

CCL Industries Inc.

**105 Gordon Baker Road, Suite 800
Willowdale, Ontario
M2H 3P8**

2003

Annual Information Form

February 19, 2004

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CCL Industries Inc.

The information in this Annual Information Form may contain forward-looking statements that involve a number of risks and uncertainties. A forward-looking statement is usually identified by the use of certain terminology in this Annual Information Form, including “believes”, “may”, “will”, “anticipates” or “intends” or by discussions of strategy or intentions. A number of factors could cause the Company’s actual results, performance or achievements, or industry results in general, to vary from the results, performance or achievements expressed or implied by the Company’s forward-looking statements. These factors may include: general economic and business conditions, and specific conditions affecting the sector in which the Company operates, including pricing pressures; the Company’s ability to attract and retain its customer base; technological change; competition; changes in, or failure to comply with existing government regulations or failure to obtain required permits or licenses; changes in business strategy or development plans; risks associated with operating and product hazards; the ability to attract and retain qualified personnel; and other factors.

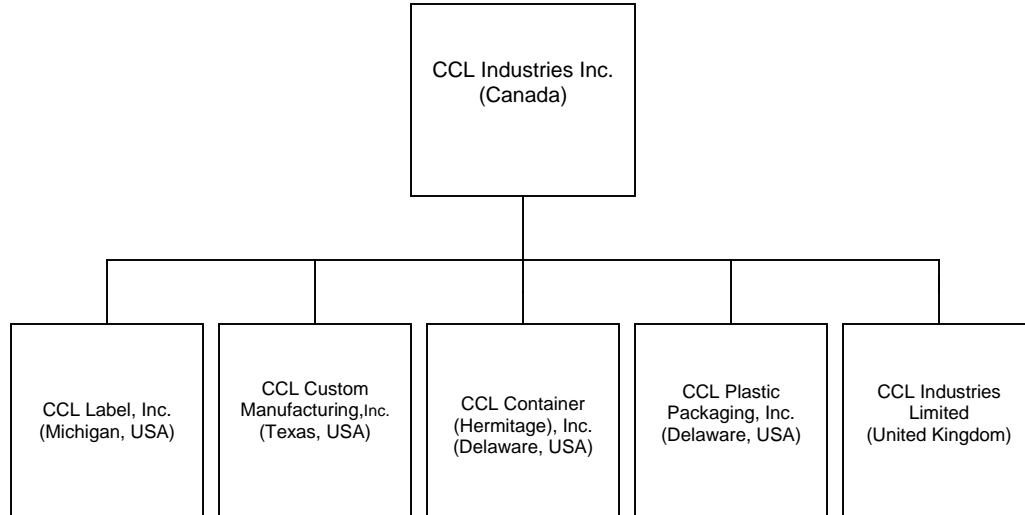
In addition, forward-looking statements depend upon assumptions, estimates and dates that may not be correct or precise and involve known and unknown risks, uncertainties and other factors. Accordingly, a forward-looking statement in this Annual Information Form is not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, the reader is warned not to rely on the forward-looking statements. Neither the Company nor any other person assumes responsibility for the accuracy and completeness of these statements. Except for ongoing obligations under applicable securities laws to disclose all material information to investors, the Company is not undertaking any obligation to update these factors or to publicly announce the results of any changes to the Company’s forward-looking statements due to future events or developments.

ITEM 2 – CORPORATE STRUCTURE

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

As at December 31, 2003, 2,442,424 Class A voting and 29,917,419 Class B non-voting shares were issued and outstanding. As at February 19, 2004, 2,442,424 Class A voting and 29,959,219 Class B non-voting shares were issued and outstanding.

The registered and principal office of CCL Industries Inc. is located at 105 Gordon Baker Road, Suite 800, Willowdale, Ontario M2H 3P8. Unless the context otherwise indicates, a reference to “CCL” or “the “Company” means CCL Industries Inc. and its subsidiary companies. Listed in the chart below are the principal direct or indirect operating subsidiaries each of whose total consolidated assets or consolidated sales and operating revenues constitute more than 10% of the total consolidated assets and consolidated sales and operating revenues of the Company for the year ended December 31, 2003. The combined assets and sales of the other subsidiaries of CCL do not constitute more than 20% of the consolidated assets or the consolidated sales and operating revenues of the Company. CCL beneficially owns 100% of each of the listed subsidiaries and controls 100% of the votes of each subsidiary.



ITEM 3 – GENERAL DEVELOPMENT OF THE BUSINESS

CCL commenced operations in Canada in 1951 as a custom manufacturer for major marketers of consumer products. Over the past 52 years, CCL has become a significant Canadian-based industrial corporation and has grown internationally to become one of the world’s largest custom manufacturers of consumer products. In recent years, CCL has further diversified into specialty packaging, focusing on the same customer base served by its custom manufacturing business.

CCL has three main operating areas of expertise: Custom Manufacturing, Container and Label. The Container and Label Divisions constitute the Specialty Packaging segment of the Company.

In the early 1980s, CCL commenced its international expansion and diversification into the United States and, later in the decade, into the United Kingdom. This international expansion and diversification has continued in both Custom Manufacturing and Specialty Packaging. The Company continues to believe that, in each of its businesses, its role is to satisfy the needs of its multi-national customers in the non-durable consumer products market. By providing a wide range of specialty packaging products and outsourcing services to these customers on an international basis, CCL believes that it is or can become a leader in each of its businesses and, consequently, will be able to enjoy sustainable sales and income growth. The following acquisitions and divestitures by Division were completed to better position each business in their respective markets.

CUSTOM MANUFACTURING DIVISION

In June 1999, the business of Rapid-Spray and PharmCoTech, a custom manufacturer of personal care and over-the-counter pharmaceutical products located in Germany, was acquired to service the customers of the Custom Manufacturing Division throughout Europe.

In March 2001, CCL sold its one-third interest in the under-performing Custom Manufacturing joint venture in China to one of its partners.

In April 2001, CCL divested its Custom Manufacturing Pharmaceutical business in the U.K. in return for subordinated convertible notes and an equity interest in Miza Pharmaceuticals, Inc. ("Miza"). This business was divested because it had a different customer base and manufacturing processes than the rest of CCL and was under-performing. In the summer of 2002, Miza experienced significant cash flow difficulties and its operations in Ireland and England were placed into receivership or administration. Consequently, CCL wrote off its investment in Miza. Efforts to recover a portion of its investment as a result of the asset liquidation in Ireland are continuing.

In December 2001 and early 2002, CCL sold, in three separate transactions, its K-G Packaging business which formulates and fills industrial aerosol liquid products and is located in Concord, Ontario. The K-G Packaging business was divested because it did not have the same customer base as the rest of CCL and was under-performing.

In July 2003, the Grimsby, U.K. facility and related liquid business were sold with all aerosol production moved to CCL's nearby Scunthorpe plant.

CONTAINER DIVISION

The Company's plastic closure business was expanded in June 2001 when CCL and PPC America, LLC formed a joint venture company, CCL Dispensing Systems, LLC, to design, manufacture and distribute plastic closures and other dispensing systems for the personal care and cosmetics industry. CCL Dispensing Systems is 70% owned by CCL and is located in Libertyville, Illinois.

In 2003, CCL's Container Division divested a number of non-core businesses. The Plastic Packaging operation in Los Angeles sold its "Series 400" non-core plastic closure business to focus the business on plastic tubes in early 2003. In August 2003, the Company sold four non-core Container units to IntraPac LP, while maintaining an equity interest in IntraPac. The purchasers of these businesses are managing these operations and have rights to acquire CCL's 50% equity interest over a number of years.

LABEL DIVISION

In December 2000, the non-core Labeling Equipment Division was sold to focus the Label Division on its pressure-sensitive label business and to exit a low growth and unprofitable business.

In February 2002, the pressure-sensitive label printing business of Jarvis Porter Group PLC, located in the United Kingdom, France and the Netherlands, was acquired to service the customers of the Label Division in Europe. This was followed in July 2003, with CCL's formation of a 51% controlled joint venture with Pachem AG, a leading provider of pressure-sensitive shrink film and in-mold labels headquartered in Hohenems, Austria. In October 2003, CCL acquired the Avery Dennison European Label converting business with two plants located in Denmark and one in France. These acquisitions further developed CCL's European presence and allowed it to participate in the growth in the pharmaceutical, food, beverage and battery categories of pressure-sensitive labels.

To further complement CCL Label's offerings to its pharmaceutical customers in North America, Lucas-Insertco was purchased in June 2003 with manufacturing facilities in Maryland and Puerto Rico. Lucas-Insertco manufactures printed inserts and outserts for use in the packaging of pharmaceutical products.

CORPORATE DEVELOPMENT

The proceeds from dispositions of non-core and under-performing businesses have been used to pay down debt to reduce financial leverage and, along with operating cash flows, are being utilized to invest in selected acquisitions and capital equipment purchases, and to buy back CCL Class B non-voting shares. These acquisitions serve CCL's existing customer base as well as new customers and are expected to be accretive to earnings. The Company's cash balances are also available, if necessary, to moderate the impact of fluctuations in the consumer products market and general economic conditions.

During the year 2001, the Company experienced a general reduction in its sales order levels. Although the Y2K phenomenon resulted in reduced order levels early in 2000, an industry slow-down for packaging and personal care marketers, and an overall softer economy affected CCL in 2001. The terrorist attack in the U.S. on September 11, 2001 caused a further disruption in customer order patterns. In response, the Company instituted various restructuring and cost cutting plans and has become more focused on maintaining and growing its business base in areas where it has competitive advantages. It also has been selectively divesting its non-core and under-performing businesses to generate cash and reduce debt.

During 2002 and 2003, CCL experienced somewhat higher sales volumes due to the improved sales performance of its personal care customers and has benefited from operating efficiencies resulting from the focus on growing business areas and the

restructuring plans. These volume gains have been more than offset in 2003 by the negative effect of currency translation due primarily to the weakness of the U.S. dollar relative to the Canadian dollar. In 2004, CCL is expected to continue to benefit from the acquisitions completed in recent years, particularly the annualized financial impact of the Avery Dennison European business purchased in Fourth Quarter 2003. In addition, the Company anticipates the continuation of strong cash inflows and, with an expectation of lower capital spending (approximately \$90 million) in 2004 than 2003, should generate significant cash to reduce debt, to invest in interest-bearing assets, to make acquisitions or, if the market price is appropriate, to buy back CCL Class B shares under a Normal Course Issuer Bid. The net cash inflow will continue to reduce interest expense as long-term debt is repaid and excess cash is invested.

The Company expects to be negatively affected in 2004 by the continued weakness of the U.S. dollar relative to the Canadian dollar. If the U.S. dollar remains at the \$1.33 Canadian level for the year, comparative earnings from our U.S. operations will be lower due to the translation of CCL's U.S. dollar results into Canadian dollars. Additionally, the value of sales in the U.S. market in U.S. dollars by CCL's Canadian operations will be negatively affected by selling products at the much lower exchange rates than the hedged levels of 2003. These lower profit margins will be felt in 2004 and will also have the effect of reducing the Canadian plants' competitiveness in the U.S. market. However, CCL's Canadian operations are still profitable even at these more unfavourable exchange rates.

CUSTOM MANUFACTURING

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

The CCL Custom Manufacturing Division operates on an international basis, in North America and Europe, and consists of the custom manufacturing plants of CCL Industries Inc. in Canada, CCL Custom Manufacturing, Inc. in the United States, CCL Industries Limited in the United Kingdom and CCL Rapid-Spray GmbH in Germany.

In many instances, the CCL Custom Manufacturing Division produces for marketers who also have "in-house" manufacturing facilities or alternative suppliers. In recent years, there have been a significant number of mergers within the customer and the competitor bases. At the same time, some large marketers have been selling their non-core brands to new and smaller marketers in order to concentrate on mass-market brands. Many of these new and smaller marketers have no in-house manufacturing capabilities. The current trend of marketer consolidation, and brand and facilities rationalization creates both risks and opportunities for the Division. These changes may result in economies of scale for the major marketer, justifying consolidation of products "in-house" or alternatively, additional outsourcing with contract manufacturers as they

strive to improve asset utilization. As customers become larger through industry consolidation, they are also able to exert increased margin pressure on contract manufacturers, while striving to reduce their supplier base to obtain purchasing leverage and reduce transaction costs. However, the trend to divest non-core brands to smaller marketers generally represents opportunities for the outsourcing industry. CCL's Custom Manufacturing Division, with its size, updated information systems and the geographic coverage of its plants, is a logical contender for any new outsourcing opportunities.

In the second quarter of 2002, CCL offered to sell its Custom Manufacturing Division to the Canadian public equity markets as an income trust under the name CPG Income Fund. Market conditions for income trusts deteriorated during the sale process and CCL decided not to proceed with the divestiture.

Custom Manufacturing – North America

The Custom Manufacturing North America Division operates one plant in Ontario and maintains one facility in each of Illinois, Rhode Island and Tennessee.

Custom Manufacturing – Europe

The United Kingdom custom manufacturing business operates from a manufacturing facility located at Scunthorpe in England. The German custom manufacturing business consists of one manufacturing facility in Laupheim.

CONTAINER

The Container Division is a leading manufacturer of specialty containers for the consumer products industry. The key product lines are specialty containers, which include recyclable aluminum cans and bottles, and plastic tubes and specialty dispensing closures. The Division divested four non-core units to IntraPac LP to focus its attention on its remaining key product lines.

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

The Container Division continues to expand its plastic tube and closure businesses, as evidenced by the formation of the joint venture for closures in Libertyville, Illinois in 2001 and the installation of additional plastic tube lines in the recently commissioned plant in Wilkes-Barre, Pennsylvania. These activities are supportive of the growth strategy and geographically provide service to its customer base. The plastic operation in Los Angeles has had significant operating issues commencing with power outages in 2000. New management was brought in to restructure the business in mid-2001. It has addressed inventory, receivables, systems and manufacturing issues, reduced overhead and eliminated certain unprofitable and

non-core business. In 2002, the Los Angeles closure business was transferred to Libertyville which focuses on injection molding, primarily specialty closures.

LABEL

The Label Division is a leading North American and European producer of premium-quality labels and other promotional products for consumer product marketing companies in the personal care, food, beverage, healthcare and chemical segments of the market. The Division's product lines include pressure-sensitive, in-mold and expanded content labels, in addition to other presentation or promotional products such as packaging inserts, shrink sleeves, and games and promotional coupons.

In North America, CCL Label operates nine label manufacturing plants in the United States (California, Tennessee, North Carolina, Kentucky, South Dakota, Connecticut, Maryland and two in New Jersey), three plants in Canada (one in Manitoba and two in Ontario), two in Puerto Rico and one in Mexico (since the acquisition of Lucas-Insertco in June 2003).

With the addition of the Jarvis Porter label operations in February 2002, the acquisition of a French plant from Avery Dennison Corporation in 2002, the acquisition of 51% of Pachem AG in July 2003 and the acquisition of Avery Dennison's European Label business in October 2003, it now operates three plants in the United Kingdom, three in France, two in Denmark, one in Austria and one in the Netherlands.

The Label Division has seen its sales level in 2003 flatten out compared to 2002, excluding the European acquisitions, primarily as a result of the economic slow-down as was also experienced by other label manufacturers and paper and film suppliers to the industry. Sales levels were further reduced by exiting certain unprofitable product lines. Growth in Europe has been achieved by the efforts of new management since the acquisitions. In 2002, the Division reorganized its operations on a plant-by-plant basis to better focus the sales and manufacturing effort on particular markets, customers and technologies, in each location, and has subsequently experienced modest sales growth in 2003.

STRATEGY

CCL's mission is to improve its competitive position in each Division with a view to increasing its profitability. The strategy is focused on businesses in which CCL (1) is or can be one of the largest competitors in the market, (2) produces value-added products and/or technologies with strong barriers to entry, (3) is or can be the low cost producer, (4) provides product lines and services that have growth potential and (5) sees international potential in its businesses to take advantage of the trend to globalization.

The Company is continually reviewing its businesses with a view to divesting non-core and/or unprofitable operations in order to improve its profitability and return on equity, and to reduce its financial leverage. Management believes that this will allow the

Company to be better positioned to operate effectively during an economic downturn and to have the financial flexibility to make acquisitions that support its focused business strategy. Restructuring costs were incurred over the last three years to provide for the costs of reorganizing certain business units; to provide for losses on dispositions and the write-down of assets of business units that were deemed to be non-core and under-performing; and to provide for costs planned in reorganizing certain business units.

The Company expanded its Custom Manufacturing base into Germany in 1999 to protect its European customer base from the impact of the strong U.K. pound sterling and to take advantage of new bag-in-can technology in production at Rapid-Spray. Since the acquisition, many of CCL's traditional North American customers are now buying from the German business unit for their European requirements.

The 2002 acquisition of Jarvis Porter, the 2003 acquisition of Avery Dennison Europe, the 2003 Pachem joint venture and the new plant in Thailand commissioned in 2003, add further international elements to the Label Division, which may be able to expand its relationship with its traditional North American customers into Europe and Asia.

ITEM 4 – DESCRIPTION OF THE BUSINESS

OVERVIEW

CCL is a diversified, Canadian-based, multi-national company, which is a leading provider of innovative packaging solutions and value-added outsourcing services to national and international consumer products marketers of personal care, cosmetics, pharmaceutical, household and specialty food products. The Company has manufacturing facilities in North America, Latin America and Asia. CCL had approximately 6,100 employees as at December 31, 2003. The manufacturing facilities maintained by the Company are described under the heading "Properties".

Net Sales By Business Segment: (thousands of dollars)

	Year ended December 31			
	2003		2002	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
Custom Manufacturing	\$ 801,050	52.8%	\$ 919,403	54.6%
Container	\$ 294,802	19.4%	\$ 351,241	20.8%
Label	\$ <u>422,569</u>	<u>27.8%</u>	\$ <u>414,295</u>	<u>24.6%</u>
Total	\$ <u>1,518,421</u>	<u>100.0%</u>	\$ <u>1,684,939</u>	<u>100.0%</u>

Net Sales By Geographic Segment:
(thousands of dollars)

	Year ended December 31			
	2003		2002	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
United States, Mexico and Other	\$ 922,181	60.7%	\$ 1,072,212	63.7%
Canada	\$ 307,913	20.3%	\$ 329,173	19.5%
Europe	\$ <u>288,327</u>	<u>19.0%</u>	\$ <u>283,554</u>	<u>16.8%</u>
Total	\$ <u>1,518,421</u>	<u>100.0%</u>	\$ <u>1,684,939</u>	<u>100.0%</u>

Note:

- (1) Mexico, Thailand, Puerto Rico and Costa Rica combined represent approximately 3.2% of total net sales and are included in the United States segment.

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

CUSTOM MANUFACTURING DIVISION

Principal Products

The CCL Custom Manufacturing Division manufactures a wide range of products including aerosols, household liquids, personal care liquids, creams, lotions, paste and solid sticks.

Markets and Competition

Although meaningful market share statistics are not available, the Company believes that it is one of the world's largest custom manufacturers of consumer products. To the Company's knowledge, there are two other custom manufacturers of significant size or with significant sales in North America and a number of somewhat smaller competitors. In the European market, competition comes from many custom manufacturers located throughout Europe.

The majority of the products manufactured by this Division are manufactured for national and international marketers. Many of these marketers operate their own manufacturing facilities for certain types of products, but also contract with custom manufacturers such as CCL for the balance of their requirements.

CCL Custom Manufacturing in North America and Europe encounters competition from marketers with "in-house" manufacturing facilities and also from other custom manufacturers. CCL believes that it can usually manufacture products on a competitive basis because of its purchasing power, manufacturing expertise, lower operating costs and economies of scale. The

Company believes that the production of “in-house” manufacturers exceeds that of custom manufacturers.

Generally, this business is non-seasonal.

Employees

The Custom Manufacturing Division had approximately 2,600 employees as of December 31, 2003.

CONTAINER DIVISION

Principal Products

The Company believes that the Container Division is the largest supplier of high quality extruded aluminum aerosol containers and bottles in North America, including Mexico. This Division also manufactures a variety of other specialty products, such as plastic tubes, aluminum caulking cartridges, marker pen shells, cigar tubes, piston barrier food packages and plastic closures.

Markets and Competition

Management believes that CCL Container is North America's largest manufacturer of extruded aluminum aerosol containers. Competition comes from one other United States manufacturer of extruded aluminum aerosol containers, from imports and from aerosol containers manufactured from materials other than aluminum, particularly steel.

Management believes that CCL Container is one of North America's three largest manufacturers of plastic tubes, with a number of other smaller competitors. Plastic tubes can be substituted by other product forms, such as laminate tubes and plastic bottles. The plastic closure business experiences competition from several other major manufacturers and other product forms.

Generally, this business is non-seasonal.

Employees

The Container Division had approximately 1,200 employees as of December 31, 2003.

LABEL DIVISION

Principal Products

The Label Division, operating under the name of CCL Label, specializes in the printing of pressure-sensitive self-adhesive labels as opposed to traditional forms of labels such as wet glue or heat applied labels. CCL labels, identify, decorate and promote a variety of consumer products for personal care, pharmaceutical, food, beverage, home care and numerous other industries. Pressure-sensitive labels are generally printed on a paper or plastic base material. This Division also produces a variety of specialty label products such as promotional pieces, including packaging inserts, shrink sleeves, games and coupons, expanded content labels (a label that unfolds to display information) and in-mold labels.

Markets and Competition

The market in North America for pressure-sensitive labels is very fragmented and the Company believes that the largest supplier is CCL Label but with many significantly smaller competitors. The Company believes that while the Division is the largest participant in the industry, it only has an approximate 10% market share. The market in Europe is believed to be similarly fragmented and CCL Label's European market share has grown to approximately 15%, with a large number of small competitors.

The Company believes that it is competitive because of its focus on specific segments of the prime label market that require more sophisticated technology and because of its general ability to purchase its major raw materials, being primarily pressure-sensitive paper stock and film, at favourable prices.

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

Employees

CCL Label had approximately 2,200 employees as of December 31, 2003.

GENERAL

Raw Materials and Energy Matters

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

The Company is not dependent on any single source of supply in any of its operating Divisions. The materials required for its manufacturing operations have been readily available and the Company does not foresee any significant shortages in the future. Sufficient power for manufacturing operations is available from local utilities or power companies in most jurisdictions. However, the electrical shortage experienced in California in late 2000 and early 2001 was a detriment to its plastic tube and closure business. In the interim, CCL acquired and installed back-up diesel generators in its Los Angeles plant to minimize the impact of future electrical shortages.

The cost of slugs for aluminum aerosol cans and tubes varies with the raw cost of aluminum, which has historically been subject to periodic fluctuations. The Company hedges the majority of this cost and matches the majority of it with specific customer contracts. This is achieved by entering into forward contracts with its suppliers and by purchasing futures contracts for aluminum ingot from investment dealers based on the London Metals Exchange.

Patents and Trademarks

In the conduct of the operation of its businesses, the Company generally benefits from various patents, licenses and proprietary technologies which, although collectively important in the day-to-day operations of such businesses, are not individually material to the prospects or profitability of the Company as a whole. Most of the Company's manufacturing equipment is purchased off-the-shelf and is available to its competitors. However, management believes that it is the Company's manufacturing know-how and structured operating systems that add a barrier-to-entry in its businesses.

Research and Product Development

The Company, through its Divisions, works with its customers in developing new products to meet market needs. In the Container Division, new barrier systems for aerosol cans, aluminum bottles for beverage products, and new shapes and styles for plastic tubes and closures have been developed for its new and existing customers. The Label Division develops innovative label products for personal care and pharmaceutical customers and for specialized promotional products. The Custom Manufacturing Division develops, in conjunction with its customers, new product formulations for aerosols and liquid products such as creams and lotions.

Environmental Matters

Estimated capital expenditures for environmental control projects for 2004 and 2005 will not be material and the Company believes compliance with existing environmental protection laws and continuation of ongoing remediation efforts will have no material effect on earnings or on the competitive position of the Company. Liabilities are recorded when site restoration and environmental remediation obligations are either known or considered probable and can be reasonably estimated. The Company is unable to predict what changes may be made to environmental laws in the countries in which it operates in the future, although it anticipates that such laws will likely become more stringent.

For over 25 years, CCL has used ozone friendly hydrocarbons in its aerosol products and has eliminated the use of chlorofluorocarbons. Accordingly, the Company believes that legislation with respect to ozone protection will have limited impact on CCL. CCL considers environmental issues to be highly important in its businesses, and, therefore, has adopted an environmental statement which establishes its policy for managing environmental issues. The Company has a number of environmental compliance officers to monitor and implement this policy and the Vice-President, Environmental and Regulatory Services reports directly to the President and Chief Executive Officer. The Board of Directors, through its Environmental and Health and Safety Committee, receives regular reports on environmental issues and monitors compliance with established policies.

Customers

Each of the operating Divisions of the Company deals with a diverse customer base. While a small number of the manufacturing facilities are dependent upon one or a few customers for a significant portion of their business, no operating Division is dependent upon any single customer or upon a few customers. In 2003, the Company's largest customer accounted for less than 15% of consolidated sales.

Employees

The Company has a total of approximately 6,100 employees and has 19 labour union contracts (covering approximately 1,500 employees), 6 of which expire in 2004 (covering approximately 500 employees). The Company has not recently experienced work stoppages at any of its locations. The Company does not anticipate any unusual difficulties in negotiating new labour contracts in 2004.

Foreign Operations

The Company currently conducts operations in Canada, the United States, the United Kingdom, Germany, France, the Netherlands, Denmark, Austria, Mexico, Puerto Rico and Thailand.

International operations are necessarily subject to differing economic risks and opportunities. The Company's production costs are affected by conditions prevailing in the various locations. The Company is also exposed to foreign currency exchange which may positively or negatively affect the Company's consolidated financial reporting as a result of the translation of foreign financial results into Canadian dollars and the impact of cash flows and cash holdings in these foreign currencies. The Company believes that international diversification has reduced its overall economic business risk.

Properties

As at February 19, 2004, the Company operated the following principal manufacturing facilities:

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
<u>Custom Manufacturing</u>		
Canada		
Rexdale, Ontario	Note ⁽¹⁾	Liquid Consumer Products, Solid Sticks and Toothpaste
United States		
Cumberland, Rhode Island	Owned	Aerosol and Liquid Consumer Products and Solid Sticks
Danville, Illinois	Owned	Aerosol and Liquid Consumer Products
Memphis, Tennessee	Owned	Liquid Consumer Products and Solid Sticks
United Kingdom		
Scunthorpe, South Humberside	Owned	Aerosol and Liquid Consumer Products

Germany

Laupheim	Owned	Consumer and Industrial Aerosol Products
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Container**Canada**

Penetanguishene, Ontario	Owned	Extruded Aluminum Aerosol Containers, Bottles and Barrier Food Packages
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United States

Hermitage, Pennsylvania	Owned	Extruded Aluminum Aerosol Containers, Bottles and Barrier Food Packages
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Los Angeles, California	Leased	Plastic Tubes
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Wilkes-Barre, Pennsylvania	Owned	Plastic Tubes
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Libertyville, Illinois	Leased	Plastic Closures
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Mexico

Mexico City	Owned	Extruded Aluminum Aerosol Containers and Aluminum and Plastic Tubes
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Label**Canada**

Etobicoke, Ontario	Owned	Labels
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Concord, Ontario	Owned	Labels
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Winnipeg, Manitoba	Owned	Labels
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United States

Shelton, Connecticut	Owned	Labels
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Sioux Falls, South Dakota	Owned	Labels
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Upland, California	Owned	Labels
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Hightstown, New Jersey	Leased	Labels
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Robbinsville, New Jersey	Leased	Labels
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Cold Spring, Kentucky	Note ⁽²⁾	Labels
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SCHEDULE A

Charlotte, North Carolina	Leased	Labels
Memphis, Tennessee	Owned	Labels
Baltimore, Maryland	Leased	Labels
United Kingdom		
Leeds, England	Owned	Labels
Lewes, England	Leased	Labels
Rhyl, Wales	Leased	Labels
Hohenems, Austria		
The Netherlands		
Utrecht	Leased	Labels
France		
Paris	Leased	Labels
Avelin	Leased	Labels
Chilly-Mazarin	Owned	Labels
Denmark		
Randers	Owned	Labels
Copenhagen	Leased	Labels
Mexico		
Mexico City	Leased	Labels
Puerto Rico		
Cidra	Leased	Labels
San Germain	Leased	Labels
Thailand		
Bangkok	Leased	Labels

Notes:

- (1) The Rexdale facilities comprise three properties; two are owned and one is leased.
 (2) The Cold Spring facility comprises three properties; one is owned and two are leased.

ITEM 5 – SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected consolidated financial data of the Company, for the three years ended December 31, 2003, is derived from the audited consolidated financial statements of the Company on pages 34 to 51 of the 2003 Annual Report of CCL Industries Inc.

	<u>(in thousands of dollars except for per share)</u>		
	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Sales and Earnings</u>			
Sales	\$1,518,421	\$ 1,684,939	\$1,600,497
Income from operations before unusual items and income taxes	78,401	77,412	38,271
Unusual items ⁽²⁾	6,604	39,082	7,684
Net earnings	\$53,033	\$21,819	\$24,891
	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Per Class B non-voting share</u> ^{(1) (3)}			
Net earnings	\$1.64	\$0.65	\$0.70
Unusual items - net loss	\$0.16	\$1.05	\$0.13
Fully diluted net earnings	\$1.61	\$0.64	\$0.70
Dividends declared ⁽⁴⁾	\$0.36	\$0.34	\$0.32
	<u>2003</u>	<u>2002</u>	<u>2001</u>
<u>Balance Sheet</u>			
Total assets	\$1,191,859	\$1,342,649	\$1,454,991
Long-term debt	\$419,264	\$521,912	\$535,536
Shareholders' equity ⁽⁴⁾	\$418,886	\$436,996	\$563,704

Notes:

- (1) During each of the above three years, each of the line items under the heading "Per Class B non-voting share" was \$0.05 higher than per Class A voting share.

(2) In 2003, the Company sold its non-core Series 400 business and restructured its Los Angeles Plastic facility at a cost of \$2.4 million. The Company also sold its Grimsby U.K. facility and moved certain product lines to nearby Scunthorpe, U.K. at a cost of \$1.7 million. The Company sold four non-core Container operations to IntraPac LP for a loss of \$3.1 million. Throughout 2003, the Company repatriated capital from foreign subsidiaries and recorded a net foreign exchange gain of \$0.6 million.

In 2002, the Company wrote down its investment in Miza Pharmaceuticals, Inc. by \$37.3 million and recorded a \$0.2 million loss on the sale of K-G Packaging. The Company abandoned the sale of its Custom Manufacturing Division to CPG Income Fund and expensed its costs of \$2.2 million. Throughout 2002, the Company repatriated cash to Canada from foreign subsidiaries and recorded a net foreign exchange gain of \$3.0 million.

During 2001, the Company provided for restructuring costs primarily for the reorganization of the Label and Container businesses totaling \$9.6 million. In addition, due to strong cash flow from foreign operations, the Company repatriated cash to Canada and recognized a \$1.9 million foreign exchange gain.

(3) The Company's authorized share capital consists of an unlimited number of Class A voting and an unlimited number of Class B non-voting shares. As at December 31, 2003, 2,442,424 Class A voting and 29,917,419 Class B non-voting shares were issued and outstanding. Share attributes are more fully described in note 12 in the "Notes to the Consolidated Financial Statements" contained on pages 46 to 48 of the 2003 Annual Report of CCL Industries Inc.

(4) Dividends paid on the Class B non-voting shares, presently and during the most recent five-year period, were \$0.05 per share higher than dividends paid on the Class A voting shares. The declaration and payment of dividends is at the discretion of the Board of Directors. The Board of Directors intends to maintain a stable dividend payment policy.

(5) Retroactive to January 1, 2002, the accounting rules for the treatment of goodwill were amended. Consequently, in the 3rd quarter, an impairment of goodwill for the Container Division was recorded as an adjustment to retained earnings. The amount of the impairment was \$125.0 million before tax (\$123.4 million after tax).

ITEM 6 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Please refer to pages 17 to 33 inclusive, of the 2003 Annual Report of CCL Industries Inc.

Item 7 - Market for Securities

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

Item 8 – Directors and Officers

The names and municipalities of residence of all directors and officers of CCL Industries Inc. as at the date hereof, the offices presently held, the principal occupations during the last five years and the year each director first became a director are set out below. Each director was elected at the last annual meeting of shareholders. Each director serves until the next annual meeting or until his successor is elected or appointed. The Articles of the Company provide for a minimum of 5 and a maximum of 15 directors. Officers are appointed annually and serve at the discretion of the Board of Directors.

DIRECTORS

<u>Name and Municipality</u>	<u>Principal Occupation</u>	<u>Director Since</u>
PAUL J. BLOCK New York, New York	Chairman and CEO of Proteus Capital Associates (an investment banking firm), principal of Sea Change Group and President of Versadial, a Sea Change Company (private equity firms); prior to 1999, Executive Consultant with American International Group (insurance and financial services company)	November 6, 1997
DERMOT G. COUGHLAN Toronto, Ontario	Corporate Director; Chairman and CEO of Derlan Holdings Inc. (private investment holding company); prior to June 2000, Chairman and Chief Executive Officer of Derlan Industries Limited (industrial corporation serving aerospace and pump markets)	May 23, 1991
ALBERT GNAT, Q.C. ⁽¹⁾ Caledon East, Ontario	Partner, Lang Michener LLP (Barristers and Solicitors - Counsel to the Corporation)	March 14, 1973
JON K. GRANT Peterborough, Ontario	Corporate Director; prior to 2000, Chairman of Canada Lands Company Limited (Crown Corporation administering sale of federal lands)	December 8, 1994

SCHEDULE A

<p>JEAN-RENÉ HALDE ⁽²⁾ Toronto, Ontario</p>	<p>Chairman and CEO of Experlead Corporation (a company offering advisory services to senior management and corporate boards) since September 2003; prior to January 2003, President and CEO of Irwin Toy Limited; prior to 2001, President and CEO of Livgroup Investments Ltd.</p>	<p>May 2, 2001</p>
<p>DONALD G. LANG Toronto, Ontario</p>	<p>President and CEO of the Corporation; prior to 2000, President and Chief Operating Officer of the Corporation; prior to 1999, President of the CCL Custom Manufacturing Division of the Corporation</p>	<p>May 23, 1991</p>
<p>STUART W. LANG Leeds, U.K.</p>	<p>President of CCL Label International, a division of the Corporation; prior to 2002, President of CCL Label Canada, a division of the Corporation</p>	<p>May 23, 1991</p>
<p>THOMAS C. PEDDIE Toronto, Ontario</p>	<p>Senior Vice President and CFO of Corus Entertainment (media company); prior to 1999, President of WIC Western International Communication (media company)</p>	<p>June 4, 2003</p>
<p>LAWRENCE G. TAPP Langley, B.C.</p>	<p>Corporate Director; prior to 2003, Dean of the Richard Ivey School of Business, University of Western Ontario</p>	<p>December 8, 1994</p>

(1) Albert Gnat was a director of Slater Steel Inc. on June 2, 2003, when Slater Steel applied for and obtained an Order of the Ontario Superior Court of Justice under the *Companies' Creditors Arrangement Act* for creditor protection.

(2) Jean-René Halde was a director of Bracknell Corporation in 2002 when the Ontario Securities Commission, British Columbia Securities Commission, Québec Securities Commission, Manitoba Securities Commission and Alberta Securities Commission issued Cease Trade Orders against it under applicable securities legislation for failing to file financial statements for the year ended October 31, 2001 and in the case of the Cease Trade Order issued by the Manitoba Securities Commission, for the interim period ended January 31, 2002. The Orders are still in effect. Jean-René Halde was a director of Bracknell Corporation in November 2001 when Adesta Communications Inc., Bracknell's wholly-owned subsidiary, filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Jean-René Halde was a director and officer of Irwin Toy Limited on December 2, 2002, when Irwin Toy applied for and obtained an Order of the

Ontario Superior Court of Justice under the *Companies' Creditors Arrangement Act* for creditor protection.

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

DIRECTORS

Audit Committee

Dermot G. Coughlan
(Chairman)
Albert Gnat
Paul J. Block
Lawrence G. Tapp
Thomas C. Peddie

Human Resources Committee

Paul J. Block (Chairman)
Dermot G. Coughlan
Jon K. Grant
Lawrence G. Tapp

Nominating and Governance Committee

Jean-René Halde
(Chairman)
Albert Gnat
Jon K. Grant

Environment and Health and Safety Committee

Jon K. Grant
(Chairman)
Albert Gnat
Jean-René Halde

Officers

JON K. GRANT
Peterborough, Ontario

DONALD G. LANG
Toronto, Ontario

STEVEN W. LANCASTER
Toronto, Ontario

JANIS M. WADE
Toronto, Ontario

Office with CCL and Principal Occupation

Chairman of the Board of the Corporation and Corporate Director; prior to 2000, Chairman, Canada Lands Company Limited (Crown corporation administering sale of federal lands)

President and CEO of the Corporation; prior to May 1999, President and Chief Operating Officer of the Corporation

Executive Vice-President and Chief Financial Officer; prior to December 2003, Senior Vice-President and Chief Financial Officer; prior to November 2000, Senior Vice-President, Finance and Administration of the Corporation; prior to August 1999, Vice-President and Treasurer of the Corporation

Senior Vice-President, Human Resources and Corporate Communications of the Corporation

AKHIL BHANDARI Richmond Hill, Ontario	Vice-President, Information Technology and Chief Information Officer; prior to November 2000, General Manager, I.T. Division of J.D. Irving, Limited
PAUL CUMMINGS Lake Forest, Illinois	Vice-President of the Corporation and President of CCL Custom Manufacturing, a division of the Corporation
GENE DORSCH Scottsdale, Arizona	Vice-President of the Corporation and since August 2001, President of CCL Plastic Packaging, Inc., a subsidiary of the Corporation. Prior to January 2001, President of Calmar, Inc. (a manufacturer of dispensing pumps)
STUART W. LANG Leeds, U.K.	Vice-President of the Corporation and President of CCL Label International, a division of the Corporation; prior to January 2002, President of CCL Label Canada, a division of the Corporation
GEOFFREY T. MARTIN Dover, Massachusetts	Vice-President of the Corporation and President of CCL Label, a division of the Corporation; prior to April 2001, Senior Group Vice-President of Worldwide Converting Graphic and Specialty Tapes with Avery Dennison Corporation
MARY T. ROY Aurora, Ontario	Vice-President, Environmental and Regulatory Services
RAMI E. YOUNES Toronto, Ontario	Vice-President of the Corporation and President and Chief Executive Officer of CCL Container, a division of the Corporation
RICHARD J. ZAKAIB Richmond Hill, Ontario	Vice-President, Corporate Development; prior to January 2001, Vice-President of CCL Container, a division of the Corporation
BOHDAN I. SIROTA Mississauga, Ontario	Secretary and General Counsel of the Corporation; prior to November 2001, Assistant Secretary and General Counsel of the Corporation

The directors and officers of CCL Industries Inc. as a group beneficially own, directly or indirectly, or exercise control or direction over approximately 2,246,030 of the issued and outstanding Class A voting shares representing 92.0% of the issued and outstanding Class A voting shares.

ITEM 9 – ADDITIONAL INFORMATION

Additional information concerning CCL, including directors' and officers' remuneration and indebtedness, principal holders of securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in the Management Proxy Circular dated March 18, 2004. Additional financial

information is provided in the consolidated financial statements for the fiscal period ended December 31, 2003. Copies of the following information may be obtained upon request from the Secretary of CCL Industries Inc. at 105 Gordon Baker Road, Suite 800, Willowdale, Ontario, Canada M2H 3P8.

The Company shall provide to any person, upon request to the Secretary of the Company:

- (1) when the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities.
 - (a) one copy of the AIF of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF;
 - (b) one copy of the comparative financial statements of the Company for its most recently completed financial year for which financial statements have been filed together with the accompanying report of the auditor and one copy of the most recent interim financial statements of the Company that have been filed, if any, for any period subsequent to the financial statements for its most recently completed financial year;
 - (c) one copy of the Management Proxy Circular (Information Circular) of the Company in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that Management Proxy Circular, as appropriate, and
 - (d) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (a) to (c) above; or
- (2) at any other time, one copy of any other documents referred to in (1) (a), (b) and (c) above, provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

Unless otherwise stated, the information contained herein is as at February 19, 2004.