

CCL Industries Inc.

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

2004

Annual Information Form

February 17, 2005

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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.

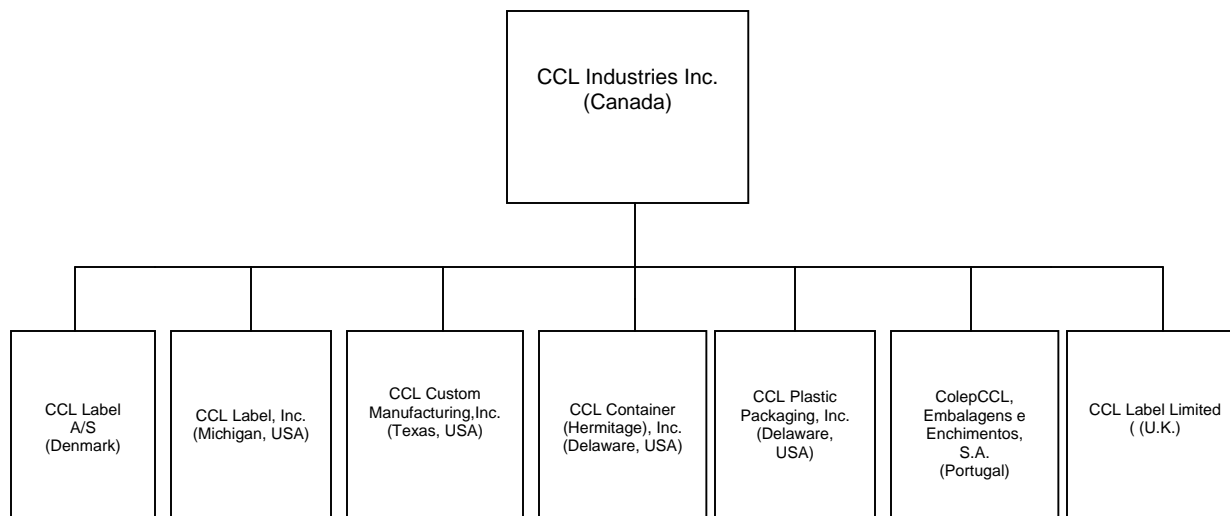
ITEM 2 – CORPORATE STRUCTURE

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 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, 2004, 2,439,187 Class A voting and 30,021,756 Class B non-voting shares were issued and outstanding. As at February 17, 2005, 2,439,187 Class A voting and 30,030,256 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, 2004. 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 joint ventures and controls 100% of the votes of each subsidiary

except the ColepCCL joint venture in which CCL beneficially owns 40% and controls 40% of the votes.



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 53 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. In addition, the Company has divested non-core and under-performing businesses to allow each Division to focus on its customers and growth opportunities. The following acquisitions and divestitures by Division were completed to better position each business in their respective markets.

CUSTOM MANUFACTURING DIVISION

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 small 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 had a different customer base than the rest of CCL and was under-performing.

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

In July 2004, the Division entered into a 40% owned joint venture with RAR-Sociedade de Controle (Holding), S.A. of Portugal. CCL funded this transaction with (a) the contribution of its European contract manufacturing operation consisting of its Scunthorpe, U.K. and Laupheim, Germany operations and (b) CDN\$ 23 million cash.

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 medication, 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, and its 40% ownership in its ColepCCL joint venture, headquartered in Portugal, with plants in Portugal, Poland, the United Kingdom, Germany and two plants in Spain. In addition, ColepCCL also manufactures steel aerosol cans and other steel and plastic cans to satisfy its customers' needs.

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 are virtual companies with 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, progressive 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.

After a record year of sales volume and operating income in 2002, the Custom Manufacturing Division had slower years in 2003 and 2004 as certain business was lost to competition at reduced profit margins and other volumes returned to in-house manufacturers such as deodorant and anti-perspirant sticks. In addition, the business was negatively impacted by the weak U.S. dollar which affected the translated results of U.S. operations into Canadian currency and, after an effective currency hedging program that locked in revenues in 2003, the Canadian operations experienced reduced profit margins on its sales to its U.S. customers in 2004.

In July 2004, after experiencing strong competition in its European business, the Division formed a 40% owned joint venture named ColepCCL to add critical mass and low cost manufacturing locations to its existing well-established operations.

Over the last year, the Division has more than replaced the lost volume of the last two years, but at lower margins.

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 – ColepCCL Europe

The ColepCCL business operates from manufacturing facilities located at Scunthorpe, England; Laupheim, Germany; Val de Cambra, Portugal; Navarra, Spain; Madrid, Spain and Kleszczow, Poland. In January 2005, ColepCCL announced plans to close the plant in Madrid, Spain by mid-year.

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 L.P., while maintaining an equity interest in IntraPac L.P. The purchasers of these businesses are managing these operations and have rights to acquire CCL's 50% equity interest over a number of years.

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 L.P. in 2003, 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 has expanded its plastic tube and closure businesses by the formation of the joint venture for closures in Libertyville, Illinois in 2001 and the installation of additional plastic tube lines in the Wilkes-Barre, Pennsylvania plant. These activities are supportive of the Plastic Packaging growth strategy and provide convenient service to its customer base in the United States. The Plastic operation in Los Angeles has had significant operating issues commencing with power outages in 2000. In 2002, the Los Angeles closure business was transferred to the Libertyville, Illinois plant, which focuses on injection moulding, primarily specialty closures. New management was brought in to restructure the business in mid-2004. This new management is addressing inventory, receivables, systems and manufacturing issues, and has reduced overhead and eliminated certain unprofitable business.

The Container aluminum aerosol and bottle business has continued to show growth with new product introductions creating new market categories. As a result, the Container business has added three new production lines at a cost of over \$38 million

over the last two years to satisfy these requirements. Order backlogs are at excessive levels as the Division continues to ramp up the new capacity to catch up with the demand. The Division is acquiring a fourth new production line for installation in mid-2005.

LABEL DIVISION

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-mould labels headquartered in Hohenems, Austria.

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.

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.

In January 2005, the pressure-sensitive label printing business of Steinbeis Packaging, based in Germany, was acquired. The business focuses on personal care and battery labels which are sold to brand-name international customers. Steinbeis Packaging has two plants in Germany and one plant in each of France, the United States and China.

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

In North America, CCL Label operates ten label manufacturing plants in the United States (California, Tennessee, North Carolina, Kentucky, South Dakota, Connecticut, Maryland, Pennsylvania (Steinbeis Packaging in January 2005) and two in New Jersey), three plants in Canada (one in Québec and two in Ontario), two in Puerto Rico and one in Mexico. In mid-2004, CCL Label disposed of its Winnipeg, Manitoba operation and acquired Graphiques Apex Inc. located in Boucherville, Québec.

In Europe, with the addition of the Jarvis Porter label operations in 2002, the acquisition of a French plant from Avery Dennison Corporation in 2002, the acquisition of 51% of Pachem AG in 2003, the acquisition of Avery Dennison's European Label business in 2003 and the Steinbeis Packaging business in January 2005, the Label Division now operates three plants in the United Kingdom, four in France, two in Germany, two in Denmark, one in Austria and one in The Netherlands.

To further expand its international reach, the Label Division has built a new plant in Thailand and is in the process of building Greenfield operations in Poland and China. As well, it recently acquired plant in China from Steinbeis Packaging.

The Label Division had 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 subsequently experienced modest sales growth in 2003.

The Label Division experienced significant operational improvements in 2004. Most of the businesses, including the recent acquisitions, experienced strong sales growth and a return to solid profitability in 2004. The Division expects to experience continued improvement in sales and income in 2005.

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 and lines of credit 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 the 2002 to 2004 period, 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 and 2004 by the negative effect of currency translation due primarily to the weakness of the U.S. dollar relative to the Canadian dollar.

In 2005, CCL is expected to continue to benefit from the acquisitions and joint ventures completed in recent years, particularly the annualized financial impact of the ColepCCL joint venture in Third Quarter 2004 and the Steinbeis acquisition completed in January 2005. In addition, the Company anticipates the continuation of strong cash inflows and, despite an expectation of heavy capital spending (approximately \$100 million) in 2005, 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 its 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 2005 by the continued weakness of the U.S. dollar relative to the Canadian dollar. If the U.S. dollar remains in the \$1.25 Canadian range 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 2004. These lower profit margins will be felt in 2005 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 relatively unfavourable exchange rates.

STRATEGY

CCL's mission is to improve its competitive position in each Division with a view to long-term profitability growth. 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 and may, if appropriate, divest 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 approach will allow the Company to be better positioned to operate effectively during an economic downturn and to have the financial flexibility to make acquisitions and ramp up capital spending that support its focused business strategy. Restructuring costs were incurred over the last four 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.

The 2002 acquisition of Jarvis Porter, the 2003 acquisition of Avery Dennison Europe, the 2003 Pachem joint venture and the new plants in Thailand and Poland, commissioned in 2003 and 2004, respectively, and the Steinbeis Label acquisition completed in January 2005, add further international elements to the Label Division, which has been able to expand its relationship with its traditional North American customers into Europe and Asia.

In July 2004, the Company contributed its two European Custom Manufacturing operations (located in England and Germany) to a joint venture, which includes the four European operations of Colep, headquartered in Portugal, with two plants in Spain and one in Poland. CCL retains a 40% interest in the joint venture, named ColepCCL, which was acquired by the contribution of its two operations and approximately CDN\$23 million in cash. This business combination allows CCL to participate in a substantial Custom Manufacturing operation in Europe, which competes from low cost jurisdictions and in addition, produces steel aerosol cans for its own use.

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, Europe, Latin America and Asia. CCL had approximately 5,600 employees as at December 31, 2004 excluding the ColepCCL joint venture, which has approximately 2,000 employees. 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			
	2004		2003	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
Custom Manufacturing	\$ 800,336	52.7%	\$ 801,050	52.8%
Container	\$ 212,714	14.0%	\$ 294,802	19.4%
Label	\$ 505,406	33.3%	\$ 422,569	27.8%
Total	<u>\$1,518,456</u>	<u>100.0%</u>	<u>\$1,518.421</u>	<u>100.0%</u>

Net Sales By Geographic Segment:
(thousands of dollars)

	Year ended December 31			
	2004		2003	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
United States, Mexico and Other ⁽¹⁾	\$ 841,685	55.4%	\$922,181	60.7%
Canada	\$ 317,120	20.9%	\$ 307,913	20.3%
Europe	\$ <u>359,651</u>	<u>23.7%</u>	<u>\$ 288,327</u>	<u>19.0%</u>
Total	<u>\$1,518,456</u>	<u>100.0%</u>	<u>\$1,518,421</u>	<u>100.0%</u>

Note:

- (1) Mexico, Puerto Rico and Thailand combined represent approximately 3.2% of total net sales in 2004 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. In Europe, the ColepCCL joint venture also produces steel and plastic containers, including aerosol cans primarily for its own use.

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 for the ColepCCL joint venture comes from many smaller 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. There are also many marketers that do not have manufacturing facilities and, therefore, outsource all production to custom manufacturers.

CCL Custom Manufacturing in North America and ColepCCL in Europe encounter competition from marketers with “in-house” manufacturing facilities and 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. In addition, ColepCCL can selectively manufacture products in different jurisdictions to operate on a lowest cost basis. The Company believes that the production of “in-house” manufacturers exceeds that of custom manufacturers.

The Custom Manufacturing Division delivers its products directly to its customers’ warehouses at its customers’ cost, based on instructions received by it from its customers. Generally, the products are delivered exclusively by truck except in Europe where ships and rail are sometimes used.

Generally, this business is non-seasonal.

Employees

The Custom Manufacturing Division in North America had approximately 2,100 employees as of December 31, 2004.

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.

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

Generally, this business is non-seasonal.

Employees

The Container Division had approximately 1,200 employees as of December 31, 2004.

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, battery, 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), battery and in-mould 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 10-15% market share. The market in Europe is believed to be similarly fragmented and CCL Label's European market share, after the Steinbeis acquisition, has grown in excess of approximately 15%, with a large number of small competitors. The market in Asia is very fragmented and CCL Label is a small but growing participant.

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 and because of its focused decentralized and entrepreneurial operating style.

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

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

Employees

CCL Label had approximately 2,200 employees as of December 31, 2004 prior to the Steinbeis acquisition.

GENERAL

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. ColepCCL also purchases tinplate and plastic resin for the manufacture of steel and plastic containers.

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 to 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 aluminum aerosol cans, plastic tubes and closures have been developed for its new and existing customers. The Label Division develops innovative label products for personal care, beverage, food 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 2005 and 2006 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.

Since the late 1970s, 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.

Social Policies

The Company has developed a company-wide Code of Ethics, approved by the Board of Directors, which is distributed to each employee. The Code of Ethics directs employees to operate ethically, respecting other employees, the environment, and the communities in which CCL does business. All new employees sign off on this Code of Ethics and all existing employees sign off every two years to further enforce the importance of this Policy. Further, there is an employee 'hot line' to allow employees to report issues related to infractions of the Code of Ethics which are reported to the Executive Management and the Board of Directors if there is substance to the allegations.

The Company has adopted an environmental policy statement, which the Environmental Health and Safety Committee of the Company's Board asks its principal operating managers to sign on an annual basis to ensure active awareness. The policy statement emphasizes the Company's commitment to best practices in waste handling, regulatory compliance, self-auditing, and waste reduction. In addition, the policy provides for careful assessment of properties both prior to acquisition and prior to disposal. Furthermore, it promotes environmental awareness in the Company's host communities.

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 2004, the Company's largest customer accounted for less than 17% of consolidated sales.

Employees

The Company has direct control over a total of approximately 5,600 employees, excluding non-controlled joint ventures, and has 20 labour union contracts (covering approximately 1,600 employees), 5 of which expire in 2005 (covering approximately 400 employees) as at December 31, 2004. 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 2005.

Foreign Operations

The Company currently conducts operations in Canada, the United States, the United Kingdom, Germany, France, The Netherlands, Denmark, Austria, Poland, Mexico, Puerto Rico, Thailand and China and additionally through the ColepCCL joint venture, in Portugal and Spain.

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.

Production and Services

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

Specialized Skill and Knowledge

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

New Products

The Company has developed many new products in each of its businesses over the years. The approach to new products is primarily through active product development as opposed to through scientific research. The Company's recent developments in shaping aluminum has given rise to the aluminum bottle business which has now reached the beer market through the Pittsburgh Brewing Company's highly publicized recent introduction of commercial beer in this unique container. Shaped aluminum aerosol containers have been introduced in the last few years and further new products are evolving. In Custom Manufacturing, CCL continually works with its customers to develop new liquid products in

cream and lotion formats and with bag-in-can technology for aerosol products. The Label Division is continually developing new applications for clear labels, promotional products and expanded content labels.

Properties

As at February 17, 2005, 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
ColepCCL Joint Venture		
United Kingdom		
Scunthorpe, South Humberside	Owned	Aerosol and Liquid Consumer Products
Germany		
Laupheim	Owned	Consumer and Industrial Aerosol Products
Portugal		
Val de Cambra	Owned	Aerosol Consumer Products Co-Packing and Steel and Plastic Containers
Spain		
Madrid	Owned	Aerosol Liquid Consumer Products and Steel Containers
Navarra	Owned	General Line Container Manufacturing

Poland

Kleszczow	Owned	Aerosol Consumer 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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Boucherville, Québec	Leased	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	Owned	Labels
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Robbinsville, New Jersey	Leased	Labels
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Cold Spring, Kentucky	Owned	Labels
Charlotte, North Carolina	Leased	Labels
Memphis, Tennessee	Owned	Labels
Baltimore, Maryland	Leased	Labels
Boothwyn, Pennsylvania	Leased	Labels
United Kingdom		
Wakefield, England	Owned	Labels
Lewes, England	Leased	Labels
Rhyl, Wales	Leased	Labels
Austria		
Hohenems	Leased	Labels
The Netherlands		
Utrecht	Leased	Labels
France		
Paris	Leased	Labels
Avelin	Leased	Labels
Chilly-Mazarin	Owned	Labels
Périgueux	Owned	Labels
Germany		
Maurene	Owned	Labels
Holzkirchen	Owned	Labels
Denmark		
Randers	Owned	Labels
Copenhagen	Leased	Labels
Poland		
Poznan	Owned	Labels

Mexico

Mexico City	Leased	Labels
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Puerto Rico

Cidra	Leased	Labels
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San Germain	Leased	Labels
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Thailand

Bangkok	Leased	Labels
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China

Hefei	Owned	Labels
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Notes:

(1) The Rexdale facilities comprise three properties; two are owned and one is leased.

Risk Factors

The Company is subject to the usual commercial risks associated with being a supplier of goods and services to the non-durable consumer packaging industry. A number of these risks, which could have an adverse effect on the Company, are listed in the order of seriousness, as follows:

Dependence on Customers

The Company is dependent upon certain customers. The five largest customers of the Company represented approximately 41% of the total revenue for fiscal 2004 and the largest fifteen customers represented approximately 56% of the total revenue for fiscal 2004. There can be no assurance that the Company will maintain its relationship with any particular customer or continue to provide services to any particular customer at current levels. In addition, a significant portion of the Company's sales arise pursuant to purchase orders. A loss of any significant customer, or a decrease in the sales to any such customer, could have a material adverse effect on the business, financial condition and results of operations of the Company.

Competitive Environment

The Company faces competition from other packaging suppliers and from other contract manufacturers and from consumer products companies, which possess internal manufacturing capabilities. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on the business, financial condition and results of operations of the Company. This competitive environment may preclude the Company from passing on higher material, labour and energy costs to its customers. Any significant increase in "in-house" manufacturing by customers of the Company could adversely affect the business, financial condition and results

of operations of the Company. In addition, consolidation in the consumer products industry and further pressure on the industry by the large retail chains may result in decreases in pricing and disadvantageous trade terms, including by the renegotiation of long term contracts, as well as the potential for the loss of customers, any of which could have a material adverse effect on the business, financial condition and results of operations of the Company.

Reliance on Key Personnel

The operations of the Company are dependent on the abilities, experience and efforts of its senior management. To date, the Company has been successful in recruiting and retaining competent senior management. Should any member of management be unable or unwilling to continue his employment with the Company or its subsidiaries, this could have a material adverse effect on the business, financial condition and results of operations of the Company.

Operating and Product Hazards

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

Retention of Experienced Workforce and Know-How

Management believes that an important competitive advantage of the Company has been, and is expected to continue to be, the know-how and expertise possessed by its personnel at all levels of the Company. While the machinery and equipment used by the Company are generally available to competitors of the Company, the experience of the workforce of the Company allows the Company to obtain a level of efficiency and a level of flexibility which management believes to be high relative to the industry. To date, the Company has been successful in recruiting and retaining its personnel over the long term and while management believes that the know-how of the Company is widely distributed throughout the

Company, the loss of the services of certain of its experienced personnel could have a material adverse effect on the business, financial condition and results of operations of the Company.

Potential Risks Relating to Significant Operations in Foreign Countries

In 2004, approximately 27% of the Company's sales were derived from operations conducted outside of Canada and the United States. Foreign operations are subject to certain risks that can materially affect the sales, profits, cash flows and financial position of the Company, such as currency exchange rate fluctuations, inflation, exchange controls and variable political conditions. In addition, a highly inflationary economy may also give rise to increased production costs without a corresponding increase in prices, particularly if products are exported to countries with low inflation rates.

Foreign Exchange Exposure

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

Dependence on Outsourcing

The growth and profitability of the Custom Manufacturing division of the Company is dependent on consumer products companies continuing to elect to outsource the manufacture of certain of their products. In addition, consumer products companies are evidencing a desire to reduce the number of suppliers by purchasing services from suppliers that can provide full service solutions. If the pace of either of these trends slows or reverses, it could have a material adverse effect on the business, financial condition and results of operations of the Company.

Environmental, Health and Safety Requirements and other Considerations

The Company is subject to numerous federal, provincial, state and municipal statutes, regulations, by-laws, guidelines and policies, as well as permits and other approvals related to the protection of the environment and workers' health and safety, governing, among other things, water discharges, air emissions, non-hazardous and hazardous waste (including waste water), the storage, handling, distribution and transportation of dangerous goods and hazardous materials, the remediation of releases and the presence of hazardous materials, land use, zoning and employee health and safety requirements particularly in Canada, the United States, and in the European Economic Community (collectively, the "EHS Requirements"). Future proceedings or inquiries could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, changes to existing EHS Requirements or the adoption of new EHS Requirements in the future, changes to the enforcement of EHS Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the Company, could require expenditures which might materially affect the business, financial condition and results of operations of the Company, to the extent not covered by indemnity, insurance or a covenant not to sue. Furthermore, while the

Company has generally benefited from increased regulation of environmental matters, the demand for the services or products of the Company may be adversely affected by the amendment or repeal of laws or by changes to the enforcement policies of the regulatory agencies concerning such laws.

Labour Relations

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

Product Regulation

Products manufactured by the Company for its customers are subject to various standards and regulations implemented by various provincial, state and federal governmental agencies. While management believes that the products it manufactures for its customers meet existing requirements, amendments to existing standards or regulations or the implementation of new standards or regulations could require the customers of the Company to reformulate certain of their products or to eliminate the production of certain products, either of which could have a material adverse effect on the business, financial condition and results of operations of the Company.

Fluctuations in Operating Results

While the Company's operating results have over the past several years indicated a general upward trend in sales and net income, operating results within particular product forms, within particular facilities of the Company and within particular geographic markets have undergone fluctuations in the past and, in management's view, are likely to do so in the future. Operating results may fluctuate in the future as a result of many factors, including the volume of orders received relative to the manufacturing capacity of the Company, the level of price competition (from competing suppliers, contract manufacturers, and customers with "in-house" manufacturing capabilities), variations in the level and timing of orders and the mix of revenue derived in each of the Company's businesses. Any of these factors or a combination of these factors could have a material effect on the Company's results of operations.

Profitability of the Company's Plastic Packaging Business

The Company's Plastic Packaging business was not profitable in 2004 and generated minimal profits in the last few years. The Company's investment in the business including goodwill is material. There has been a change in management of the business in 2004 and management's plans and actions are with a view to profit improvement. If management cannot return the business to reasonable profitability, then the Company's investment in the business may be impaired. Recognition of this impairment could have a material adverse effect on the business, the financial condition, and results of operations of the Company.

Legal Proceedings

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

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

Insurance Limits

While management believes that insurance coverage of the Company's facilities addresses all material insurable risks, provides coverage that is similar to that which would be maintained by a prudent owner/operator of similar facilities and is subject to deductibles, limits and exclusions which are customary or reasonable given the cost of procuring insurance and current operating conditions, there can be no assurance that such insurance will continue to be offered on an economically feasible basis or at current premium levels, that all events that could give rise to a loss or liability are insurable, nor that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Potential Undisclosed Liabilities Associated with Acquisitions

In connection with acquisitions completed by the Company, there may be liabilities that the Company fails or is unable to discover in its due diligence prior to the consummation of the acquisition. In particular, to the extent that prior owners of acquired businesses fail to comply with or otherwise violate applicable laws, including environmental laws, the Company, as a successor owner, may be financially responsible for these violations. A discovery of any material liabilities could have a material adverse effect on the business, financial condition or future prospects of the Company.

Failure to Integrate Acquired Businesses

As part of its growth strategy, the Company intends to pursue acquisition opportunities where such transactions are economically and strategically justified. However, there can be no assurance that the Company will be able to identify attractive acquisition candidates in the future or that it will succeed in effectively managing the integration of acquired businesses. The failure to implement the acquisition strategy or to successfully integrate acquired businesses may have a material adverse effect on the business, financial condition and results of operations of the Company.

Exposure to Income Tax Reassessments

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

Refinancing Risk

The Company has incurred debt to finance its operations. In March 2006, a US\$ 120 million senior note obligation plus accrued interest is due to institutional investors. The Company anticipates that it will have a combination of cash on hand to repay this obligation in whole or in part and the ability to refinance the balance of this obligation with lenders. There can be no assurance that this debt can be repaid or refinanced since the ability to do so will be dependent on the Company's financial and business position and prospects, and the availability of lenders to provide financing at favourable interest rates and with commercially acceptable terms and conditions. The inability to refinance this debt would have a material adverse effect on the business, financial conditions and the results of operations of the Company.

ITEM 5 – DIVIDENDS

<u>Annual Cash Dividends Declared per Share</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Class A	\$ 0.34	\$ 0.31	\$ 0.30
Class B	\$ 0.39	\$ 0.36	\$ 0.35

Dividend payments are restricted by loan covenants in the senior notes agreements whereby certain unfavourable financial ratios could cause dividends to be reduced or eliminated until such financial ratios are rectified. Dividends can only be paid from retained earnings. CCL's dividend policy is to provide a stable and potentially growing cash return to shareholders, balancing the Company's internal cash position and requirements, and other means of providing returns to investors such as share repurchases in the open market. CCL has paid dividends quarterly for over 20 years and has not reduced its dividend payout per share during this period.

ITEM 6 - DESCRIPTION OF CAPITAL STRUCTURE

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

Class A Voting Shares

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

Class B Non-Voting Shares

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

ITEM 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.

CCL's Shares Trading in 2004 on The Toronto Stock Exchange

	Class A			
	<u>Volume Traded</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
January	2,250	\$ 19.11	\$ 17.25	\$17.25
February	-	-	-	17.25
March	3,300	20.60	19.07	20.30
April	-	-	-	20.30
May	550	19.75	19.75	19.75
June	50,332	20.00	19.30	19.30
July	2,600	20.70	20.05	20.05
August	1,155	19.40	18.00	18.15
September	1,970	17.97	16.83	17.85
October	380	17.95	17.40	17.40
November	660	17.77	17.40	17.77
December	<u>5,925</u>	19.25	17.77	19.25
Total Year	<u>69,122</u>	\$20.70	\$16.83	\$19.25

Class B

	<u>Volume Traded</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
January	1,073,161	\$ 19.25	\$ 16.70	\$17.49
February	1,143,034	19.25	16.90	19.25
March	697,446	20.89	18.50	18.55
April	1,414,853	19.53	17.05	17.35
May	806,451	20.28	17.11	19.85
June	883,997	20.07	18.90	19.80
July	1,061,306	21.00	19.15	19.40
August	1,210,842	19.45	16.20	16.92
September	617,608	19.00	16.69	18.57
October	1,130,086	18.70	16.71	17.35
November	886,893	17.99	16.90	17.31
December	<u>650,368</u>	19.07	17.31	18.80
Total Year	<u>11,576,045</u>	\$21.00	\$16.20	\$18.80

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 in last 5 Years</u>	<u>Director Since</u>
PAUL J. BLOCK New York, New York	Chairman and Chief Executive Officer of Proteus Capital Associates (an investment banking firm), principal of Sea Change Group and President of Versadial, a Sea Change Company (private equity firms)	November 6, 1997
SUSAN J. COOK Beachwood, Ohio	Vice President, Human Resources of Eaton Corporation (diversified manufacturing company)	July 29, 2004

DERMOT G. COUGHLAN Toronto, Ontario	Corporate Director; Chairman and Chief Executive Officer 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
JON K. GRANT Peterborough, Ontario	Corporate Director	December 8, 1994
JEAN-RENÉ HALDE ⁽¹⁾ Toronto, Ontario	Chairman and Chief Executive Officer of Experlead Corporation (a company offering advisory services to senior management and corporate boards) since September 2003; prior to January 2003, President and Chief Executive Officer of Irwin Toy Limited; prior to 2001, President and Chief Executive Officer of Livgroup Investments Ltd.	May 2, 2001
DONALD G. LANG Toronto, Ontario	President and Chief Executive Officer of the Company	May 23, 1991
STUART W. LANG Leeds, U.K.	President of CCL Label International, a division of the Company; prior to 2002, President of CCL Label Canada, a division of the Company	May 23, 1991
THOMAS C. PEDDIE Toronto, Ontario	Senior Vice President and Chief Financial Officer of Corus Entertainment (media company)	June 4, 2003
LAWRENCE G. TAPP Langley, B.C.	Corporate Director; prior to 2003, Dean of the Richard Ivey School of Business, University of Western Ontario	December 8, 1994

⁽¹⁾ Jean-René Halde was an executive officer and director of Irwin Toy Limited on December 2, 2002 when it applied for and obtained an Order under the Companies' Creditors Arrangement Act for creditor protection, and resigned as officer and director on January 15, 2003 when an interim receiver was appointed.

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

DIRECTORS

Audit Committee

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

Human Resources Committee

Paul J. Block (Chairman)
Susan J. Cook
Dermot G. Coughlan
Jon K. Grant

Nominating and Governance Committee

Jean-René Halde (Chairman)
Jon K. Grant
Lawrence G. Tapp

Environment and Health and Safety Committee

Jon K. Grant (Chairman)
Jean-René Halde

Officers

JON K. GRANT
Peterborough, Ontario

DONALD G. LANG
Toronto, Ontario

STEVEN W. LANCASTER
Toronto, Ontario

JANIS M. WADE
Toronto, Ontario

AKHIL BHANDARI
Richmond Hill, Ontario

Office with CCL and Principal Occupation in last 5 Years

Chairman of the Board of the Company and Corporate Director

President and Chief Executive Officer of the Company

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 Company

Senior Vice President, Human Resources and Corporate Communications of the Company

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 Company and President of CCL Custom Manufacturing, a division of the Company
STUART W. LANG Leeds, U.K.	Vice President of the Company and President of CCL Label International, a division of the Company; prior to January 2002, President of CCL Label Canada, a division of the Company
GEOFFREY T. MARTIN Dover, Massachusetts	Vice President of the Company and President of CCL Label and CCL Plastic Packaging, divisions of the Company; prior to June 2004, Vice President of the Company and President of CCL Label; 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 Company and President and Chief Executive Officer of CCL Container, a division of the Company
RICHARD J. ZAKAIB Richmond Hill, Ontario	Senior Vice President, Corporate Development; prior to December 2003, Vice President, Corporate Development; prior to January 2001, Vice President of CCL Container, a division of the Company
BOHDAN I. SIROTA Mississauga, Ontario	Secretary and General Counsel of the Company; prior to November 2001, Assistant Secretary and General Counsel of the Company

The directors and officers of CCL Industries Inc. as a group beneficially own, directly or indirectly, or exercise control or direction over approximately 2,244,130 of the issued and outstanding Class A voting shares representing 92.0% of the issued and outstanding Class A voting shares.

Conflicts of Interest

None of CCL or any of its subsidiaries has an existing or potential material conflict of interest with any of their directors or officers.

ITEM 9 – PROMOTERS

The Company does not have any promoters.

ITEM 10 – LEGAL PROCEEDINGS

None of the Company nor any of its subsidiaries is a party to any legal proceedings that are financially material.

ITEM 11 – TRANSFER AGENT AND REGISTRAR

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

ITEM 12 – MATERIAL CONTRACTS

In July 2004, the Company entered into a contract with RAR - Sociedade de Controle (Holding), S.A. of Portugal, forming a joint venture, combining CCL's Custom Manufacturing business in Europe with that of ColepCCL, which includes Custom Manufacturing and Container manufacturing in four plants throughout Europe. CCL injected CDN\$ 23 million cash along with its European contract manufacturing operation consisting of its Scunthorpe, U.K. and Laupheim, Germany operations to own 40% of the joint venture. RAR can purchase CCL's interest in the joint venture and CCL can put its interest in the joint venture to RAR, after four years, based on a financial formula. Both parties provided typical representations and warranties for joint ventures.

In December 2004, CCL entered into a Purchase and Sale Agreement with Steinbeis Holding GmbH of Germany to acquire the shares of Steinbeis Packaging, consisting of five label operations in Europe, the United States and China for approximately CDN\$ 80 million, and the acquisition was completed on January 31, 2005. The acquisition includes representations and warranties common to a transaction of this nature.

ITEM 13 – INTERESTS OF EXPERTS

KPMG LLP, the Company's external auditors, has certified the financial statements of the Company for the year ended December 31, 2004.

ITEM 14 – AUDIT COMMITTEE

Charter of the Audit Committee

The mandate of the Audit Committee of the Board is set forth below. Reference to 'Auditor' signifies the auditor appointed by the shareholders of the Corporation from time to time.

- Review the quality and acceptability of the accounting policies, principles and practices of the Corporation.
- Review the quarterly and year-end financial statements, the annual and interim Managements' Discussion and Analysis, and earnings press release of the Corporation before the Corporation publicly discloses this information, and report its findings for approval to the Board. In addition, the Audit Committee shall review the annual Management Proxy Circular and the Annual Information Form of the corporation and report to the Board accordingly.
- Ensure that the prescribed disclosure regarding the Audit Committee is contained in the Corporation's annual report or annual Management Proxy Circular.

- Monitor the adequacy and integrity of internal controls over accounting and financial systems and ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure stated immediately above, and periodically assess the adequacy of those procedures.
- Monitor the timely communication of accurate financial information regarding the Corporation to the shareholders.
- Monitor the independence of the Auditor; assume direct responsibility for overseeing the work of the Auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services for the Corporation, including the resolution of disagreements between Management and the Auditor regarding financial reporting; communicate directly with the Auditor for the discussion and review of any issues as appropriate. To require and receive from time to time the written confirmation of the Auditor as to its independent status and as to its good standing with the Canadian Public Accountability Board.
- Evaluate and recommend to the Board, the Auditor to be nominated to prepare or issue an audit report or perform other audit, review or attestation services for the Corporation, and the compensation of the Auditor.
- Pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by its Auditor. Authority to pre-approve non-audit services may be delegated to one or more independent members, provided that the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.
- Review the results of internal and external audits, and any change in accounting practices or policies and their impact on the financial statements, and maintain oversight responsibility for management reporting on internal control.
- Review the reports of the Internal Audit Department of the Corporation and provide direction and guidance to the internal auditors.
- Where there are unsettled issues raised by the Auditor that do not have a material effect on the annual audit financial statements, require that there be a written response identifying a course of action that would lead to their resolution.
- Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters, and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- Review and approve the Corporation's hiring policies regarding partners and employees and former partners and employees of the present and former Auditor of the Corporation.
- Review and monitor the adequacy and integrity of the Corporation's management information systems.
- Monitor the adequacy of financial resources.
- Review the quality of the asset side of the balance sheet of the Corporation.
- Review risks facing the Corporation.
- Review, through its Chair, the travel and entertainment expenses of the President and Chief Executive Officer.
- Review and assess the adequacy of the Charter of the Audit Committee on an annual basis.

Composition of the Audit Committee

The members of the Audit Committee, as disclosed under Item 8 – Directors and Officers, are: Thomas C. Peddie (Chairman), Dermot G. Coughlan, Paul J. Block, and Lawrence G. Tapp.

Relevant Education and Experience of the Audit Committee

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

Dermot G. Coughlan - Mr. Coughlan is the former Chief Executive Officer of Derlan Industries Limited, which was a public company listed on the Toronto Stock Exchange. He is a Fellow of the Chartered Association of Certified Accountants of the U.K., with extensive skill and experience in operating diverse, international manufacturing operations. Throughout most of his career, Mr. Coughlan has either performed financial management duties directly or supervised financial managers in the performance of their responsibilities. In consequence of this experience, Mr. Coughlan is skilled in matters related to finance and complex treasury issues.

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

Lawrence G. Tapp - Mr. Tapp acquired extensive experience in the printing and packaging industries in international markets similar to those served by the Company as Chairman and Chief Executive Officer of Lawson Mardon Group Limited, where for many years he supervised the work of the Chief Financial Officer in the preparation and presentation of financial statements. Mr. Tapp's role involved the detailed review of such statements, their interpretation and their use in strategic planning. In his capacity as director on numerous boards of public companies, including Call-Net Enterprises Inc. and Husky Injection Moulding Systems Ltd., Mr. Tapp continually applies his knowledge concerning the analysis of financial statements.

Pre-Approval Policies and Procedures

Policy

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

A. Audit Services

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

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

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

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

C. Other Services

All requests to engage KPMG for other services will be addressed on a case-by-case specific engagement basis.

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

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

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

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

Recommendations, in respect of each engagement, will be submitted by the Executive Vice President and Chief Financial Officer to the full Audit Committee for consideration and

approval, generally at its next meeting. The engagement may commence upon approval of the Committee.

External Auditor Service Fees (By Category)

Audit Fees

The aggregate audit fees paid to KPMG LLP related to the audit of the annual consolidated financial statements and the review of the interim financial statements in 2004 were \$1,072,000 (2003 - \$1,059,000).

Audit-Related Fees

The aggregate fees billed in 2003 and 2004 for assurance and related services by KPMG that are reasonably related to the performance of the audit or review of the financial statements and that are not reported under "Audit Fees" above, were \$151,000 (2003 - \$90,000) related to the audit of the Company's pension plans, the report on compliance with debt covenants and advice on new accounting standards in connection with the 2003 audit.

Tax Fees

The aggregate fees billed in 2003 and 2004 for professional services rendered by the auditor for tax compliance, tax advice, and tax planning, were \$435,000 (2003 - \$334,000) for tax compliance and planning in its Canadian and international operations.

All Other Fees

KPMG provided actuarial consulting services to CCL's U.K. Pension Plan and assistance in starting up foreign subsidiaries for \$313,000 (2003 - \$344,000).

ITEM 15 – 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 16, 2005. Additional financial information is provided in the consolidated financial statements and Management's Discussion and Analysis for the fiscal period ended December 31, 2004. 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 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.

Additional information relating to CCL may be found on SEDAR at www.sedar.com.

Unless otherwise stated, the information contained herein is as at February 17, 2005.