

CCL Industries Inc.

105 Gordon Baker Road, Suite 800

Willowdale, Ontario

M2H 3P8

2006

Annual Information Form

March 13, 2007

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CCL Industries Inc.

The information in this Annual Information Form ("AIF") 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 AIF, 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. For further details on the above risk factors, see "Risk Factors" section under Item 4, page 26.

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 AIF 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.

Unless otherwise stated, all amounts stated in this document are given in Canadian dollars, and, unless otherwise stated, the information contained herein is current as of March 13, 2007.

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.

The registered and head 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 below are the principal direct or indirect operating subsidiaries each of whose total consolidated assets or consolidated sales and operating revenues constitute more than 10% of the total consolidated assets or consolidated sales and operating revenues of the Company for the year ended December 31, 2006. 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 except the

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

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

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

CCL Insertco, LLC - Maryland
CCL Label de Puerto Rico, Inc. - Puerto Rico
CCL Label/Sioux Falls, Inc. – South Dakota
Etiquetas CCL S.A. de C.V. - Mexico

In Europe, the Company carries on the Label business through its indirect wholly owned subsidiaries in the U.K. and Denmark. The direct and indirect operating subsidiaries are:

CCL Battery Label GmbH - Germany
CCL Label A/S - Denmark
CCL Label France S.A.S. - France
CCL Label GmbH - Germany
CCL Label Limited – United Kingdom
CCL Label (Ashford) Limited – United Kingdom
CCL Inmould Label S.A.S. - France
CCL Label GmbH - Austria
CCL Package Label S.N.C - France
Ditchling Press Ltd. – United Kingdom
Inprint Benelux B.V. – the Netherlands

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

The Container Division operates the following subsidiary (with state of incorporation) in the United States through CCL's indirect wholly owned subsidiary:

CCL Container (Hermitage), Inc. - Delaware

The Container Division also operates in Mexico through CCL's indirect 95% owned subsidiary CCL Container S.A. de C.V.

The Tube Division operates the following subsidiaries (with state of incorporation) in the United States through CCL's indirect wholly owned subsidiaries:

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

Additionally, the Company carries on a joint venture in contract manufacturing and container manufacturing with RAR- Sociedade de Controlo (Holding) S.A. of Portugal. This joint venture is operated through CCL Industries (U.K.) Limited, which has a 40% ownership in ColepCCL Portugal – Embalagens e Enchimentos S.A.

ITEM 3 – GENERAL DEVELOPMENT OF THE BUSINESS

CCL commenced operations in Canada in 1951 as a custom manufacturer for major marketers of consumer products (see “Custom Manufacturing Division” below). In May 2005, CCL sold its North American Custom Manufacturing (“N.A. Custom”) business to KCP Income Fund, while retaining its European joint venture ColepCCL. Commencing in the 1980s, CCL diversified into specialty packaging, servicing the same customer base as its custom manufacturing business. The sale of N.A. Custom has allowed the Company to focus its business solely on specialty packaging.

CCL now has three main operating areas of expertise in specialty packaging (“Specialty Packaging”): the Label, Container and Tube Divisions. The Company also has a 40% interest in its ColepCCL joint venture in Europe, which manufactures a variety of consumer products and packaging as described below.

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 Specialty Packaging. In each of its businesses, the Company strives to satisfy the needs of its multinational customers in the non-durable consumer products market. By providing a wide range of specialty packaging products to these customers on an international basis, CCL believes that it is or can become a leader in each of its businesses and, consequently, the Company believes that it will be able to enjoy sustainable sales and income growth.

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

CUSTOM MANUFACTURING DIVISION

Beginning in 2000, CCL has been restructuring and reducing its investment in Custom Manufacturing, culminating in the sale of the N.A. Custom business in May 2005.

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

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 business returned to in-house manufacturers such as deodorant and anti-perspirant sticks. In addition, the business was negatively impacted by the weaker U.S. dollar, which affected the translated results of U.S. operations into Canadian currency and reduced profit margins on the sales of the Canadian operation to its U.S. customers in 2004, in contrast to 2003 when an effective currency hedging program locked in revenues.

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, after experiencing strong competition in its European business, the Division formed a 40% owned joint venture named ColepCCL to add critical mass and low cost manufacturing locations to its existing well-established operations. The joint venture partner is 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) \$ 23 million cash.

In May 2005, the Company sold its N.A. Custom business, while retaining ColepCCL, with a view to redeploying the capital into its higher growth businesses (Label, Container and Tube) and repositioning the Company solely as a specialty packager. The Company believes that this disposition also lowered the Company's overall risk profile by reducing the potential impact of a weaker U.S. dollar and the Company's dependence on North American manufacturing, thereby creating greater geographic and currency diversification. It also improved the financial leverage of the Company, reduced refinancing risk (as there was a significant debt repayment due on March 15, 2006) and increased the Company's balance sheet flexibility.

ColepCCL EUROPE

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

The ColepCCL business operates from manufacturing facilities located at Scunthorpe, U.K.; Laupheim, Germany; Vale de Cambra, Portugal; Navarra, Spain and Kleszczow, Poland. In the summer of 2005, ColepCCL closed its plant in Madrid, Spain and moved most of the business volume to other ColepCCL locations.

LABEL DIVISION

The Label Division is the leading North American, Latin American, European and Asian producer of premium-quality labels and other promotional products for non-durable 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 and outserts, shrink sleeves, and games and promotional coupons.

CCL Label now operates twelve label manufacturing plants in the United States (California, Connecticut, Kentucky, Maryland, Missouri, two in New Jersey, North Carolina, Pennsylvania, two in South Dakota and one in Tennessee), two plants in Canada (one in Ontario and one in Québec), one in Mexico, and two in Puerto Rico. In January 2006, CCL Label also expanded into Brazil with Prodesmaq's two plants and added one further plant in Brazil as part of the Illinois Tool Works ("ITW") acquisition in January 2007.

In Europe, with the Steinbeis Packaging, Inprint Systems and Merroc acquisitions in 2005 and "ITW" acquisition in 2007 described below, the Label Division now operates two plants in Austria, two in Denmark, four in France, two in Germany, one in Italy, one in the Netherlands (after the Houten disposition), one in Poland and eight plants in the United Kingdom.

In Asia, the Division has built plants in China and Thailand in the last two years and added a third Asian facility in China with the Steinbeis acquisition.

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

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

In 2003, CCL also 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 and beverage categories of pressure sensitive labels.

In mid-2004, CCL Label disposed of its non-core Winnipeg, Manitoba operation as its customers were primarily local and acquired Graphiques Apex Inc. located in Boucherville, Québec to further expand its pharmaceutical label capabilities in Canada.

In January 2005, the pressure sensitive label printing business of Steinbeis Packaging, based in Germany, was acquired. The acquisition consisted of five label operations in Germany, France, the United States and China for approximately \$64 million, followed by the deferred purchase in January 2006 of one of the plants acquired for approximately \$6 million. The business focuses on personal care and battery labels which are sold to brand-name international customers.

In August 2005, the Company purchased the remaining 49% of its European joint venture, CCL-Pachem from the original owners. CCL-Pachem consists of three plants in Austria, France and the United Kingdom. CCL acquired CCL-Pachem for approximately \$6 million in cash, issued 200,000 restricted Class B non-voting shares and assumed approximately \$12 million of debt. The business produces pressure sensitive, shrink sleeve and in-mould labels for primarily global marketers.

Also in August 2005, CCL acquired the assets of Merroc Ltd., a label manufacturer specializing in pressure sensitive colour chip labels for European paint manufacturers.

In September 2005, the Company acquired the business of Inprint Systems headquartered in the United Kingdom and a supplier of specialty pressure sensitive labels to the highly regulated healthcare and chemical markets for approximately \$63 million in cash. Inprint has two plants in the United Kingdom and one plant in each of Italy, the Netherlands and the United States.

In January 2006, for approximately \$62 million, CCL acquired Prodesmaq, a Brazilian pressure sensitive label supplier to many of the same customers that CCL Label supports in the rest of the world. Prodesmaq has two state-of-the-art plants in Brazil and supplies labels to the home and personal care, healthcare and premium food and beverage markets. The purchase and sale agreement provides a six-year bank guarantee to the benefit of the Company if certain potential liabilities, incurred prior to the acquisition by the vendors, require payment by the Company up to a specified limit.

In October 2006, the Company sold its small non-core label business located in Houten, the Netherlands for approximately \$3 million. The business supplied the domestic customer base but did not supply many of CCL's core global customers.

In January 2007, CCL acquired, for \$107 million in cash, the assets of Illinois Tool Works ("ITW") sleeve label business located in Europe and Brazil, with a sales and distribution office in the United States. The Division had previously been a small player in the shrink sleeve market and in conjunction with this acquisition, will position CCL as a leading global player in this fast growing segment of the label industry. The business also includes stretch sleeves, which is new to CCL. ITW serves many of the Division's

key global customers in the food, beverage, home and personal care markets. The ITW operations include two plants in the United Kingdom, one in Austria and one in Brazil.

As a result of the economic slow-down in 2003 experienced in the label industry, the Label Division experienced flat sales growth excluding the new European acquisitions. This was followed by a strong 2004 due to operational improvements and strong sales, including growth from the acquisitions in 2003. In 2005 and 2006, the Label Division enjoyed strong sales growth in most markets and improved profitability. The Division expects to experience overall continued improvement in sales and income in 2007. Although market conditions in personal care labels softened slightly during 2006, this was offset by growth in CCL's other label markets which is expected to continue in 2007 and the positive impact of recent acquisitions.

CONTAINER DIVISION

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

In 2003, CCL's Container Division divested a number of non-core businesses. The Tube 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 a 50% equity interest in IntraPac L.P. The purchasers of these businesses are managing these operations and acquired CCL's remaining equity interest in October 2005.

In July 2005, the Company purchased the remaining 30% of its Illinois-based plastic closure joint venture, CCL Dispensing Systems, LLC from its minority partners. This allowed CCL to strategically control the business and to determine its future corporate structure and ownership. After reviewing a number of alternatives, CCL sold the business in early February 2006 to one of the leaders in the dispensing closure industry for approximately \$24 million. It was determined that CCL Dispensing was a small participant in the very competitive closure market and that the manufacturing of closures for CCL's own plastic tubes was not necessary for success in the plastic tube market.

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

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

The Container aluminum aerosol and bottle business has shown growth with new product introductions creating new market categories. As a result, the Container business has purchased seven new production lines over the last four years to satisfy

these requirements. Six are installed and operating; the seventh will be installed in 2007.

Since early 2005, aluminum costs have risen dramatically reaching all time highs by mid-2006. The Company's beverage bottle sales and income have decreased considerably in 2006 due to the higher product cost, the reduced interest currently in these products in the market and customer specific issues.

TUBE DIVISION

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

The Tube Division operates one plant in California and one in Pennsylvania. In addition, there is a modest level of production in the Mexican facility shared with the Container Division.

The plastic tube operations historically had significant operating issues, resulting in new management being brought in to restructure the Division in mid-2004. This new management addressed inventory, receivables, systems and manufacturing issues, and has reduced overhead and eliminated certain unprofitable business, thereby returning the business to profitability in 2005 with further improvement in 2006.

CORPORATE DEVELOPMENT

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

During the 2002 to 2005 period, CCL experienced somewhat higher sales volumes due to the improved sales performance of its personal care products and benefited from improved operating efficiencies due to restructuring plans that were instituted to improve under-performing businesses. The benefits of volume gains and improved operating costs were offset somewhat in 2003 to 2005, 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 continued to benefit from the acquisitions and joint ventures completed in prior years and the new Steinbeis and Inprint acquisitions completed in 2005. However, the disposition of the N.A. Custom business resulted in a significant reduction in sales and earnings for CCL. The recent acquisitions, including Prodesmaq

in Brazil in 2006, and the organic growth in the businesses supported by the Company's capital spending program has more than replaced N.A. Custom's earnings since the disposition. The cash from the sale of this business has financed the growth in the specialty packaging businesses.

CCL is anticipating that it will continue to benefit in 2007 from the recent acquisitions and the returns from its substantial level of capital spending of 2005 and 2006. It is expected that 2007 capital spending, to support expansion, will reach approximately \$130 million. The Company believes that cash on hand combined with new debt financing will provide the financial flexibility to manage capital spending and to complete further strategic acquisitions.

The Company repaid its 10-year senior unsecured notes that matured in March 2006, totalling U.S. \$120 million. During the first quarter of 2006, the Company refinanced this debt and added further cash to the balance sheet by entering into a new private placement financing totalling US\$170 million.

Based on current exchange rates, the Company expects to be positively affected in 2007 by the strength of the U.S. and European currencies when it translates results of its European and American operations into Canadian currency. CCL will continue to be subject to the translation impact, favourable or unfavourable, in all of its foreign operations, including those such as Brazil and Mexico, which have been volatile historically.

STRATEGY

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

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 improve 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 increase capital spending that support its business strategy. Restructuring costs were incurred over the last five years to provide for the costs of reorganizing certain business units, to provide for losses on dispositions and to provide for the write-down of assets of business units that were deemed to be non-core and under performing.

All acquisitions in recent years, including the 2006 acquisition in Brazil, add further international elements to the Label Division, which has allowed it to expand, on a global basis, its relationships with its traditional North American and European customers.

The formation of the ColepCCL joint venture in July 2004, allows CCL to participate in a substantial Custom Manufacturing operation in Europe, which produces steel aerosol, food and general line cans and plastic containers primarily in low cost jurisdictions.

ITEM 4 – DESCRIPTION OF THE BUSINESS

OVERVIEW

CCL is a diversified, Canadian-based, multinational company, which is a leading provider of innovative packaging solutions to national and international non-durable consumer products marketers of personal care, cosmetic, healthcare, household and specialty food and beverage products. The Company has manufacturing facilities in North America, Europe, Latin America and Asia. CCL had approximately 4,600 employees as at December 31, 2006, excluding the ColepCCL joint venture, which has approximately 1,900 employees. The manufacturing facilities maintained by the Company are described below under the heading “Properties”.

Net Sales By Business Segment: (millions of dollars)

	<u>Years ended December 31</u>			
	<u>2006</u>		<u>2005</u>	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
Label	\$784.1	64.7%	\$669.0	60.3%
Container	176.3	14.5%	170.7	15.4%
Tube	69.1	5.7%	82.8	7.4%
ColepCCL/Custom Manufacturing Europe	182.7	15.1%	187.6	16.9%
Total	<u>\$1,212.2</u>	<u>100.0%</u>	<u>\$1,110.1</u>	<u>100.0%</u>

Net Sales By Geographic Segment: (millions of dollars)

	<u>Years ended December 31</u>			
	<u>2006</u>		<u>2005</u>	
	<u>Net Sales</u>	<u>% of Total Sales</u>	<u>Net Sales</u>	<u>% of Total Sales</u>
Canada	\$135.9	11.2%	\$136.0	12.2%
United States and Puerto Rico	449.2	37.0%	439.1	39.6%
Mexico and Brazil	80.0	6.6%	46.8	4.2%
Europe	528.2	43.6%	476.0	42.9%
Asia	18.9	1.6%	12.2	1.1%
Total	<u>\$1,212.2</u>	<u>100.0%</u>	<u>\$1,110.1</u>	<u>100.0%</u>

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 relatively non-seasonal. However, as evidenced by the historical financial results of public non-durable consumer products companies and CCL, these businesses are not generally recession-proof.

LABEL DIVISION

Principal Products

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

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 market share of between 15 and 20%. The market in Europe is believed to be similarly fragmented and CCL Label's European market share is also approximately 20%, with a large number of small competitors. The market in Asia is also very fragmented and CCL Label is a small but growing participant. In Latin America, CCL Label is the leader in a market that is also quite fragmented.

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

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

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

Employees

CCL Label had approximately 3,500 employees as of December 31, 2006.

CONTAINER DIVISION

Principal Products

The Container Division, operating under the name CCL Container, manufactures high quality extruded aluminum aerosol containers and bottles and a variety of other specialty products, such as piston barrier food packages, aluminum caulking cartridges, marker pen shells and cigar tubes.

Markets and Competition

Management believes that CCL Container is the largest supplier of extruded aluminum aerosol containers and bottles in North America, including Mexico. Competition comes from one other United States manufacturer of extruded aluminum aerosol containers, from imports and from aerosol containers manufactured from materials other than aluminum, particularly steel. Competition for aluminum bottles comes from many traditional container manufacturers, particularly aluminum and steel cans and plastic and glass bottles.

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

Generally, this business is non-seasonal.

Employees

The Container Division had approximately 700 employees as of December 31, 2006.

TUBE DIVISION

Principal Products

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

Markets and Competition

Management believes that CCL Tube is one of the largest suppliers in North America of squeezable plastic tubes with 15 to 20% market share. Competition comes from a number of other manufacturers in the United States and from imports primarily from Europe. Alternate packages such as plastic bottles and laminate tubes compete with plastic tubes.

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

Generally, this business is non-seasonal.

Employees

The Tube Division had approximately 400 employees as of December 31, 2006.

ColepCCL JOINT VENTURE

Principal Products

The ColepCCL joint venture manufactures a wide range of products as a custom manufacturer including aerosols, household liquids, personal care liquids, creams and lotions. In addition, the 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 Europe's largest custom manufacturers of non-durable consumer products. There are many larger European steel and plastic container competitors in ColepCCL's container manufacturing segment. Competition for the ColepCCL joint venture in custom manufacturing comes from many smaller manufacturers located throughout Europe and from in-house manufacturing by many major marketers.

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

The Company 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.

ColepCCL 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 primarily by truck, ship and rail.

Generally, this business is non-seasonal.

Employees

The ColepCCL joint venture in Europe had approximately 1,900 employees as of December 31, 2006.

GENERAL

Suppliers

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

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.

The cost of slugs for aluminum aerosol cans varies with the cost of aluminum, a traded commodity, which has historically been subject to periodic dramatic fluctuations. The Company partially hedges this cost and matches some of it where practical with specific customer contracts. This is achieved by entering into short-term forward contracts with its suppliers and by purchasing futures contracts for aluminum ingot on the London Metals Exchange for up to three years in the future.

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, most of the manufacturing equipment has become increasingly sophisticated and expensive, which may limit the ability of smaller competitors in the market to maintain their positions. However, management believes that it is the Company's manufacturing know-how, structured operating systems and trained employees that add a meaningful barrier-to-entry to its businesses.

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

Research and Product Development

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

Environmental Matters

Estimated capital expenditures for environmental control projects for 2007 and 2008 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.

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

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

Social Policies

The Company has developed a company-wide Code of Business Conduct and Ethics, approved by the Board of Directors, that is distributed to each employee. The Code of Business Conduct and 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 Business Conduct and Ethics and all existing employees sign off every two years to further enforce the importance of this Policy. Further, there is an anonymous employee 'hot line', accessed by telephone or over the Internet and monitored by a third-party service, to allow all employees to report issues related to potential infractions of the Code of Business Conduct and Ethics. Any alleged infractions are reported to the Executive Management, investigated and, if there is substance to the allegations, reported to the Board of Directors.

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 2006, the Company's largest customer accounted for about 13% of consolidated sales.

Employees

The Company has direct control over a total of approximately 4,600 employees, excluding the ColepCCL joint venture, and has a number of labour union contracts and labour/management associations (covering approximately 800 employees), 2 of which expire in 2007 (covering approximately 100 employees) as at December 31, 2006. 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 2007.

Foreign Operations

The Company currently conducts operations in Canada, the United States, Austria, Brazil, China, Denmark, France, Germany, Italy, Mexico, Poland, Puerto Rico, Thailand, the Netherlands and the United Kingdom and additionally through the ColepCCL joint venture, in Portugal and Spain. Operations in each country primarily service the domestic market.

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

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 art work, tool and die manufacturing and product development for a fee. These service fees are a small proportion of the Company's revenue, less than 10%.

New Products

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

Properties

As at March 13, 2007, the Company operated the following principal manufacturing facilities:

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
<u>Label</u>		
Canada		
Etobicoke, Ontario	Owned	Healthcare and Specialty Labels
Boucherville, Québec	Leased	Healthcare Labels
United States		
Upland, California	Owned	Healthcare Labels
Shelton, Connecticut	Owned	Personal Care Labels
Cold Spring, Kentucky	Owned	Specialty Labels
Baltimore, Maryland	Leased	Healthcare Labels
St. Louis, Missouri	Owned	Healthcare Labels
Hightstown, New Jersey	Owned	Healthcare Labels
Robbinsville, New Jersey	Owned	Personal Care Labels
Charlotte, North Carolina	Leased	Personal Care Labels
Boothwyn, Pennsylvania	Leased	Battery Labels
Sioux Falls, South Dakota (2 plants)	Owned	Healthcare, Personal Care and Food and Beverage Labels
Memphis, Tennessee	Owned	Specialty Labels

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
Mexico		
Mexico City	Leased	Personal Care Labels
Puerto Rico		
Cidra	Leased	Healthcare Labels
San German	Leased	Healthcare Labels
Brazil		
Criciuma	Owned	Stretch Sleeve Labels
Vinhedo (2 plants)	Owned	Personal Care, Healthcare and Food and Beverage Labels
Austria		
Hohenems	Owned	Food and Beverage Labels
Voelkermarkt	Owned	Stretch Sleeve Labels for Food and Beverage
Denmark		
Randers	Owned	Healthcare Labels
Broendby	Leased	Specialty and Healthcare Labels
France		
Paris	Leased	Personal Care Labels
Avelin	Leased	Food and Beverage Labels
Chilly-Mazarin	Owned	Healthcare and Specialty Labels
Périgueux	Owned	Food and Beverage Labels

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
Germany		
Meerane	Owned	Battery and Food and Beverage Labels
Holzkirchen	Owned Building Leased Land	Personal Care Labels
Italy		
Milan	Owned	Healthcare Labels
Netherlands		
Oss	Owned	Healthcare Labels
Poland		
Poznan	Owned	Personal Care and Healthcare Labels
United Kingdom		
Ashford, England	Owned	Healthcare and Specialty Labels
Castleford, England (2)	Owned	Personal Care and Shrink Sleeve Labels for Food and Beverage
Kings Lynn, England	Owned	Shrink Sleeve Labels for Food and Beverage
Lewes, England	Leased	Healthcare Labels
Burgess Hill, England	Leased	Healthcare and Specialty Labels
East Kilbride, Scotland	Leased	Specialty Labels
Rhyl, Wales	Leased	Food and Beverage Labels

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
China		
Guangzhou	Owned	Personal Care Labels
Hefei	Owned	Personal Care and Battery Labels
Thailand		
Bangkok	Owned	Personal Care Labels
<u>Container</u>		
Canada		
Penetanguishene, Ontario	Owned	Extruded Aluminum Aerosol Containers, Bottles and Barrier Food Packages
United States		
Hermitage, Pennsylvania	Owned	Extruded Aluminum Aerosol Containers, Bottles and Barrier Food Packages
Mexico		
Mexico City (shared with Tube Division)	Leased	Extruded Aluminum Aerosol Containers and Aluminum and Plastic Tubes
<u>Tube</u>		
United States		
Los Angeles, California	Leased	Plastic Tubes
Wilkes-Barre, Pennsylvania	Owned	Plastic Tubes

<u>Location</u>	<u>Owned or Leased</u>	<u>Major Products</u>
Mexico		
Mexico City (shared with Container Division)	Leased	Plastic Tubes
 <u>ColepCCL Joint Venture</u>		
<u>Germany</u>		
Laupheim	Owned	Consumer and Industrial Aerosol Products
Poland		
Kleszczow	Owned	Aerosol Consumer Products
Portugal		
Vale de Cambra	Owned	Aerosol Consumer Products Co-Packing and Steel and Plastic Containers
Spain		
Navarra	Owned	General Line Container Manufacturing
United Kingdom		
Scunthorpe, South Humberside	Owned	Aerosol and Liquid Consumer Products

RISK FACTORS

The Company is subject to a number of commercial risks associated with being a supplier of goods and services to the non-durable consumer packaging industry, such as:

Potential Risks Relating to Significant Operations in Foreign Countries

The Company operates a decentralized organization in 49 facilities in 15 countries. Many of these countries have their own unique cultures and values. In 2006, approximately 52% of the Company's sales were derived from operations conducted

outside of Canada and the United States. As a result, CCL's business is subject to changes in the global economy, geopolitical risks and changes in the level of consumer confidence in a number of jurisdictions that can materially affect the sales, profits, cash flows and financial position of the Company. Such risks include 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. Competition from low cost jurisdictions may adversely impact operating results in the Company's business locations.

Competitive Environment

The Company faces competition from other packaging suppliers and for ColepCCL, from other contract manufacturers and non-durable consumer products companies, that 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 non-durable 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 the renegotiation of long term contracts, as well as the potential for the loss of customers due to the inability to meet customers' price expectations, any of which could have a material adverse effect on the business, financial condition and results of operations of the Company.

Profitability of the Company's Container Business

The Company's Container business operated at a substantial profit in 2005 and 2006. During the last four years, the Company has invested significantly in adding capacity to the Division to meet expected growth in aerosol cans and particularly beverage bottles for specialty beverage and beer products. Over the last two years, the cost of aluminum, the primary input of production, has doubled and continues to fluctuate dramatically. These higher costs have been difficult to pass on to customers and have played a role in the reduced demand for many products, particularly aluminum bottles. The Company had previously hedged a portion of its expected aluminum requirements but is subject to continued margin pressure due to the inability to pass on price increases to customers to recover all of the cost increases. With no increase in overall sales volumes, the Company has unused production capacity. New management of the Division was brought in to address these challenging business concerns in early 2006. If the new management cannot recover costs increases from its customers, restructure operations, and maintain and grow sales volumes, this could

have a material adverse effect on the business, financial condition and results of operations of the Company.

Foreign Exchange Exposure and Hedging Activities

Sales of products of the Company to customers outside Canada account for a significant portion of the revenue of the Company. Because the prices for such products are quoted in foreign currencies, any increase in the value of the Canadian dollar relative to such currencies, 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 the Company's control and there can be no assurance that such fluctuations will not have a material adverse effect on the reported results of the Company. The use of derivatives to provide hedges of certain exposures, such as interest rate swaps, forward foreign exchange contracts and aluminum futures contracts could impact positively or negatively on the Company's operations.

Retention of 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 and training of the Company's workforce allows the Company to obtain a level of efficiency and a level of flexibility that management believes to be high relative to the industries in which it competes. To date, the Company has been successful in recruiting, training and retaining its personnel over the long term and while management believes that the know-how of the Company is widely distributed throughout the Company, the loss of the services of certain of its experienced personnel could have a material adverse effect on the business, financial condition and results of operations of the Company.

The operations of the Company are dependent on the abilities, experience and efforts of its senior management. 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.

Failure to Integrate Acquired Businesses

As part of its growth strategy, the Company continues to pursue acquisition opportunities where such transactions are economically and strategically justified. However, there can be no assurance that the Company will be able to identify attractive

acquisition opportunities in the future or have the required resources to effect desired acquisitions, or that it will succeed in effectively managing the integration of acquired businesses. The failure to implement the acquisition strategy, to successfully integrate acquired businesses or joint ventures into the Company's structure, or to control operating performance and achieve synergies, may have a material adverse effect on the business, financial condition and results of operations of the Company.

Exposure to Income Tax Reassessments

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

Fluctuations in Operating Results

While the Company's operating results have over the past several years indicated a general upward trend in sales and net income, operating results within particular product forms, within particular facilities of the Company and within particular geographic markets have undergone fluctuations in the past and, in management's view, are likely to do so in the future. 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, domestically and from lower cost jurisdictions, 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. Operating results may also be impacted by the ability to achieve planned volumes through normal growth and successful renegotiation of current contracts with customers and on the ability to deliver expected benefits from cost reduction programs derived from restructuring of certain business units. Any of these factors or a combination of these factors could have a material effect on the Company's results of operations.

Insurance Limits

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

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

Profitability of the Company's Plastic Tube Business

The Company's Plastic Tube business operated at a loss in 2004 but generated a modest profit in 2005 and experienced further profit growth in 2006. The Company's investment in the business including goodwill is material. There was a change in management of the business in 2004 and management's plans and actions have been with a view to profit improvement. If management cannot continue to return the business to reasonable sustainable profitability, or if success in developing innovative packaging solutions is not achieved, 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.

Dependence on Customers

The Company has a modest dependence upon certain customers. The Company's largest customer accounted for about 13% of consolidated revenue for fiscal 2006. The five largest customers of the Company represented approximately 27% of the total revenue for fiscal 2006 and the largest fifteen customers represented approximately 42% of the total revenue for fiscal 2006. 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, the Company derives a significant portion of its sales through 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. Consolidation within the consumer products marketer base could have negative or positive impacts on the Company's business depending on the nature and scope of any such consolidation.

Environmental, Health and Safety Requirements and other Considerations

The Company is subject to numerous federal, provincial, state and municipal statutes, regulations, by-laws, guidelines and policies, as well as permits and other approvals related to the protection of the environment and workers' health and safety, 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 that might materially affect the business, financial condition and results of operations of the Company, to the extent not covered by indemnity, insurance or a covenant not to sue. Furthermore, while the Company has generally benefited from increased 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.

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 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.

Labour Relations

While labour relations between the Company and its employees have been stable in the recent past and there have not been any material disruptions in operations as a result of labour disputes, the maintenance of a productive and efficient labour

environment cannot be assured. Accordingly, a strike, lockout or deterioration of labour relationships could have a material adverse effect on the business, financial condition and results of operations of the Company.

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.

Legal Proceedings

Any alleged failure by the Company to comply with applicable laws and regulations in the countries of operation may lead to the imposition of fines and penalties or the denial, revocation or delay in the renewal of permits and 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.

Potential Undisclosed Liabilities Associated with Acquisitions

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

ITEM 5 – DIVIDENDS

<u>Annual Cash Dividends Declared per Share</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Class A	\$0.38	\$ 0.35	\$ 0.34
Class B	\$0.43	\$ 0.40	\$ 0.39

Dividend payments are restricted by loan covenants in the senior notes agreements whereby certain unfavourable financial ratios could cause dividends to be reduced or eliminated until such financial ratios are rectified. Dividends can only be paid from retained earnings. CCL's dividend policy is to provide a stable and potentially growing cash return to shareholders, balancing the Company's internal cash position and requirements, and other means of providing returns to investors such as share repurchases in the open market. CCL has paid dividends quarterly for over 25 years 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 to vote at, regular shareholder meetings, (ii) holders of Class B shares are entitled to voting privileges when consideration for the Class A shares, under a takeover bid when voting control has been acquired, exceeds 115% of the market price of the Class B shares and (iii) holders of Class B shares are entitled to receive, or have set aside for payment, dividends declared by the Board of Directors from time to time.

ITEM 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 2006 on The Toronto Stock Exchange

	Class A			
	<u>Volume Traded</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
January	1,025	\$ 31.20	\$ 29.62	\$ 31.20
February	1,291	31.30	30.10	31.30
March	685	33.60	32.02	32.50
April	40,900	31.48	30.00	30.40
May	2,416	32.00	30.22	32.00
June	2,000	32.20	31.45	32.20
July	1,295	34.95	32.80	34.95
August	2,862	34.32	30.07	30.25
September	400	27.10	27.10	27.10
October	1,975	28.50	27.65	27.65
November	345	29.90	28.05	29.90
December	<u>148</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Year	<u>55,342</u>	<u>\$ 34.95</u>	<u>\$ 27.10</u>	<u>\$ 29.90</u>

Class B

	<u>Volume Traded</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
January	647,290	\$ 31.25	\$ 28.50	\$ 30.08
February	372,834	32.99	29.40	31.25
March	1,174,707	33.80	31.19	31.58
April	1,642,428	32.30	28.82	30.24
May	945,084	33.29	29.12	31.18
June	616,871	32.90	30.36	32.40
July	702,410	35.32	32.10	35.00
August	853,411	35.50	27.91	28.81
September	1,111,334	29.74	27.05	27.51
October	751,011	28.59	27.30	27.57
November	543,147	29.20	27.60	28.90
December	<u>846,983</u>	<u>28.90</u>	<u>27.05</u>	<u>28.37</u>
Total Year	<u>10,207,510</u>	<u>\$ 35.50</u>	<u>\$ 27.05</u>	<u>\$ 28.37</u>

ITEM 8 – DIRECTORS AND OFFICERS

The names and municipalities of residence of all directors and officers of CCL as at the date hereof, the offices presently held, the principal occupations during the last five years and the year each director first became a director are set out below. Each director was elected at the last annual meeting of shareholders with the exception of Mr. Muzyka who was appointed on June 8, 2006 and Mr. Cowhig, who was appointed on February 22, 2007. Each director serves until the next annual meeting or until his or her successor is elected or appointed. The Articles of the Company provide for a minimum of 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 USA	Chairman and Chief Executive Officer of Proteus Capital Associates (an investment banking firm), Operating Partner of Behrman Capital (a private equity firm); prior to December 2006, principal of Sea Change Group and President of Versadial, a Sea Change Company (private equity firms)	November 6, 1997
SUSAN J. COOK Beachwood, Ohio USA	Vice President, Human Resources of Eaton Corporation (diversified manufacturing company)	July 29, 2004

<u>Name and Municipality</u>	<u>Principal Occupation in Last 5 Years</u>	<u>Director Since</u>
DERMOT G. COUGHLAN Toronto, Ontario Canada	Corporate Director; Chairman and Chief Executive Officer of Derland Holdings Inc. (private investment holding company)	May 23, 1991
MICHAEL T. COWHIG Boston, Massachusetts USA	Corporate Director; prior to December 2006, President, Global Technical and Manufacturing, The Procter & Gamble Company (consumer products company); prior to 2004, President Global Technical and Manufacturing , The Gillette Company (personal care products company); prior to 2002, Senior Vice President, Global Supply Chain and Business Development, The Gillette Company	February 22, 2007
JON K. GRANT Peterborough, Ontario Canada	Chairman of the Board of the Company and Corporate Director	December 8, 1994
DONALD G. LANG Toronto, Ontario Canada	Vice Chairman and Chief Executive Officer of the Company; prior to May 2005, President and Chief Executive Officer of the Company	May 23, 1991
STUART W. LANG Cambridge, Ontario Canada	Corporate Director; prior to January 31, 2006, President of CCL Label International, a division of the Company	May 23, 1991
GEOFFREY T. MARTIN Dover, Massachusetts USA	President and Chief Operating Officer of the Company; prior to May 2005, Vice President of the Company and President of CCL Label and CCL Tube, Divisions of the Company; prior to June 2004, Vice President of the Company and President of CCL Label	October 27, 2005

<u>Name and Municipality</u>	<u>Principal Occupation in Last 5 Years</u>	<u>Director Since</u>
DOUGLAS W. MUZYKA Shanghai, Peoples' Republic of China	President of DuPont Greater China and DuPont China Holding, Co. Ltd. (manufacturing company). Prior to July 2006, Vice President and General Manager of DuPont Nutrition and Health, and President and Chief Executive Officer of E.I. DuPont Canada Company. Prior to January 2003, President and General Manager of DuPont Mexico	June 8, 2006
THOMAS C. PEDDIE Toronto, Ontario Canada	Senior Vice President and Chief Financial Officer of Corus Entertainment Inc. (media company)	June 4, 2003
LAWRENCE G. TAPP Langley, British Columbia Canada	Corporate Director; prior to 2003, Dean of the Richard Ivey School of Business, University of Western Ontario	December 8, 1994

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

Audit Committee

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

Human Resources Committee

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

Nominating and Governance Committee

Lawrence G. Tapp (Chairman)
Susan J. Cook
Jon K. Grant

Environment and Health & Safety Committee

Jon K. Grant (Chairman)
Stuart W. Lang

Officers**Office with CCL and Principal Occupation in Last 5 Years**

JON K. GRANT
Peterborough, Ontario
Canada

Chairman of the Board of the Company and Corporate Director

DONALD G. LANG
Toronto, Ontario
Canada

Vice Chairman and Chief Executive Officer of the Company; prior to May 2005, President and Chief Executive officer of the Company

GEOFFREY T. MARTIN
Dover, Massachusetts
USA

President and Chief Operating Officer of the Company; prior to May 2005, Vice President of the Company and President of CCL Label and CCL Tube, Divisions of the Company; prior to June 2004, Vice President of the Company and President of CCL Label

STEVEN W. LANCASTER
Toronto, Ontario
Canada

Executive Vice President and Chief Financial Officer; prior to December 2003, Senior Vice President and Chief Financial Officer

JANIS M. WADE
Toronto, Ontario
Canada

Senior Vice President, Human Resources and Corporate Communications

SUSAN V. SNELGROVE
Uxbridge, Ontario
Canada

Vice President, Risk and Environmental Management ; prior to October 2005, Director, Risk and Environmental Management

RICHARD J. ZAKAIB
Richmond Hill, Ontario
Canada

Senior Vice President, Corporate Development; prior to December 2003, Vice President, Corporate Development

BOHDAN I. SIROTA
Mississauga, Ontario
Canada

Secretary and General Counsel

The directors and officers of CCL Industries Inc. as a group beneficially own, directly or indirectly, or exercise control or direction over approximately 2,244,030 of the issued and outstanding Class A voting shares representing 94.3% of the issued and outstanding Class A voting shares.

Conflicts of Interest

None of CCL nor any of its subsidiaries has an existing or potential material conflict of interest with any of their directors or officers.

ITEM 9 – LEGAL PROCEEDINGS

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

ITEM 10 – TRANSFER AGENT AND REGISTRAR

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

ITEM 11 – MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contract that was entered into within the Company's most recently completed financial year was the purchase and sale agreement pursuant to which the Company acquired the pressure sensitive label business of Prodesmaq located in Vinhedo, Brazil. The sale was completed on January 11, 2006 for approximately \$62 million in cash. The agreement includes representations and warranties common to a transaction of this nature.

ITEM 12 – INTERESTS OF EXPERTS

KPMG LLP, the Company's external auditor, has reported on the consolidated financial statements of the Company for the year ended December 31, 2006. KPMG LLP is independent of CCL in accordance with the applicable Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Ontario.

ITEM 13 – 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 Company from time to time.

- Review the quality and acceptability of the accounting policies, principles and practices of the Company.
- Review the quarterly and year-end financial statements, the annual and interim Management's Discussion and Analysis, and earnings press release of the Company before the Company publicly discloses this information, and report its findings for approval to the Board. In addition, the Audit Committee shall review the annual Management Information Circular and the Annual Information Form of the Company and report to the Board accordingly.
- Monitor the adequacy and integrity of internal controls over accounting and financial systems and ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure stated immediately above, and periodically assess the adequacy of those procedures.
- Ensure that the prescribed disclosure regarding the Audit Committee is contained in the Company's annual report, Annual Information Form and annual Management Information Circular.
- Monitor the timely communication of accurate financial information regarding the Company to the shareholders.
- Evaluate and recommend to the Board, the Auditor to be nominated to prepare or issue an audit report or perform other audit, review or attestation services for the Company, and the compensation of the Auditor. Ensure that the Auditor reports directly to the Audit Committee.
- Monitor the independence of the Auditor; assume direct responsibility for overseeing the work of the Auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services for the Company, including the resolution of disagreements between Management and the Auditor regarding financial reporting and communicate directly with the Auditor for the discussion and review of any issues as appropriate. In addition, the Audit Committee shall require and receive from time to time the written confirmation of the Auditor as to its independent status and as to its good standing with the Canadian Public Accountability Board.
- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its Auditor. Authority to pre-approve non-audit services may be delegated to one or more independent members, provided that the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

- Review the results of internal and external audits, and any change in accounting practices or policies and their impact on the financial statements, and maintain oversight responsibility for management reporting on internal control.
- Review the reports of the Internal Audit Department of the Company and provide direction and guidance to the internal auditors.
- Where there are unsettled issues raised by the Auditor that do not have a material 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 Company regarding accounting, internal accounting controls or auditing matters, and the confidential anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review and approve the Company's hiring policies regarding partners and employees and former partners and employees of the present and former Auditor of the Company.
- Review and monitor the adequacy and integrity of the Company's management information systems.
- Monitor the adequacy of financial resources.
- Review the quality of the asset side of the balance sheet of the Company.
- Review risks facing the Company.
- Review and assess the adequacy of the Charter of the Audit Committee on an annual basis.

Composition of the Audit Committee

The members of the Audit Committee, as disclosed under Item 8 – Directors and Officers, are: Thomas C. Peddie (Chairman), Paul J. Block, Dermot G. Coughlan and Lawrence G. Tapp. Each of the members is independent as defined under Multilateral Instrument 52-110 and financially literate within the meaning of applicable securities legislation.

Relevant Education and Experience of the Audit Committee

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

has experience concerning the financial reporting and control requirements of the TSX and the Ontario Securities Commission.

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

Dermot G. Coughlan - Mr. Coughlan is the former Chief Executive Officer of Derlan Industries Limited, which was a public company listed on the TSX. 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. Consequently, Mr. Coughlan is skilled in matters related to finance and complex treasury issues.

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 Vice 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 ATS Automation, Westcast Industries, Talisman Energy and Mainstreet Equities, 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 service that may reasonably be thought to bear on KPMG's independence. KPMG must annually confirm to the Audit Committee that it is independent of the Company within the meaning of the applicable Rules of Professional Conduct/Code of Ethics of the Institute of Chartered Accountants of Ontario. For services that are not prohibited, the following pre-approval policies will apply.

A. Audit Services

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

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

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

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

C. Other Services

All requests to engage KPMG for other services 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 \$ 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 \$ 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 2006 were \$1,388,400 (2005 - \$1,283,000).

Audit-Related Fees

The aggregate fees billed in 2006 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 \$48,100 (2005 - \$23,000) related to the audit of the Company's pension plans, the report on compliance with debt covenants, advice on new accounting standards in connection with the 2006 audit and advice on internal controls over financial reporting.

Tax Fees

The aggregate fees billed in 2006 for professional services rendered by the auditor for tax compliance, tax advice and tax planning were \$689,900 (2005 - \$637,000) for its Canadian and international operations.

All Other Fees

KPMG provided actuarial consulting services to CCL and assistance in starting up foreign subsidiaries in 2006 for \$283,700 (2005 - \$239,000).

ITEM 14 – 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 Information Circular dated March 13, 2007. Additional financial information is provided in the consolidated financial statements and Management's Discussion and Analysis for the fiscal period ended December 31, 2006. 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 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 Information 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 and on the Company's website at www.cclind.com.