Net earnings	$ 0.93	$ 0.89	$ 0.74	$ 2.03	$ 4.59
Diluted earnings	$ 0.90	$ 0.86	$ 0.71	$ 1.95	$ 4.42
Restructuring and other items and favourable tax adjustments included in net earnings – net gain	$ 0.05	$ 0.11	$ 0.12	$ 0.14	$ 0.42

Fourth Quarter Results

Sales from continuing operations for the fourth quarter of 2008 were $291.3 million, up $41.6 million, or 17%, from $249.7 million recorded in last year's fourth quarter. This sales performance was primarily due to the significant impact of favourable comparative currency translation accounting for 13% of the growth and slightly higher sales due to acquisitions with nominal overall organic growth. The increase in sales came from the Label and Tube Divisions, up $39.9 million and $3.5 million, respectively, offset in part by Container, down $1.8 million. This sales performance is in line with that of CCL's customers, reflecting the significant global recession affecting all regions of the world.

In the fourth quarter, currency translation was substantially favourable for the Company's more significant currencies with a 24% increase in the U.S. dollar and a 12% increase in the euro compared to last year, based on the quarterly average, resulting in an overall 13% positive impact on total sales. The year over year increase in Label and Tube was partly due to currency translation while Container's sales reduction was partially offset by favourable currency.

Divisional operating income in the fourth quarter of 2008 was $24.2 million, down by $3.4 million, or 12%, from $27.6 million in the fourth quarter of 2007. The income reduction would have been greater were it not for significant favourable currency effects and recent acquisitions. The reduction in operating income came from Container ($4.6 million) and Tube ($0.6 million) while Label had an increase of $1.8 million. Foreign currency transactions also positively impacted Container by $1.7 million in the fourth quarter of 2008 relative to 2007, due to the strength of the U.S. dollar.

EBITDA (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) for the fourth quarter of 2008 was $44.9 million, up 5% from the $42.7 million in the comparable 2007 period.

Corporate expenses of $3.1 million were down by $0.2 million due primarily to lower performance-related bonuses in 2008 versus 2007.

Net interest expense of $7.7 million in this year's fourth quarter was up by $2.9 million from last year's $4.8 million due primarily to higher debt levels, lower interest income and unfavourable currency translation on U.S. dollar-denominated debt.

In the fourth quarter of 2008, a non-cash goodwill impairment loss of $31.4 million was recorded for the Tube Division with no tax benefit. Restructuring and other items in the fourth quarter of 2008 totalled $6.6 million ($5.5 million after tax). Restructuring and other items consisted of the loss provision for the residual lease payments and exit costs for the Tube Division's building in Los Angeles, CA, as a result of its move to a new location of $3.1 million ($2.0 million after tax) and the loss on the shutdown of the Avelin, France, operation in the Label Division of $3.5 million with no tax effect.

Restructuring and other items in the fourth quarter of 2007 were a net gain of $3.2 million ($2.7 million after tax). The restructuring and other items, the details of which were explained earlier under the annual financial results, consisted of Container's restructuring of $0.4 million ($0.3 million after tax), more than offset by a $1.3 million gain on repatriation of capital with no tax effect and a gain on the euro-denominated note receivable from the sale of ColepCCL of $2.3 million ($1.6 million after tax). The gain from the sale of ColepCCL was $43.5 million and the income earned from this discontinued operation in the two months of ownership in the fourth quarter of 2007 was $1.4 million.

Tax expense in the fourth quarter of 2008 was $1.1 million. The net loss from continuing operations before tax was $24.6 million; however, the goodwill impairment loss and the shutdown of the Avelin, France, operation were not subject to a tax recovery. Excluding the goodwill impairment loss and restructuring and other costs, the effective tax rate was 16.6%. This is lower than the Canadian federal and provincial tax rate of 31.5% as the Company has benefited from lower overall tax rates in foreign jurisdictions.

Tax expense in the fourth quarter of 2007 was $2.3 million with a tax rate of 10% due primarily to the benefit of tax rate reductions in certain jurisdictions of $2.1 million. Excluding the benefit of tax rate reductions and restructuring and other costs, the tax rate for the fourth quarter of 2007 would have been 19.5%. This is lower than the average year's rate due primarily to the non-taxable nature of certain restructuring and other items in the fourth quarter and higher earnings in lower taxed jurisdictions.

The net loss in the fourth quarter of 2008 was $25.7 million compared to $65.3 million of net earnings in last year's fourth quarter.

The loss per Class B share was $0.80 in the fourth quarter of 2008 compared with the $2.03 earnings per Class B share in the fourth quarter of 2007. Favourable currency translation reduced the loss per share from continuing operations compared to last year by $0.06 per share, and favourable currency transactions reduced the loss per share from continuing operations by $0.04.

The goodwill impairment loss negatively affected Class B earnings per share by $0.97 and restructuring and other items negatively affected Class B earnings per share by $0.18 in the fourth quarter of 2008.

Restructuring and other items in the fourth quarter of 2007 positively affected earnings per share by $0.08. In addition, favourable tax adjustments added $0.06 per share. The gain on the sale of ColepCCL was $1.35 per share and earnings from discontinued operations were $0.04 per share.

Adjusted basic earnings per Class B share from continuing operations (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) were $0.35 in the fourth quarter of 2008, down 30% from $0.50 in the corresponding quarter of 2007.

The following table provides context for the comparative performance of the business. If the impact of the goodwill impairment loss, restructuring and other items and favourable tax adjustments were excluded from these results, there was a reduction in earnings per share over the prior year's performance after a significant increase in 2007 versus 2006.

Earnings (loss) per Class B Share

	Fourth Quarter		
	2008	2007	2006
From continuing operations	**$ (0.80)**	$ 0.64	$ 0.67
Net (loss) gain from goodwill impairment loss, restructuring and other items and favourable tax adjustments included in continuing operations	**(1.15)**	0.14	0.20
Adjusted basic earnings from continuing operations*	**$ 0.35**	$ 0.50	$ 0.47
From discontinued operations	**$ —**	$ 0.04	$ 0.11

* Note: This is a non-GAAP measure; refer to "Key Performance Indicators and Non-GAAP Measures" in Section 5A below.

Summary of Seasonality and Quarterly Results

Sales and net earnings comparability between the quarters of 2008 and 2007 were primarily affected by the general overall improvement in operations until the fourth quarter of 2008, the negative overall impact of weakening foreign currencies relative to the Canadian dollar until the third quarter of 2008, the timing of acquisitions and divestitures, and the effect of goodwill impairment loss, restructuring, tax adjustments and other items.

The Label Division has generally experienced strong demand in its existing and newly acquired operations in the past few years. The rate of growth slowed during the last half of 2008, although organic growth in the fourth quarter was 3% excluding the impact of currency translation and acquisitions. This reflects the significant slowdown in the global economy. Prior to the fourth quarter, sales and income growth were marginally higher compared to the prior year. In 2007, the commencement of the slowing U.S. economy and the overall macroeconomic environment had an impact on the business in the fourth quarter, which carried over into 2008 with other regions, particularly Europe and Latin America, feeling the effects of the global recession. The rate of growth in Asia, for CCL, remains robust. The beverage and agro-chemical businesses have high seasonality demand in the spring and summer, and the growing importance of the beverage business in particular has affected quarterly results.

Return on sales (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) for the Label Division in 2003 was 8.2% but has grown to 13.5% in 2007 and 13.8% in 2008. This margin improvement is due to the incremental volume, combined with the increased sales of higher margin products and improved efficiencies. This level of return, combined with the volume growth, reflects the Division's strategy of capitalizing each operation with world-class equipment, servicing our international customers on a global basis and meeting their unique product needs.

The Container Division had to deal with a huge increase in aluminum costs and lower volumes in the last half of 2006. The Division responded to these challenges in 2007 by increasing prices to its customers to offset aluminum cost increases and maintaining production levels while reducing its operating costs. In particular, the Canadian operation was hit hard by the declining value of the U.S. dollar during 2007, which reduced its margins. In 2008, sales volume in personal care declined along with the U.S. economy, and significant fluctuations in aluminum costs provided margin challenges. The Mexican business also experienced margin erosion in the fourth quarter of 2008 due to the depreciation of the peso as selling prices are primarily in pesos while certain input costs are denominated in U.S. dollars. This business has a relatively high fixed overhead such that changes in volume have a significant effect on incremental margin gains and losses. Return on sales of the Container Division for 2008 was 6.0% compared to 9.8% in 2007 and 9.4% in 2006.

The Tube Division started 2007 well but volume dropped quickly in mid-spring and continued soft throughout the balance of the year. Sales volume improved significantly in 2008 despite a soft U.S. market and the economic slowdown and its negative impact on consumer spending. Despite the increased sales volume, rising commodity costs and operational challenges prevented an improvement in financial performance. In addition, during the last half of 2008, the business moved its operation from a large leased facility in Los Angeles, CA, to a special purpose leased building, which was disruptive to the business during the transition. Return on sales for 2008 for the Tube Division was negative 1.3% and has fallen from 0.7% in 2007 and 6.5% in 2006. At the end of 2008, management determined that the goodwill it was carrying was impaired and wrote it off (see Section 2D "Tube Division" later in this report).

Net earnings for CCL in 2008 were down by 68% from 2007 due primarily to the after tax impact, of the gain on sale of ColepCCL in 2007, reduced operating income from divisions in 2008 and the goodwill impairment charge. The first three quarters of 2007 resulted in good sales and earnings growth over 2006. The fourth quarter of 2006 was generally strong and the results for the fourth quarter of 2007 were not as robust as previous quarters due in part to the substantial impact of the strong Canadian dollar. In 2008, excluding the negative effect of currency translation, the first two quarters had good sales and earnings growth, while the third quarter was flat and the fourth quarter was significantly lower as the Company experienced the effects of the global recession.

Based on the trends of the last few years as the business has evolved via acquisitions and divestitures, the first quarter has generally been the strongest quarter and the fourth quarter the weakest while the second and third quarters have been average. Major factors in seasonality are related to summer shutdowns in the third quarter and U.S. Thanksgiving and the Christmas season in the fourth quarter. The first quarter is generally stronger as customers roll out new marketing programs and rebuild inventory into the supply chain at the beginning of the year. Certain sectors of our businesses are seasonal, such as the beverage sector's higher demand in the spring and summer and the agriculture-chemical business as it ramps up in the winter and spring for the planting season.

2. BUSINESS SEGMENT REVIEW

A) General

All divisions invest significant capital and management effort in their facilities in order to develop world-class manufacturing operations, with spending allocated to cost-reduction projects, the development of innovative products, the maintenance and expansion of existing capacity and the continuous improvement in health and safety in the workplace, including environmental activities. In the last six years, CCL's capital spending was significantly higher than its depreciation expense in order to take advantage of new market and product opportunities and to improve infrastructure and operating performance. Capital spending is more fully discussed in the Divisions' sections below.

Although each division is a leader in market share or has a significant position in the markets it serves in each of its operating locales, it also operates generally in a mature and competitive environment. In recent years, consumer products and healthcare companies have experienced steady pressure to maintain or even reduce prices to their major retail and distribution customers. Consumer product and healthcare customers and their retail and distribution customers continue to experience consolidation in their industries. This has, in turn, resulted in a discipline throughout the supply chain for reducing costs in order to maintain reasonable profit margins at each level in the supply chain. The major fluctuation in commodity costs has created serious challenges to meet the pricing concerns of our customers. This dynamic has been an ongoing challenge for CCL and its competitors,

requiring greater management and financial control and flexible cost structures. Unlike some of its competitors, CCL has the financial strength to invest in the equipment and innovation necessary to constantly strive to be the highest value-added producer in the markets that it serves.

The cost of many of the key raw material inputs for CCL, such as plastic film, paper, inks, aluminum and plastic resins, is dependent on the economics within the petrochemical and energy industries. The significant cost fluctuations for these inputs have an impact on the Company's profitability. Until the middle of 2008, booming global demand had caused a tremendous increase and instability in the cost of these commodities. Since that time, most of these commodities have seen a dramatic reduction in pricing. CCL generally has the ability, due to its size and the use of long-term contracts with both its suppliers and customers, to moderate fluctuations in costs from its suppliers and to pass on price increases to its customers, in order to to recover such increases, and to decrease prices to customers in line with commodity price reductions. The success of the business is dependent on each business managing the cost-and-price equation with suppliers and customers. The cost of aluminum doubled over the 2005 to 2007 time period and now has dropped over 50% from its peak. Since it is the largest component of the Container Division's costs, the ability to manage these large cost changes with customers who are accustomed to more stable pricing in its other product lines is a challenge but has been well managed in the last two years.

Most of our facilities are in locations with adequate skilled labour, resulting in moderate pressure on wage rates and employee benefits. CCL's labour costs are competitive in each of its businesses. The Company uses a combination of annual and long-term incentive plans specifically designed for corporate, divisional and plant staff to focus key employees on the objectives of achieving annual business plans and creating shareholder value through growth, innovation, cost reductions and cash flow generation in the longer term.

A driver common to all divisions for maximizing operating profitability is the discipline of pricing orders based on size, including consideration for fluctuations in raw materials and packaging costs, manufacturing efficiency and available capacity. This approach facilitates effective asset utilization and relatively higher levels of profitability. Efficiency is generally benchmarked by production line against a target such as "throughput of quality product" and by order against scrap and output standards. An analysis of total utilization versus capacity available per production line or facility is also used to manage certain segments of the business. In most of the Company's operations, the measurement of each sales order shipped is based on actual selling prices and production costs to calculate the amount of actual profit margin earned and its return on sales relative to the established benchmarks. This process ensures that pricing policies and production performance are aligned in attaining profit margin targets by order, by plant and by division.

Performance measures used by the divisions that are critical to meeting their operating objectives and financial targets are return on sales, cash flow, days of working capital employed and return on investment. Measures used at the corporate level include operating income, return on sales, EBITDA, net debt to total capitalization, ROE and earnings per share (non-GAAP measures; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below). Growth in earnings per share is a key metric. In addition, the Company also monitors earnings per share before restructuring and other items since the timing and extent of restructuring and other items do not reflect or relate to the Company's future ongoing operating performance. Performance measures are primarily evaluated against a combination of prior year, budget, industry standards and other benchmarks to promote continuous improvement in each business and process.

Management believes it has both the financial and non-financial resources, internal control and reporting systems and processes in place to execute its strategic plan, to manage its key performance drivers and to deliver targeted financial results over time. In addition, the Company's internal audit function provides another discipline to ensure that its disclosure controls and procedures and internal control over financial reporting will be assessed on a regular basis against current corporate standards of effectiveness and compliance.

CCL is not particularly dependent upon specialized manufacturing equipment. Most of the manufacturing equipment employed by the divisions can be sourced from many different suppliers. CCL, however, has the resources to purchase expensive equipment and to build infrastructure in current and new markets because of its financial strength relative to many of its competitors. Most of CCL's direct competitors are much smaller and may not have the financial resources to stay current in maintaining state-of-the-art facilities like CCL's. Certain new manufacturing lines take many months for suppliers to construct, and any delays in delivery and commissioning can have an impact on customer expectations and the Company's profitability. The Company also uses strategic partnerships as a method of obtaining proprietary technology in order to support growth plans and to expand its product offerings. Our major competitive advantage is based on our customer service and process technology, the know-how of our people and the ability to develop proprietary tooling and manufacturing techniques.

The expertise of our employees is a key element in achieving CCL's business plans. This know-how is broadly distributed throughout the Company and its 55 facilities throughout the world; therefore, the Company is generally not at risk of losing its competency through the loss of any particular employee or group of employees. Employee skills are constantly being developed through on-the-job training and external technical education, and are enhanced by our entrepreneurial culture of considering creative alternative applications and processes for our manufactured products.

The nature of the research carried out by the divisions can be characterized as application or process development. As a leader in specialty packaging, the Company spends meaningful resources assisting customers with product development and developing innovative packaging components. While customers regularly come to CCL with concepts and request assistance in developing a commercial packaging solution, the Company also takes innovative packaging concepts to its customers. Company and customer information is protected through the use of confidentiality agreements and by limiting access to our manufacturing facilities. The Company values the importance of protecting its customers' brands and products from fraudulent use and consequently is selective in choosing appropriate customer and supplier relationships.

The Company continues to invest time and capital to upgrade and expand its business systems. This investment is critical in keeping pace with customer requirements and in gaining or maintaining a competitive edge. Software packages are, in general, off-the-shelf systems customized to meet the needs of individual business locations. The Label Division communicates with many customers and suppliers through the Internet, particularly when transferring and confirming printing layouts, designs and colours.

Divisional Financial Results

	2008	2007	2006
Divisional sales			
Label	**$ 971.3**	$ 904.4	$ 784.1
Container	**154.9**	181.5	176.3
Tube	**62.8**	58.4	69.1
Total sales from continuing operations	**$ 1,189.0**	$ 1,144.3	$ 1,029.5
Sales from discontinued operations	**$ —**	$ 199.4	$ 182.7
Operating income			
Label	**$ 134.3**	$ 126.9	$ 100.7
Container	**9.3**	17.8	16.6
Tube	**(0.8)**	0.4	4.5
Divisional operating income from continuing operations	**$ 142.8**	$ 145.1	$ 121.8
Operating income from discontinued operations	**$ —**	$ 16.4	$ 18.0

Comments on Divisional Income from Continuing Operations

The above summary includes the results of acquisitions and segregates the effect of discontinued operations on reported sales and operating income. In addition, 2007 results have been restated to be consistent with the 2008 presentation.

Divisional operating income in 2008 decreased to $142.8 million from $145.1 million in 2007, down 1.6%. The primary contributors to the drop in divisional operating income were lower sales and margins in the Container and Tube businesses, partially offset by the organic sales growth and accretive acquisitions in the Label business. Return on sales has dropped slightly to 12.0% in 2008 from 12.7% in 2007 after improving from the 11.8% level in 2006. This comparative result was negatively affected by the weaker U.S. dollar on currency transactions from the Canadian operation of the Container Division, described above. In 2007, divisional operating income from continuing operations increased by $23.3 million from $121.8 million in 2006. The major reason for this increase was the higher sales volumes and operating income generated by the Label Division due to acquisitions, organic growth and improved efficiencies. The Container Division contributed to this increase by improving its margins, while the Tube Division experienced reduced sales and margins after a strong 2006 performance.

B) Label Division

Overview

The Label Division is the leading global producer of innovative label solutions for consumer product marketing companies in the personal and beauty care, food and beverage, battery, household, chemical and promotional segments of the industry, and it also supplies major pharmaceutical, healthcare, durable goods and industrial chemical companies. The Division's product lines include pressure sensitive, shrink sleeve, stretch sleeve, in-mould and expanded content labels and pharmaceutical instructional leaflets. It currently operates from 49 facilities located in the United States, Canada, Mexico, Puerto Rico, Brazil, the United Kingdom, France, Germany, the Netherlands, Denmark, Austria, Italy, Poland, China, Thailand, Australia and Russia. The two plants in Russia from the CCL-Kontur equity investment formed in December 2007 are included in the above locations.

This Division operates within a sector of the packaging industry made up of a very large number of competitors that manufacture a vast array of product information and identification labels. There are many other label categories that do not fall within the Division's target market. The Company believes that the Label Division is the largest player in its global label markets. Competition mainly comes from single plant businesses often owned by private operators that compete in local markets with CCL. There are a few multi-plant competitors in individual countries but there is no major competitor that has a major presence in both Europe and North America or has the global reach of CCL Label.

CCL Label's mission is to be the global supply chain leader of innovative premium package and promotional label solutions for the world's largest consumer product and healthcare companies. It aspires to do this from regional facilities that focus on specific customer groups, products and manufacturing technologies in order to maximize management's expertise and manufacturing efficiencies to enhance customer satisfaction. The Label Division is expected to continue to grow and expand its global reach through acquisitions, joint ventures and greenfield start-ups and expand its product offerings in segments of the pressure sensitive label industry that it has not yet entered.

In January 2007, CCL acquired the sleeve label business of ITW with four plants located in Europe and Brazil, and with a sales and distribution office in the United States. The Division had previously been a small player in the sleeve market, but with this acquisition CCL is well positioned as one of the leading global players in this fast-growing segment of the label industry. This segment serves many of the Division's key global customers in the food, beverage, home and personal care markets, and in 2007 the Division was focused on integrating the business into the CCL Label network.

CCL entered into the CCL-Kontur equity investment in Russia in December 2007, servicing the personal care and beverage markets from Moscow and St. Petersburg. Many of the Division's customers operate in Russia and have been importing labels, particularly in the beverage sector, into Russia from CCL's European operations. With the vast size and potential growth of this market, this joint venture is a strategic long-term investment.

In January 2008, CD-Design GmbH, based in Germany, was acquired as the Division's first entry into durable goods labels, servicing the German and European original equipment manufacturing automotive markets. In December 2008, Eltex GmbH, also based in Germany, was acquired and is being merged with its complementary neighbour CD-Design. Eltex provides a specialized patented label application to the automotive, consumer durable and information technology hardware markets.

In April 2008, Clear Image Labels Pty. Ltd., a privately owned pressure sensitive label company based in Australia, was acquired for $34 million in a combination of cash, restricted stock and assumed debt. Clear Image is a leading Australian wine label business with two operations in Australia servicing both the domestic and U.S. markets.

The strategy for all of the businesses in 2008 was to generate organic growth domestically and to expand them geographically over time. All of the above developments have positioned the Label Division as the global leader for pressure sensitive labels within our multinational customer base in the personal care, healthcare, battery, food and beverage, durable goods and specialty label categories.

The Division considers demand for traditional pressure sensitive labels, particularly in North America and Western Europe, to be reasonably mature and, as such, will continue to focus its expansion plans on innovative and higher growth product lines within those geographies with a view to improving overall profitability. In Eastern Europe, Asia and Latin America there is expected to be a higher level of economic growth over the coming years and this should provide opportunities for the Division to dramatically improve market share and increase profitability in these regions.

The Division produces labels predominantly from polyolefin films and paper sourced from converters, using raw material primarily from the petrochemical and paper industries. CCL Label is generally able to mitigate the cost volatility of these components due to a combination of purchasing leverage, agreements with suppliers and its ability to pass on these cost increases to customers. In the pressure sensitive label industry, price changes regularly occur as specifications are constantly changed by the marketers and, as a result, the selling price for these labels is updated, reflecting current market costs.

There is a close alignment in label demand to consumer demand for non-durable goods. Management believes that sales volumes mirroring that of its customers will be attained over the next few years through its focused strategy and by capitalizing on the following customer trends.

Our global customers are limiting the number of suppliers, are expecting a full range of product offerings in more geographies, and are requiring more integration into their supply chain at a global level, and they are concerned with the integrity of their products and the protection of their brands, particularly in markets where counterfeit products are an issue. These issues put many of our competitors at a disadvantage, as does the fact that modern high-end premium packaging requires significant investments in innovation, printing equipment and technology. Trusted and reliable suppliers are important considerations for global consumer product companies and major pharmaceutical companies. This is even more important during the current economic environment as many smaller competitors will not survive the fallout from this recession.

Label Financial Performance

	2008	**% Growth**	2007	% Growth	2006
Sales	**$ 971.3**	**7%**	$ 904.4	15%	$ 784.1
Operating income	**$ 134.3**	**6%**	$ 126.9	26%	$ 100.7
Return on sales	**13.8%**		14.0%		12.8%

The 2008 results include the acquisitions of CD-Design and Clear Image, and the Russian investment. The 2007 results include the January acquisition of the ITW sleeve business. The 2006 results include the January acquisition of Prodesmaq and the October disposition of Houten. Sales in 2008 increased 7% to $971.3 million from $904.4 million in 2007, after having increased in 2007 by 15% from the $784.1 million level recorded in 2006. As noted earlier, the weakening Canadian dollar had a positive effect on sales and income in 2008 while the significant strengthening of the Canadian dollar in 2007 and 2006 had a negative effect on reported sales and operating income.

Sales growth of 7% in 2008 was driven primarily by the CD-Design and Clear Image acquisitions as they accounted for 4% of the increase, with organic growth contributing 2% of the improvement and foreign currency translation accounting for 1%. The Division continued to experience volume gains, particularly in the first half of 2008, with global customers that were launching new products in North America, Europe, Latin America and Asia. A negative trend continues to be customer consolidation and retailer power, including additional pressure for price reductions throughout the supply chain in these difficult economic times.

The global home and personal care business experienced lower sales volumes in 2008 overall due primarily to the international economic crisis. North American sales were significantly lower in this business in 2008 after experiencing weaker market conditions in the last half of 2007 in line with its major customers' performance. The industry suffered as customers retrenched and reduced relaunches and new product introductions. In Europe, sales increased in 2008 despite the impact of the economic crisis in the last half of the year. Profit performance in Europe was nominal as expenses were incurred related to the move of our operations in Paris and the closure of the Rhyl, Wales, site. Also, the depreciation of the U.K. pound sterling against the euro negatively impacted the U.K. business in the fourth quarter. In Latin America, Brazil continued its growth pattern in both sales and income despite a slowing economy and currency devaluation, while Mexico experienced a major slowdown in the last half of the year and the significant impact of currency devaluation in the fourth quarter while moving into its new facility. The Asian home and personal care business continued to grow significantly in both sales and income, particularly in China, and is anticipating further growth with the start-up in Vietnam scheduled for the end of the first quarter of 2009.

The global sleeve business experienced good growth in both sales and income in 2008 with strong performance in both stretch and shrink sleeves. The largest part of the business is in Europe, where the sleeve business performed well, particularly in the U.K. and Austria. Sales in North America were up significantly but profit margins were lower, while in Brazil sales were lower than last year due to exiting the unprofitable local stretch sleeve business and due to the impact of foreign exchange on exports.

The global healthcare business continued to show solid growth in sales and income in 2008, as customers recognized our increased capabilities, product range and world-class plants. Developing and producing new business in healthcare takes more time than in other categories due to the strict regulatory nature of the pharmaceutical industry. In North America, sales growth was nearly double-digit as new customers and products were added. Europe experienced even better growth in sales and profitability.

The North American specialty business experienced modest sales growth with a very strong promotional label demand offset in part by softer demand for agricultural-chemical labels as this business was affected by the U.S. downturn in consumer spending.

The battery business is managed on a global basis, with a large operation in Meerane, Germany, a smaller operation in the United States and a plant in China. Overall, sales and profitability in 2008 were lower than in 2007, but margins remain above average for the Division. Sales growth in batteries worldwide was impacted by the continuing trend of some customers to produce batteries in Asia while private label batteries gained market share against CCL's customers. The Hefei, China, plant improved profitability dramatically as a result of customers producing more batteries in Asia. The Company's third largest customer for battery labels, Spectrum Brands, filed for Chapter 11 bankruptcy protection in January 2009.

The beverage business in Western and, especially, Eastern Europe and Russia was negatively impacted by the recession, particularly in Russia, as major customers reported a significant decline in their rate of growth in the beer business. As a result of the change in demand patterns, the Avelin, France, operation was closed; its equipment is to be moved to a more strategic location. The beverage business began selling in Mexico in late 2008 after a significant investment in a new plant and is constructing another new facility in Thailand to meet the needs of customers in Southeast Asia, which will open in the summer of 2009.

Both the CD-Design and Clear Image acquisitions performed to sales and income expectations in 2008 despite the softening economic climate particularly in the last half of the year. The Russian business is accounted for as an equity investment and contributed a nominal amount of income as it was impacted by the deep local recession there.

Operating income of $134.3 million in 2008 was 6% higher than the $126.9 million recorded in 2007, which was 26% higher than the $100.7 million of 2006. Return on sales was 13.8% compared to 14.0% in 2007 and 12.8% in 2006. This growth in operating income and return on sales has been achieved due to the long-term shift in focus to higher margin products and markets, the global growth from the Division's relationships with international customers, the contribution of the CD-Design and Clear Image acquisitions and the continuing strategy to replace and upgrade existing manufacturing equipment in order to broaden product capabilities and improve operating efficiencies. Included in the 2008 results were $3.1 million of move costs versus $2.0 million in 2007 as part of the modernization of the facilities as described below.

The Label Division invested $142.9 million in capital spending in 2008, after spending $130.1 million in 2007 and $100.4 million in 2006, to expand its manufacturing base in current and new markets. Major expenditures include building new plants to replace old facilities in Mexico, France and Montreal, Canada, and the expansion and outfitting of many of our locations with new label presses and associated manufacturing equipment. Depreciation and amortization amounted to $66.2 million in 2008 compared to $57.4 million in 2007 and $48.7 million in 2006. Over the last few years, the Division has been replacing and upgrading its infrastructure with new plants and modernizations. There are now only a few facilities that require an upgrade, with the vast majority of the modernization program completed. The Division is expected to continue to grow by investing in capital initiatives that broaden its product offerings internationally and to reduce operating costs. New plants are planned to be completed in Vietnam, Thailand and China in 2009.

C) Container Division

Overview

The Container Division is a leading manufacturer of specialty containers for the consumer products industry in North America, including Mexico. The key product line is recyclable aluminum aerosol cans and bottles for the personal care, home care and cosmetic industries, plus shaped aluminum bottles for the beverage market. It operates from four plants, one each in the United States and Canada and two in Mexico. One of the plants in Mexico is a modern world-class facility that commenced production in late 2008. The Division functions in a competitive environment, which includes imports and the ability of customers, in some cases, to shift a product to competing alternative technology.

The strategic plan for this Division includes growing its market share through manufacturing excellence, exceeding customer expectations and innovation. The Division invests significant resources in the development of innovative containers such as its highly decorated and shaped aluminum cans and bottles. As the demand for these new, higher value products has grown, the Division has been adapting existing lines and acquiring new lines in order to meet expected overall market requirements and to maximize manufacturing efficiencies. The Division determined that the production of its ABS "bag-on-valve" product line in Penetanguishene, Ontario, was a non-core business and, consequently, sold the related assets in April 2008.

Aluminum represents a significant variable cost for this Division. Aluminum is a commodity that is supplied by a limited number of global producers and is traded in the market by financial investors and speculators. The recent steep upward trajectory in 2006 and 2007 followed by the collapse in aluminum prices in 2008 is indicative of the extreme volatility of this commodity. Aluminum has continued to have the largest impact on manufacturing costs for the Container Division, necessitating increased focus on selling prices to our customers.

Aluminum trades as a commodity on the London Metals Exchange ("LME") and the Division has historically used a general hedging program in combination with fixed price contracts with a number of its significant customers. This was done to moderate the fluctuations in the cost of aluminum so that the Division could improve profit margins and potentially reduce margin volatility. However, with the dramatic run-up and then significant reduction in aluminum costs, it was even more prevalent in 2008 for customers to commit to fixed cost pricing. With aluminum hedge trades, arranged earlier in 2008 for general 2009 requirements, fixed at higher values than current aluminum prices and softness in general market condition, a difficult environment has been created for the Division to maintain profit margins. Approximately 40% of the Division's estimated 2009 aluminum requirements have been hedged in conjunction with customers by using futures contracts on the LME. Additional unspecified hedges amounting to a further 25% of the Division's volume are in place for 2009 for a total hedging program of 65% in 2009. There are hedges for two customer contracts in place for 2010 that represent 40% of estimated requirements and for one customer contract that expires in mid-2011 representing 10% of expected usage. The unrealized loss on the aluminum futures contracts as at December 31, 2008 was $12.1 million.

Management believes the market for aluminum containers has a bright future. In the short term, the development and roll-out of new aerosol products has moderated, while beverage bottles have seen some positive activity in the promotional side of the beer, soft drink and specialty beverage industry. Our customers and the consumer have high satisfaction levels with this package, and the significant moderation in its production cost has put our aluminum containers in a positive competitive position compared with most other containers in different formats using alternative materials. The aluminum container is generally perceived to be more esthetically pleasing than steel containers. The biggest risk for the Division's business base relates to customers importing similar containers or shifting their products into containers of other materials such as steel, glass or plastic, leading to a loss in market share. However, certain products and delivery systems can only be provided in an aluminum container. The relative cost of steel versus aluminum containers impacts the marketers' choice of container and may cause volume gains or losses if customers decide to change from one product form to another. In the last year, the cost of steel containers rose considerably with the increase in tin plate, whereas the cost of aluminum containers dropped dramatically in line with the reduction in the aluminum market. This change in costs should be a positive development supporting future sales growth in the aluminum can business.

In North America, there is only one other direct competitor in the impact extruded aluminum container business. CCL believes that it is approximately the same size as its only domestic competitor in its market and has about 50% market share. Other competition comes from South American, Asian and European imports, with currency exchange rates and logistical issues, such as delivery lead times, significantly impacting their competitiveness.

The success of new products promoted heavily in the market will have a material impact on the Division's sales and profitability. Beverage products packaged in our shaped resealable aluminum bottles, for example, are directly impacted by the success or failure of these new products in the market. Another growth opportunity is the possibility of acquiring market share from competitors in existing product lines.

Until early 2006, the Division had not been able to keep up with market demand in the aluminum container business. With both CCL and its major competitor adding significant manufacturing capacity and with softness in market demand, excess capacity was created in 2006 and 2007. However, with improved demand for personal care and beverage containers since that time, there is much less excess capacity in the industry.

In early 2006, the Company commenced the reorganization of the Container business by bringing in a new management team to improve operational effectiveness and to be more responsive to its customers. During 2006 and 2007, overhead was downsized and severance costs were incurred. With the reduced volume levels, management reviewed its asset base and determined that certain production equipment and spare parts inventory were not required for future production and were deemed obsolete and written off. These restructuring activities were recorded as restructuring and other items in 2006 and 2007.

With the strong Canadian dollar into early 2008, the Canadian operation became less cost competitive than operations in Mexico and the United States. Consequently, the Penetanguishene, Ontario, plant was downsized, resulting in restructuring costs in late 2007, and certain production lines were relocated to Mexico. In addition, a new plant was commissioned in Guanajuato, Mexico, and became operational in late 2008. Many global marketers that use aluminum containers have moved production of these products to Mexico. The Company has increased the size of its Mexican operations significantly to access this growing market and to provide low-cost capacity for all of North America.

Container Financial Performance

		2008	**% Growth**		2007	% Growth		2006
Sales	**$**	**154.9**	**(15%)**	$	181.5	3%	$	176.3
Operating income	**$**	**9.3**	**(48%)**	$	17.8	7%	$	16.6
Return on sales		**6.0%**			9.8%			9.4%

Sales decreased by 15% in 2008 after a 3% increase in 2007 relative to 2006. Both of these comparatives were negatively impacted by currency translation. Excluding currency and the divestiture of the ABS "Bag-on-Valve" business in April 2008, sales would have grown by 6% in 2008. The slowing U.S. economy resulted in lower sales in 2008, particularly in the last half of the year. Beverage volume started the year strongly but dropped dramatically in the fourth quarter. The Mexican economy also experienced difficulties in the last half of 2008, which was further exacerbated by the depreciation of the peso against the U.S. dollar.

Operating income in 2008 was $9.3 million, down 48% from the $17.8 million recorded in 2007. The 2007 operating income was up 7% from $16.6 million in 2006. Return on sales dropped to 6.0% from the 9.8% mark in 2007 and 9.4% in 2006 after being at the 13% level in 2005 and prior years. Operating income decreased in 2008 due to lower sales volume as this business has a relatively high fixed cost component, slightly lower margins due to the fluctuation in aluminum costs and unfavourable currency translation and transactions. Operating income was higher in 2007 than in 2006 as a result of a better matching of selling prices and input costs and improved efficiencies despite unfavourable currency translation and transactions.

The Penetanguishene, Ontario, plant sells more than 95% of its production to the U.S. market. Since the U.S. dollar had continued to weaken until mid third quarter in 2008, the negative impact of currency transactions on operating income was $0.6 million in 2008 compared to 2007 and $3.9 million in 2007 versus 2006. To hedge the potential weakening of the U.S. dollar into 2009, the Division sold forward US$12 million at an average exchange rate of C$1.19. In addition, the Mexican operation experienced the negative effect of the substantial decline in the peso against the U.S. dollar as certain input costs are denominated in U.S. dollars while selling prices are predominately in pesos.

The outlook for aluminum container products continues to be uncertain into 2009 as it is primarily dependent on the U.S. economy. The Division locked in aluminum costs at very high levels in 2008 for a portion of its expected 2009 consumption, some of which is tied to customers' fixed price contracts. The benefit of today's dramatically lower aluminum costs will not be experienced by these customers until the aluminum hedges expire. The Division has contracted with a major customer for a large piece of business

commencing in June 2009 that will add incremental volume. However, the slowdown in the economy has reduced new product launches by our customers and may affect beverage volume as customers continue to reassess their marketing plans. The impact of exchange rates and higher production costs continues to be an issue for the Canadian and U.S. operations relative to Mexico. The Canadian operation has been downsized over the last few years as the new plant in Mexico provides added capacity to satisfy the growth in our customers' filling operations in Mexico and the ability to export volume back into the United States. The Division's U.S. plant has been downsized as customer demand slowed significantly in the second half of 2008 due to the recession.

In 2008, the Division spent $36.0 million to maintain and expand its manufacturing base, compared to the $11.6 million and $34.4 million spent in 2007 and 2006, respectively. Over the last two years, the Division has spent a significant portion of this capital on the purchase of land and building in Mexico and the installation of two high-speed aluminum container production lines and related infrastructure there. Depreciation and amortization in 2008 amounted to $10.9 million, compared to $11.3 million in 2007 and $10.6 million in 2006.

D) Tube Division

Overview

The Tube Division is a leading manufacturer of highly decorated extruded tubes for the personal care and cosmetics industry in North America, with a small presence in Mexico. It operates from two plants located in the United States and shares a facility in Mexico with the Container Division. The Tube Division plans to exit its operations in Mexico in early 2009. The Division operates in a dynamic competitive environment, which includes imports and the ability of customers to shift a product to an alternative package or to other manufacturers.

The long-term plan for the Tube Division is based on market share growth through manufacturing excellence, exceeding customer expectations and innovation. The Division has invested in equipment that improves the quality of the tube, particularly the detailed graphics that appeal to marketers of high-end products. Despite short-term challenges, the expected market growth over the long term in specialty cosmetics and other personal care and beauty products will be a further opportunity for the business to increase sales and profitability.

There are a handful of competitors to the Tube Division in North America. CCL believes that it is the third largest supplier in its markets and has about a 15% market share in North America.

Polyethylene resins and polypropylene caps and closures represent significant variable costs for this Division. These costs fluctuate significantly and there is no viable hedging program available for plastic resins. The Division relies on contracts with suppliers to control costs and contracts with customers to manage pricing and to pass on price increases for costs such as resin. The industry has traditionally been able to pass on these cost increases over a period of time.

Performance in the plastic tube business had improved substantially in 2006 with more effective operations, new world-class decorating equipment and a return to profitability as customer confidence was restored. However, the slowing U.S. economy impacted performance in the last half of 2007. Although sales improved in 2008, rising commodity costs and internal operational challenges prevented improved financial performance. In addition, the Division moved its operation in Los Angeles, CA, in late 2008 from a very large leased facility to a smaller, newly constructed leased facility nearby that was customized specifically for plastic tube manufacturing. The Division experienced direct and indirect incremental costs and inefficiencies associated with the move. The Division is responsible for the remaining lease costs into 2011 on the old Los Angeles facility.

The Division continues to believe that some North American plastic tube competitors are not well regarded by their customers, particularly in comparison to global competitors. This dynamic provides an opportunity for CCL to increase its plastic tube market share and profitability as it improves its manufacturing effectiveness and reputation. The new Los Angeles facility is a significant step in this process.

Tube Financial Performance

		2008	% Growth		2007	% Growth		2006
Sales	$	62.8	8%	$	58.4	(15%)	$	69.1
Operating income	$	(0.8)	n.m.	$	0.4	(91%)	$	4.5
Return on sales		(1.3%)			0.7%			6.5%

n.m. – not meaningful

Sales in 2008 of $62.8 million were 8% higher than the $58.4 million recorded in 2007 but would have been 9% higher excluding the unfavourable currency translation. Sales were favourably affected by the pass-through of a portion of the higher resin costs incurred, particularly in the first three quarters of the year. Sales in 2007 were down 15% from $69.1 million in 2006 but, excluding the sale of the dispensing closure business in February 2006 and currency translation, sales were down 8%. The operating loss was $0.8 million in 2008, compared to operating income of $0.4 million in 2007 and $4.5 million in 2006. The operating loss in 2008 was due to lower margins as a result of higher resin costs, lower volumes in Mexico and inefficiencies in the Los Angeles operation related to the plant relocation. Operating income was lower in 2007 than in 2006 by $4.1 million due to the lower sales and the impact of the absorption of plant overhead on the lower production volume. Return on sales has dropped to negative 1.3% in 2008 from 0.7% in 2007 and 6.5% in 2006.

In 2008, the Division spent $13.3 million to maintain and expand its manufacturing base, including fitting out the new Los Angeles facility, new tube printing equipment and a new tube manufacturing line, compared to the $9.6 million and $9.7 million spent in 2007 and 2006, respectively. Depreciation and amortization in 2008 amounted to $7.6 million, compared to $6.9 million in 2007 and $7.1 million in 2006.

Goodwill Impairment

Management reviewed the goodwill carried on the balance sheet for all of the Company at the end of the fourth quarter of 2008. As a result of this review, it was determined that the goodwill carried in the Tube Division was impaired. The major considerations that gave rise to the impairment were the operating loss in 2008 for the business, the uncertainty in the U.S. economy, the impact that this recession has had on high-end products such as plastic tubes used for expensive cosmetic creams and lotions, and the planned level of operating performance for the Tube Division in 2009 and beyond.

The valuations for most businesses have dropped considerably in the last year as evidenced by the reduction in the equity value of public companies in the specialty packaging segment that are comparable to the Tube Division. Consequently, management analyzed the fair market value of the assets of the Tube Division and determined that the entire carrying value of the Division's goodwill was 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.

3. FINANCING AND RISK MANAGEMENT

A) Liquidity and Capital Resources

The Company's financial position remains strong. As at December 31, 2008, cash and cash equivalents were $136.3 million. This compares to $96.6 million as at December 31, 2007, and $125.0 million as at December 31, 2006.

Summary of Net Debt

At December 31		2008		2007		2006
Current debt	$	26.0	$	21.2	$	28.5
Long-term debt		566.6		382.2		413.6
Total debt		592.6		403.4		442.1
Cash and cash equivalents		(136.3)		(96.6)		(125.0)
Net debt	$	456.3	$	306.8	$	317.1

The foundation of the Company's long-term debt for the last decade has been unsecured senior notes ("notes") held by private U.S. institutions that totalled US$447.5 million (C$545.0 million) at December 31, 2008. The notes outstanding were US$326.8 million (C$324.0 million) as at December 31, 2007.

In the first half of 2008, the Company expended significant funds on acquisitions and committed a record level of capital spending to grow its operational base. At the time, capital markets were beginning to show signs of weakness and the Company was concerned that liquidity might become an issue over the next couple of years, particularly in light of the economic slowdown and the potential opportunities to take advantage of acquisitions at very good valuations in the mid-term. To improve its liquidity and strengthen its balance sheet, in September 2008, the Company completed the private placement of unsecured senior notes with U.S. private investors in two tranches: US$52 million with a five-year term at 5.86% and US$78 million with a ten-year term at 6.62%. These notes are to be repaid at the end of the term with interest paid semi-annually. Financial covenants for these notes are substantially similar to the terms of the prior outstanding notes.

All of the senior notes are denominated in U.S. dollars primarily to hedge the Company's net investment in U.S. operations, but a portion of the notes were indirectly swapped into euros as a hedge of the Company's European operations in prior years. Scheduled annual repayments of US$9.4 million began in September 2002 on one series of notes, and will end in 2012. One tranche of US$31 million of unsecured notes is scheduled to be repaid in July 2010, with another tranche of US$60 million to be repaid in 2011. Since the majority of debt and cash are denominated in U.S. dollars, the reported Canadian dollar amounts outstanding for debt and cash have increased over last year due to currency translation after reductions in 2007.

In January 2007, the Company entered into a five-year revolving line of credit with a Canadian chartered bank with total availability of C$95 million, of which C$45.0 million was drawn at year-end 2007. As at the end of 2008, there was no balance outstanding and the credit line remains available to the Company until January 2013.

The Company's liquidity is expected to be satisfactory for the foreseeable future due to its significant cash balances, its expected positive operating cash flow, its low level of required debt repayments and the availability of its unused revolving credit line. The Company anticipates funding all of its future commitments from the above sources but may raise further funds by entering into new debt financing arrangements or issuing further equity to satisfy its future additional obligations.

The average interest rate at year-end 2008 on all long-term debt was 5.8% (2007 – 5.8%), factoring in the related interest rate swap agreements ("IRSAs") and cross-currency interest rate swap agreements ("CCIRSAs").

Interest coverage (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) continues at a high level and was 5.5, 5.6 and 5.3 times in 2008, 2007 and 2006, respectively.

Balance Sheet Data

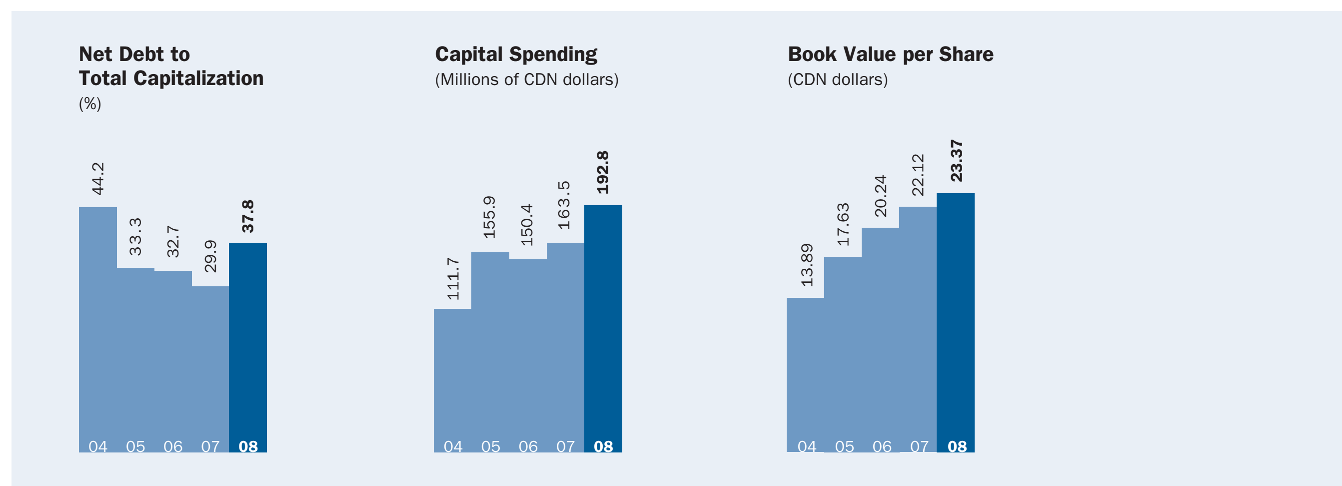
	2008	2007	2006
Total assets	**$ 1,766.7**	$ 1,488.2	$ 1,542.6
Long-term debt	**$ 566.6**	$ 382.2	$ 413.6
Shareholders' equity	**$ 750.5**	$ 717.9	$ 652.6
Total debt	**$ 592.6**	$ 403.4	$ 442.1
Total debt to total book capitalization*	**44.1%**	36.0%	40.4%
Net debt	**$ 456.3**	$ 306.8	$ 317.1
Net debt to total book capitalization*	**37.8%**	29.9%	32.7%

* Note: This is a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below.

Net debt, as at December 31, 2008, increased to $456.3 million from $306.8 million as at December 31, 2007, due to the CD-Design and Clear Image acquisitions and the effect of the weaker Canadian dollar on U.S. dollar-denominated debt. Net debt, as at December 31, 2007, decreased to $306.8 million compared to $317.1 million at the prior year end due primarily to the sale of the ColepCCL joint venture in November 2007 and the effect of a stronger Canadian dollar on U.S. dollar-denominated debt, partially offset by the acquisition of the ITW sleeve business in January 2007. As described previously, the majority of the debt is denominated in U.S. dollars.

Net debt to total book capitalization (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) was slightly higher at 37.8% as at December 31, 2008, compared to 29.9% at the end of 2007 and the 32.7% reported at the end of 2006 due to the higher level of debt to finance acquisitions. Further information on shareholders' equity follows in Section 3D.

In January 2007, the Company acquired the sleeve label business of ITW for $106 million. CCL entered into a five-year, extendible, revolving term credit line with a Canadian bank in January 2007 for up to $95 million. The credit line was extended a further year to mature in January 2013. This credit line helped finance the ITW transaction and is a long-term additional source of credit to manage the Company's cash flow fluctuations. In September 2008, the Company completed its US$130 million placement of notes and used the proceeds to pay down the line of credit and bolster its cash reserves.



The Company's committed credit availability at December 31, 2008, was as follows:

	Total Amounts Available
Lines of credit – committed, unused	$ 91.2
Standby letters of credit outstanding	3.8
Total	$ 95.0

None of the above commitments expire in 2009, and it is anticipated that the Company will renew these commitments as necessary before expiration.

In addition, the Company had uncommitted and unused lines of credit of approximately $44.1 million at December 31, 2008. The Company's uncommitted lines of credit do not have a commitment expiration date and may be cancelled at any time by the Company or the banks.

B) Cash Flow

Summary of Cash Flows

	2008	2007	2006
Cash provided by operating activities	$ 216.3	$ 162.2	$ 161.3
Cash provided by financing activities	40.0	23.6	9.3
Cash used for investing activities	(230.4)	(201.8)	(171.1)
Effect of exchange rates on cash	13.8	(12.4)	5.3
Increase (decrease) in cash and cash equivalents	$ 39.7	$ (28.4)	$ 4.8
Cash and cash equivalents – end of year	$ 136.3	$ 96.6	$ 125.0

In 2008, cash provided by operating activities was $216.3 million, including the cash generated from non-cash working capital ($42.8 million). The decrease in non-cash working capital in 2008 was due to the collection of the receivable on the sale of ColepCCL of $74.4 million. Otherwise, non-cash working capital increased due to the relative growth in the business where higher working capital levels are required. The Company maintains a rigorous focus on its investment in non-cash working capital. Days of working

capital employed (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) were seven at December 31, 2008 as compared to 26 in 2007 and two in 2006. If the receivable related to ColepCCL were excluded in 2007, working capital and days of working capital would have been negative at year-end 2007.

Cash provided by financing activities in 2008 was $40.0 million, consisting primarily of an increase due to proceeds from issuance of long-term debt of $184.8 million, partially offset by retirement of long-term debt of $109.2 million, payment of dividends of $17.5 million and repurchase of shares of $18.1 million.

Cash used for investing activities in 2008 of $230.4 million was primarily for capital expenditures of $192.8 million (see below), the three acquisitions of $40.7 million and the further investment in CCL-Kontur in Russia of $10.7 million, offset in part by proceeds of the product line disposition of $9.4 million. Cash increased in 2008 by $39.7 million and included the positive impact of exchange rates of $13.8 million.

In 2007, cash provided by operating activities was $162.2 million, including the cash used for non-cash working capital ($16.9 million) and cash from discontinued operations ($17.4 million). The increase in non-cash working capital in 2007 was due to the receivable on the sale of ColepCCL of €50 million being included in the year-end working capital. Otherwise, non-cash working capital was reduced due to effective management of receivables, inventory and payables during the year.

Cash provided by financing activities in 2007 was $23.6 million, consisting primarily of an increase due to proceeds from issuance of long-term debt of $107.1 million, partially offset by retirement of long-term debt of $64.0 million, decreases in bank advances of $4.0 million and payment of dividends of $15.2 million.

Cash used for investing activities in 2007 of $201.8 million was primarily for capital expenditures (see below), the ITW acquisition ($105.6 million) and the initial investment in CCL-Kontur in Russia of $8.8 million, offset in part by proceeds of business dispositions of $69.5 million. Cash decreased in 2007 by $28.4 million and included the negative impact of exchange rates of $12.4 million.

Capital spending of $192.8 million in 2008 versus $163.5 million and $150.4 million in 2007 and 2006, respectively, was incurred in all divisions with a view to increasing capacity based on customers' requirements, expanding globally, implementing cost-reduction programs and maintaining the existing asset base. In the last four years, the level of spending was significantly higher than in prior years in order to take advantage of new market opportunities and to improve infrastructure and operating efficiencies. Capital expenditures in 2009 are planned to be at a much lower level at about $95 million to facilitate further growth, but capital spending will be monitored and adjusted based on the level of cash flow generated due to the uncertainty of market conditions. Depreciation and amortization of other assets from continuing operations in 2008 amounted to $85.1 million, compared to $75.9 million in 2007, due to the higher property, plant and equipment base.

C) Interest Rate, Foreign Exchange Management and Other Hedges

The Company uses derivative financial instruments to hedge interest rate, foreign exchange and aluminum cost risks. Contracts are arranged with high-quality financial institutions to minimize the counterparty risk.

CCL has periodically hedged a portion of its expected U.S. dollar cash inflows derived from sales into the United States from the Canadian operations, principally the Container plant in Penetanguishene, Ontario. The balance of the U.S. dollar cash inflows was not hedged and was received at the spot exchange rate at the time. In early 2006, the Company stopped entering into new hedges and allowed the existing hedges to mature, with the last one maturing in June 2007.

For 2008, there were no foreign currency hedge transactions that matured, while in 2007, the hedges that matured were at an average rate of C$1.13 per U.S. dollar, compared to the actual average exchange rate for the year of $1.07. The negative comparative impact on earnings before tax from continuing operations due to the change in exchange rates versus the prior year for all U.S. dollar transactional inflows was $0.6 million or $0.01 on earnings per share, $3.9 million or $0.09 on earnings per share in 2007 and $2.1 million or $0.07 per share in 2006. In December 2008, the Company entered into new hedges selling forward US$12 million of its expected cash inflows throughout 2009 at an average exchange rate of C$1.19 per U.S. dollar.

The Company uses IRSAs to allocate notional debt between fixed and floating rates since the underlying debt is fixed rate debt with U.S. financial institutions. The Company believes that a balance of fixed and floating rate debt can reduce overall interest expense and is in line with its investment in short-term assets such as working capital, and long-term assets such as property, plant and equipment.

In 2003, the Company entered into an IRSA to convert a tranche of fixed rate debt to floating rate debt. This IRSA converted US$42.1 million of fixed rate debt (hedging 50% of the 1997 private placement notes) into floating rate debt, based on three-month LIBOR rates. The notional amount of this IRSA decreases by US$4.7 million annually to match the decrease in the principal of the underlying notes. The notional value of this IRSA is currently US$18.7 million.

As the Company has developed into a global business, its financing strategy has been to leverage and hedge the assets and cash flows of each major country with debt denominated in the local currency. Since the Company has been primarily borrowing from U.S. institutions in U.S. dollars, the hedging of U.S. operations has been achieved. The Company has significantly increased its euro-based assets and, consequently, has used CCIRSAs as a means to convert U.S. dollar debt into euro debt to hedge a portion of its euro-based investment and cash flows.

In March 2006, the Company entered into two CCIRSAs with a Canadian financial institution, the effect of which was to convert US$60 million of 5.29% fixed rate debt (hedging the new five-year private placement notes) into €50 million of fixed rate debt at 3.82%. The expiry date is in 2011.

The effect of interest earned on these swap agreements on gross interest expense in 2008 was nominal, but did reduce gross interest expense by $0.5 million in 2007 and by $1.2 million in 2006.

The unrealized loss on these contracts was $8.9 million on December 31, 2008, due primarily to the movement of exchange rates.

The only other material hedges the Company is involved in are aluminum futures contracts in the Container Division (see Section 2C, Container Division above).

D) Shareholders' Equity and Dividends

Summary of Changes in Shareholders' Equity

For the years ended December 31	2008	2007	2006
Net earnings	$ 48.0	$ 147.9	$ 77.4
Dividends	(17.9)	(15.4)	(13.8)
Repurchase of shares, net of issuance and settlement of exercised stock options and executive share loans	(12.3)	4.8	1.7
Purchase of shares held in trust, net of shares released	(1.3)	(4.5)	—
Contributed surplus on expensing of stock options and stock-based compensation plans	(1.9)	2.5	2.1
Transition adjustments on adoption of new accounting standards	—	(0.3)	—
Increase (decrease) in accumulated other comprehensive loss	18.0	(69.7)	19.4
Increase in shareholders' equity	$ 32.6	$ 65.3	$ 86.8
Shareholders' equity	$ 750.5	$ 717.9	$ 652.6
Shares outstanding at December 31 – Class A (000s)	2,375	2,379	2,379
– Class B (000s)	30,181	30,501	30,223
Book value per share	$ 23.37	$ 22.12	$ 20.24

The Company's share repurchase program under the normal course issuer bid ("bid") is utilized to enhance shareholder value when excess cash and credit lines are in place. The repurchase is expected to be accretive to earnings and used when management believes it is the best use of funds at the time. The Company announced that effective March 4, 2008, it intended to acquire under a bid up to 13,000 Class A voting shares and 2,500,000 of its issued and outstanding Class B non-voting shares in the following 12-month period. This bid represented 9.7% of the public float of the Class A shares and 10.0% of the public float of the Class B shares. During 2008, the Company repurchased 618,000 Class B shares for $18.1 million.

The annualized dividend rate before the $0.02 quarterly dividend increase effective in March 2008 was $0.43 per Class A share and $0.48 per Class B share. Including the March 2008 increase, the annualized dividend rate at December 31, 2008, was $0.51 per Class A share and $0.56 per Class B share. The Company has historically paid out dividends at a rate of 20% to 25% of normalized earnings. As previously discussed, the current payout rate is 22% and the Company will be increasing the quarterly dividend by 7% or $0.01 per share effective March 31, 2009.

Book value per share (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) as at December 31, 2008, was $23.37, up 6% compared to $22.12 at the end of 2007. It was $20.24 at the end of 2006.

E) Commitments and Other Contractual Obligations

The Company's obligations relating to debt, leases and other liabilities at the end of 2008 were as follows:

Contractual Obligations

							Payments Due by Period
	Total	2009	2010	2011	2012	2013	Thereafter
Unsecured senior notes issued September 2008, 5.86% repayable September 2013 (US$52.0 million)	$ 63.3	$ —	$ —	$ —	$ —	$ 63.3	$ —
Unsecured senior notes issued September 2008, 6.62% repayable September 2018 (US$78.0 million)	95.0	—	—	—	—	—	95.0
Unsecured senior notes issued March 2006, 5.29% repayable March 2011 (US$60.0 million)	73.1	—	—	73.1	—	—	—
Unsecured senior notes issued March 2006, 5.57% repayable March 2016 (US$110.0 million)	134.0	—	—	—	—	—	134.0
Unsecured senior notes issued September 1997, 6.97% repayable in equal installments starting September 2002 and finishing September 2012 (2008 – US$37.5 million, 2007 – US$46.8 million)	45.6	11.4	11.4	11.4	11.4	—	—
Unsecured senior notes issued July 1998, 6.9% weighted average, repayable in three tranches with repayments after 12, 15 and 20 years (US$110.0 million)	134.0	—	37.8	—	—	34.1	62.1
Interest payments on debt above	204.6	33.5	31.5	26.4	24.8	22.2	66.2
Capital leases	1.4	0.5	0.7	0.2	—	—	—
Pension benefit liability	24.6	5.0	2.6	2.6	2.6	2.6	9.2
Other long-term obligations	46.1	14.0	10.1	16.7	2.8	0.9	1.6
Operating leases	46.7	11.8	9.7	7.5	4.5	2.9	10.3
Total contractual obligations	$868.4	$ 76.2	$103.8	$137.9	$ 46.1	$126.0	$378.4

Defined Benefit Pension Plan Obligations

The Company is the sponsor of a number of defined benefit plans in five countries that give rise to accrued pension benefit obligations. The accrued benefit obligation for these plans at the end of 2008 was $52.4 million and the fair value of the plan assets was $24.4 million, for a net deficit of $28.0 million, compared to $29.6 million at the end of 2007. The Company has made certain key assumptions to determine the accrued benefit obligation, future funding requirements and pension expense. They are as follows and vary based on the country location and plan specifics:

- Discount rate: 4% to 7%
- Expected long-term rate of return on assets: 6.5% to 7%
- Average remaining service period for amortization: 7 to 18 years

There are two material components to the defined benefit pension plans:

1) The Canadian executive plans consist of one registered plan funded to the Canadian Revenue Agency (“CRA”) maximum and three unfunded supplemental plans that provide for pensions to the executives in the registered plan but for amounts above the CRA maximum. The net deficit in these plans was $13.0 million at the end of 2008 based on Canadian GAAP. The registered fund has $3.6 million in assets, but since the supplemental plans are not legally allowed to be funded, the Company anticipates paying its obligation over time out of cash on hand and cash generated from operations.

2) The U.K. plan had $20.7 million in plan assets and a net deficit of $4.3 million at the end of 2008 based on Canadian GAAP. There are no active employees enrolled as members of the plan as all of the members of the plan were employed by businesses previously owned by CCL such as ColepCCL. Consequently, there are no further current service costs to be incurred and, therefore, the plan is effectively capped with the exception of inflationary pension increases.

The Company intends to reduce its exposure to the U.K. plan by offering buyouts to certain categories of members and by funding the plan with cash over time with a view to eliminating the actuarial deficit. In early 2009, the Company will be contributing a one-time lump sum of $0.9 million to the plan, plus a further $1.5 million to buy out certain members that accepted the Company’s buyout offer. The Company expects to continue to investigate ways to unwind this plan over time including increasing its annual contributions. The Company anticipates that it will fund its obligation out of cash on hand and cash generated by operations in future years.

In 2008, pension expense for all of the plans was $2.4 million and funding was $2.7 million. In 2008 and 2007, the Company’s net earnings were $48.0 million and $147.9 million, respectively. At the end of 2008, the Company had $136.3 million of cash on hand and significant unused lines of credit. Compared to the Company’s other financial obligations and its current financial resources, these pension plan obligations are relatively small. In addition, the Company is not adding new members to most of these plans so the risk of future growth of the plans and related financial exposure is materially reduced over time. The Company believes that its current financial resources combined with its expected future cash flows from operations will be sufficient to satisfy the obligations under these plans in future years even if there are unfavourable developments related to the key assumptions made to determine future funding requirements.

Other Obligations and Commitments

The Company has no material “off-balance sheet” financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 15 of the Consolidated Financial Statements. Additionally, a majority of the Company’s post-employment obligations are defined contribution pension plans. There are no defined benefit plans funded with CCL stock.

F) Controls and Procedures

In 2004, the Canadian Securities Administrators introduced Multilateral Instrument 52-109 ("MI 52-109"), defining the Company's obligations to report on its disclosure controls and procedures and its internal control over financial reporting.

CCL continually reviews and enhances its systems of controls and procedures and has taken this additional regulatory reporting requirement as an opportunity to further formulate its financial reporting practices. The work completed in 2006 consisted of the development of a standard set of control documents indicating the key financial control risks the Company considered material and the specific key controls expected to be in place at each in-scope operation to mitigate the identified risk. However, because of the inherent limitations in all control systems, CCL's management acknowledges that its disclosure controls and procedures will not prevent or detect all misstatements due to error or fraud. In addition, management's evaluation of controls can only provide reasonable, not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.

During 2007 and 2008, CCL continued to build upon the foundation work completed in 2006 involving the evaluation of the disclosure controls and procedures and began the process of conducting effectiveness testing on the disclosure controls and procedures and its internal control over financial reporting. During 2008, CCL conducted effectiveness testing on the disclosure controls and procedures and its internal control over financial reporting on a significant part of its businesses.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure. CCL's Disclosure Committee reviews all external reports and documents of CCL before publication to enhance the Company's disclosure controls and procedures.

As at December 31, 2008, based on this year's continued evaluation of the effectiveness of disclosure controls and procedures, the CEO and CFO concluded that CCL's disclosure controls and procedures, as defined in MI 52-109, were effective to ensure that information required to be disclosed in reports and documents that we file or submit under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified. This was also the situation at the end of 2007 and 2006.

Internal Control over Financial Reporting

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management is responsible for establishing and maintaining adequate internal control over financial reporting for CCL Industries Inc.

At the end of 2006, CCL's management disclosed that due to the nature of its 40% ownership of the ColepCCL joint venture headquartered in Portugal, CCL did not have the ability to design internal control over financial reporting extending into the joint venture due to the shareholders' agreement with the majority shareholder of ColepCCL. Consequently, at that time, the CEO and CFO were not in a position to evaluate the design of internal control over financial reporting with respect to ColepCCL. In 2007, there were no changes from 2006 in the status of CCL's ability to evaluate the internal control over financial reporting of ColepCCL. With the sale of ColepCCL in November 2007, this exclusion from complying with the regulations for the ColepCCL operations was not necessary in 2008.

The CEO and the CFO have evaluated the effectiveness of CCL's internal control over financial reporting as at December 31, 2008, and have concluded that it is effective and provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There were no material changes in internal control over financial reporting in the financial year ended December 31, 2008.

4. RISKS AND UNCERTAINTIES

The Company is subject to the usual commercial risks and uncertainties from operating as a Canadian public company and as a supplier of goods and services to the non-durable consumer packaging and consumer durable industries on a global basis. These risks and uncertainties could result in a material adverse effect on the business and financial results.

Throughout this report, the Company has discussed the potential impact of the volatile and uncertain economic times that has developed in 2008 and continues into 2009 and the Company's actual and potential responses to mitigate further unfavourable developments. The risk factors described below encompass general commercial risks and uncertainties as well as the specific risks that have developed in these volatile economic times.

A number of these potential risks and uncertainties that could have a material adverse effect on the business, financial condition and results of operations of the Company are listed generally in order of importance as follows:

- CCL's dependence on the world economy and overall consumer confidence, disposable income and purchasing trends, inflation, interest rates and credit availability, and geopolitical risks both globally and in each jurisdiction in which the Company operates;
- The Company's ability to manage a reduction in its earnings and cash flow that may arise from lower sales and decreased profits during the current economic global recession;
- Achievement of planned sales volumes and successful renegotiation of current contracts with customers;
- The Container Division's ability to maintain its profit margins despite volatile aluminum costs and lower volumes, and to effectively utilize the recently added production capacity in Mexico;
- The inability to return to the historical profitability of the Company's Tube Division;
- Changes within the competitive environment, including increased competition from offshore producers, and our ability to be cost competitive and to offer value-added products to our customers that may impact CCL's future profitability;
- The Company's ability to control the costs of raw materials and energy, including the effective negotiation of prices with suppliers and our success in passing these cost changes on to our customers;
- The potential negative currency translation and transaction effects on consolidated earnings of a strengthening Canadian dollar against the currencies of the many countries in which CCL operates;
- The risks associated with operating a decentralized organization in 55 facilities in 17 countries around the world with a variety of different cultures and values;
- Reliance on key employees and the retention of an experienced, skilled workforce;
- The ability of management to successfully integrate acquisitions into its structure, control operating performance and achieve synergies, and the risk associated with potential undisclosed liabilities associated with such acquisitions;
- The cash outflow and higher expense associated with the defined benefit pension plans sponsored by the Company;
- The risks associated with the Russian equity investment due to the Company's limited direct involvement, the deterioration in the Russian economy and the cultural differences inherent in Russian business practices;
- Consolidation within the retail, healthcare and consumer products marketer base;
- Management of current income tax exposures and historical tax assessments in a multitude of jurisdictions and the potential inability to utilize tax losses that are being incurred in Canada to reduce consolidated tax expense;
- Price expectations by our customers due to pressure from the retail chains;
- The Company's ability to continuously comply with disclosure control and internal controls over financial reporting requirements under MI 52-109 in light of its global structure;
- Lack of delivery of planned benefits from cost-reduction programs and recent restructuring efforts;
- The inability to continue to develop innovative packaging solutions;
- Usage of derivatives such as interest rate swaps, forward foreign exchange contracts and aluminum futures contracts to improve financial performance and mitigate earnings fluctuations, and the associated counterparty risk;
- Availability and cost of property, casualty and executive risk insurance including the ability to manage cost increases and the residual risks not insured and thereby assumed by the Company;
- Operating hazards and product hazards due to the materials, processes and energy used to manufacture and transport the Company's products;

- The maintenance of good labour relations with our salaried and hourly personnel, including unions and labour-management committees;
- The impact of climate change on our customers, our products and our manufacturing processes in each part of the world that we operate;
- The maintenance of existing product regulations in each jurisdiction, allowing the manufacture of current and planned new products;
- The satisfactory settlement of existing legal proceedings and claims, and the management of future legal proceedings and claims; and
- The effective management of legacy issues related to the disposition of prior businesses including representations and warranties, environmental and tax matters and other financial obligations.

Sales from Canadian operations in 2008 were 9% of CCL's total sales from continuing operations versus 12% in 2007. 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 2008, 42% and 36% of total sales came from Europe and the United States, respectively. The sales from business units in Latin America, Asia and Australia in 2008 were 13% of CCL's total sales. In addition, the Company has an equity investment in a Russian business. 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 possible currency devaluation, new government controls on business activities, government nationalization of certain industries, currency controls and changes in taxation, and they may have a material negative effect on the consolidated financial results of the Company.

The business is subject to numerous statutes, regulations, by-laws, permits and policies related to the protection of the environment and workers' health and safety. CCL maintains active health and safety and environmental programs for the purpose of preventing injuries to employees and pollution incidents at its manufacturing sites. Continual increases in costs for healthcare, workers' compensation and general insurance may result in the Company, in some cases, self-insuring higher levels of coverage and, in all areas, focusing significant resources on the prevention of and management of claims.

The Company also carries out a program of environmental compliance audits. This program includes an independent third-party pollution liability assessment for acquisitions. The Company's in-house specialists manage all remediation projects and use the above environmental audit program to assess the adequacy of ongoing compliance at the operating level and to establish provisions, as required, for site restoration plans. CCL also has environmental insurance for most of its operating sites with certain exclusions for historical matters. The Company believes it has made adequate provision in its financial statements for potential site restoration costs and other remedial obligations. These site restoration and environmental reserves amounted to $8.2 million at December 31, 2008.

5. ACCOUNTING POLICIES AND NON-GAAP MEASURES

A) Key Performance Indicators and Non-GAAP Measures

CCL measures the success of the business using a number of key performance indicators, many of which are in accordance with Canadian GAAP as described throughout this report. The following performance indicators are not measurements in accordance with Canadian GAAP and should not be considered as an alternative to or replacement of net income or any other measure of performance under Canadian GAAP. These non-GAAP measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers. In fact, these additional measures are used to provide added insight into our results and are concepts often seen in external analysts' research reports, financial covenants in banking agreements and note agreements, purchase and sales contracts on acquisitions and divestitures of the business and in discussions and reports to and from our shareholders and the investment community. These non-GAAP measures will be found throughout this report and are referenced in this definition section alphabetically:

Adjusted Basic Earning per Class B Share from Continuing Operations – An important non-GAAP measure to assist in understanding the ongoing earnings performance of the Company excluding items of a one-time or non-recurring nature. It is not considered a substitute for Basic Net Earnings per Class B share but it does provide additional insight into the ongoing financial results of the Company. This non-GAAP measure is defined as basic net earnings per Class B share excluding goodwill impairment loss, restructuring and other items and favourable tax adjustments.

Book Value per Share – A measure of the shareholders' equity at book value per the combined Class A and Class B shares. It is calculated by dividing shareholders' equity by the actual number of Class A and Class B shares issued and outstanding, excluding amounts and shares related to shares held in trust and the executive share purchase plan.

Days of Working Capital Employed – A measure indicating the relative liquidity and asset intensity of the Company's working capital. It is calculated by multiplying the net working capital by the number of days in the quarter and then dividing by the quarterly sales. Net working capital includes accounts receivable, inventory, other receivables and prepaid expenses, accounts payable and accruals, income and other taxes payable.

EBITDA – A critical financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results and is also considered as a proxy for cash flow and a facilitator for business valuations. This non-GAAP measure is defined as earnings before interest, taxes, depreciation and amortization, excluding goodwill impairment loss, restructuring and other items. We believe that it is an important measure as it allows us to assess our ongoing business without the impact of interest, depreciation and amortization and income tax expenses, as well as non-operating factors and one-time items. As a proxy for cash flow, it is intended to indicate our ability to incur or service debt and to invest in property, plant and equipment, and it allows us to compare our business to that of our peers and competitors who may have different capital or organizational structures. EBITDA is a measure tracked by financial analysts and investors to evaluate financial performance and as a key metric in business valuations. EBITDA is considered as an important measure by lenders to the Company and is included in the financial covenants for our senior notes and bank lines of credit.

Growth Rate in Earnings per Share – A measure indicating the percentage change in Adjusted Earnings per Class B share from Continuing Operations (see definition above).

Interest Coverage – A measure indicating the relative amount of operating income earned by the Company compared to the amount of interest expense incurred by the Company. It is calculated as operating income including discontinued items before goodwill impairment loss, restructuring and other items and favourable tax adjustments plus net interest expense, divided by net interest expense.

Net Debt – A measure indicating the financial indebtedness of the Company assuming that all cash on hand is used to repay a portion of the outstanding debt. It is defined as current debt including cash advances, plus long-term debt, less cash and cash equivalents.

Net Debt to Total Book Capitalization — A measure that indicates the financial leverage of the Company. It measures the relative use of debt versus equity in the book capital of the Company. Net debt to total book capitalization is defined as Net Debt (see definition above) divided by Net Debt plus shareholders' equity, expressed as a percentage.

Operating Income – A measure indicating profitability of the Company's business units defined as operating income before corporate expenses, interest, goodwill impairment loss, restructuring and other items and tax.

Restructuring and Other Items and Favourable Tax Adjustments – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items and favourable tax adjustments on a per share basis is measured by dividing the after-tax income of the restructuring and other items and favourable tax adjustments by the average number of shares outstanding in the relevant period. Management will continue to disclose the impact of these items on the Company's results because the timing and extent of such items do not reflect or relate to the Company's ongoing operating performance. Management evaluates the operating income of its divisions before the effect of these items.

Return on Equity ("ROE") before goodwill impairment loss, restructuring and other items and favourable tax adjustments – A measure that provides insight into the effective use of shareholder capital in generating ongoing net earnings. ROE is calculated by dividing annual net income before goodwill impairment loss, restructuring and other items and favourable tax adjustments by the average of the beginning and end of year shareholders' equity.

Return on Sales – A measure indicating relative profitability of sales to customers. It is defined as operating income (see above definition) divided by sales, expressed as a percentage.

Total Debt – A measure indicating the financial indebtedness of the Company. It is defined as current debt, including cash advances, plus long-term debt.

Total Debt to Total Book Capitalization – A measure that indicates the financial leverage of the Company. It measures the relative use of debt versus equity in the book capital of the Company. Total debt to total book capitalization is defined as Total Debt (see definition above) divided by Total Debt plus shareholders' equity, expressed as a percentage.

B) Accounting Policies and New Standards

Accounting Policies

The above analysis and discussion of the Company's financial condition and results of operation are based upon its Consolidated Financial Statements prepared in accordance with Canadian GAAP. A summary of the Company's significant accounting policies is set out in note 1 of the Consolidated Financial Statements. The changes in accounting policies adopted in the current year due to changes in Canadian GAAP are discussed below.

Effective January 1, 2008, the Company adopted the amended Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1400, "General Standards of Financial Statement Presentation" and new Section 1535, "Capital Disclosures;" Section 3031, "Inventories;" Section 3862, "Financial Instruments – Disclosures;" and Section 3863, "Financial Instruments – Presentation."

Section 1400 requires management to make an assessment of the entity's ability to continue as a going concern when preparing the financial statements. The adoption of this section did not have an impact on the Company's Consolidated Financial Statements.

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The Company's Capital Management Policy is as follows:

The Company's objective is to maintain a strong capital base throughout the economic cycle so as to maintain investor, creditor and market confidence and to sustain the future development of the business. This capital structure supports the Company's objective to provide an attractive financial return to its shareholders equal to its leading specialty packaging peers (between 12% and 14% up until 2008 but lower since the global recession).

The Company defines capital as total shareholders' equity and measures the return on capital (or return on equity) by annual net income before goodwill impairment loss, restructuring and other items and favourable tax adjustments by the average of the beginning and end of year shareholders' equity. In both 2006 and 2007, the return on capital was 13%, and in 2008, was 11%, which was well within the range of its leading specialty packaging peers.

Management and the Board maintain a balance between the expected higher return on capital that might be possible with a higher level of financial debt and the advantages and security afforded by a lower level of financial leverage. The Company believes that an optimum level of net debt (refer to definition in Section 5A) to total book capitalization (refer to definition in Section 5A) is a maximum of 45%. This ratio was 38% at the end of 2008, 30% at the end of 2007 and 33% at the end of 2006 and, therefore, the Company has further capacity to invest in the business with additional net debt without exceeding the optimum level.

In September 2008, the Company accessed the U.S. private placement market and borrowed a further US$130 million at favourable terms. Although the Company had cash on hand, the decision was based on concerns about the future availability of credit in an uncertain market. This new liquidity will allow the Company to continue to pursue its long-term strategic goals.

The Company has provided a growing level of dividends to its shareholders over the last few years generally related to its growth in earnings. Dividends are declared bearing in mind the Company's current earnings, cash flow and financial leverage. The Company filed a normal course issuer bid commencing March 4, 2008, allowing the repurchase of up to 2.5 million Class B shares and 13,000 Class A shares in the following twelve months. All purchases are to be made on the open market. The number of shares and the price of such purchases will be determined by management when it believes that such purchases will enhance shareholder value. The Company has repurchased 618,000 shares so far under the bid.

Other than the filing of the bid and the recent private debt placement, there were no changes in the Company's approach to capital management during the year. The Company and its subsidiaries are subject to externally imposed capital requirements under its senior note agreements and its revolving bank debt; however, the Company is allowed further significant borrowings under the terms of these agreements at this time.

Section 3031 addresses the measurement and disclosure of inventories. This standard provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; narrows the permitted cost formulas; requires impairment testing and expands the disclosure requirements to increase transparency.

The difference in the measurement of opening inventory may be applied to the opening inventory for the period, with an adjustment to opening retained earnings with no prior periods restated or retrospectively with a restatement to prior periods in accordance with Section 1506, "Accounting Changes." There was no difference to be accounted for by the Company.

Inventories are valued at the lower of cost and net realizable value on the first-in, first-out basis. The cost of work in process and finished goods includes materials, direct labour applied to the product and the applicable share of overhead. Net realizable value is based on selling price less estimated selling costs. Allowances are made for slow-moving inventory.

Section 3862 and Section 3863 revise and enhance the disclosure requirements of Handbook Section 3861, "Financial Instruments – Disclosure and Presentation." These sections require disclosure of information with regards to the significance of financial instruments for the Company's financial position and performance and the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date and how the Company manages those risks.

The Company has exposure to the following forms of risk from its use of financial instruments: credit risk, market risk and liquidity risk.

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from senior management; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company is potentially exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. These counterparties are large international financial institutions and, to date, no such counterparty has failed to meet its financial obligations to the Company. As at December 31, 2008, the Company believes it does not have any material exposure to credit risk arising from derivative financial instruments.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company partially manages these exposures by contracting primarily in Canadian dollars, euros, U.K. pounds and U.S. dollars. Additionally, each subsidiary's sales and expenses are primarily denominated in its local currency, further minimizing the foreign exchange impact on the operating results.

The Company does not utilize derivative financial instruments for speculative purposes.

Interest rate risk is the risk that the Company is exposed to market risks related to interest rate fluctuations on its debt. To mitigate this risk, the Company maintains a combination of fixed and floating rate debt.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when they are due. The Company believes that future cash flows generated by operations and access to additional liquidity through capital and banking markets will be adequate to meet its financial obligations.

Recently Issued New Accounting Standards

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and Intangible Assets." The new standard replaces Section 3062, "Goodwill and Other Intangible Assets," and Section 3450, "Research and Development Costs." The new standard is effective for interim and annual financial statements for fiscal years beginning on or after October 1, 2008. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and other intangible assets subsequent to its initial recognition. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. Guidance is provided on the definition of an intangible asset and the recognition of internally generated intangible assets. The Company will comply with the requirements of the new standard when the standard becomes effective.

In December 2008, the CICA issued Handbook Section 1582, "Business Combinations," Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests."

Section 1582 establishes standards for accounting for business combinations and is equivalent to the IFRS standard, IFRS 3 (Revised). The new standards apply to business combinations with an acquisition date on or after January 1, 2011; however, earlier adoption is permitted.

Sections 1601 and 1602, together, replace Section 1600, "Consolidated Financial Statements." Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS standard, IAS 27 (Revised), "Consolidated and Separate Financial Statements." The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

C) International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board confirmed in February 2008 that all publicly accountable enterprises will be required to report under IFRS for fiscal periods beginning on or after January 1, 2011. Although the current turbulent economic times and other issues may delay the timing of the implementation of IFRS, the Company is operating on the basis that IFRS will be implemented on the original timetable.

The Company is formulating a framework to address the change to IFRS. CCL completed an initial review of IFRS analyzing the significant effects that its implementation may have on the Company. This review was enlightening and has provided a framework for developing the overall approach to implementing IFRS. In addition, CCL's corporate financial managers have been attending internal and external seminars on the details behind the transition.

The Company has designated the Senior Vice President and Chief Financial Officer as the executive responsible for the IFRS implementation for CCL, including the staffing and financial resources required. In late 2008, an internal project leader was appointed to implement IFRS and, in early 2009, an outside consultant with IFRS experience in other jurisdictions was hired to plan the detailed roll-out of the project and to determine the changes that are required. The Company currently operates in certain countries that have implemented IFRS and expects that it will be able to leverage this knowledge during the transitional period.

The next phase of the process involves planning the roll-out (a) at the plant location level internationally and (b) at the corporate level. These two areas require separate approaches due to the different financial processes in manufacturing operations versus the technical financial issues, such as corporate tax and treasury at the corporate level. In addition, the corporate level is responsible for the preparation and publication of external financial statements and other related disclosures.

D) Critical Accounting Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make critical estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. The Company evaluates these estimates and assumptions on an ongoing basis including, but not limited to, those related to inventories, redundant assets, bad debts, derivatives, hedging instruments, income taxes, intangible assets, restructuring, pension and other post-retirement benefits, environmental liabilities, self-insurance reserves, contingencies and litigation. Estimates and assumptions are based on historical and other factors believed to be reasonable under the circumstances. The results of these estimates may form the basis for the carrying value of certain assets and liabilities and may not be readily apparent from these sources.

Reported results may differ from these estimates, under conditions and circumstances that have changed from those assumed in the determination of the estimates. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this Management's Discussion and Analysis and in the notes to the Consolidated Financial Statements.

E) Inter-Company and Related Party Transactions

The Company has entered into a number of agreements with its subsidiaries that govern the management and commercial and cost-sharing arrangements with and amongst the subsidiaries. These inter-company structures are established on terms typical to arm's length agreements.

The Company has no material related party transactions.

6. OUTLOOK

The North American economy, particularly the economy of the United States, had been slipping toward recession as 2007 progressed and, during the course of 2008, slipped into a recession. In Western Europe, the economy had been reasonably strong, partly due to market demand for products and services from Eastern Europe, the Middle East and Russia, but has also now seen a marked slowdown in all countries. Asia continues to show modest growth despite the global recession. Latin America also continues to grow but markets have been substantially affected by the devaluation of currencies in Mexico and Brazil in the last half of 2008. Market demand for the Company's products (packaging components of consumer non-durable and certain durable goods) in the early part of 2009 has been stable in the Label Division but with demand varying considerably by segment, product line and geography. Demand in the Container and Tube Divisions in early 2009 has softened compared to the same period last year.

The Company's outlook for 2009 is uncertain as CCL cannot foresee its customers' order levels beyond a month out and any other projections beyond that time frame are subject to material changes as evidenced by the last few months of customer activity. Clearly, markets are in a state of flux affecting the entire supply chain including consumers, retailers, our marketing customers and ultimately packaging suppliers like CCL. The impact of inventory de-stocking in the last few months is unclear but consumers have reduced spending and are likely using up products that are already in hand in their medicine cabinets and cupboards as a means to reduce cash expenditures. The rest of the supply chain has become more efficient over the years and although there could be de-stocking through the system, it may be only limited, and it is possible that its impact has already been felt.

The Company's order banks are generally softer than a year ago, predominantly due to weakness in the Container Division. First quarter operating results for 2009 are anticipated to be below the record first quarter of 2008; however, currency translation will have a sizeable positive impact on the comparison to last year's first quarter. The Company offered enhanced transfer values to certain members of the U.K. defined benefit pension plan (see Section 3E: "Commitments and Other Contractual Obligations"). A number of the members accepted the proposal and, consequently, the pension plan will have paid out $4.5 million to these members to satisfy their pension obligation. As a result, the Company will be incurring approximately $1.5 million of additional pension expense in the first quarter of 2009 as a restructuring cost related to the disposition of ColepCCL.

During 2009, the Company will continue to integrate and reorganize our large number of recent acquisitions and business units to improve accountability and profitability and to simplify administration. The Company completed three acquisitions in 2008 and is continuing to investigate mid-sized potential acquisition candidates that meet its criteria of core products and customers and new markets, with the expectation of earnings accretion in the first year of ownership. In the current economic environment, it is difficult to evaluate the future profitability of these businesses and to justify a purchase price that would meet the requirements of the current owners. The Company will continue to be prudent and opportunistic in its acquisition strategy.

There are a number of challenges expected in 2009 during these uncertain economic times. As previously discussed, the financial performance of the Container and Tube Divisions will be critical. The recent weakness in the Canadian dollar relative to the currencies of CCL's foreign operations, if unchanged from current levels, will have a significant positive impact on earnings on a comparative basis with 2008, particularly in the first half of 2009. Interest costs are expected to be higher in 2009 due to the current higher net debt levels and the unusual spread between borrowing costs and the interest rates earned on cash. Tax rates in any country in which CCL operates are not expected to increase in 2009 as there have been no announced increases. CCL's tax rate is expected to be similar to the 2008 rate but will be dependent on the mix of taxable income earned in high and low tax rate jurisdictions, the Company's ability to continue to benefit from ongoing tax losses in certain countries, its ability to utilize tax losses incurred in previous years in certain countries to reduce future taxes, and the impact of tax audits to be completed in 2009.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

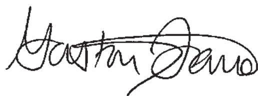
The accompanying consolidated financial statements and all information in this Annual Report are the responsibility of management. These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based upon estimates and judgments. When alternative accounting methods exist, management has chosen those it deems to be the most appropriate to ensure fair and consistent presentation. The financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

CCL maintains financial and operating systems that include appropriate and effective internal controls. Such systems are designed to provide reasonable assurance that the financial information is reliable and relevant, and that CCL's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and reviews the financial statements and Management's Discussion and Analysis; assesses the adequacy of the internal controls of the Company; considers the report of the external auditors; examines the fees and expenses for audit services; and recommends to the Board of Directors the independent auditors for appointment by the shareholders. The Audit Committee reports its findings to the Board of Directors for consideration when approving the annual financial statements for issuance to the shareholders.

These consolidated financial statements have been audited by KPMG LLP ("KPMG"), the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the shareholders. KPMG have full and free access to, and meet periodically with, the Audit Committee.



Geoffrey T. Martin
President and Chief Executive Officer

Gaston A. Tano
Senior Vice President and Chief Financial Officer

March 10, 2009

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of CCL Industries Inc. as at December 31, 2008 and 2007 and the consolidated statements of earnings, comprehensive income, shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

March 10, 2009

CONSOLIDATED BALANCE SHEETS

December 31, 2008 and 2007 (In thousands of Canadian dollars)

	2008	2007
Assets		
Current assets		
Cash and cash equivalents	$ 136,269	$ 96,602
Accounts receivable, trade	155,977	127,105
Other receivables and prepaid expenses	26,443	97,710
Income and other taxes receivable	2,153	—
Inventories (note 6)	87,105	69,606
	407,947	391,023
Property, plant and equipment (note 7)	830,833	630,810
Other assets (note 8)	57,630	33,340
Future income tax assets (note 13)	43,474	32,135
Intangible assets (note 9)	47,537	26,132
Goodwill (note 10)	379,253	374,750
	$ 1,766,674	$ 1,488,190
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 250,764	$ 221,254
Income and other taxes payable	—	2,501
Current portion of long-term debt (note 11)	25,947	21,211
	276,711	244,966
Long-term debt (note 11)	566,575	382,166
Other long-term items (note 12)	66,492	48,796
Future income tax liabilities (note 13)	106,378	94,403
	1,016,156	770,331
Shareholders' equity		
Share capital (note 14)	191,273	190,504
Accumulated other comprehensive loss (note 3)	(67,497)	(85,455)
Contributed surplus (note 14)	4,826	6,715
Retained earnings	621,916	606,095
	750,518	717,859
Commitments and contingencies (note 15)		
	$ 1,766,674	$ 1,488,190

See accompanying notes to consolidated financial statements.

On behalf of the Board

D.G. Lang
Director

G. T. Martin
Director

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 2008 and 2007 (In thousands of Canadian dollars, except per share data)

	2008	2007
Sales	$ 1,189,025	$ 1,144,260
Cost of goods sold	923,323	878,584
Selling, general and administrative expenses	127,491	128,304
Depreciation and amortization	6,919	6,380
	131,292	130,992
Interest, net (note 11)	23,949	23,157
	107,343	107,835
Goodwill impairment loss (note 10)	31,386	—
Restructuring and other items, net loss (gain) (note 5)	3,094	(4,137)
Earnings before income taxes	72,863	111,972
Income taxes (notes 5 and 13)	24,877	18,466
Net earnings from continuing operations	47,986	93,506
Net earnings from discontinued operations, net of tax (note 4)	—	10,957
Gain on sale of discontinued operations (note 4)	—	43,452
Net earnings	$ 47,986	$ 147,915
Basic earnings per Class B share (note 14)		
Continuing operations	$ 1.50	$ 2.90
Discontinued operations	—	0.34
Gain on sale of discontinued operations	—	1.35
Net earnings	$ 1.50	$ 4.59
Diluted earnings per Class B share (note 14)		
Continuing operations	$ 1.46	$ 2.79
Discontinued operations	—	0.33
Gain on sale of discontinued operations	—	1.30
Diluted earnings	$ 1.46	$ 4.42

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2008 and 2007 (In thousands of Canadian dollars)

	2008	2007
Net earnings	**$ 47,986**	$ 147,915
Other comprehensive income, net of tax:		
Unrealized gains (losses) on translation of financial statements of self-sustaining foreign operations	**108,500**	(107,129)
Gains (losses) on hedges of net investment in self-sustaining foreign operations, net of tax recovery of $12,766 (2007 – net of tax expense of $6,591)	**(80,256)**	38,378
Unrealized foreign currency translation, net of hedging activities	**28,244**	(68,751)
Losses on derivatives designated as cash flow hedges, net of tax recovery of $1,278 (2007 – net of tax recovery of $1,141)	**(667)**	(6,812)
Reclassification of (gains) losses on derivatives designated as cash flow hedges to earnings, net of tax recovery of $1,145 (2007 – net of tax expense of $7)	**(9,619)**	5,906
Change in losses on derivatives designated as cash flow hedges	**(10,286)**	(906)
Other comprehensive income (loss)	**17,958**	(69,657)
Comprehensive income	**$ 65,944**	$ 78,258

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended December 31, 2008 and 2007 (In thousands of Canadian dollars)

	2008	2007
Share capital (note 14)		
Class A shares, beginning of year	$ 4,525	$ 4,525
Conversion of Class A to Class B	(8)	—
Class A shares, end of year	4,517	4,525
Class B shares, beginning of year	197,398	192,977
Stock options exercised, Class B	5,011	4,421
Normal course issuer bid	(3,858)	—
Shares issued (note 2)	927	—
Conversion of Class A to Class B	8	—
Class B shares, end of year	199,486	197,398
Executive share purchase plan loans, beginning of year	(1,258)	(1,599)
Repayment of executive share purchase plan loans	—	341
Executive share purchase plan loans, end of year	(1,258)	(1,258)
Shares held in trust, beginning of year	(10,161)	(5,652)
Shares released from trust	3,319	—
Shares purchased and held in trust	(4,630)	(4,509)
Shares held in trust, end of year	(11,472)	(10,161)
Share capital, end of year	191,273	190,504
Accumulated other comprehensive loss (note 3)		
Accumulated other comprehensive loss, beginning of year	(85,455)	(18,546)
Transition adjustment on adoption of new accounting standards	—	2,748
Other comprehensive income (loss)	17,958	(69,657)
Accumulated other comprehensive loss, end of year	(67,497)	(85,455)
Contributed surplus		
Contributed surplus, beginning of year	6,715	4,226
Stock option expense	1,189	1,020
Stock options exercised	(598)	(238)
Stock-based compensation plan	(2,480)	1,707
Contributed surplus, end of year	4,826	6,715
Retained earnings, beginning of year	606,095	476,670
Transition adjustment on adoption of new accounting standards (note 1(q))	—	(3,062)
Repurchase of shares (note 14)	(14,239)	—
Net earnings	47,986	147,915
Dividends		
Class A	(1,212)	(1,023)
Class B	(16,714)	(14,405)
Total dividends, end of year	(17,926)	(15,428)
Retained earnings, end of year	621,916	606,095
Total shareholders' equity, end of year	$ 750,518	$ 717,859

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2008 and 2007 (In thousands of Canadian dollars)

	2008	2007
Cash provided by (used for)		
Operating activities		
Net earnings	**$ 47,986**	$ 147,915
Earnings from discontinued operations, net of tax	**—**	(10,957)
Gain on sale of discontinued operations	**—**	(43,452)
Items not involving cash:		
Depreciation and amortization	**85,144**	75,912
Goodwill impairment loss	**31,386**	—
Executive compensation	**2,028**	2,370
Future income taxes	**6,495**	(5,435)
Restructuring and other items, net of tax	**1,965**	(1,947)
Gain on sale of property, plant and equipment	**(1,464)**	(2,644)
	173,540	161,762
Net change in non-cash working capital	**42,808**	(16,928)
Cash provided by continuing operations	**216,348**	144,834
Cash provided by discontinued operations	**—**	17,360
Cash provided by operating activities	**216,348**	162,194
Financing activities		
Proceeds on issuance of long-term debt	**184,847**	107,055
Retirement of long-term debt	**(109,233)**	(63,987)
Increase (decrease) in bank advances	**—**	(4,038)
Issue of shares	**4,413**	4,183
Purchase of shares held in trust	**(4,437)**	(4,357)
Repurchase of shares (note 14)	**(18,097)**	—
Dividends	**(17,512)**	(15,233)
Cash provided by financing activities	**39,981**	23,623
Investing activities		
Additions to property, plant and equipment	**(192,801)**	(163,453)
Proceeds on disposal of property, plant and equipment	**4,395**	6,486
Proceeds on product line disposal	**9,411**	—
Proceeds on business dispositions (note 4)	**—**	69,526
Business acquisitions (note 2)	**(40,677)**	(105,575)
Long-term investments	**(10,747)**	(8,795)
Cash used for investing activities	**(230,419)**	(201,811)
Effect of exchange rates on cash	**13,757**	(12,404)
Increase (decrease) in cash and cash equivalents	**39,667**	(28,398)
Cash and cash equivalents, beginning of year	**96,602**	125,000
Cash and cash equivalents, end of year	**$ 136,269**	$ 96,602

See accompanying notes to consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The consolidated financial statements include the accounts of CCL Industries Inc. (the “Company”) and all subsidiary companies since dates of acquisition. Investments subject to significant influence are accounted for using the equity method. Investments that are jointly controlled are accounted for using proportionate consolidation.

(b) Foreign currency translation

The Company records foreign currency-denominated transactions at the Canadian dollar equivalent at the date of the transaction and translates foreign currency-denominated monetary assets and liabilities at year-end exchange rates. Exchange gains and losses are included in earnings.

The Company’s foreign subsidiaries are defined as self-sustaining. Revenue and expense items, including depreciation and amortization, are translated at the average exchange rate for the year. All assets and liabilities are translated at year-end exchange rates and any resulting exchange gains or losses are included in shareholders’ equity as part of accumulated other comprehensive income. The revaluation of foreign currency debt, net of related tax, that hedges the net investment in foreign operations is also charged to the accumulated other comprehensive income. Foreign exchange gains and losses on the reduction of net investments in foreign subsidiaries are included in net earnings for the year.

Movement in the accumulated other comprehensive income during the year results from changes in the value of the Canadian dollar in comparison to the U.S. dollar, the U.K. pound sterling, the euro, the Danish krone, the Mexican peso, the Thai baht, the Chinese renminbi, the Brazilian real, the Polish zloty, the Australian dollar, Russian rouble and the Japanese yen and from changes in foreign currency-denominated net assets.

Foreign currency transactions within each subsidiary are translated at the rate of exchange in effect at the time of the transaction. Monetary balances held in foreign currencies are translated at the rate of exchange at the end of the period, and any gain or loss is recorded in earnings.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and short-term investments with original maturity dates on acquisition of 90 days or less.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value on the first-in, first-out basis. The cost of work in process and finished goods includes materials, direct labour applied to the product and the applicable share of overhead. Net realizable value is based on selling price less estimated selling costs. Allowances are made for slow-moving inventory.

(e) Property, plant and equipment

Property, plant and equipment are recorded at cost, which includes costs incurred to place assets into service. Depreciation is provided over the assets’ estimated useful lives, primarily on the straight-line basis, using rates varying from 2% to 30% on buildings, and from 7% to 33% on machinery and equipment.

Long-lived assets, including property, plant and equipment subject to depreciation, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses for assets held for use where the carrying value is not recoverable are measured based on fair value, which is measured by discounted cash flows. Impairment losses on any assets held for sale are measured based on expected proceeds less direct costs to sell.

(f) Intangible assets

Intangible assets, consisting primarily of the value of acquired customer contracts and relationships, are amortized over the expected life and any impairment is charged against earnings. The amortization period ranges from 10 to 15 years and is recorded on a straight-line basis. Impairment losses for intangible assets where the carrying value is not recoverable are measured based on fair value. Fair value is calculated by using discounted cash flows.

(g) Goodwill

Goodwill represents the excess of the purchase price of the Company's interest in the businesses acquired over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisitions. Goodwill is not amortized but is required to be tested for impairment at least annually or if events or changes in circumstances indicate that the carrying amount may not be recoverable.

To test impairment, the Company determines whether the fair value of each reporting unit to which goodwill has been attributed is less than the carrying value of the reporting unit's net assets including goodwill, thus indicating potential impairment. If the fair value of the reporting unit exceeds its carrying amount, further evaluation is not necessary. However, if the fair value of the reporting unit is less than its carrying amount, further evaluation is required to compare the implied fair value of the reporting unit's goodwill to its carrying amount to determine whether a write-down of goodwill is required. Any impairment is then recorded as a separate charge against earnings.

(h) Revenue recognition

Revenue is recorded and related costs transferred to cost of sales at the time the product is shipped and ownership transfers to the customer. At that time, persuasive evidence of an arrangement exists, the price to the customer is fixed and ultimate collection is reasonably assured.

(i) Employee future benefits

The Company accrues its obligation under employee benefit plans and related costs net of plan assets. Pension costs are determined periodically by independent actuaries. The actuarial determination of the accrued benefit obligations for the plans uses the projected benefit method prorated on service and incorporates management's best estimate of future salary escalation, retirement age, inflation and other actuarial factors. The cost is then charged to expense as services are rendered. Past service costs arising from plan amendments are amortized on a straight-line basis over the expected average remaining service lives of the employees who are members of the plan. Net actuarial gains and losses that exceed 10% of the greater of the benefit obligation and the value of plan assets are amortized over the expected average remaining service lives of the employees who are members of the plan.

(j) Stock-based compensation plan

The Company applies the fair value-based method prescribed by CICA Handbook Section 3870 to account for employee stock options. Under the fair value-based method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting periods.

(k) Financial instruments

Financial instruments must be classified into one of these five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets and other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value depend on their initial classification, as follows: held for trading financial assets are measured at fair value, and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired, at which time the amounts would be recorded in net earnings.

The Company designated its cash and cash equivalents as held for trading. Long-term investments are designated as available-for-sale. Cash and cash equivalents and long-term investments are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Bank advances, accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities, which are measured at amortized cost. The Company has also elected to expense, as incurred, transaction costs related to long-term debt.

The Company uses various financial instruments to manage foreign currency exposures, fluctuation in interest rates and exposures related to the purchase of raw materials. These financial instruments are classified into three types of hedges: cash flow hedges, fair value hedges and hedges of net investments in self-sustaining operations.

In a cash flow hedging relationship, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the consolidated statements of earnings.

In a fair value hedging relationship, the carrying value of the hedged item is adjusted to fair value with the change recorded in net earnings. This change in fair value of the hedged item, to the extent the hedging relationship is effective, is offset by changes in the fair value of the derivative which is also measured at fair value on the consolidated balance sheets, with changes in value recorded through net earnings.

In a hedge of a net investment in a self-sustaining foreign operation, the portion of the gain or loss on the hedging item that is determined to be an effective hedge is recognized in comprehensive income and the ineffective portion is recognized in net earnings.

(l) Earnings per share

Basic earnings per share are computed by dividing net earnings by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted earnings per share are computed similarly to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, shares held as security for executive share purchase plan loans outstanding, shares held in trust and deferred share units, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, shares held in trust and deferred share units were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the year.

(m) Income taxes

The Company is following the asset and liability method of accounting for future income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities, and are measured using the enacted or substantively enacted tax rates and laws that are expected to be in effect in the years in which the future income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

(n) Exit and disposal costs

The Company recognizes costs associated with exit or disposal activities at fair value in the year in which the liability is incurred. Special termination benefits are recognized at fair value at the communication date.

(o) Use of estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the year. In particular, the amounts recorded for inventories, redundant assets, bad debts, derivatives, income taxes, restructuring, pension and other post-retirement benefits, contingencies and litigation, environmental matters, outstanding self-insured claims, depreciation and amortization of property, plant and equipment, and the valuation of goodwill are based on estimates. Actual results could differ from those estimates.

(p) Changes in accounting policies

Effective January 1, 2008, the Company adopted the amended Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1400, “General Standards of Financial Statement Presentation”, and new Section 1535, “Capital Disclosures”; Section 3031, “Inventories”; Section 3862, “Financial Instruments – Disclosures” and Section 3863, “Financial Instruments – Presentation.”

Section 1400 requires management to make an assessment of an entity’s ability to continue as a going concern, when preparing financial statements. The adoption of this amendment did not have an impact on the Company’s consolidated financial statements.

Section 1535 establishes standards for disclosing information about an entity’s capital and how it is managed.

Section 3031 addresses the measurement and disclosure of inventories. This standard provides changes to the measurement and more extensive guidance on the determination of cost, including allocation of overhead; it narrows the permitted cost formulas; requires impairment testing and expands the disclosure requirements to increase transparency. The adoption of this section did not have an impact on the Company’s consolidated financial statements.

Section 3862 and Section 3863 revise and enhance the disclosure requirements of Handbook Section 3861, “Financial Instruments – Disclosure and Presentation.” These sections require disclosure of information with regard to the significance of financial instruments for the Company’s financial position and performance. They also require the disclosure of the nature and extent of

risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date, and how the Company manages those risks.

(q) Previously adopted accounting policies

Effective January 1, 2007, the Company adopted the new CICA Handbook Section 1530, "Comprehensive Income"; Section 3251, "Equity"; Section 3861, "Financial Instruments – Disclosure and Presentation"; Section 3865, "Hedges"; and Section 3855, "Financial Instruments – Recognition and Measurement."

Upon adoption of these new standards, the Company recorded a decrease to 2007 opening retained earnings of $3.0 million. The decrease to opening retained earnings was a result of the write-off of previously deferred transaction costs related to issuance of long-term debt ($1.0 million loss, net of tax of $0.5 million), the write-off of a deferred loss on the termination of various cross-currency interest rate swaps that did not meet the new requirements ($2.1 million loss, no tax), and the ineffectiveness of cash flow hedges ($0.1 million gain, net of tax).

(r) Recently issued accounting standards

In February 2008, the CICA issued new Handbook Section 3064, "Goodwill and Intangible Assets." The new standard replaces Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs." The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill, subsequent to its initial recognition, and of intangible assets. Standards concerning goodwill are unchanged from the previous Section 3062. The new section requires certain costs that were previously deferred and amortized be expensed as incurred. The new section is effective for years beginning on or after October 1, 2008.

In December 2008, the CICA issued Handbook Section 1582, "Business Combinations," Section 1601, "Consolidated Financial Statements" and Section 1602, "Non-Controlling Interests."

Section 1582 establishes standards for accounting for business combinations and is equivalent to the IFRS standard; IFRS 3 (Revised). The new standards apply to business combinations with an acquisition date on or after January 1, 2011, however, earlier adoption is permitted.

Sections 1601 and 1602, together, replace Section 1600, "Consolidated Financial Statements." Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS standard, IAS 27 (Revised), "Consolidated and Separate Financial Statements." The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

2. ACQUISITIONS

On December 31, 2008, the Company completed the purchase of Eltex GmbH ("Eltex") based in Solingen, Germany. Eltex 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. The purchase price was $5.2 million, net of cash acquired. The Company is reviewing the valuation of the net assets acquired, including intangible assets, therefore, certain items disclosed below may change when the review is completed.

Details of the transaction are as follows:

Current assets	$	1,135
Current liabilities		(949)
Non-current assets at assigned values		2,252
Future income taxes		(460)
Goodwill and intangibles		3,209
Net assets purchased	$	5,187
Total consideration:		
Cash, less cash acquired of $0.9 million	$	5,187

On April 1, 2008, the Company completed the purchase of Clear Image Labels Pty. Ltd. (“Clear Image”) based in Australia. Clear Image supplies pressure sensitive labels to the Australian wine industry with plants in Sydney, New South Wales, and Barossa Valley, South Australia. Clear Image also exports labels to wine producers in the United States. The Company paid $33.6 million in a combination of cash, restricted stock and assumed debt to acquire the business. During 2008, the Company issued 29,753 restricted shares as part of the consideration for the purchase of Clear Image. These restricted shares are price protected and cannot be sold or transferred until December 31, 2009. The Company is reviewing the valuation of the net assets acquired including intangible assets, therefore, certain items disclosed below may change when the review is completed.

Details of the transaction are as follows:

Current assets	$	4,880
Current liabilities		(4,205)
Non-current assets at assigned values		10,353
Future income taxes		(2,357)
Intangible assets		5,825
Goodwill		19,151
Net assets purchased	$	33,647
Total consideration:		
Cash	$	27,160
Assumed debt		5,560
Restricted shares		927
Total consideration	$	33,647

On January 31, 2008, the Company purchased CD-Design GmbH (“CD-Design”), based in Solingen, Germany, for $8.3 million, net of cash acquired and assumed debt of $1.4 million. CD-Design converts pressure sensitive films and aluminum for leading original equipment manufacturers in Germany. Under the terms of the purchase agreement, the Company must pay additional purchase consideration as CD-Design achieved predetermined levels of earnings for the year ended December 31, 2008. The additional consideration of $3.4 million has been recognized as goodwill.

Details of the transaction are as follows:

Current assets	$	7,101
Current liabilities		(3,135)
Non-current assets at assigned values		2,010
Future income taxes		(584)
Intangible assets		1,184
Goodwill		6,600
Net assets purchased	$	13,176
Total consideration:		
Cash, less cash acquired of $0.4 million	$	8,330
Additional consideration		3,409
Assumed debt		1,437
Total consideration	$	13,176

On January 26, 2007, the Company completed its purchase of the sleeve label business of Illinois Tool Works, Inc. (“ITW”). ITW's sleeve label business, through its two locations in the United Kingdom and one location in each of Austria, Brazil and the United States, is a leading supplier of shrink sleeve and stretch sleeve labels for markets in Europe and the Americas. The purchase price was $105.8 million, net of cash acquired. The Company established a $95.0 million line of credit, of which $75.0 million was drawn to facilitate the purchase.

Details of the transaction are as follows:

Current assets	$ 24,344
Current liabilities	(8,487)
Non-current assets at assigned values	35,234
Future income taxes	(1,516)
Intangible assets	19,029
Goodwill	37,180
Net assets purchased	$ 105,784
Total consideration:	
Cash, less cash acquired of $2.8 million	$ 105,784

3. ACCUMULATED OTHER COMPREHENSIVE LOSS

	2008	2007
Unrealized foreign currency translation losses, net of tax expense of $1,238 (2007 – net of tax expense of $13,919)	**$ (58,675)**	$ (87,297)
Impact of new net investment hedge accounting standards on January 1, 2007, net of tax of $85	**—**	378
Impact of new cash flow hedge accounting standards on January 1, 2007, net of tax of $1,291	**—**	2,370
Change in losses on derivatives designated as cash flow hedges, net of tax recovery of $2,280 (2007 – net of tax recovery of $1,148)	**(8,822)**	(906)
	$ (67,497)	$ (85,455)

4. DISCONTINUED OPERATIONS

In November 2007, the Company sold its interest in the ColepCCL joint venture to the majority joint venture party for $72.8 million (EUR 50.0 million) in cash and a short-term note for a further EUR 50.0 million ($74.4 million) paid in 2008. The sale resulted in a gain of $43.5 million. The disposition is reported as discontinued operations and the results are as follows:

	2007
Sales from discontinued operations	$ 199,400
Cost of goods sold	162,674
Selling, general and administrative expenses	19,128
Amortization	1,211
	16,387
Interest expense, net	1,099
Earnings before income taxes	15,288
Income taxes	4,331
Net earnings from discontinued operations	$ 10,957
Gain on sale of discontinued operations	$ 43,452

The Company has indemnified the purchasers against limited defined claims from the past conduct of the business. It is not possible to quantify the maximum potential liability in relation to the indemnities. The Company has not made any provision for estimated indemnification claims.

5. RESTRUCTURING AND OTHER ITEMS

	Segment	2008	2007
Label segment restructuring	Label	$ 7,056	$ —
Gain on sale of product line	Container	(3,113)	—
Tube segment restructuring	Tube	3,053	—
Gain on note receivable	Corporate	(2,260)	(2,340)
Repatriation of capital	Corporate	(1,642)	(1,338)
Gain on sale of land	Corporate	—	(711)
Container segment restructuring	Container	—	252
Loss (gain)		$ 3,094	$ (4,137)
Tax (recovery) expense on restructuring and other items		$ (1,129)	$ 452

In 2008, the Company, as part of its restructuring of the Rhyl label plant located in Wales and the Avelin label plant located in France, recorded provisions for plant closure and severance costs of $7.1 million ($6.1 million after tax).

In 2008, the Company sold the assets of its ABS "Bag-on-Valve" product line from the Container segment to AptarGroup, Inc. for $9.4 million in cash. CCL Container retained the aluminum aerosol can business and will continue to sell to its existing customers. AptarGroup will separately market the "Bag-on-Valve" product line. The Company recognized a gain on the sale of $3.1 million ($2.8 million after tax).

In 2008, the Company, as part of its restructuring of the Los Angeles Tube operations, recorded provisions for plant relocation costs of $3.1 million ($2.0 million after tax).

In 2008, an unrealized exchange gain on a euro-denominated note receivable on the sale of ColepCCL of $2.3 million was recognized ($1.6 million after tax). In 2007, the gain recognized was also $2.3 million ($1.6 million after tax).

In 2008, the Company repatriated capital from a foreign subsidiary that was generated from the sale of its interest in the ColepCCL joint venture. The repatriation resulted in a net foreign exchange gain of $1.6 million (2007 – $1.3 million). Gains or losses arise from the difference between the exchange rate in effect on the date the capital was returned to Canada, compared to the historical rate in effect when the capital was invested. This exchange gain did not give rise to any tax effect.

In 2007, the Company sold its non-operational land in Toronto, Canada, for $2.0 million cash and realized a gain of $0.7 million ($0.9 million after tax).

In 2006, the Company commenced a senior management restructuring of the Container segment and recorded provisions related to severance costs and obsolete equipment and spare parts totalling $11.4 million ($7.2 million after tax). In 2007, further costs of $0.3 million ($0.2 million after tax) were incurred in restructuring the Container Division.

6. INVENTORIES

	2008	2007
Raw materials and supplies	$ 34,405	$ 29,498
Work in process and finished goods	52,700	40,108
	$ 87,105	$ 69,606

During the year, there were no inventory write-downs or reversal of write-downs.

7. PROPERTY, PLANT AND EQUIPMENT

			2008
	Cost	Accumulated Depreciation	Net Book Value
Land	**$ 30,433**	**$ —**	**$ 30,433**
Buildings	**230,720**	**44,744**	**185,976**
Machinery and equipment	**1,014,579**	**400,155**	**614,424**
	$ 1,275,732	**$ 444,899**	**$ 830,833**

			2007
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 21,380	$ —	$ 21,380
Buildings	159,247	39,007	120,240
Machinery and equipment	775,303	286,113	489,190
	$ 955,930	$ 325,120	$ 630,810

Construction in progress assets of $76.1 million (2007 – $88.6 million) are included in machinery and equipment and represent assets constructed or developed over time. Depreciation commences when these assets become available for commercial use.

8. OTHER ASSETS

	2008	2007
Long-term investments	**$ 22,211**	$ 17,777
Equity investment	**18,904**	8,795
Deferred charges and other	**16,515**	6,768
	$ 57,630	$ 33,340

In 2007, the Company formed a joint venture in Russia in the pressure sensitive label business named CCL-Kontur that services the territories of Russia and the Commonwealth of Independent States. The Russian partner has operating control of the business and, consequently, the investment is being carried at its equity value. The allocation of the investment to specific assets is as follows:

Current assets	$ 1,728
Non-current assets at assigned values	4,849
Goodwill	12,055
Net assets purchased	$ 18,632
Total consideration:	
Cash, less cash acquired of $0.3 million	$ 14,190
Other non-cash consideration	4,442
Total consideration	$ 18,632

Deferred charges and other include the fair value of cross-currency and interest rate swap agreements.

9. INTANGIBLE ASSETS

	2008	2007
Intangible assets, primarily customer contracts and relationships	$ 65,620	$ 39,367
Accumulated amortization	(18,083)	(13,235)
	$ 47,537	$ 26,132

10. GOODWILL

CICA Handbook Section 3062 requires goodwill to be tested for impairment on an annual basis or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. During the current year, the Company completed its annual impairment test whereby the Company estimated the fair value of each reporting segment and compared it to the segment's book value.

The fair values of the Label and Container segments were greater than their respective carrying values, indicating goodwill was not impaired for these two segments. The estimated fair value for the Tube segment was lower than its carrying value, indicating a potential impairment, which required the Company to perform an additional analysis.

Based on this analysis it was determined that the recorded value of goodwill exceeded the fair value, and a non-cash write-down of $31.4 million was required for goodwill related to the Tube segment. The contributing factors to the impairment of goodwill include lower operating results in the Tube segment driven by the negative effect of the U.S. economic downturn on high-end personal care products and the reduction in value of companies in the same packaging segment due to difficult global economic conditions.

11. TOTAL DEBT

	2008	2007
Current portion of long-term debt	$ 25,947	$ 21,211
Long-term debt due after one year	566,575	382,166
Total debt outstanding	$ 592,522	$ 403,377

(a) The total borrowings at December 31 are denominated in the following currencies:

		2008		2007	
		Local Currency (000's)	Canadian Equivalent	Local Currency (000's)	Canadian Equivalent
U.S. dollar	USD	338,249	$ 414,717	213,166	$ 209,153
Euro	EUR	89,860	150,727	81,552	116,288
Chinese renminbi	RMB	55,248	9,917	55,558	7,517
Canadian dollar	CAD	8,301	8,301	48,757	48,757
Thai baht	THB	195,347	6,884	156,353	5,180
Swiss franc	CHF	1,578	1,810	—	—
Japanese yen	JPY	10,526	142	17,074	151
U.K. pound sterling	GBP	14	24	8,332	16,331
			$ 592,522		$ 403,377

(b) The short-term operating lines of credit provided to the Company and amounts used at December 31 are:

	2008	2007
Credit lines available	$ 44,212	$ 40,647
Credit lines used	$ —	$ —

Interest rates charged on operating facilities are based on rates varying with London Interbank Offered Rate ("LIBOR"), the prime rate and similar market rates for other currencies.

(c) Total long-term debt is comprised of:

	2008	2007
Unsecured senior notes issued September 2008, 5.86%, repayable in September 2013 (US$52.0 million)	**$ 63,337**	$ —
Unsecured senior notes issued September 2008, 6.62%, repayable in September 2018 (US$78.0 million)	**95,006**	—
$95.0 million unsecured revolving line of credit issued January 2007, rates varying with prime, Canadian bankers' acceptance, LIBOR or EURIBOR, repayable in January 2013	**—**	45,000
Unsecured senior notes issued March 2006, 5.29%, repayable in March 2011 (US$60.0 million)	**73,082**	59,477
Unsecured senior notes issued March 2006, 5.57%, repayable in March 2016 (US$110.0 million)	**133,982**	109,040
Unsecured senior notes issued July 1998, 6.90%, weighted-average, repayable in three tranches with repayments after 12, 15 and 20 years (US$110.0 million)	**133,982**	109,040
Unsecured senior notes issued September 1997, 6.97%, repayable in equal instalments starting September 2002 and finishing September 2012 (2008 – US$37.5 million; 2007 – US$46.8 million)	**45,620**	46,410
Other loans	**47,513**	34,410
	592,522	403,377
Current portion	**(25,947)**	(21,211)
	$ 566,575	$ 382,166

During 2008, CCL completed a private placement financing of unsecured senior notes with U.S. institutional investors. The amount of the borrowing totals US$130.0 million, with US$52.0 million to be repaid in 2013 and US$78.0 million to be repaid in 2018.

These loans have been designated as a hedge of net investments in self-sustaining foreign operations. The portion of the foreign exchange gain or loss on these loans that is determined to be an effective hedge is included in comprehensive income and the ineffective portion is recognized in earnings.

The $95.0 million unsecured revolving line of credit is also utilized to support letters of credit. The unused portion of this revolving line of credit was $91.2 million in 2008 (2007 – $46.1 million).

Other loans include term bank loans, industrial revenue bonds and capital leases at various rates and repayment terms. In addition, other loans include the fair value of cross-currency and interest rate swap agreements.

(d) Interest rate swap agreements

During 2006, the Company entered into cross-currency interest rate swap agreements that converted U.S. dollar fixed rate debt into Canadian dollar fixed rate debt and Canadian dollar floating rate debt in order to reduce the Company's exposure to the U.S. dollar debt, currency and interest rate exposures.

Notional Principal Amount		Interest Rate			
Fixed Rate	Fixed Rate	Paid (CAD)	Received (USD)	Maturity	Effective Date
US$60.0 million	C$70.4 million	4.50%	5.29%	March 8, 2011	March 29, 2006

Notional Principal Amount		Interest Rate			
Fixed Rate	Floating Rate	Paid (CAD)	Received (USD)	Maturity	Effective Date
US$31.0 million	C$36.0 million	3-month BA + 1.67%	6.67%	July 8, 2010	December 29, 2006
US$28.1 million*	C$32.6 million	3-month BA + 2.01%	6.97%	September 16, 2012	December 29, 2006

* There is an annual principal payment on this swap. Remaining principal amounts are US$18.7 million and C$21.8 million.

During 2006, the Company entered into cross-currency interest rate swap agreements that converted Canadian dollar fixed rate and Canadian dollar floating rate debt into euro fixed rate debt and euro floating rate debt in order to hedge the Company's exposure to the euro with a view to reducing foreign exchange fluctuations and interest expense.

Notional Principal Amount		Interest Rate			
Fixed Rate	Fixed Rate	Paid (EUR)	Received (CAD)	Maturity	Effective Date
C$70.4 million	EUR50.0 million	3.82%	4.50%	March 8, 2011	March 29, 2006

Notional Principal Amount		Interest Rate			
Floating Rate	Floating Rate	Paid (EUR)	Received (CAD)	Maturity	Effective Date
C$36.0 million	EUR23.6 million	6-month EURIBOR + 1.64%	3-month BA + 1.67%	July 8, 2010	December 29, 2006
C$32.6 million*	EUR21.3 million	6-month EURIBOR + 1.99%	3-month BA + 2.01%	September 16, 2012	December 29, 2006

* There is an annual principal payment on this swap. Remaining principal amounts are C$21.8 million and EUR14.2 million.

During 2003, the Company entered into an interest rate swap agreement in order to redistribute the Company's exposure to fixed and floating interest rates with a view to reducing interest costs over the long-term.

		Interest Rate			
Notional Principal Amount	Currency	Paid (USD)	Received (USD)	Maturity	Effective Date
$42.1 million*	USD	3-month LIBOR + 2.97%	6.97%	September 16, 2012	December 16, 2003

* There is an annual principal payment on this swap. Remaining principal amount is US$18.7 million.

(e) The Company has certain covenants related to its debt obligations. The Company was compliant with these covenants throughout the year.

(f) The overall weighted average interest rate on total long-term debt, factoring in the interest rate swap agreements, at December 31, 2008 was 5.8% (2007 – 5.8%).

(g) Interest expense incurred was as follows:

	2008	2007
Current	$ 2,738	$ 1,973
Long-term	25,791	26,478
	28,529	28,451
Interest income	(4,580)	(4,195)
	23,949	24,256
Less interest allocated to discontinued operations	—	(1,099)
	$ 23,949	$ 23,157

Interest paid during the year was $24.6 million (2007 – $28.4 million).

(h) Long-term debt repayments are as follows:

2009	$ 25,947
2010	60,001
2011	101,359
2012	14,154
2013	98,299
Thereafter	292,762
	$ 592,522

12. OTHER LONG-TERM ITEMS

	2008	2007
Environmental reserves, less current portion of $2,074 (2007 – $1,775)	$ 6,084	$ 5,712
Outstanding self-insured claims and reserves	3,996	4,484
Employee future benefits and deferred compensation	45,823	33,144
Deferred revenue and other	10,589	5,456
	$ 66,492	$ 48,796

Environmental reserves represent management's best estimate for site restoration costs. Outstanding self-insured claims and reserves are actuarially determined. The actual timing of payments against these liabilities is unknown. Employee future benefits are discussed in note 17.

The Company has an unfunded deferred compensation plan for its active employees and retirees of $23.1 million (2007 – $13.4 million).

13. INCOME TAXES

(a) Effective tax rate

	2008	2007
Combined Canadian federal and provincial income tax rate	31.5%	34.1%
Total earnings before income taxes	$ 72,863	$ 111,972
Expected income taxes	$ 22,952	$ 38,205
Increase (decrease) resulting from:		
Realized benefit of foreign tax rate	(9,074)	(6,979)
Recognized income tax benefit of losses	(694)	(2,053)
Non-taxable portion of goodwill	11,883	—
Non-taxable portion of capital gain	(746)	(243)
Impact of favourable tax settlements from prior years	(267)	(5,822)
Losses and other items for which no tax benefit has been recognized	1,258	1,641
Impact of tax rate reduction	—	(4,310)
Other	(435)	(1,973)
Income taxes	$ 24,877	$ 18,466
Income taxes paid	$ 29,433	$ 36,548

Future income taxes impacted earnings in the current year by an expense of $5,512 (2007 – recovery of $5,811). Included in the 2007 tax recovery was a recovery of $478 related to discontinued operations.

Income taxes includes a tax recovery on restructuring and other items of $1,129 (2007 – tax expense of $452) as discussed in note 5.

	2008		2007	
	Earnings	Tax	Earnings	Tax
Total earnings before income taxes	$ 72,863	$ 24,877	$ 111,972	$ 18,466
Earnings from discontinued operations	—	—	15,288	4,331
Gain on sale of discontinued operations	—	—	43,452	—
	$ 72,863	$ 24,877	$ 170,712	$ 22,797

(b) The tax effects of the significant components of temporary differences giving rise to the Company's net income tax assets and liabilities are as follows:

	2008	2007
Future income tax assets:		
Non-deductible reserves	**$ 36,013**	$ 29,966
Alternative minimum tax credit carry forward	**1,839**	2,005
Unrealized foreign exchange losses	**1,670**	—
Amount related to tax losses carried forward	**31,246**	24,795
Future income tax assets before valuation allowance	**70,768**	56,766
Valuation allowance	**(27,294)**	(24,631)
Future income tax assets net of valuation allowance	**43,474**	32,135
Future income tax liabilities:		
Property, plant and equipment, goodwill and other assets	**96,662**	70,940
Unrealized foreign exchange gains	**—**	13,091
Other	**9,716**	10,372
Future income tax liabilities	**106,378**	94,403
Net future income tax liabilities	**$ 62,904**	$ 62,268

14. SHARE CAPITAL

Issued and outstanding

	2008	2007
Issued share capital	**$ 204,003**	$ 201,923
Less:		
Executive share purchase plan loans	**(1,258)**	(1,258)
Shares held in trust	**(11,472)**	(10,161)
Total	**$ 191,273**	$ 190,504

(a) Shares held in trust

During 2005, the Company granted an award of 200,000 Class B shares of the Company. These shares are restricted in nature; 120,000 shares vested in 2007 based on performance and were withdrawn from the trust and provided to the employee. The remaining 80,000 shares will vest in 2009 dependent on continuing employment. The Company purchased the 200,000 shares in the open market; 80,000 of these shares remain in the trust until they are fully vested.

During 2007, the Company granted an award of 120,000 Class B shares of the Company. These shares are restricted in nature; shares will vest in 2010 dependent on performance and on continuing employment. The Company purchased these 120,000 shares in the open market and has placed them in trust until they are fully vested.

During 2008, the Company granted awards totalling 145,000 Class B shares of the Company. These shares are restricted in nature and will vest at the end of 2010 dependent on company performance. The Company purchased these 145,000 shares on the open market and has placed them in trust until they are fully vested.

The fair values of these stock awards are being amortized over the vesting period and recognized as compensation expense as described in note 14(e)(i).

(b) Shares issued

	Class A		Class B		
	Shares (000's)	Amount	Shares (000's)	Amount	Total Amount
Balance, December 31, 2006	2,379	$ 4,525	30,223	$ 192,977	$ 197,502
Stock options exercised	—	—	278	4,421	4,421
Balance, December 31, 2007	2,379	4,525	30,501	197,398	201,923
Stock options exercised	—	—	264	5,011	5,011
Issued shares	—	—	30	927	927
Normal course issuer bid	—	—	(618)	(3,858)	(3,858)
Conversions from Class A to Class B shares	(4)	(8)	4	8	—
Balance, December 31, 2008	2,375	$ 4,517	30,181	$ 199,486	$ 204,003

During 2008, 618,000 Class B shares were repurchased for $18.1 million. The excess of the purchase price over the paid-up capital of $3.9 million was charged to retained earnings (note 20).

During 2008, the Company issued 29,753 restricted shares as part of the consideration for the purchase of Clear Image.

(c) Share attributes

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.

(i) Class A

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 Class B shares.

(ii) Class B

Class B shares rank equally in all material respects with Class A shares, except as follows:

(1) Holders of Class B shares are entitled to receive material and attend, but not to vote at, regular shareholder meetings.

(2) 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.

(3) 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.

(d) Earnings per share

	2008		2007	
	Class A	**Class B**	Class A	Class B
Basic earnings	**$ 1.45**	**$ 1.50**	$ 4.27	$ 4.59
Diluted earnings	**$ 1.41**	**$ 1.46**	$ 4.11	$ 4.42

	2008	2007
Year-to-date weighted average number of shares	**32,090,470**	32,284,210
Year-to-date weighted average diluted number of shares	**32,982,083**	33,492,937

Fully diluted earnings per Class B share computed using the treasury stock method reflects the dilutive effect, if any, of the exercise of share options, shares held as security for executive share purchase plan loans outstanding, shares held in trust and deferred share units at December 31, assuming they had been exercised at the beginning of the year.

(e) Stock-based compensation plans

At December 31, 2008, the Company had two stock-based compensation plans, which are described below:

(i) Employee stock option plan

Under the employee stock option plan, the Company may grant options to employees, officers and inside directors of the Company up to 3,000,000 Class B non-voting shares. The Company does not grant options to outside directors. The exercise price of each option equals the market price of the Company's stock on the date of grant, and an option's maximum term is 10 years. Before December 2003, options vested 20% on the grant date and 20% each year following the grant date. The term of these options was 5 or 10 years. Beginning December 2003, options granted begin to vest a year from grant date, with 25% vesting one year from grant date and 25% each subsequent year. The term of these options is five years from the grant date.

Exceptions to this vesting schedule were grants in 2005 totalling 50,000 shares upon the acquisition of CCL-Pachem by the Company. These options vested in March 2008 and expire three years after vesting. In 2008, an option grant of 25,000 shares was made upon the acquisition of Clear Image by the Company. These options vest after three years and expire after five years.

For options and share awards granted for executive compensation, $1.6 million (2007 – $2.4 million) has been recognized in the financial statements as an expense with a corresponding offset to contributed surplus. The fair value of options granted has been estimated using the Black-Scholes model and the following assumptions:

	2008	2007
Risk-free interest rate	3.05%	3.75%
Expected life	4.5 years	4.5 years
Expected volatility	25%	21%
Expected dividends	$ 0.56	$ 0.48

A summary of the status of the Company's employee stock option plan as of December 31, 2008 and 2007 and changes during the years ended on those dates is presented below:

	2008		2007	
	Shares (000's)	Weighted Average Exercise Price	Shares (000's)	Weighted Average Exercise Price
Outstanding, beginning of year	1,686	$ 20.30	1,799	$ 17.79
Granted	160	31.21	165	38.77
Exercised	(264)	16.73	(278)	15.05
Outstanding, end of year	1,582	$ 21.99	1,686	$ 20.30
Options exercisable, end of year	1,181	$ 18.33	1,204	$ 16.10

The following table summarizes information about the employee stock options outstanding at December 31, 2008:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options Outstanding (000's)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable (000's)	Weighted Average Exercise Price
$ 8.35–$12.00	142	1.8 years	$ 8.35	142	$ 8.35
$12.01–$16.00	390	2.0 years	12.88	390	12.88
$16.01–$20.00	310	2.4 years	18.14	310	18.14
$20.01–$30.00	415	2.9 years	27.89	304	27.84
$30.01–$44.25	325	4.5 years	35.05	35	38.84
$ 8.35–$44.25	1,582	2.8 years	$ 21.99	1,181	$ 18.33

(ii) Executive share purchase plan

Under the executive share purchase plan, which was discontinued in December 2001, the Company provided assistance to senior officers and executives of the Company to invest in Class B shares of the Company in the open market by providing interest-free loans. The loans have a 10-year term and are repayable only when the shares are sold or upon completion of employment. The executive share purchase plan loans have been deducted from shareholders' equity. These loans are secured by 100,000 (2007 – 100,000) Class B shares of the Company with a quoted value at December 31, 2008 of $25.00 (2007 – $38.61) per Class B share, totalling $2.5 million (2007 – $3.9 million).

(f) Deferred share units

The Company maintains a deferred share unit ("DSU") plan. Under this plan, non-employee members of the Company's Board of Directors may elect to receive DSUs, in lieu of cash remuneration, for director fees which would otherwise be payable to such directors, or any portion thereof. The number of units received is equivalent to the fees earned and is based on the fair market value of a Class B non-voting share of the Company's capital stock on the date of issue of the DSU. DSUs cannot be redeemed or paid out until such time as the director ceases to be a director. A DSU entitles the holder to receive, on a deferred payment basis, either the number of Class B non-voting shares of the Company equating to the number of his or her DSUs, or, at the election of the Company, a cash amount equal to the fair market value of an equal number of Class B non-voting shares of the Company on the redemption date. The Company had 18,787 DSUs outstanding as at December 31, 2008. The amount expensed in 2008 totalled less than $0.1 million (2007 – $0.4 million).

15. COMMITMENTS AND CONTINGENCIES

The Company has commitments under various long-term operating lease agreements.

Future minimum payments under such lease obligations are due as follows:

2009	$	11,805
2010		9,699
2011		7,450
2012		4,460
2013		2,851
Thereafter		10,425
	$	46,690

The Company and its consolidated subsidiaries are defendants in actions brought against them from time to time in connection with their operations. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe they will have a material impact on its financial position or results of operations.

16. GUARANTEES

In connection with the divestitures of certain operations, the Company has indemnified the purchasers against defined claims from the past conduct of the business and also provided certain guarantees in relation to the obligations assumed by the purchasers. It is not possible to quantify the maximum potential liability in relation to the indemnities. Certain indemnities for environmental matters have been accrued for in other long-term items (note 12).

Standby letters of credit amounted to $4.1 million (2007 – $4.0 million) and are secured with existing operating lines of credit.

17. EMPLOYEE FUTURE BENEFITS

The Company maintains defined benefit pension plans, several defined contribution pension plans and various supplemental retirement plans.

The expense for the defined contribution plans was $5.7 million (2007 – $5.1 million).

Information on the defined benefit plans including the defined benefit pension plans, supplemental retirement plans and other post-employment benefit plans is as follows:

	2008	2007
Accrued benefit obligation:		
Balance, beginning of year	$ 62,188	$ 70,390
Current service cost	883	743
Interest cost	3,281	3,205
Benefits paid	(2,178)	(1,824)
Actuarial gain	(10,902)	(4,366)
Reinstatements and transfers	(122)	(97)
Effect of curtailment	—	283
Special termination benefits	—	141
Foreign exchange rate changes	(796)	(6,287)
Balance, end of year	$ 52,354	$ 62,188
Plan assets:		
Fair value, beginning of year	$ 32,610	$ 34,511
Actual return on plan assets	(5,980)	1,977
Employee contributions	111	—
Employer contributions	2,748	2,403
Benefits paid	(2,178)	(1,824)
Reinstatements and transfers	(960)	(97)
Foreign exchange rate changes	(1,972)	(4,360)
Fair value, end of year	$ 24,379	$ 32,610
Fund status, net deficit of plans	$ (27,975)	$ (29,578)
Unamortized past service cost	103	124
Unamortized net actuarial loss	4,726	9,095
Accrued benefit liability	$ (23,146)	$ (20,359)

The amount of accrued benefit liability is included in the Company's balance sheets under other long-term liabilities, less current portion of $0.8 million (2007 – $0.7 million), which is included in accrued liabilities.

Included in the above accrued benefit liability for 2008 is $23.5 million (2007 – $19.3 million) for the unfunded supplemental retirement plans.

In 2008, the Company offered enhanced transfer values to certain members of the U.K. defined benefit pension plan. The assets and the associated accrued benefit obligation will be transferred out of the plan in 2009 for those members who accept. The Company estimates the total payout under this arrangement will be $4.5 million (GBP 2.5 million). The most recent actuarial valuation of the U.K. defined benefit pension plan for funding purposes was as of January 1, 2008. The next required valuation will be as of January 1, 2011.

In 2008, the Company converted a portion of an executive defined contribution pension plan to an existing defined benefit pension plan. The assets transferred to the defined benefit pension plan in 2008 from the defined contribution plan were $2.0 million. The most recent actuarial valuation for funding purposes of the plan was as of January 1, 2006. The next actuarial evaluation will be as of January 1, 2009.

Plan assets consist of equity securities 70% (2007 – 72%), debt securities 23% (2007 – 21%), real estate 4% (2007 – 4%) and other 3% (2007 – 3%).

The weighted average economic assumptions used to determine benefit obligations are as follows:

	2008	2007
Discount rate	**6.44%**	5.49%
Rate of compensation increase	**3.17%**	3.34%

The weighted average economic assumptions used to determine pension expenses are as follows:

	2008	2007
Discount rate	**5.45%**	4.97%
Expected long-term rate of return on plan assets	**6.93%**	6.92%
Rate of compensation increase	**3.17%**	3.43%

The Company's net benefit plan expense is as follows:

	2008	2007
Current service cost	**$ 883**	$ 743
Past service cost	**21**	21
Interest cost	**3,281**	3,205
Expected return on plan assets	**(2,238)**	(2,275)
Amortization of net actuarial loss	**462**	627
Curtailment loss	**—**	307
Special termination benefits	**—**	141
Net benefit plan expense	**$ 2,409**	$ 2,769

The average remaining service period of active members covered by the defined benefit plans is 16 years for 2008 (2007 – 14 years).

18. SEGMENTED INFORMATION

The Company's reportable segments are generally managed independently of each other, primarily because of product diversity. Each segment retains its own management team and is responsible for compiling its own financial information.

The Company has three reportable segments: Label, Container and Tube. The Label segment produces pressure sensitive self-adhesive labels, and designs and prints a wide range of high-quality paper and film, expanded content, promotional, coupon and in-mould labels. The Container segment manufactures aluminum aerosol containers and the Tube segment manufactures plastic tubes.

Transactions with one significant customer in 2008 accounted for approximately $124 million (2007 – one customer for $127 million) of the Company's total revenue.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on income from operations before interest, goodwill impairment loss, restructuring and other items and income taxes, and on return on operating assets.

(a) Industry segments

	Sales		Income	
	2008	2007	**2008**	2007
Label	**$ 971,240**	$ 904,438	**$ 134,243**	$ 126,803
Container	**154,943**	181,470	**9,307**	17,760
Tube	**62,842**	58,352	**(793)**	460
	$ 1,189,025	$ 1,144,260	**142,757**	145,023
Corporate expense			**(11,465)**	(14,031)
Interest expense, net			**(23,949)**	(23,157)
Goodwill impairment loss (note 10)			**(31,386)**	—
Restructuring and other items, net gain (loss) (note 5)			**(3,094)**	4,137
Income taxes			**(24,877)**	(18,466)
Net earnings from continuing operations			**47,986**	93,506
Net earnings from discontinued operations, net of tax			**—**	10,957
Gain on sale of discontinued operations			**—**	43,452
Net earnings			**$ 47,986**	$ 147,915

	Identifiable Assets		Goodwill (note 10)		Depreciation and Amortization from Continuing Operations		Capital Expenditures	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007
Label	**$1,249,947**	$ 994,440	**$ 366,488**	$ 336,490	**$ 66,174**	$ 57,389	**$ 142,939**	$ 130,094
Container	**190,421**	166,838	**12,765**	12,734	**10,910**	11,254	**35,970**	11,622
Tube	**77,065**	82,424	**—**	25,526	**7,575**	6,852	**13,279**	9,551
ColepCCL	**—**	—	**—**	—	**—**	—	**—**	12,030
Corporate	**248,854**	244,488	**—**	—	**485**	417	**613**	156
	$1,766,287	$1,488,190	**$ 379,253**	$ 374,750	**$ 85,144**	$ 75,912	**$ 192,801**	$ 163,453

(b) Geographic segments

	Sales		Property, Plant and Equipment and Goodwill	
	2008	2007	**2008**	2007
Canada	**$ 111,376**	$ 134,451	**$ 115,909**	$ 120,728
United States and Puerto Rico	**430,842**	433,946	**456,114**	404,450
Mexico and Brazil	**99,365**	97,309	**133,293**	88,883
Europe	**494,618**	448,927	**427,014**	355,912
Asia and Australia	**52,824**	29,627	**77,756**	35,587
	$ 1,189,025	$ 1,144,260	**$ 1,210,086**	$ 1,005,560

The geographic segment is determined by the location of the Company's country of operation.

19. FINANCIAL INSTRUMENTS

The Company has exposure to the following forms of risk from its use of financial instruments: market risk, credit risk, and liquidity risk.

The Company does not utilize derivative financial instruments for speculative purposes.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's income or the value of its holding of financial instruments.

(i) Foreign exchange risk

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company partially manages these exposures by contracting primarily in Canadian dollars, euros, U.K. pounds and U.S. dollars. Additionally, each subsidiary's sales and expenses are primarily denominated in its local currency, further minimizing the foreign exchange impact on the operating results.

The Company has entered into forward foreign exchange contracts to hedge its foreign currency exposure on certain anticipated U.S. sales. The contracts oblige the Company to sell U.S. dollars in the future at predetermined rates. As at December 31, 2008, the Company had purchased contracts to sell US$12.0 million in 2009 at an average exchange rate of $1.1903.

The Company had also entered into a non-deliverable forward foreign exchange contract in July 2006 to hedge its investment and cash flow from its Brazilian subsidiaries. The contract required the Company to receive or pay the Canadian dollar change in value of the hedge in April 2007. There is no outstanding contract as at December 31, 2008.

The Company is exposed to the following currency risk at December 31, 2008.

	U.S. Dollar	U.K. Pound	Euro
Cash	$ 55,088	£ 2,062	€ 17,125
Accounts receivable	$ 45,304	£ 5,707	€ 37,529
Accounts payable and accrued liabilities	$ 102,276	£ 9,625	€ 55,518
Long-term debt	$ 438,925	£ 16	€ 1,641

A 5% strengthening of the Canadian dollar against the following currencies at December 31, 2008 would have decreased equity and net income by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant (a 5% weakening of the Canadian dollar against the above currencies at December 31 would have had the equal but opposite effect).

	Equity	Net Income
U.S. dollar	$ 25,749	$ 360
U.K. pound	$ 11,961	$ 79
Euro	$ 6,961	$ 416

Included in income from operations for the year ended December 31, 2008 are foreign exchange gains totalling $3.9 million (2007 – $3.0 million).

(ii) Interest rate risk

The Company is exposed to market risks related to interest rate fluctuations on its debt. To mitigate this risk, the Company maintains a combination of fixed and floating rate debt.

For the year ending December 31, 2008, a 100 basis point increase (decrease) in the interest rate would have resulted in a $1.4 million (2007 – $1.6 million) decrease (increase) in the earnings from operations of the Company and no impact on other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval from senior management; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company is potentially exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. These counterparties are large international financial institutions and, to date, no such counterparty has failed to meet its financial obligations to the Company. As at December 31, 2008, the Company does not have any material exposure to credit risk arising from derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

	2008	2007
Cash and cash equivalents	**$ 136,269**	$ 96,602
Accounts receivable	**155,977**	127,105
Other accounts receivable	**18,548**	12,498
Total credit exposure	**$ 310,794**	$ 236,205

The aging of accounts receivable at December 31 were:

	2008	2007
Under 30 days	**$ 94,013**	$ 78,330
Between 31 and 90 days	**54,952**	45,696
Greater than 90 days	**12,425**	7,254
Total accounts receivable	**$ 161,390**	$ 131,280

Reconciliation of allowance for credit losses:

	2008	2007
Opening balance	**$ 4,175**	$ 5,576
Increase (decrease) during the period	**1,238**	(1,401)
Total allowance for credit losses	**$ 5,413**	$ 4,175

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due. The Company believes that future cash flows generated by operations and access to additional liquidity through capital and banking markets will be adequate to meet its financial obligations.

The financial obligations of the Company include accounts payable, long-term debts and other long-term items. The contractual maturity of accounts payable is six months or less. Long-term debts have varying maturities extending to 2018.

Fair values

The carrying values of cash and cash equivalents, accounts receivable, other receivables and accounts payable and accrued liabilities approximate fair values due to the short-term maturities of these financial instruments.

The fair value of long-term debt is $526.7 million (2007 – $408.6 million). Fair value of long-term debt is determined as the present value of contractual future payments of principal and interest discounted at the current market rates of interest available to the Company for the same or similar debt instruments.

The unrealized loss on the interest rate swap agreements and the cross-currency interest rate swap agreements as at December 31, 2008 amounts to $8.9 million (2007 – $13.9 million).

The Company enters into futures contracts to hedge the cost of aluminum used in its container manufacturing process against specific customer requirements. As at December 31, 2008, futures contracts for US$24.9 million of aluminum purchase commitments at an average price of US$2,507 per metric ton, extending through 2010, were outstanding.

Future aluminum contracts that have become unfavourable constitute financial liabilities and have a fair value loss of $12.1 million (2007 – fair value loss of $0.6 million).

The U.S. dollar forward foreign exchange contract rates, which have become unfavourable based on the forward exchange rates at December 31, 2008, constitute financial liabilities and have a fair value loss of $0.3 million (2007 – no outstanding contracts).

20. CAPITAL MANAGEMENT POLICY

The Company's objective is to maintain a strong capital base throughout the economic cycle so as to maintain investor, creditor and market confidence and to sustain the future development of the business. This capital structure supports the Company's objective to provide an attractive financial return to its shareholders equal to its leading specialty packaging peers (between 12% and 14% up until 2008 but lower since the global recession).

The Company defines capital as total shareholders' equity and measures the return on capital (or return on equity) by dividing annual net income before goodwill impairment loss, restructuring and other items and favourable tax adjustments by the average of the beginning and end of year shareholders' equity. In 2008, the return on capital was 11% (2007 – 13%) and was well within the range of its leading specialty packaging peers.

Management and the Board maintain a balance between the expected higher return on capital that might be possible with a higher level of financial debt and the advantages and security afforded by a lower level of financial leverage. The Company believes that an optimum level of net debt (defined as current debt, including bank advances, plus long-term debt, less cash and cash equivalents) to total book capitalization (defined as net debt plus shareholders' equity) is a maximum of 45%. This ratio was 38% at December 31, 2008 (2007 – 30%) and therefore the Company has further capacity to invest in the business with additional debt without exceeding the optimum level.

The Company has provided a growing level of dividends to its shareholders over the last few years generally related to its growth in earnings. The dividends are declared bearing in mind the Company's current earnings, cash flow and financial leverage.

The Company filed a normal course issuer bid commencing March 4, 2008 allowing the repurchase of up to 2.5 million Class B shares and 13,000 Class A shares in the following twelve months. All purchases are to be made on the open market. The number of shares and the price of such purchases will be determined by management when it believes that such purchases will enhance shareholder value.

During 2008, 618,000 Class B shares were repurchased for $18.1 million. The excess of the purchase price over the paid-up capital of $3.9 million was charged to retained earnings.

Other than the filing of the normal course issuer bid, there were no changes in the Company's approach to capital management during the year. The Company and its subsidiaries are subject to externally imposed capital requirements under the Company's senior note agreements and revolving bank debt; however, the Company is allowed further significant borrowings under the terms of these agreements at this time.

SIX YEAR FINANCIAL SUMMARY

(In thousands of Canadian dollars, except per share and ratio data)

	2008	2007	2006	2005	2004	2003
Sales and Net Earnings						
Sales[1]	**$ 1,189,025**	$ 1,144,260	$ 1,029,569	$ 922,492	$ 718,120	$ 717,371
Depreciation and amortization[1]	**85,144**	75,912	67,047	57,580	47,379	48,207
Interest expense[1]	**23,949**	23,157	20,584	18,910	17,249	18,572
Net earnings	**47,986**[2]	147,915[3]	77,420[4]	163,836[5]	59,249[6]	53,033[7]
Basic net earnings per Class B share	**$ 1.50**[2]	$ 4.59[3]	$ 2.41[4]	$ 5.10[5]	$ 1.84[6]	$ 1.64[7]
Financial Position						
Current assets	**$ 407,947**	$ 391,023	$ 424,897	$ 405,213	$ 420,395	$ 392,970
Current liabilities	**276,711**	244,966	322,996	290,737	338,205	276,469
Working capital	**131,236**	146,057	101,901	114,476	82,190	116,501
Total assets	**1,766,674**	1,488,190	1,542,590	1,398,696	1,299,233	1,224,105
Net debt	**456,253**	306,775	317,099	282,392	355,017	345,030
Shareholders' equity	**$ 750,518**	$ 717,859	$ 652,601	$ 565,818	$ 448,937	$ 418,886
Net debt to equity ratio	**0.61**	0.43	0.49	0.50	0.79	0.82
Net debt to total book capitalization	**37.8%**	29.9%	32.7%	33.3%	44.2%	45.2%
Number of Shares (000's)						
Class A – Dec 31	**2,375**	2,379	2,379	2,422	2,439	2,442
Class B – Dec 31[8]	**30,181**	30,501	30,223	30,089	30,022	29,917
Weighted average for the year	**32,090**	32,284	32,240	32,171	32,290	32,349
Cash Flow						
Cash provided by operations	**$ 216,348**	$ 162,194	$ 161,298	$ 112,062	$ 135,067	$ 129,494
Additions to plant, property and equipment	**192,801**	163,453	150,423	155,947	111,652	112,247
Business acquisitions	**40,677**	105,575	62,170	139,499	26,870	104,443
Dividends	**17,512**	15,233	13,775	12,804	12,532	11,494
Dividends per Class B share	**$ 0.56**	$ 0.48	$ 0.43	$ 0.40	$ 0.39	$ 0.36

Note:
1 Excluding discontinued operations; 2003 adjusted for sales of entities that became part of ColepCCL joint venture
2 After pre-tax restructuring and other items – net loss of $3.1 million and goodwill impairment loss of $31.4 million
3 After pre-tax restructuring and other items – net gain of $4.1 million
4 After pre-tax restructuring and other items – net loss of $11.5 million
5 After pre-tax restructuring and other items – net loss of $17.9 million
6 After pre-tax restructuring and other items – net loss of $0.9 million
7 After pre-tax restructuring and other items – net loss of $6.6 million
8 Class B shares include outstanding exchangeable shares

Directors

Paul J. Block
Director since 1997
Chairman & CEO,
Proteus Capital Associates
New York, U.S.A.
Member of the Audit Committee
Chair of the Human Resources Committee

Michael T. Cowhig
Director since 2007
Former President, Global Technical and Manufacturing,
The Procter & Gamble Company – Gillette Global Business Unit
Massachusetts, U.S.A.
Member of the Human Resources Committee

Jon K. Grant
Director since 1994
Corporate Director
Ontario, Canada
Lead Director
Member of the Environment and Health & Safety Committee
Chair of the Nominating and Governance Committee

Edward E. Guillet
Director since 2008
Former Senior Vice President, Human Resources,
The Procter & Gamble Company – Gillette Global Business Unit
Massachusetts, U.S.A.
Member of the Human Resources Committee

Alan D. Horn
Director since 2008
President & CEO,
Rogers Telecommunications Limited
Chairman and Acting Chief Executive Officer,
Rogers Communications Inc.
Ontario, Canada
Member of the Audit Committee
Member of the Nominating & Governance Committee

Donald G. Lang
Director since 1991
Executive Chairman,
CCL Industries Inc.
Ontario, Canada

Stuart W. Lang
Director since 1991
Former President,
CCL Label International
Ontario, Canada
Member of the Environment and Health & Safety Committee

Geoffrey T. Martin
Director since 2005
President & CEO,
CCL Industries Inc.
Massachusetts, U.S.A.

Douglas W. Muzyka
Director since 2006
President,
Dupont Greater China and Dupont Holding Co. Ltd.
Shanghai, China
Chair of the Environment and Health & Safety Committee

Thomas C. Peddie
Director since 2003
Senior Vice President & CFO,
Corus Entertainment Inc.
Ontario, Canada
Chair of the Audit Committee
Member of the Nominating & Governance Committee

Officers

Steven W. Lancaster
Executive Vice President

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and Chief Executive Officer

Bohdan I. Sirota
Senior Vice President, General Counsel and Secretary

Susan V. Snelgrove
Vice President, Risk and Environmental Management

Gaston A. Tano
Senior Vice President and Chief Financial Officer

Lalitha Vaidyanathan
Senior Vice President Finance, Administration & IT

Janis M. Wade
Senior Vice President, Human Resources and Corporate Communications

---

Business Leadership

NORTH AMERICA

John Pedroli
President,
CCL Industries, North America
Charlotte, North Carolina, U.S.A.

Ben Rubino
Group Vice President,
Home and Personal Care,
Worldwide
Shelton, Connecticut, U.S.A.

Eric Schaffer
Vice President and General Manager,
Specialty Products,
CCL Label North America
Collierville, Tennessee, U.S.A.

Jim Sellors
Vice President and General Manager,
Healthcare Solutions,
CCL Label North America
Toronto, Ontario, Canada

Ken Cloud
Vice President and General Manager,
CCL Container Canada & U.S.A.
Hermitage, Pennsylvania, U.S.A.

Andy Iseli
General Manager,
CCL Tube Los Angeles
Los Angeles, California, U.S.A.

LATIN AMERICA

Armando Oliveira
Vice President and Managing Director,
CCL Label Brazil
Sao Paolo, Brazil

Ben Lilienthal
Vice President and Managing Director,
CCL Mexico
Mexico City, Mexico

EUROPE

Günther Birkner
Group Vice President,
Food and Beverage,
Worldwide
Hohenems, Austria

Tommy Nielsen
Vice President and General Manager,
Healthcare and Specialty Products,
CCL Label Europe
Randers, Denmark

Dale Hambilton
Vice President and Managing Director,
CCL U.K. and Global Shrink Sleeve Development
King's Lynn, U.K.

Scott Mitchell Harris
Managing Director,
CCL Label France
Chilly Mazarin, France

Klaus Neumann
Managing Director,
CCL Label Germany
Holzkirchen, Germany

Albert Feldbauer
Managing Director,
CCL Label Meerane
Meerane, Germany

Peter Fleissner
Managing Director,
CCL Design
Solingen, Germany

Werner Ehrmann
Vice President,
Technology Development,
CCL Operations
Holzkirchen, Germany

ASIA PACIFIC

Jim Anzai
Vice President and Managing Director,
CCL Label Asia
Bangkok, Thailand

Scott Springett
Vice President and Managing Director,
CCL Label Australia
Sydney, Australia

Auditors
KPMG LLP
Chartered Accountants

Legal Counsel
Lang Michener

Transfer Agent
CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, ON M5C 2W9
E-mail: inquiries@cibcmellon.com
Answer Line: (416) 643-5500 or
(800) 387-0825
Internet: www.cibcmellon.com

Financial Information
Institutional investors, analysts and registered representatives requiring additional information may contact:

Gaston Tano
Senior Vice President and CFO
(416) 756-8526

Additional copies of this report can be obtained from:

CCL Industries Inc.
Investor Relations Department
105 Gordon Baker Road
Suite 500
Willowdale, ON M2H 3P8
Tel: (416) 756-8500
Fax: (416) 756-8555
E-mail: ccl@cclind.com
Internet: www.cclind.com

Annual Meeting of Shareholders
The Annual Meeting of Shareholders will be held on May 7, 2009 at 2:00 p.m.
CCL Industries Inc.
105 Gordon Baker Road
5th Floor
Willowdale, ON M2H 3P8

Class B Share Information

Stock Symbol CCL.B

Listed TSX

Opening price 2008	$	39.10
Closing price 2008	$	25.00
Number of trades		59,387
Trading volume (shares)		17,053,269
Trading value	$	526,949,620.90
Annual dividends declared	$	0.56

Shares Outstanding at December 31, 2008

Class A	2,374,025
Class B	30,180,921

There are two classes of CCL shares. Class A shares are voting and Class B shares are non-voting. Share attributes of both classes are listed on page 69 of this report.

DESIGN: BRYAN MILLS IRADESSO WWW.BRYANMILLS.COM

Printed in Canada.

CCL’S CORPORATE SOCIAL RESPONSIBILITY

AT CCL, WE BELIEVE IN CONTRIBUTING TO THE COMMUNITIES IN WHICH WE OPERATE. OUR FINANCIAL ASSISTANCE FOCUSES ON ORGANIZATIONS THAT ENHANCE THE WELFARE OF LOCAL LIFE, WHILE OUR OUTREACH PROGRAM ENCOURAGES EMPLOYEES TO VOLUNTEER THEIR TIME AND EFFORT.

In addition to participating in the welfare of the many communities in which we operate, we also take our environmental, health and safety stewardship very seriously. A safe and healthy workplace is a fundamental obligation to the well-being of all our people. Our leading-edge waste and energy management programs are key to our environmental performance as well as the cost efficiency of our operations. The Company is committed to the highest standards of business conduct and ethics. We maintain workplaces that provide fair treatment and allow employees to reach their full potential.

KEY INITIATIVES

- In January 2009, CCL Label Hightstown, NJ, passed their **fifth anniversary with no lost-time accidents**. This achievement contributed to Hightstown being named winner of CCL’s 2008 Enterprise Risk Management Award.
- Since 1999, the Company has provided **five scholarships annually** to the children of CCL’s employees because we believe in the value of education.
- CCL reviews its **Code of Ethics** and distributes it to employees globally on a regular basis to ensure it is relevant to the current business climate and understood by all.

High Standards in Emerging Markets
At our new Container plant in Guanajuato Mexico we invested heavily in a sustainable future for our employees, customers and the community. A closed loop recycling system cleans and reuses water used in our manufacturing process, the first plant of its kind in the world for aerosol cans.

CCL offers employees in Emerging Markets salaries, benefits, working hours and training that are consistent with the best practices of leading global companies.

CCL Industries Inc.
105 Gordon Baker Rd., Suite 500
Willowdale, Ontario M2H 3P8
Tel: (416) 756-8500
Fax: (416) 756-8555

Visit our website at
www.cclind.com