



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
OF CCL INDUSTRIES INC.**

**MAY 7, 2009**

NOTICE is hereby given that the annual meeting (the "Meeting") of shareholders of **CCL INDUSTRIES INC.** (the "Corporation") will be held at the corporate offices of the Company at Suite 500, 105 Gordon Baker Road, Willowdale, Ontario M2H 3P8, at 2:00 p.m. (Toronto time), on Thursday, May 7, 2009 for the following purposes:

1. to receive the 2008 Annual Report of the Corporation containing the audited consolidated financial statements of the Corporation for the financial years ended December 31, 2008 and December 31, 2007, and the auditor's report thereon;
2. to elect ten directors;
3. to re-appoint the auditor and authorize the directors to fix the auditor's remuneration; and
4. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

By Order of the Board of Directors,

B. I. Sirota  
Secretary

Toronto, Ontario  
March 10, 2009

**NOTES TO NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

1. Holders of Class B non-voting shares of the Corporation are not entitled to vote on any matters proposed for consideration at the Meeting.
2. Registered holders of Class A voting shares who are unable to be present at the Meeting in person are requested to specify on the accompanying form of proxy the manner in which the shares represented thereby are to be voted and to date, sign and return the same in the enclosed, return postage prepaid envelope provided for that purpose to the Secretary of the Company, c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, for delivery by the last business day before the Meeting or for deposit with the Executive Chairman at the Meeting. Proxies may also be returned by personal delivery to CIBC Mellon, 320 Bay Street, Banking Hall Level, Toronto, Ontario, or by fax to (416) 368-2502.
3. If you are a non-registered holder of Class A voting shares and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.
4. As provided in the *Canada Business Corporations Act*, the directors have fixed a record date of March 25, 2009. Accordingly, shareholders registered on the books of the Corporation at the close of business on March 25, 2009 are entitled to notice of the Meeting.
5. A copy of the 2008 Annual Report of the Corporation containing the financial statements referred to in this notice accompanies this notice.



## MANAGEMENT PROXY CIRCULAR OF CCL INDUSTRIES INC.

### SOLICITATION OF PROXIES AS OF MARCH 10, 2009 FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 7, 2009

#### SOLICITATION OF PROXIES

**THIS MANAGEMENT PROXY CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION OF PROXIES BY THE MANAGEMENT OF CCL INDUSTRIES INC. (THE "CORPORATION" OR THE "COMPANY") FOR USE AT THE ANNUAL MEETING OF SHAREHOLDERS** of the Corporation (the "Meeting") to be held at the corporate offices of the Corporation at Suite 500, 105 Gordon Baker Road, Willowdale, Ontario M2H 3P8, at 2:00 p.m. (Toronto time), on Thursday, May 7, 2009 for the purposes set out in the accompanying Notice of Meeting, and at any adjournment(s) thereof. Holders of Class A voting shares who are unable to be present at the Meeting in person are requested to complete, sign, date and return the accompanying form of proxy to the Secretary of the Corporation, c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, in time for use at the Meeting. An addressed envelope with the postage prepaid accompanies this Management Proxy Circular and may be used for such purpose. Proxies may also be returned by personal delivery to CIBC Mellon, 320 Bay Street, Banking Hall Level, Toronto, Ontario, or by fax to (416) 368-2502. The solicitation will be primarily by mail; however, the directors, officers and employees of the Corporation may also solicit proxies by telephone, by facsimile or in person. The cost of solicitation by management will be borne by the Corporation.

#### APPOINTMENT OF PROXYHOLDER

The persons named in the accompanying form of proxy are officers and directors of the Corporation and shall represent management at the Meeting. **A holder of Class A voting shares desiring to appoint some other person (who need not be a shareholder of the Corporation) to represent him at the Meeting may do so** either by inserting such other person's name in the blank space provided in the form of proxy or by completing another form of proxy and in either case by mailing the completed form of proxy addressed to the Secretary of the Corporation, c/o CIBC Mellon Trust Company, Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1, by delivering the form of proxy personally to CIBC Mellon, 320 Bay Street, Banking Hall Level, Toronto, Ontario, or by faxing it to (416) 368-2502 at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) thereof, or by delivering it to the Chairman or the Secretary of the Meeting at the beginning of the Meeting or any adjournment(s) thereof.

#### REVOCAION OF PROXIES

A proxy may be revoked by a holder of Class A voting shares (or, if such shareholder is a corporation, by a duly authorized officer or attorney thereof) by depositing an instrument in writing executed by the shareholder or by such shareholder's attorney authorized in writing (or, if the shareholder is a corporation, by an officer or attorney thereof authorized in writing) either with the Secretary of the Corporation at the Corporation's registered office at Suite 500, 105 Gordon Baker Road, Toronto, Ontario M2H 3P8, at any time up to and including the last business day preceding the date of the Meeting or any adjournment(s) thereof, at which the proxy is to be used, or with the Chairman or the Secretary of the Meeting, up to the beginning of the Meeting or any adjournment(s) thereof. A proxy may also be revoked in any other manner permitted by law.

## EXERCISE OF DISCRETION BY PROXYHOLDER

The Class A voting shares represented by the accompanying form of proxy will be voted or withheld from voting or voted for or against on any ballot that may be called for in accordance with the instructions of the shareholder executing the proxy, and if such shareholder specifies a choice with respect to any matter to be acted on at the Meeting, the Class A voting shares will be voted for or against or withheld from voting accordingly. **In the absence of such instructions, such shares will be voted (i) on the election of the directors, in favour of the directors named in this Management Proxy Circular; and (ii) on the reappointment of KPMG LLP, Chartered Accountants, as the auditor of the Corporation, in favour of such reappointment, and to authorize the directors to fix the remuneration of the auditor.** A simple majority of the Class A voting shares voted on any resolution is required to carry any matter proposed to be placed before the Meeting for a vote.

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. At the time of the printing of this Management Proxy Circular, management knows of no such amendments or other matters to come before the Meeting other than the matters specifically identified in the accompanying Notice of the Meeting. If, however, amendments or other matters properly come before the Meeting or any adjournment thereof, the persons designated in the accompanying form of proxy will vote thereon in accordance with their judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

## VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered holders of Class A voting shares or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Class A voting shares beneficially owned by a person (a "Non-Registered Holder") are registered either:

- (i) in the name of an intermediary (an "Intermediary") (which may include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans and similar plans) that the Non-Registered Holder deals with in respect of the shares; or
- (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("CDS")) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Company has distributed copies of this Management Proxy Circular and the accompanying Notice of Meeting together with the form of proxy (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Frequently, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived their right to receive Meeting Materials will either:

- (i) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is not otherwise completed. Since the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holder when submitting the proxy. In this case, the Non-Registered Holder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under "Appointment of Proxyholder" and "Revocation of Proxies"; or
- (ii) more typically, be given a voting instruction form, which must be completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company in accordance with the directions accompanying the voting instruction form. A Non-Registered Holder receiving a voting instruction form cannot use that voting instruction form to vote shares directly at the

meeting; rather, the voting instruction form must be returned to the Intermediary or service company well in advance of the Meeting in order to have those shares voted.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. A Non-Registered Holder who wishes to attend and vote at the Meeting in person (or to have another person attend and vote on behalf of the Non-Registered Holder) should print the name of the Non-Registered Holder (or such other person) in the blank space provided for that purpose in the first paragraph of the proxy form or, in the case of a voting instruction form, follow the corresponding instructions on that form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary and its service company, as applicable.

## **CLASS B NON-VOTING SHARES**

The *Canada Business Corporations Act* provides that each share of a corporation carries the right to vote in respect of certain transactions involving that corporation even if such share does not otherwise carry the right to vote. Such transactions include an amalgamation with another corporation (other than with wholly owned subsidiaries), continuance under the laws of another jurisdiction, certain amendments to the articles of the corporation altering the corporation's share capital and a sale, lease or exchange of all or substantially all of the corporation's property, other than in the ordinary course of business of the corporation. Apart from such voting rights created under the *Canada Business Corporations Act*, the holders of Class B non-voting shares do not normally have the right to vote at any meeting of shareholders of the Corporation. The Articles of the Corporation provide, however, that if a take-over bid is made for the Class A voting shares and the value of the consideration paid for any of such shares acquired exceeds 115% of the market price of the Class B non-voting shares (calculated in accordance with the Regulation to the *Securities Act* (Ontario) as such Regulation existed on June 27, 1983, being the date of creation of the Class B non-voting shares) and if it is determined by the directors of the Corporation, after the take-over bid is complete, that the offeror has become the beneficial owner of, or exercises control or direction over, Class A voting shares carrying more than 50% of the votes to which the holders of the Class A voting shares are entitled, there will be deemed to have been a change in control of the Corporation. In such event the Class B non-voting shares will become entitled to one vote per share (but the dividend entitlement attached to such shares will thereafter be the same as the dividend entitlement attached to the Class A voting shares) unless the same offer is made to the holders of the outstanding Class B non-voting shares.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Board of Directors has established March 25, 2009 as the record date for the Meeting (the "record date"). As of the date hereof, there are issued and outstanding 2,374,025 Class A voting shares and 30,235,221 Class B non-voting shares. Each Class A voting share carries the right to one vote per share. The Class B non-voting shares, as stated above, carry no vote in respect of any matter identified in the Notice of the Meeting to be brought before the Meeting. Only the holders of Class A voting shares are entitled to vote on such matters. Each holder of issued and outstanding Class A voting shares of record at the time of the close of business on the record date will be given notice of the Meeting and will be entitled to vote at the Meeting in person or by proxy the number of Class A voting shares of record held by such holder on the record date.

To the knowledge of the directors and officers of the Company, the only person or company beneficially owning, or controlling or directing, directly or indirectly, more than 10% of the issued and outstanding Class A voting shares of the Company is 1281228 Ontario Inc., a private Ontario company that exercises control or direction over 2,241,880 Class A voting shares, being 94.4% of the issued and outstanding shares of that class on the date hereof (see Note 3 under "Election of Directors"). Donald G. Lang, Director and Executive Chairman of the Company and Stuart W. Lang, Director, each control one half of the issued and outstanding shares of 1281228 Ontario Inc.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **ELECTION OF DIRECTORS**

The Articles of the Corporation provide that the Board of Directors of the Corporation shall consist of a minimum of five directors and a maximum of fifteen directors. The Board of Directors of the Corporation has fixed the number of directors to be elected at the Meeting at ten (10). Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the election of the ten (10) nominees whose names are set forth below. All of the nominees are now members of the Board of Directors of the Corporation and have been so since the dates indicated in the tables below.

Management does not contemplate that any of the nominees will not be able to serve as directors, but if that should occur for any reason prior to the Meeting, the persons named in the accompanying form of proxy reserve the right to vote for another nominee at their discretion unless the shareholder has specified in the form of proxy that such shares are to be withheld from voting on the election of directors. Each director elected will hold office until the next annual meeting of shareholders or until his or her successor is duly elected unless prior thereto the director resigns or the director's office becomes vacant by reason of death or other cause.

The Board of Directors has constituted an Audit Committee, a Human Resources Committee, a Nominating and Governance Committee, and an Environment and Health & Safety Committee (the "Committees"), but does not have an Executive Committee. Members of the Committees are identified in the tables set forth below.

The following tables and the notes thereto state the names of all persons proposed to be nominated for election as directors, all other positions and offices with the Corporation, or any of its significant affiliates now held by them, their principal occupations or employments, their periods of service as directors of the Company (including any predecessor thereof) and the approximate number of shares of the Company beneficially owned, controlled or directed, directly or indirectly, by each of them as of March 10, 2009. Information as to the number of shares beneficially owned directly or indirectly by each nominee or over which each nominee exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective nominees individually and is given as of March 10, 2009.



Director since:  
November 6, 1997  
New York, U.S.A  
Independent

Paul J. Block – Mr. Block's principal occupation is as Chairman and CEO of Proteus Capital Associates, an investment banking firm. He is also operating partner of Behrman Capital, a private equity firm. Prior to December 2006, Mr. Block was a principal of Sea Change Group and President of Versadial, a Sea Change company, also private equity firms. Mr. Block's U.S. and international experience and insight as past Chairman and President of Revlon International and his long career in the cosmetics and personal care products industry have proven most valuable as the Company pursues penetration into foreign markets. Mr. Block is also a director of the China Retail Fund and a director of the Shanghai-Syracuse University International School of Business. Specific expertise that Mr. Block brings to the Board includes marketing, international commerce, strategy development and packaging industry knowledge.

**Board/Committee Memberships**

**Attendance**

|  |     |      |
|--|-----|------|
| Board of Directors                           | 8/8 | 100% |
| Member of the Audit Committee                | 4/4 | 100% |
| Chairperson of the Human Resources Committee | 6/6 | 100% |

**Securities Held**

| As at:         | Class A Shares | Class B Shares | Options <sup>(1)</sup> | DSUs | Total Shares & DSUs |
|----------------|----------------|----------------|------------------------|------|---------------------|
| March 10, 2009 | Nil            | 3,550          | Nil                    | Nil  | 3,550               |

**Net Change in Equity Ownership Since March 11, 2008**

| Class A Shares | Class B Shares | DSUs |
|----------------|----------------|------|
| -              | Acquired 1,250 | -    |



Director since:  
February 22, 2007  
Massachusetts, U.S.A.  
Independent

**Michael T. Cowhig<sup>(5)</sup>** – Mr. Cowhig's principal occupation is that of corporate director. Prior to December, 2006, Mr. Cowhig was President, The Procter & Gamble Company – Gillette Global Business Unit, a personal care products company, and prior to 2004, Mr. Cowhig was President, Global Technical and Manufacturing, The Gillette Company, a personal care products company. Mr. Cowhig held positions of progressive responsibility with The Gillette Company (now The Procter & Gamble Company) since 1968. He holds a BSc in Industrial Management from Boston College and MBA from Babson College. Mr. Cowhig is a director of Newell Rubbermaid Inc. Mr. Cowhig brings to the Board his long technical and manufacturing experience in the personal care products industry and his experience in supply chain management.

**Board/Committee Memberships**

**Attendance**

|   |     |      |
|---|-----|------|
| Board of Directors                      | 6/8 | 75%  |
| Member of the Human Resources Committee | 6/6 | 100% |

**Securities Held**

| As at:         | Class A Shares | Class B Shares | Options <sup>(1)</sup> | DSUs  | Total Shares & DSUs |
|----------------|----------------|----------------|------------------------|-------|---------------------|
| March 10, 2009 | Nil            | Nil            | Nil                    | 3,404 | 3,404               |

**Net Change in Equity Ownership Since March 11, 2008**

| Class A Shares | Class B Shares | DSUs           |
|----------------|----------------|----------------|
| -              | -              | Acquired 2,078 |



Director since:  
December 8, 1994  
Ontario, Canada  
Independent

Jon K. Grant – Mr. Grant’s principal occupation is that of corporate director. A retired Chairman and CEO of Quaker Oats Company of Canada Limited, Mr. Grant is currently Chair of the Ontario Biodiversity Council. He is past Chair of Laurentian Bank of Canada, Canada Lands Company, Scott Paper Limited, Atlas Cold Storage, the board of trustees of the Nature Conservancy of Canada and the board of governors of Trent University, and former Vice Chair and director of the board of Agricore United. Mr. Grant is a graduate of the Richard Ivey School of Business at the University of Western Ontario. An Officer of the Order of Canada, Mr. Grant brings the benefit of long experience in marketing, packaging and corporate governance.

| <b>Board/Committee Memberships</b>                             |                       | <b>Attendance</b>     |                              |             |                                |
|--|-----------------------|-----------------------|------------------------------|-------------|--------------------------------|
| Board of Directors (Lead Director, Chairman until May 8, 2008) |                       | 8/8                   | 100%                         |             |                                |
| Chairperson of the Nominating and Governance Committee         |                       | 4/4                   | 100%                         |             |                                |
| Member of the Environment and Health & Safety Committee        |                       | 3/3                   | 100%                         |             |                                |
| <b>Securities Held</b>   |                       |                       |                              |             |                                |
| <b>As at:</b>  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>Options<sup>(1)</sup></b> | <b>DSUs</b> | <b>Total Shares &amp; DSUs</b> |
| March 10, 2009   | Nil                   | 5,000                 | 40,000                       | Nil         | 5,000                          |
| <b>Net Change in Equity Ownership Since March 11, 2008</b>     |                       |                       |                              |             |                                |
|  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>DSUs</b>                  |             |                                |
|  | -                     | Disposed 2,000        | -                            |             |                                |



Director since:  
November 5, 2008  
Massachusetts, U.S.A.  
Independent

**Edward E. Guillet** – Mr. Guillet’s principal occupation is that of an independent human resources consultant. Prior to January 1, 2007, he was Senior Vice President, Human Resources, The Procter & Gamble Company - Gillette Global Business Unit, a personal care products company. Prior to September 30, 2005, he was Senior Vice President, Human Resources, The Gillette Company, a personal care products company. Mr. Guillet held positions of increasing responsibility and scope with The Gillette Company, now The Procter & Gamble Company, since 1974. He is a director of Waste Connections, Inc., a NYSE-listed solid waste management company and sits on their Compensation and their Nominating & Corporate Governance Committees. Mr. Guillet brings to the Board extensive experience in global human resources strategy, operations and executive compensation.

| <b>Board/Committee Memberships</b>                         |                       | <b>Attendance</b>     |                              |             |                                |
|--|-----------------------|-----------------------|------------------------------|-------------|--------------------------------|
| Board of Directors (since November 5, 2008)                |                       | 1/1                   | 100%                         |             |                                |
| Member of the Human Resources Committee                    |                       | 1/1                   | 100%                         |             |                                |
| <b>Securities Held</b>                                     |                       |                       |                              |             |                                |
| <b>As at:</b>  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>Options<sup>(1)</sup></b> | <b>DSUs</b> | <b>Total Shares &amp; DSUs</b> |
| March 10, 2009   | Nil                   | Nil                   | Nil                          | Nil         | Nil                            |
| <b>Net Change in Equity Ownership Since March 11, 2008</b> |                       |                       |                              |             |                                |
|  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>DSUs</b>                  |             |                                |
|  | -                     | -                     | -                            |             |                                |



Director since:  
May 8, 2008  
Ontario, Canada  
Independent

Alan D. Horn – Mr. Horn's principal occupation is as acting President and Chief Executive Officer of Rogers Telecommunications Limited. Mr. Horn is also Chairman of the board and acting Chief Executive Officer of Rogers Communications Inc. and a director of March Networks Corporation and Fairfax Financial Holdings Limited. He is a chartered accountant, and holds a B.Sc. with first class honours in mathematics from the University of Aberdeen, Scotland. Mr. Horn served as Vice President Finance and Chief Financial Officer of Rogers Communications Inc. from 1996 to 2006 and was President and Chief Operating Officer of Rogers Telecommunications Limited from 1990 to 1996. He brings to the Board his strategic, administrative and financial skills in the context of a large, publicly traded company.

**Board/Committee Memberships**

**Attendance**

|   |     |      |
|---|-----|------|
| Board of Directors (since May 8, 2008)                                | 5/5 | 100% |
| Member of the Audit Committee (since May 8, 2008)                     | 2/2 | 100% |
| Member of the Nominating and Governance Committee (since May 8, 2008) | 1/2 | 50%  |

**Securities Held**

| As at:         | Class A Shares | Class B Shares | Options <sup>(1)</sup> | DSUs  | Total Shares & DSUs |
|----------------|----------------|----------------|------------------------|-------|---------------------|
| March 10, 2009 | Nil            | 1,000          | Nil                    | 1,793 | 2,793               |

**Net Change in Equity Ownership Since March 11, 2008**

| Class A Shares | Class B Shares | DSUs           |
|----------------|----------------|----------------|
| -              | -              | Acquired 1,793 |



Director since:  
May 23, 1991  
Ontario, Canada  
Not Independent

Donald G. Lang – Mr. Donald Lang is Executive Chairman of the Company. Prior to May of 2008, Mr. Lang was Vice Chairman and CEO. He has held positions of progressive responsibility in the Company and its subsidiaries since 1982, during which period he has developed deep experience in all facets of the Company's industries, operations and markets, as well as in the practical aspects of corporate development and finance. Mr. Lang holds a business graduate degree (HBA) from the Richard Ivey School of Business of the University of Western Ontario. Mr. Lang is also a member of the board of AGF Management Ltd. Mr. Lang brings to the Board his intimate knowledge of the Company, including its key people, customers and markets.

**Board/Committee Memberships**

**Attendance**

|  |     |      |
|--|-----|------|
| Executive Chairman of the Board of Directors (Since May 8, 2008) | 8/8 | 100% |
|--|-----|------|

**Securities Held**

| As at:         | Class A Shares     | Class B Shares         | Options <sup>(1)</sup> | DSUs | Total Shares & DSUs |
|----------------|--------------------|------------------------|------------------------|------|---------------------|
| March 10, 2009 | 150 <sup>(3)</sup> | 115,770 <sup>(3)</sup> | 605,900                | Nil  | 115,920             |

**Net Change in Equity Ownership Since March 11, 2008**

| Class A Shares | Class B Shares | DSUs |
|----------------|----------------|------|
| -              | -              | -    |



Director since:  
May 23, 1991  
Ontario, Canada  
Not Independent

Stuart W. Lang – The principal occupation of Mr. Stuart Lang is as corporate director. Prior to his retirement as an officer of the Company on January 31, 2006, Mr. Lang was President of CCL Label International, and was headquartered in England. Mr. Lang has a bachelor's degree in chemical engineering from Queen's University at Kingston, Ontario. Following a very successful early career with the Edmonton Eskimos of the Canadian Football League, Mr. Lang became involved in the Company in 1982, moving through positions of progressive responsibility and gaining depth of industry knowledge. As a result, Mr. Lang brings to the Board wide experience in the technology, manufacturing and markets of the label industry as well as a thorough knowledge of the important Label Division of the Company.

| <b>Board/Committee Memberships</b>                         |                       | <b>Attendance</b>     |                              |             |                                |
|--|-----------------------|-----------------------|------------------------------|-------------|--------------------------------|
| Board of Directors   |                       | 8/8                   | 100%                         |             |                                |
| Member of the Environment and Health & Safety Committee    |                       | 3/3                   | 100%                         |             |                                |
| <b>Securities Held</b>                                     |                       |                       |                              |             |                                |
| <b>As at:</b>  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>Options<sup>(7)</sup></b> | <b>DSUs</b> | <b>Total Shares &amp; DSUs</b> |
| March 10, 2009   | Nil <sup>(3)</sup>    | 23,610 <sup>(3)</sup> | 47,000                       | Nil         | 23,610                         |
| <b>Net Change in Equity Ownership Since March 11, 2008</b> |                       |                       |                              |             |                                |
|  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>DSUs</b>                  |             |                                |
|  | -                     | Acquired 13,000       | -                            |             |                                |



Director since:  
October 27, 2005  
Massachusetts, U.S.A.  
Not Independent

Geoffrey T. Martin – Mr. Martin joined CCL as President of the Label Division in April 2001. In May 2008 he assumed the role of President and Chief Executive Officer ("CEO") of the Company. In this position he is responsible for all of the Company's operating units including the Label, Container and Tube businesses. Educated in the U.K., Mr. Martin is an international business leader with a proven track record in turnarounds, mergers and acquisitions. Mr. Martin has extensive experience building greenfield businesses in both consumer and industrial markets. Prior to joining the Company, he was the Senior Group Vice President, Worldwide Converting Graphic and Specialty Tapes, with Avery Dennison Company. Mr. Martin brings to the Board his thorough industry knowledge and his understanding and appreciation of operating issues as well as his first-hand experience in mergers and acquisitions and the integration of newly acquired facilities.

| <b>Board/Committee Memberships</b>                         |                       | <b>Attendance</b>      |                              |             |                                |
|--|-----------------------|------------------------|------------------------------|-------------|--------------------------------|
| Board of Directors   |                       | 7/8                    | 87.5%                        |             |                                |
| <b>Securities Held</b>                                     |                       |                        |                              |             |                                |
| <b>As at:</b>  | <b>Class A Shares</b> | <b>Class B Shares</b>  | <b>Options<sup>(7)</sup></b> | <b>DSUs</b> | <b>Total Shares &amp; DSUs</b> |
| March 10, 2009   | Nil                   | 348,750 <sup>(4)</sup> | 102,000                      | Nil         | 348,750                        |
| <b>Net Change in Equity Ownership Since March 11, 2008</b> |                       |                        |                              |             |                                |
|  | <b>Class A Shares</b> | <b>Class B Shares</b>  | <b>DSUs</b>                  |             |                                |
|  | -                     | Acquired 3,750         | -                            |             |                                |



Director since:  
June 8, 2006  
Shanghai, China  
Independent

Douglas W. Muzyka – The principal occupation of Mr. Muzyka is as a senior executive within E.I. DuPont de Nemours, an international manufacturer of chemical products, specialty materials, consumer and industrial products. Mr. Muzyka is currently President of DuPont Greater China and DuPont China Holding Co. Ltd. Prior to July of 2006, Mr. Muzyka was Vice President and General Manager of DuPont Nutrition and Health, and President and CEO of E.I. DuPont de Nemours Canada Company. Until January of 2003, Mr. Muzyka was President and General Manager of DuPont Mexico. Since joining the DuPont organization as a research scientist in 1985, Mr. Muzyka has held numerous key management roles within the company in Hong Kong, the U.S.A., Mexico and Canada. Mr. Muzyka holds bachelor's, master's and doctorate degrees in chemical engineering from the University of Western Ontario. To complement his strong operational and administrative skills, Mr. Muzyka also brings to the Board considerable experience in new plant start-ups and new venture development in international venues.

| <b>Board/Committee Memberships</b>                           |                       |                       | <b>Attendance</b>            |             |                                |
|--|-----------------------|-----------------------|------------------------------|-------------|--------------------------------|
| Board of Directors   |                       |                       | 6/8                          |             | 75%                            |
| Chairperson of the Environment and Health & Safety Committee |                       |                       | 3/3                          |             | 100%                           |
| <b>Securities Held</b>                                       |                       |                       |                              |             |                                |
| <b>As at:</b>  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>Options<sup>(1)</sup></b> | <b>DSUs</b> | <b>Total Shares &amp; DSUs</b> |
| March 10, 2009   | Nil                   | Nil                   | Nil                          | 3,689       | 3,689                          |
| <b>Net Change in Equity Ownership Since March 11, 2008</b>   |                       |                       |                              |             |                                |
|  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>DSUs</b>                  |             |                                |
|  | -                     | -                     | Acquired 1,382               |             |                                |



Director since:  
June 4, 2003  
Ontario, Canada  
Independent

Thomas C. Peddie – Mr. Peddie is Senior Vice President and CFO of Corus Entertainment Inc., a publicly traded media company listed on the TSX and on the New York Stock Exchange. Mr. Peddie has been President of WIC Western International Communication; acting President, CFO, and Senior Vice President, Operations, of CTV Television Network; and CFO of The Toronto Sun Publishing Company, Canada Packers, and for the international operations of Campbell Soup in Camden, New Jersey. Mr. Peddie is a chartered accountant and was awarded his FCA designation by the Institute of Chartered Accountants of Ontario in September 2003. He holds an honours Bachelor of Commerce degree from the University of Windsor. Along with his knowledge in matters of finance both domestic and international, Mr. Peddie has experience concerning the financial reporting and control requirements of the TSX, the Province of Ontario, the New York Stock Exchange and the U.S. Securities Exchange Commission.

| <b>Board/Committee Memberships</b>                         |                       |                       | <b>Attendance</b>            |             |                                |
|--|-----------------------|-----------------------|------------------------------|-------------|--------------------------------|
| Board of Directors   |                       |                       | 8/8                          |             | 100%                           |
| Chairperson of the Audit Committee                         |                       |                       | 4/4                          |             | 100%                           |
| Member of the Nominating and Governance Committee          |                       |                       | 4/4                          |             | 100%                           |
| <b>Securities Held</b>                                     |                       |                       |                              |             |                                |
| <b>As at:</b>  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>Options<sup>(1)</sup></b> | <b>DSUs</b> | <b>Total Shares &amp; DSUs</b> |
| March 10, 2009   | Nil                   | 5,000                 | Nil                          | 9,902       | 14,902                         |
| <b>Net Change in Equity Ownership Since March 11, 2008</b> |                       |                       |                              |             |                                |
|  | <b>Class A Shares</b> | <b>Class B Shares</b> | <b>DSUs</b>                  |             |                                |
|  | -                     | Acquired 5,000        | Acquired 2,941               |             |                                |

NOTES:

- (1) Values set forth below the heading "Options" constitute vested and unvested options to purchase Class B non-voting shares held by the director. Directors have been excluded from participation in the Company's Employee Share Option Plan since 2004. Options held by Donald Lang, Stuart Lang and Geoffrey Martin were received by them only in their capacity as corporate officers and employees, and not in their capacity as directors.
- (2) Attendance percentages reflect attendance only at those meetings held while the director was a member of the Board or the applicable Committee.
- (3) In addition to the shareholdings shown in the table, Mr. Donald G. Lang and Mr. Stuart W. Lang each own one half of the shares of 1281228 Ontario Inc., a private Ontario corporation. 1281228 Ontario Inc. exercises control or direction over 2,241,880 Class A voting shares and 4,880,000 Class B non-voting shares of the Corporation.
- (4) The number includes 196,666 Class B non-voting restricted shares. Please refer to the paragraph under the heading "Restricted Stock Plan," below.
- (5) Michael T. Cowhig was a director of Wilson's The Leather Experts, Inc. when it filed a voluntary petition for liquidation under the United States Bankruptcy Code on September 12, 2008.

## **APPOINTMENT AND REMUNERATION OF AUDITOR**

Unless authority to vote is withheld, persons named in the accompanying form of proxy intend to vote for the reappointment of KPMG LLP, Chartered Accountants, of Toronto, Ontario, as the auditor of the Company to hold such appointment until the next annual meeting of shareholders, and to authorize the directors of the Company to fix the remuneration of the auditor. KPMG LLP has been the auditor of the Company for more than 5 years.

## **SUMMARY COMPENSATION TABLE - NAMED EXECUTIVE OFFICERS**

The following table sets forth all compensation paid for the period indicated in respect of the Named Executive Officers who were, at December 31, 2008, the Executive Chairman, the President and Chief Executive Officer ("CEO"), the Executive Vice President, the Senior Vice President and Chief Financial Officer ("CFO"), and the two other most highly compensated executive officers of the Company. Also included among the Named Executive Officers is the former Senior Vice President Corporate Development, who retired from the Company before the year's end.

Compensation and benefits of Named Executive Officers resident in the United States of America are calculated and paid in United States Dollars. However, for purposes of the following table and other tables and narratives throughout this document, such values have been converted into Canadian dollars based on the Bank of Canada average year-to-date exchange rate as of December 31, 2008 of US\$1.00 = C\$1.0660.

In light of the significant changes to the requirements, content and format for executive compensation disclosure made by the Canadian Securities Administrators applicable to issuers with a December 31, 2008 or later year end, the Company has disclosed compensation in the Summary Compensation Table below for the 2008 fiscal year only, in accordance with these requirements. Disclosure of compensation for prior years, in accordance with then applicable requirements, is contained in the Company's previous management proxy circular dated March 11, 2008, which is available on [www.sedar.com](http://www.sedar.com).

### Summary Compensation Table

| Name and principal position   | Year | Salary (\$)           | Share-based awards (\$)  | Option-based awards (\$) | Non-equity incentive plan compensation (\$) |                           | Pension value (\$) <sup>(2)</sup> | All other compensation (\$) <sup>(3)</sup> | Total compensation (\$) |
|---|------|-----------------------|--------------------------|--------------------------|---|---------------------------|-----------------------------------|--|-------------------------|
|   |      |                       |                          |                          | Annual incentive plans <sup>(1)</sup>       | Long-term incentive plans |                                   |  |                         |
| Donald G. Lang<br><i>Executive Chairman</i>   | 2008 | 625,000               | 0                        | 0                        | 193,750                                     | 0                         | 234,000                           | 0  | 1,052,750               |
| Geoffrey T. Martin <sup>(4)</sup><br><i>President and Chief Executive Officer</i>                                   | 2008 | 615,053               | 4,348,800 <sup>(5)</sup> | 0                        | 198,276                                     | 0                         | 12,602                            | 141,088 <sup>(11)</sup>                    | 5,315,819               |
| Steven W. Lancaster<br><i>Executive Vice President and Former Chief Financial Officer</i>                           | 2008 | 329,600               | 0                        | 0                        | 214,240                                     | 0                         | 39,000                            | 11,947                                     | 594,787                 |
| Gaston A. Taño<br><i>Senior Vice President and Chief Financial Officer</i>  | 2008 | 65,625 <sup>(6)</sup> | 232,830 <sup>(5)</sup>   | 155,000 <sup>(6)</sup>   | 0   | 0                         | 5,906                             | 50,000 <sup>(8)</sup>                      | 509,361                 |
| Lalitha Vaidyanathan <sup>(4)</sup><br><i>Senior Vice President, Finance, IT and Administration, CCL Operations</i> | 2008 | 289,952               | 354,360 <sup>(5)</sup>   | 0                        | 44,943                                      | 0                         | 13,561                            | 46,844 <sup>(11)</sup>                     | 749,660                 |
| John Pedroli <sup>(4)</sup><br><i>President, CCL Industries North America</i>                                       | 2008 | 287,820               | 354,360 <sup>(5)</sup>   | 171,000 <sup>(6)</sup>   | 44,612                                      | 0                         | 12,743                            | 46,226 <sup>(11)</sup>                     | 912,761                 |
| Richard J. Zakaib <sup>(7)</sup><br><i>Former Senior Vice President Corporate Development</i>                       | 2008 | 289,000               | 0                        | 0                        | 0   | 0                         | (270,000) <sup>(12)</sup>         | 822,907 <sup>(9)</sup>                     | 841,907                 |

NOTES:

- (1) Bonus amounts are paid in cash in the year following the fiscal year in respect of which they were earned.
- (2) Amounts shown under "Pension Value" represent all compensation relating to defined benefit or defined contribution pension plans, including servicing costs and other compensatory items. Please refer to the section entitled "Pension Plan Benefits - Pension and Retirement Arrangements of Named Executive Officers" below.
- (3) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10% of the total of the annual salary for the above-named officers. The amounts in this column, other than in the case of Mr. Martin, relate to taxable benefits on employee loans only. (See Note 11.)
- (4) Compensation for Mr. Martin, Ms. Vaidyanathan and Mr. Pedroli was paid or payable in US dollars. Such amounts were translated into Canadian dollars based on the Bank of Canada average year-to-date exchange rate as of December 31, 2008 of US\$1.00 = C\$1.0660.
- (5) On July 1, 2008 Ms. Vaidyanathan and Mr. Pedroli were awarded 12,000 Restricted Share Units ("RSUs") each under the Company's Long Term Incentive Plan 2008–2010, in each case representing fair value of \$354,360 on such grant date, reflecting the closing price of \$29.53 per share on the Toronto Stock Exchange ("TSX") for Class B non-voting shares on June 30, 2008. This grant date fair value differs from the accounting fair value by \$0.79, because the shares for this grant were purchased on the TSX in February of 2008 at an average price of \$30.32, which is the price used for the Company's

accounting purposes. Mr. Taño was granted 9,000 RSUs at a fair value at time of grant of \$232,830, or \$25.87 per share, being the closing price for such shares on the TSX on October 15, 2008, the date of commencement of Mr. Taño's employment. This grant date fair value also differs from the accounting fair value by \$4.45, because the shares for this grant were purchased on the TSX in February of 2008 at an average price of \$30.32, which is the price used for the Company's accounting purposes. On achievement of certain hurdles relating to operating income targets, cumulative operating income and return on investment for the 2008–2010 period, these RSUs will vest on the date on which the Board of Directors of the Company approves the Company's financial year end results for 2010. The number of RSUs vesting will be above the number granted, based on dividend reinvestment during the period between grant and payout.

- (6) On March 4, 2008, Mr. Pedroli was granted 25,000 options to buy Class B non-voting shares at \$31.00 per share, being the closing price of such shares on the TSX on March 3, 2008. On November 7, 2008, Mr. Taño was granted 25,000 options to buy Class B non-voting shares at \$30.01 per share, being the closing price of such shares on the TSX on November 6, 2008. The fair value of the grant to Mr. Pedroli is \$171,000 and the fair value of the grant to Mr. Taño is \$155,000, determined in both cases using the Black Scholes method. The Company also values the grants for accounting purposes using the Black Scholes method. On achievement of the first target performance "hurdle" described under the heading "Restricted Share Unit Plan", below, for the 2008–2010 period, the options will fully vest on March 5, 2011. In the event the "hurdle" target is missed, 50% of the options will vest on December 31, 2011 and 50% will vest on December 31, 2012.
- (7) Richard Zakaib was formerly the Company's Senior Vice President Corporate Development. Mr. Zakaib retired from his position on March 31, 2008.
- (8) Mr. Taño's annual salary is \$315,000 and has been prorated for two and a half months based on his employment date of October 15, 2008. Upon his acceptance of the role of CFO, Mr. Taño received a one time, special inducement payment of \$50,000.
- (9) Mr. Zakaib received payment of \$810,960 in 2008 related to his involvement in the successful sale of the Company's 40% joint venture in ColepCCL. The balance represents imputed interest on a company loan.
- (10) In 2008, Mr Martin received 120,000 RSUs, which are held in trust and of which 40% will vest based on the performance criteria described under the heading "Restricted Share Unit Plan". The balance will vest if adjusted earnings per share increase 13% on average between 2008 and 2010. The value of these RSUs is calculated based on the average purchase price of the shares of \$36.24, which were purchased in February 2007 for the 2008-2010 LTIP. This is the same cost that the Company uses for accounting purposes.
- (11) Of this amount, \$138,785 pertains to company contributions to the Company's Deferred Compensation Plan, as described under the heading "Deferred Compensation Plan", and \$2,303 pertains to imputed interest on a company loan.
- (12) This negative value recognizes Mr. Zakaib's change in employment status and the reduction in the Company's Accrued Obligation.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **Compensation and the Human Resources Committee**

The compensation of executive officers is structured to provide a total compensation package inclusive of base salary and performance-based short and long-term incentive programs, which may include cash as well as stock options and restricted stock. Pension benefits and perquisites are also considered. Perquisites are generally limited to a company car or car allowance. The overall compensation reflects the Company's business structure and focuses on performance. Compensation policies are set based on current market conditions and the desire to attract and retain executives of high quality.

The Human Resources Committee of the Board of Directors of the Corporation ("Human Resources Committee") establishes executive compensation policies, and oversees the Employee Stock Option Plan and the pension plans of the Company. In addition the Human Resources Committee is charged with monitoring the Company's talent management and succession planning and recommends the appointment of the Company's officers and the terms and conditions of their appointment or termination including those of the Named Executive Officers. In setting policy, the Human Resources Committee takes into account the advice of independent consultants, makes reference to market and survey data, considers input from senior management and aligns compensation programs with the operating philosophy and strategic initiatives of the Company.

Please refer to the section entitled "Statement of Corporate Governance Practices - Charter of the Human Resources Committee" below for additional disclosure regarding the Human Resources Committee's mandate, the use of independent compensation consultants and related fees.

Each year, the Human Resources Committee reviews the compensation of the Executive Chairman, of the President and CEO, and of all officers of the Company relative to performance and market factors. Executive compensation programs are reviewed considering external competitiveness and internal equity as well as the requirements for any regulatory compliance. The Company's policy is to use the market median with the potential of top quartile total compensation for superior performance of both the Company and the individual executive, having regard to the companies referred to under the title "Benchmarking Compensation", below. The Human Resources Committee then makes recommendations to the Board for the approval of the

compensation of the Executive Chairman and of the President and CEO, and approves the compensation levels of other officers of the Company.

### **Compensation Philosophy and Program Objectives**

The Company has an entrepreneurial culture and a decentralized operating style, which are considered in determining the Company's executive compensation programs. These programs are developed to encourage superior performance, attract and retain talented executives and align the executives' interests with those of the Company's shareholders. The main objectives of the Company's overall executive compensation program are:

- to provide a competitive and balanced compensation portfolio consistent with the Company's strategy and decentralized operating style;
- to drive high performance and focus executives on the areas for which they are responsible; and
- to motivate executives to achieve individual and overall Company success and improvement in shareholder value.

### **Benchmarking Compensation**

It is the Company's policy to position compensation at the median of the market with the potential for top quartile total compensation based on the superior performance of the executive and the Company. To assist the Company in meeting its objectives of providing competitive compensation to its executives, the Company benchmarks its compensation plans against market data gathered from compensation surveys and proxy circulars of other publicly traded companies. The Company utilizes compensation survey data from the manufacturing sector or manufacturing of non-durable products sector for companies with annual revenues in the range of \$500 million to \$2 billion. Survey information relating to compensation for executives in Canada and the United States is provided through consulting firms designated or approved by the Human Resources Committee. Similar compensation data is also collected from the proxy circulars of publicly traded companies in both Canada and the United States. Since the Company does not have many comparable companies in Canada within its industry, compensation data is collected from companies within the S&P/TSX composite index, such as Transcontinental Inc., Linamar Corporation and Forzani Group Ltd. with similar revenues, and which also have an international presence within the industrial sector. In the United States the Human Resources Committee reviews compensation information from companies within the specialty packaging industry, which may include Avery Dennison Corporation, AptarGroup Inc., Bemis Company Inc., Brady Corporation and Multi-Color Corporation. The Human Resources Committee utilizes this information as well as its own judgment and discretion in determining actual compensation levels. Benchmarking for executive compensation was completed in 2007 for 2008 compensation levels and is generally completed at least every second year.

### **Base Salaries**

Base salaries are determined using comparative data as described above and considering the level of experience and the performance of the individual. The Human Resources Committee approves adjustments to base salaries on an annual basis for officers of the Company and recommends the base salary of the Executive Chairman and of the President and CEO to the Board of Directors for approval. Salaries of officers of the Company who reside and work in the United States are set based on compensation data from that geographic market as noted above. The Human Resources Committee also considers the financial performance of the Company and the individual performance of the executive when approving salaries for officers and in their recommendation to the Board of Directors in regard to salary adjustments for the Executive Chairman and for the President and CEO.

### **Non-equity Incentive Plans**

Annual incentive plans are designed to recognize financial and operational performance as well as individual achievements.

#### ***Annual Incentive Plans***

Each year, performance targets for the Company and its business units as well as individual objectives are

established. Cash bonuses are paid as a percentage of salary based on the achievement of these targets. Target awards in 2008 for officers of the Company ranged from 28% to 100% of base salary. Actual awards can range from zero to up to two times the target award. Annual bonuses are paid to the Executive Chairman, the President and CEO and other corporate executives based on year-over-year improvement in adjusted earnings per share (hereinafter, "adjusted earnings per share") before unusual items and excluding gains or losses on currency translation and accounting changes. The 2008 plan pays a target bonus if year over year growth of adjusted earnings per share before unusual items and excluding gains or losses on currency translation and accounting changes showed a 5% improvement over the prior year and up to a maximum of two times the target if adjusted earnings per share growth reached or exceeded 20% over the prior year. The growth in earnings per share measure was used because of its alignment with increasing shareholder value. For 2008, reduction in adjusted earnings per share before unusual items and excluding gains or losses on currency translation was approximately 3.8%, generating a payment of 31% of target bonus for three of the Named Executive Officers.

### **Equity Incentive Plans (LTIPs)**

Equity incentives are used for the Company's Long Term Incentive Plan ("LTIP") and are designed to:

- focus management on the development and implementation of longer term strategic and growth initiatives of the Company;
- retain key executives; and
- align the interests of the Company's executives with those of its shareholders.

The Board of Directors, at its discretion, grants stock options under the Company's Employee Stock Option Plan (the "Option Plan") and, in appropriate cases, restricted stock units under the Restricted Stock Unit Plan (the "RSU Plan"). The LTIP and the grant levels are approved by the Board of Directors based on the recommendation of the Human Resources Committee after review of the recommendation of the Executive Chairman and the President and CEO. In the case of the RSU Plan, The Company's non-voting shares are purchased on the open market and are held in a Rabbi Trust until the RSU Plan criteria for payout of RSUs are met and approved by the Board of Directors. Dividends are reinvested in The Company's shares. Stock options under the Option Plan are approved by the Board of Directors. The Board may, in its discretion, modify the normal vesting terms of the Option Plan, particularly where an option is granted to encourage the attainment of specific targets under the LTIP program. Option and RSU grant levels are determined based on the position and impact of the executive on the Company's performance. Consideration may also be given to whether the grant is part of the LTIP or a one time event such as an inducement to employment.

### ***Restricted Share Unit Plan***

In 2008, the Company established a new RSU Plan for the plan years 2008 through 2010. The plan utilizes a combination of restricted stock and cash. Under the terms of the RSU Plan, the RSUs vest when the "first hurdle" is met. This first hurdle is the achievement of performance criteria for the executive's specific area of responsibility, including financial and operating targets, and also the achievement of performance targets by the Company as a whole (referred to in this document as "performance criteria"). The performance criteria have been established for the three-year period, and include a minimum cumulative divisional operating income improvement for the Company of the equivalent of U.S.\$500 million (as of December 31, 2008 being Canadian \$533,000,000) and return on investment of not less than 13.9% over the period.

The payment of the cash portion of the RSU Plan is contingent upon the company achieving higher targets for cumulative operating income improvement, while maintaining at least 13.9% in return on investment. There are two such progressive targets, each constituting a "hurdle" for further cash payments under the RSU Plan.

Target awards for issuing both restricted stock and payment of cash are based on the expected impact of the role of the executives participating. Vesting of restricted stock units and cash payments will be approved by the Board of Directors based on the 2010 year end results. Previous LTIPs were of similar design; however, payment for achieving targets was in cash only. The inclusion of restricted stock units in the new plan is reflective of the desire of the Human Resources Committee and the Company to align the interests of these executives more closely with those of the Company's shareholders. Participants in this plan include a number of executives including Named Executive Officers Mr. Martin, Mr. Taño, Ms. Vaidyanathan and Mr. Pedroli.

Mr. Martin's cash LTIP was replaced with a restricted stock plan in 2005. This plan provided 200,000 RSUs, together with accretion due to dividend reinvestment. Of these, 123,334 RSUs vested on March 4, 2008, based on improvement in adjusted earnings per share averaging at least 13% for each year between January 1, 2005 and December 31, 2007. The remaining 80,000 RSUs and their reinvestment accretion will vest at the end of 2009 if Mr. Martin remains employed by the Company. On February 22, 2007, Mr. Martin was granted a further 120,000 RSUs that vest upon approval by the Board of Directors of the 2010 year end financial results. Of these additional RSUs, 40% will vest based on the achievement of the first LTIP hurdle described above and the balance will vest based on adjusted earnings per share improvement averaging at least 13% per year between January 1, 2008 and December 31, 2010 and Mr. Martin's continuing employment. Shares for this LTIP and those of Ms. Vaidyanathan, Mr. Taño and Mr. Pedrolí described in the preceding paragraph were purchased on the Toronto Stock Exchange ("TSX") and are held in a trust until vesting criteria are met. The shares earn dividends, which are reinvested in the Company's Class B non-voting shares. The shares purchased with reinvested dividends vest on the same basis as the original awards.

### **Stock Option Plan**

The Option Plan was established to focus executive attention on the long-term interests of the Company and growth in shareholder value. In accordance with the Option Plan, the Board of Directors is authorized to issue, at its discretion, options to employees and officers of the Company to acquire Class B non-voting shares of the Company at such prices as may be fixed by the Board of Directors at that time in accordance with the Option Plan and the rules of the TSX. The Board of Directors has the discretion to vary the vesting provisions of grants issued under the Option Plan. When option grants are issued under the LTIP program to achieve specific LTIP objectives, the vesting terms may be set to resemble those attaching to grants under the RSU Plan. Stock option grants are considered on an annual basis as part of the compensation review for executive officers as recommended by the Executive Chairman and by the President and CEO, and approved by the Board of Directors on recommendation from the Human Resources Committee. Options granted for the Executive Chairman and for the President and CEO are recommended by the Human Resources Committee and approved by the Board of Directors. Option grant levels are determined based on the position and impact of the executive on the Company's performance. Consideration may also be given to whether the grant is part of the LTIP or a one time event such as an inducement to employment.

Options granted in 2008 were for a term not exceeding five years. Options granted to Mr. Taño and Mr. Pedrolí vest based on meeting the LTIP performance criteria described above under the "Restricted Share Unit Plan". In the event the performance criteria are not met, 50% of the options awarded will vest December 31, 2011 with the remaining 50% vesting December 31, 2012. The options expire on December 31, 2013. In 2008, options to purchase 160,000 Class B non-voting shares were granted under the Option Plan in total. In 2008, the Human Resources Committee approved the Company's recommendation to change the timing of the review of executive compensation from December to February to enable the Committee to review year-end financial results and all aspects of executive compensation together. Mr. Lang and Mr. Martin were awarded options December 6, 2007. They are eligible to be considered for further grants in the 2009 compensation review. Ms. Vaidyanathan was also granted options in 2007 as part of the LTIP program with the same vesting provisions as those options granted to Mr. Taño and Mr. Pedrolí. No re-pricing of outstanding options occurred in the course of 2008, nor to the date of this Management Proxy Circular.

Due to the Executive Chairman's controlling position in the voting shares of the Company, his capital gains on exercised options are taxed as ordinary income, whereas the capital gains realized on the exercise of options by other executives of the Company are accorded capital gains treatment under Canadian tax laws.

Details of all share-based and option-based awards outstanding at the end of the most recently completed financial year are set forth in the table entitled "Outstanding Share-Based Awards and Option-Based Awards as of December 31, 2008" in the section entitled "Incentive Plan Awards" below.

### **Compensation of the Executive Chairman**

In conjunction with the Company's succession planning process Mr. Lang assumed the position of Executive Chairman effective May 8, 2008. The Human Resources Committee reviews the compensation of the

Executive Chairman relative to performance and market factors. For the year ending December 31, 2008, Mr. Lang's compensation consisted of a base salary of \$625,000 and awards under the Company's annual cash incentive plan. In determining Mr. Lang's compensation, the Committee considered his performance in meeting specific financial targets and other qualitative objectives as well as comparable market compensation levels. Mr. Lang received a salary increase as of January 1, 2008, from \$600,000 to \$625,000, based on his achievement of certain annual objectives in 2007, which included financial targets, strategy execution, stakeholder communication and succession planning. Financial targets include earnings per share as described in the following paragraph, cash flow, net debt to total book capitalization and return on equity. As part of its review of the compensation of the Executive Chairman, the Committee considers the performance of the Company as well as competitive market information when setting compensation levels. To identify market compensation, the Committee reviewed information collected from proxy circulars of 30 of the S&P/TSX 300 companies that reported the position of Executive Chairman. This sampling included but was not limited to Transcontinental Inc., Sherritt International Corporation, Shaw Communications Inc., Forzani Group Ltd., Linamar Corporation and CGI Group Inc. The Human Resources Committee considered this data and the varying sizes of the organizations and their industries prior to determining the 2008 salary for the Executive Chairman.

The annual cash incentive plan for 2008 was paid on growth in adjusted earnings per share before unusual items and excluding gains or losses on currency translation and accounting changes. Target bonus was payable if growth in adjusted earnings per share (before unusual items and excluding gains or losses on currency translation and accounting changes) achieved 5%. (See "Annual Incentive Plans," above.) Mr. Lang's target bonus is paid at 100% of base salary. The annual incentive payment for 2008 for Mr. Lang was paid at 31% of target bonus (31% of base salary), amounting to \$193,750 based on the a reduction in adjusted earnings per share of approximately 3.8% from 2007 before unusual items and excluding any gains or losses on currency translation or accounting changes. With Mr. Lang's appointment as Executive Chairman in May 2008, it was agreed that his target bonus would be reduced to 65% of base salary commencing in 2009.

Stock options are granted to provide a long-term incentive congruent with share price improvement. (See "Stock Option Plan", above.) Historically the Human Resources Committee reviewed executive compensation including the granting of options in December of each year. In 2008, the executive compensation review was changed, with the approval of the Human Resources Committee, from December 2008 to February 2009, and will continue to occur in February in future years. Mr. Lang was not granted options in 2008 but is eligible to be considered by the Human Resources Committee for an option grant as part of the 2009 compensation review.

### **Compensation of the President and Chief Executive Officer**

In conjunction with the Company's succession planning process, Mr. Martin was promoted to the position of President and Chief Executive Officer effective May 8, 2008. The Human Resources Committee reviews the compensation of the President and Chief Executive Officer relative to performance and market factors. For the year ending December 31, 2008, Mr. Martin's compensation consisted of a base salary of \$639,600 (US\$600,000) and awards under the Company's annual cash incentive plan and the Option Plan. In determining Mr. Martin's compensation, the Committee considered his performance in meeting specific financial targets and other qualitative objectives including strategy execution and growth targets, earnings per share, cash flow, operational budgets and return on investment, as well as comparable market compensation levels. Mr. Martin received a salary increase from \$495,690 (US\$465,000) to \$575,640 (US\$540,000) as at January 1, 2008 and an increase as of May 8, 2008, from \$575,640 (US\$540,000) to \$639,600 (US\$600,000), in recognition of his promotion to Chief Executive Officer. As part of its review of the compensation of the President and Chief Executive Officer, the Committee considers the performance of the Company as well as competitive market information when setting compensation levels. To identify market compensation in 2008, the Committee reviewed information provided by Buck Consultants, which was collected from compensation surveys representing three company categories that most closely represent CCL's size and industry including all manufacturing companies, all organizations with revenues less than US\$1 billion and all organizations with revenues between US\$1 billion and US\$3 billion. Information from public US specialty packaging companies including AptarGroup, Inc; Avery Dennison Corporation; Bemis Company, Inc.; Brady Corporation and Multi-Color Corporation was also reviewed. The Human Resources Committee considered this data and Mr. Martin's performance prior to determining the 2008 salary for the President and Chief Executive Officer.

The annual cash incentive plan for 2008 was paid on growth in adjusted earnings per share before unusual items and excluding gains or losses on currency translation and accounting changes. Target bonus was paid if growth in adjusted earnings per share (before unusual items and excluding gains or losses on currency translation and accounting changes) achieved 5%. (See "Annual Incentive Plans," above.) Mr. Martin's target bonus is paid at 100% of base salary. The annual incentive payment for 2008 for Mr. Martin was paid at 31% of target bonus (31% of base salary), amounting to \$198,276 (US\$186,000) based on a reduction in adjusted earnings per share of approximately 3.8% from 2007 before unusual items and excluding any gains or losses on currency translation or accounting changes.

Stock options are granted to provide a long-term incentive congruent with share price improvement. (See "Stock Option Plan", above.) Historically the Human Resources Committee reviewed executive compensation including the granting of options in December of each year. In 2008, the executive compensation review was changed from December 2008 to February 2009 and, with the approval of the Human Resources Committee, will continue to occur in February in future years. Mr. Martin was not granted options in 2008 but is eligible to be considered by the Human Resources Committee for a grant of options as part of the 2009 compensation review.

Mr. Martin participates in a Long Term Incentive Plan, pursuant to which in 2007 Mr. Martin was granted 120,000 CCL RSUs under the RSU Plan that were purchased on the open market at an average price of \$36.24 per share and are held in trust and of which 40% will vest upon approval of the Board of Directors if the first LTIP hurdle is achieved as described above under "The Restricted Share Unit Plan" and 100% will vest if adjusted earnings per share improve on average by 13% for each year between 2008 and 2010. The value upon purchase of the shares was \$4,348,800.

#### **Compensation of Other Named Executives**

**Gaston Taño, Senior Vice President and Chief Financial Officer**, joined CCL in his current role on October 15, 2008. Upon joining the Company in this role, Mr. Taño received a one-time special inducement payment of \$50,000. In 2008, Mr. Taño's rate of salary was \$315,000 per annum. Commencing in 2009, Mr. Taño is eligible to participate in the Company's annual cash incentive plan. Target bonus is paid if growth in adjusted earnings per share (before unusual items and excluding gains or losses on currency translation and accounting changes) achieves 5% (see "Annual Incentive Plans," above). Mr. Taño's target bonus is equal to 50% of his base annual salary. Due to Mr. Taño's short length of service in 2008 he was not eligible to receive a bonus for performance in 2008.

Mr. Taño also participates in the Company's Option Plan as described above under "Stock Option Plan". In November 2008, Mr. Taño was granted an option under the LTIP program to purchase 25,000 of the Company's Class B non-voting shares at the market value of \$30.01. These options vest if the LTIP performance criteria with targets relating to cumulative operating income and return on investment set forth in the description under the title "Restricted Share Unit Plan" above are met. In the event the performance criteria are not met, 50% of the options awarded vest December 31, 2011, with remaining 50% vesting December 31, 2012. The options expire on December 31, 2013. Mr. Taño is also eligible to receive 9,000 RSUs if the first hurdle of the LTIP performance criteria is met for the plan year 2008 to 2010 as described under "Restricted Share Unit Plan", above. These shares were purchased on the open market at an average price of \$30.32.

**Steven Lancaster, Executive Vice President**, delayed his plans to retire at the end of 2008 and continued as Acting Chief Financial Officer until October 2008. In 2008, Mr. Lancaster's salary was \$329,600. Mr. Lancaster participates in the Company's annual cash incentive plan, which for 2008 was based on growth in adjusted earnings per share before unusual items and excluding gains or losses on currency translation and accounting changes. Target bonus was to be paid if growth in adjusted earnings per share (before unusual items and excluding gains or losses on currency translation and accounting changes) achieved 5% (see "Annual Incentive Plans," above). Mr. Lancaster's target bonus is equal to 65% of his base annual salary. The annual incentive payment for Mr. Lancaster in 2008 was paid at 100% of target bonus and 65% of base salary amounting to \$214,240. Target bonus was paid to Mr. Lancaster based on his agreement to delay his retirement to assist the Company with the transition to a new Chief Financial Officer. Mr. Lancaster did not participate in any LTIP in 2008 and did not receive any options.

**Lalitha Vaidyanathan, Senior Vice President, Finance, IT and Administration, CCL Operations**, received a base salary in 2008 of \$289,952 (US\$272,000). Ms. Vaidyanathan's salary is reviewed considering market information provided by compensation surveys (see "Benchmarking Compensation" above). Ms. Vaidyanathan participates in the Company's annual cash incentive plan, which for 2008 was based on growth in adjusted earnings per share before unusual items and excluding gains or losses on currency translation and accounting changes. Ms. Vaidyanathan's target bonus is paid at 50% of base salary if growth in adjusted earnings per share (before unusual items and excluding gains or losses on currency translation and accounting changes) achieved 5% (see "Annual Incentive Plans," above). The annual incentive payment for Ms. Vaidyanathan was paid at 31% of target bonus and 15.5% of base salary amounting to \$44,943 (US\$42,160) based on a reduction in adjusted earnings per share (before unusual items and excluding gains or losses on currency translation and accounting changes) of 3.8% compared to 2007.

Ms. Vaidyanathan also participates in the Company's Option Plan as part of the LTIP program as described above under "Stock Option Plan". Ms. Vaidyanathan was granted the option to purchase 25,000 of the Company's Class B non-voting shares in December 2007 at the market value price of \$38.42. These options vest if the LTIP performance criteria described above under the heading "Restricted Share Unit Plan" are met. In the event the performance criteria are not met, 50% of the options awarded vest December 31, 2011, with remaining 50% vesting December 31, 2012. The options expire on December 31, 2013. No options were granted to her in 2008.

Ms. Vaidyanathan also participates in the LTIP RSU Plan described above under the heading "Restricted Share Unit Plan", and she is eligible to receive 12,000 of the Company's Class B non-voting shares if the first hurdle of the LTIP performance criteria, as described under the heading "Restricted Share Unit Plan", is met for the plan years 2008 to 2010 as per the description above. These shares were purchased on the open market at an average price of \$30.32.

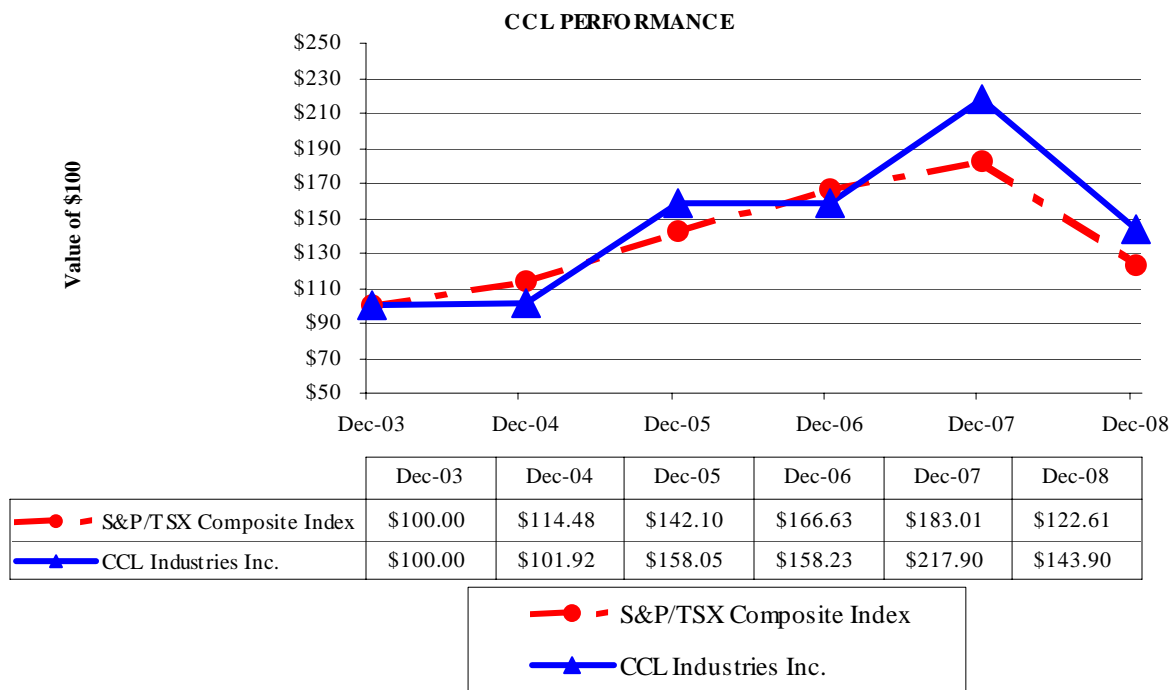
**John Pedroli, President CCL Industries, North America** was promoted to this role with effect from December 1, 2008 from his former position of President CCL Label North America. Mr. Pedroli's salary is reviewed considering market information provided by compensation surveys (see "Benchmarking Compensation" above). In 2008, Mr. Pedroli received a salary of \$287,820 (US\$270,000). Mr. Pedroli participates in the Company's cash annual incentive plan at a target bonus level of 50% of base salary. In 2008, Mr. Pedroli's bonus was based on growth in adjusted earnings per share before unusual items and excluding gains or losses on currency translation and accounting changes. Accordingly, the annual incentive payment for Mr. Pedroli was paid at 31% of target bonus and 15.5% of base salary amounting to \$44,612 (US\$41,850) based on a reduction in adjusted earnings per share (before unusual items and excluding gains or losses on currency translation and accounting changes) of 3.8% compared to 2007.

Mr. Pedroli also participates in the Company's Option Plan as part of the Company's LTIP program, described above under "Stock Option Plan". In 2008, he was granted the option to purchase 25,000 of the Company's Class B non-voting shares at the market value price of \$31.00. These options vest based on meeting the LTIP performance criteria set forth under the heading "Restricted Share Unit Plan", above. In the event the performance criteria are not met 50% of the options awarded vest December 31, 2011 with remaining 50% vesting December 31, 2012. The options expire December 31, 2013.

Mr. Pedroli participates in the LTIP RSU Plan described above under the heading "Restricted Share Unit Plan", and he is eligible to receive 12,000 of the Company's Class B non-voting shares if the first hurdle as described under the heading "Restricted Share Unit Plan of the LTIP performance criteria is met for the plan years 2008 to 2010 as per the description above. These shares were purchased on the open market at an average price of \$30.32.

**Richard J. Zakaib, formerly Senior Vice President Corporate Development**, retired his employment with the Company as of March 31, 2008. Upon his retirement, Mr. Zakaib was given salary continuation for a period of two years. In 2008, Mr. Zakaib's salary was \$289,000, and his salary will continue at that rate until March 31, 2010. Mr. Zakaib does not participate in the Company's annual cash incentive plan, nor did Mr. Zakaib participate in any LTIP in 2008 or receive any options. Mr. Zakaib did, however, receive in 2008 an incentive bonus of \$810,960 in 2008 related to the successful sale of the Company's interest in CCLColep.

## Performance Graph



The preceding graph compares the yearly percentage change in the cumulative total shareholder return over the last five years of the Corporation's Class B non-voting shares with the cumulative total return of the S&P/TSX Composite Index (formerly the TSE 300 Total Return Stock Index), assuming reinvestment of dividends on each of the dividend payment dates. The Corporation's Class B non-voting shares are included in the foregoing index. There is no TSX sub-index that would provide a relevant comparison of the performance of the Corporation's shares with that of its peer group. The performance of the Corporation's Class A voting shares is substantially similar to that of the Class B non-voting shares. The performance of the Company's Class B non-voting shares is based on the closing price of \$25.00 on the TSX on December 31, 2008.

Since annual and long-term incentives are generally based on growth in earnings per share, total compensation of the Named Executive Officers has generally reflected the performance of the Corporation's share price as set forth in the performance chart, above. It is reflected in the bonus payments that have been made to the Named Executive Officers over recent years and in particular to the bonus level paid in 2008 at 31% of target compared to the bonus payment for 2007, which was paid at 189.9% of target.

## INCENTIVE PLAN AWARDS

Information relating to all share-based and option-based awards outstanding at the end of the most recently completed financial year is set forth in the table below.

### Outstanding Share-Based Awards and Option-Based Awards as of December 31, 2008

| Name                             | Option-based Awards                                     |                            |                        |   | Share-based Awards   |   |
|----------------------------------|---|----------------------------|------------------------|---|--|---|
|                                  | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested <sup>(2)</sup> (\$) |
| Donald G. Lang                   | 15,900  | 14.35                      | Jul. 27, 2009          | 169,335   | 0  | 0   |
|                                  | 50,000  | 12.50                      | Dec. 1, 2009           | 625,000   |  |   |
|                                  | 70,000  | 8.35                       | Nov. 1, 2010           | 1,165,500   |  |   |
|                                  | 120,000   | 12.55                      | Dec. 4, 2011           | 1,494,000   |  |   |
|                                  | 70,000  | 18.51                      | Dec. 4, 2012           | 454,300   |  |   |
|                                  | 70,000  | 17.74                      | Dec. 1, 2009           | 508,200   |  |   |
|                                  | 70,000  | 27.70                      | Nov. 30, 2010          | 0   |  |   |
|                                  | 70,000  | 28.45                      | Dec. 6, 2011           | 0   |  |   |
|                                  | 70,000  | 38.42                      | Dec. 5, 2012           | 0   |  |   |
| Geoffrey T. Martin               | 12,000  | 18.51                      | Dec. 4, 2012           | 77,880  | 128,000  | 3,200,000   |
|                                  | 15,000  | 17.74                      | Dec. 1, 2009           | 108,900   |  |   |
|                                  | 25,000  | 27.70                      | Nov.30, 2010           | 0   |  |   |
|                                  | 25,000  | 28.45                      | Dec. 6, 2011           | 0   |  |   |
|                                  | 25,000  | 38.42                      | Dec. 5, 2012           | 0   |  |   |
| Steven W. Lancaster              | 12,500  | 17.74                      | Dec. 1, 2009           | 90,750  | 0  | 0   |
|                                  | 25,000  | 27.70                      | Nov. 30, 2010          | 0   |  |   |
|                                  | 25,000  | 28.45                      | Dec. 6, 2011           | 0   |  |   |
| Gaston A. Taño                   | 25,000  | 30.01                      | Dec. 31, 2013          | 0   | 9,000  | 225,000   |
| Lalitha Vaidyanathan             | 9,000   | 12.55                      | Dec. 4, 2011           | 112,050   | 12,000   | 300,000   |
|                                  | 25,000  | 38.42                      | Dec. 31, 2013          | 0   |  |   |
| John Pedroli                     | 25,000  | 31.00                      | Dec. 31, 2013          | 0   | 12,000   | 300,000   |
| Richard J. Zakaib <sup>(3)</sup> | 9,000   | 12.50                      | Dec. 1, 2009           | 112,500   | 0  | 0   |
|                                  | 9,000   | 8.35                       | Nov. 1, 2010           | 149,850   |  |   |
|                                  | 14,000  | 12.55                      | Dec. 4, 2011           | 174,300   |  |   |
|                                  | 9,000   | 18.51                      | Dec. 4, 2012           | 58,410  |  |   |
|                                  | 25,000  | 17.74                      | Dec. 1, 2009           | 181,500   |  |   |
|                                  | 25,000  | 27.70                      | Nov. 30, 2010          | 0   |  |   |
|                                  | 25,000  | 28.45                      | Dec. 6, 2011           | 0   |  |   |

#### NOTES:

- (1) Value of unexercised options is the difference between the option exercise price and \$25.00, the closing price of the Company's Class B non-voting shares on December 31, 2008.
- (2) 80,000 RSUs for Mr. Martin will vest based on his continued employment until December 31, 2009 and 120,000 RSUs of which 48,000 will vest in 2011 based on the achievement of the achievement first LTIP hurdle as described under the heading "Restricted Share Unit Plan". The value for these RSUs has been calculated based on the minimum vesting criteria, which would provide Mr. Martin with a total of 128,000 RSUs between the end of 2009 and 2011 at \$25.00, the closing price of the Company's Class B non-voting shares on December 31, 2008. RSUs for Mr. Taño, Mr. Pedroli and Ms. Vaidyanathan will vest if the first hurdle of the LTIP, as described under the heading "Restricted Share Unit Plan, above, is achieved. The value is calculated using the same share price as described above.
- (3) Notwithstanding the expiry dates associated with Mr. Zakaib's option grants, in accordance with the terms of the Stock Option Plan, any of Mr. Zakaib's options remaining unexercised on March 31, 2010 will expire.

Information relating to incentive plan award values—equity and non-equity—vested or earned during the most recently completed financial year is set forth in the table below.

### 2008 Incentive Plan Awards—Value Vested or Earned During the Year

| Name                 | Option-based awards – Value vested during the year (\$) <sup>(1)</sup> | Share-based awards – Value vested during the year (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|----------------------|--|--|--|
| Donald G. Lang       | 127,925  | 0  | 193,750  |
| Geoffrey T. Martin   | 559,375  | 3,608,753 <sup>(2)</sup>                               | 198,276  |
| Steven W. Lancaster  | 45,688   | 0  | 214,240  |
| Gaston A. Taño       | 0  | 0  | 0  |
| Lalitha Vaidyanathan | 0  | 0  | 44,943   |
| John Pedroli         | 0  | 0  | 44,612   |
| Richard Zakaib       | 45,688   | 0  | 810,960 <sup>(3)</sup>   |

#### NOTES:

- (1) The aggregate dollar value of option-based awards vested during 2008 is determined by calculating the difference between the market price of the options and the exercise price of the options on the vesting date.
- (2) In 2008, Mr. Martin received 123,334 RSUs, which vested based on the achievement of performance criteria for the 2005-2007 LTIP. The criteria required of 13% per year improvement on average in adjusted earnings per share over the three year period.
- (3) Mr. Zakaib received payment of \$810,960 in 2008 related to his involvement in the successful sale of the Company's 40% joint venture, ColepCCL

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan providing for the issuance of securities is the Option Plan. Shares required to service the Company's RSU Plan are not issued out of treasury. They are purchased in the open market and held in trust for the purposes of the RSU Plan. The following table sets forth the securities authorized for issuance under the Company's equity compensation plans as at December 31, 2008:

#### Securities Authorized for Issuance Under Equity Compensation Plans

|  | Number of securities to be issued upon exercise of outstanding options, warrants and rights | Weighted-average exercise price of outstanding options, warrants and rights | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) |
|--|---|---|---|
| <b>Plan Category</b>                                       | (a)   | (b)   | (c)   |
| Equity compensation plans approved by security holders     | 1,582,700   | \$21.99   | 395,950   |
| Equity compensation plans not approved by security holders | 0   | 0   | 0   |
| <b>Total</b>   | <b>1,582,700</b>  | <b>\$21.99</b>  | <b>395,950</b>  |

#### Stock Option Plan

The Option Plan was established to focus executive attention on the long-term interests of the Company and growth in shareholder value. A partial description of the Option Plan appears under the general title "Equity

Incentive Plans”, above. In accordance with the Option Plan, the Board of Directors is authorized to issue, at its discretion, options to employees and officers of the Company to acquire Class B non-voting shares of the Company at such prices as may be fixed by the Board of Directors at that time in accordance with the rules of the TSX. Since 2004, directors have been and continue to be excluded from participation in the Option Plan.

The number of Class B non-voting shares reserved for issuance under the Option Plan is 1,978,650. The total number of outstanding options under the Option Plan as of December 31, 2008, was 1,582,700, representing 5.2% of the total number of outstanding Class B non-voting shares.

The Option Plan permits the participant to exercise vested options for up to 90 days following the termination of employment without cause unless this period is extended by the Human Resources Committee, within 12 months upon death of the option holder and within 36 months of retirement. At the discretion of the Board of Directors, subject to certain conditions and for a limited period of time, the Option Plan allows for the exercise of outstanding options in the event of a change of control of the Company, whether or not the employment of the option holder is terminated as a consequence.

The Company does not provide financial assistance in connection with the exercise of options granted under the Option Plan.

Options do not terminate or cease to be exercisable whether as a result of the expiry of the term fixed to exercise of the option or as a result of the termination or cessation of employment of the option holder during a trading blackout period or until the tenth day following the cessation of the trading blackout period. Approval of the Company’s shareholders is required for amendments to the Option Plan, or any option, which reduces the exercise price of an option either directly, or indirectly by means of cancellation of the option, or re-issuance of a similar option; or extends the period available to exercise an option except as provided for under the terms of the plan relating to cessation of employment due to termination, disability or retirement; or in relation to the above noted provision relating to trading blackout periods. The Human Resources Committee has discretion with the consent of the option holder to amend the vesting provisions of the option or to extend the date on which the option would terminate and cease to be exercisable as result of termination of employment as a result of the subsidiary employing the option holder ceasing to be a subsidiary of the Company. All other amendments to the Option Plan may be made by the Board of Directors without shareholder approval.

### **Restricted Stock Plan/LTIP**

A partial description of the RSU Plan appears under the general title “Equity Incentive Plans”, above. The Company purchases its Class B non-voting shares on the open market to settle RSUs granted under the RSU Plan. These shares are held in trust until certain performance or retention vesting criteria are met. Dividends on the shares are used to purchase additional shares, which are distributed based on the same vesting criteria. Mr. Martin, Mr. Taño, Ms. Vaidyanathan and Mr. Pedrolì have been granted certain amounts of restricted stock units as described above.

## **PENSION PLAN BENEFITS**

### **Pension and Retirement Arrangements of Named Executive Officers**

#### **Defined Benefit Plans**

The Company has entered into supplemental retirement agreements (“SERPs”) with Mr. Lang, as of January 1, 1996, with Mr. Lancaster as of January 1, 1998, and with Mr. Zakaib as of February 2, 2001. These agreements provide for an annual benefit of 2% for each year of service to a maximum of 60% of the average of the executive’s five highest consecutive years’ base salaries (excluding bonuses, stock options and non-cash benefits) prior to termination of employment. Payments commence upon retirement. Normal retirement is at age 65; however, the executive may retire at or after age 55. Benefits are reduced based on the number of months prior to reaching age 63 that the executive takes his retirement. On death of the executive, the pension is paid to the executive’s spouse as a 60% joint and survivor pension for life. The Company’s payment obligations are funded in part by a defined benefit plan, and the balance is unfunded. In the event of change of control the Company will pay to Mr. Lang and Mr. Lancaster 50% of the SERP value increased in consideration of the applicable tax. The remaining 50% of the SERP will be paid, or will continue to be paid,

as a pension benefit upon or during retirement. For the purpose of calculating the pension payment, the approximate pensionable service for Mr. Lang was 27 years, for Mr. Lancaster was 32 years and for Mr. Zakaib was 26 years. The Company has no established policies concerning the granting of additional years beyond the plan maximum for the calculation of pensionable service.

The Company's estimated accrued benefit obligation for the defined benefit plan and SERPs for present and past executives as of December 31, 2008 was \$16,610,000. This accrued benefit obligation is calculated using the method described by the Canadian Institute of Chartered Accountants Standards in measuring pension obligations and is based on the best estimate of future events that affect the cost of pensions, including assumptions about salary adjustments and the executive's continuing employment with the Company. The accrued benefit obligation for the defined benefit plan and SERP pension benefits for Mr. Lang, Mr. Lancaster and Mr. Zakaib was estimated at \$2,049,000, \$1,569,000 and \$883,000 respectively as at December 31, 2008. The calculation for the amounts reported above use actuarial assumptions that are consistent with those used for calculating accrued pension benefit obligations as disclosed in the Company's 2008 consolidated financial statements. As the assumptions reflect the Company's best estimate of future events, the values shown may not be directly comparable to similar estimates of pension liabilities that may be disclosed by other companies.

The following table shows, for each of Messrs Lang, Lancaster and Zakaib, certain information concerning their defined benefit plans.

| Name <sup>(1)</sup>                | Number of years of credited service | Annual benefits payable (\$) <sup>(2)</sup> |           | Accrued obligation at start of year (\$) <sup>(3)</sup> | Compensatory change (\$) <sup>(4)</sup> | Non-compensatory change (\$) <sup>(5)</sup> | Accrued obligation at year end (\$) <sup>(3)</sup> |
|------------------------------------|-------------------------------------|---|-----------|---|---|---|--|
|                                    |                                     | At year end                                 | At age 65 |   |   |   |  |
| Donald G. Lang                     | 26.5                                | 292,000                                     | 331,000   | 2,267,000   | 234,000                                 | (452,000)                                   | 2,049,000  |
| Steven W. Lancaster <sup>(6)</sup> | 31.8                                | 185,000                                     | 185,000   | 1,720,000   | 39,000                                  | (190,000)                                   | 1,569,000  |
| Richard J. Zakaib                  | 25.8                                | 144,000                                     | 151,000   | 1,206,000   | (270,000) <sup>(7)</sup>                | (53,000)                                    | 883,000  |

NOTES:

- (1) Mr. Martin, Mr. Taño, Mr. Pedroli and Ms. Vaidyanathan are not members of the defined benefit plan.
- (2) The annual benefit shown in the column headed "Annual Benefits Payable – At Year End" shows the accrued benefit based on an average the executive's five highest consecutive years' base salaries (final average earnings) and credited service as at December 21, 2008, capped at 30 years, without early retirement adjustments. The annual benefits shown in the column headed "Annual Benefits Payable – At Age 65" show the accrued benefit based on the executive's final average earnings and credited service as at the executive's attainment of age 65, capped at 30 years service.
- (3) Actuarial assumptions utilized in determining the Accrued Obligations are the same as those used for purposes of the 2008 pension accounting disclosure.
- (4) Compensatory change includes the service cost for 2008 and any difference between estimated and actual earnings.
- (5) Non-compensatory changes to the 2008 obligation include amounts contributable to changes in the actuarial assumptions.
- (6) The pension arrangement for Mr. Lancaster will be amended in 2009 to remove the service cap of 30 years, to permit Mr. Lancaster's full service to be applied in the calculation of his pension benefit. The effect of this amendment is estimated to increase his annual pension benefit of \$185,000 to \$196,000. The impact on the accrued benefit obligation will be reflected in the 2009 fiscal year.
- (7) The negative value reported recognizes Mr. Zakaib's actual 2008 earnings and the change in his employment status.

### Defined Contribution Plans

The Company maintains a 401K defined contribution plan for all employees in the United States in which Mr. Martin, Ms. Vaidyanathan and Mr. Pedroli participate. The plan provides an employer match of 100% for the first 2% of employee contribution and a 50% match of up to 4% of the employee's contribution to the legal maximum. In 2008, the Company contributed \$12,602 (US\$11,822), \$13,561 (US\$12,721), and \$12,743 (US\$11,954) for Mr. Martin, Ms. Vaidyanathan and Mr. Pedroli respectively. The Company maintains a defined contribution pension plan (the "DC Plan") for certain Canadian executives, into which the Company contributes an amount equal to 9% of the executive's base salary up to the maximum permitted by Canadian income tax laws.

### Deferred Compensation Plan

The Company also maintains a deferred compensation plan for certain key executives in which Mr. Martin, Ms Vaidyanathan and Mr. Pedroli participate. The Company contributes a maximum annual company

contribution of 9% of base salary and annual bonus for Mr. Martin, and an annual company contribution of 4% of base salary and annual bonus for Ms Vaidyanathan and Mr. Pedroli. In 2008, the Company contributed \$138,785 (US\$130,192) for Mr. Martin, \$46,844 (US\$43,943) for Ms. Vaidyanathan, and \$46,226 (US\$43,364) for Mr. Pedroli. Contributions to the plan for Mr. Martin are fully vested. In the case of Ms. Vaidyanathan and Mr. Pedroli, immediate vesting occurs on death, disability, or change of control and the contributions vest normally at age 65 with 10 years service. The Human Resources Committee may approve earlier vesting at its discretion. The deferred compensation plan also allows executives to defer up to 20% of salary and 100% of cash bonuses. Elective deferrals vest immediately. The deferred compensation plan is a defined contribution plan. The contributions accrue interest at the rate of 1.5% above the amount paid on United States twenty-year treasury bills established the first day of each plan year, and is attributed to the participant's account monthly. Upon cessation of employment elective deferrals and earnings thereon will be paid in a lump sum in the month of January following the Plan's year end. Participants may elect, however, to receive payment of elective deferrals and earnings thereon in equal instalments over a period of up to 10 years. Vested Company contributions to the Plan will be paid in two substantially equal instalments on the first and second anniversaries of the date on which the participant ceases employment. All contributions vest in the event of change of control of the Company. The Deferred Compensation Plan is an unfunded plan.

The Company provides Mr. Taño with a pension benefit of 9% of base salary and annual bonus. This benefit is funded in part by the DC Plan with the balance being unfunded.

The following table shows, for Messrs Martin, Taño, and Pedroli, and for Ms Vaidyanathan, certain information concerning their registered defined contribution plans, and includes the 401K Plan and the DC Plan described above.

| Name <sup>(1)</sup>  | Accumulated value at start of year (\$) | Compensatory <sup>(2)</sup> (\$) | Non-compensatory <sup>(3)</sup> (\$) | Accumulated value at year end (\$) |
|----------------------|---|----------------------------------|--------------------------------------|------------------------------------|
| Geoffrey T. Martin   | 258,342                                 | 12,602                           | (70,361)                             | 175,379                            |
| Gaston A. Taño       | 0                                       | 5,906                            | 125                                  | 6,031                              |
| Lalitha Vaidyanathan | 240,951                                 | 13,561                           | (83,788)                             | 143,602                            |
| John Pedroli         | 337,393                                 | 12,743                           | (143,053)                            | 181,597                            |

NOTES:

- (1) Messrs. Lang, Lancaster and Zakaib are not members of the defined contribution plans.
- (2) The compensatory value includes any company contribution made to the registered plan during 2008.
- (3) The non-compensatory value represents any employee contributions to the registered plan and any gains or losses incurred on employee and employer contributions.

**TERMINATION AND CHANGE OF CONTROL BENEFITS**

The following table sets forth particulars of any contractual entitlements of Named Executive Officers in the event of the termination of their employment without cause, or in the event of a change of control in the Company.

### Summary Table of Termination and Change of Control Benefits

| Name                 | Circumstances that trigger payment | Estimated incremental payments, payables and benefits | Timing and durations of payments and benefits | How payment and benefit levels are determined  | Any significant conditions or obligations that apply to receiving payments or benefits |
|----------------------|------------------------------------|---|---|--|--|
| Donald G. Lang       | None                               | --  | --  | --   | --   |
| Geoffrey T. Martin   | Termination without cause          | \$2,599,670 <sup>(1)</sup>                            | Paid monthly over 24 months                   | Two times <sup>(2)</sup> total annual compensation, including base salary, target bonus, medical, dental & survivor benefits and company car | Conditional upon observance of non-competition covenant                                |
| Steven W. Lancaster  | None                               | --  | --  | --   | --   |
| Gaston A. Taño       | Termination without cause          | \$489,937   | Paid semi-monthly over 12 months              | One times annual compensation, including base salary, target bonus, medical, dental & survivor benefits, and car allowance                   | Conditional upon observance of non-competition covenant                                |
| Lalitha Vaidyanathan | Termination without cause          | \$151,900   | Paid monthly over 6 months                    | Six months' base salary and medical, dental & survivor benefits  | None   |
| John Pedroli         | None                               | --  | --  | --   | --   |

**NOTES:**

- (1) This calculation is based on a termination in circumstances not involving a change in control.
- (2) In the event that Mr. Martin's employment is terminated within one year of a change of control, he is entitled to three times his total annual compensation, including base salary, target bonus, medical, dental and survivor benefits (See "Change of Control" below.)

The employment of Richard J. Zakaib ended on March 31, 2008. Pursuant to the terms of his employment agreement, Mr. Zakaib will continue to receive salary and benefit continuation valued at \$28,458 per month from March 31, 2008 until March 31, 2010.

#### **Employment Agreements**

The Company does not have a written contract of employment with its Executive Chairman.

The Company entered into an employment agreement with Mr. Martin on May 8, 2008, and with Mr. Zakaib on January 17, 2001. The Company entered into a written contract of employment with Mr. Taño upon his employment, October 15, 2008. The agreements provide for an annual base salary subject to yearly review. In 2008, Mr. Martin's base salary was US\$600,000, Mr. Zakaib's salary was \$289,000 and Mr. Taño's was \$315,000. Pursuant to these agreements, Mr. Martin and Mr. Taño are entitled to participate in the Company's senior management incentive plan and certain long-term incentive programs, as described above. Mr. Martin, Mr. Taño and Mr. Zakaib are entitled to standard benefits of the type normally available to executive officers. The agreements for Mr. Martin and Mr. Zakaib may be terminated for cause as defined in the agreements and they may be otherwise terminated on 24 months' notice. Mr. Taño's agreement may be terminated for cause as defined in the agreement and otherwise terminated on 12 months notice. Ms. Vaidyanathan, who does not have a formal employment agreement, is also entitled to participate in incentive and benefit plans as described above and has a commitment from the Company that in the event of termination without cause she will receive up to six months' salary continuation. The agreements contain standard non-competition and non-solicitation provisions. Mr. Lancaster has not entered into an employment

agreement with the Company and intends to retire at the end of December 2009. Mr. Pedrolì does not have an employment agreement.

## Change of Control

By the terms of his employment agreement, Mr. Martin is entitled to 24 months of severance should his employment be terminated without cause. In the event that Mr. Martin's employment is terminated without cause within one year after a change of control of the Company, he is entitled to receive 36 months severance (approximately \$3,899,505) in lieu of 24 months. None of the other named executive officers are, by the terms of their employment agreements, entitled to any incremental payments or benefits upon a change of control.

In the event of change of control the Company will pay to Mr. Lang and Mr. Lancaster 50% of their SERP value increased in consideration of the applicable tax. The remaining 50% of the SERP will be paid, or will continue to be paid, as a pension benefit upon or during retirement.

## COMPENSATION OF DIRECTORS

During the financial year ended December 31, 2008, directors' fees were paid to the directors of the Company other than Donald Lang and Geoffrey Martin on the basis of a retainer of \$40,000 per annum and \$2,000 per meeting attended of the Board of Directors and of each Committee of the Board of Directors. The former Chairman of the Board, Jon Grant, received an additional honorarium of \$100,000 for his service as Chairman and subsequently as lead director for the balance of the year after May 8, 2008. Committee Chairpersons receive an annual retainer of \$7,500, except for the Chairman of the Audit Committee, who received an annual retainer of \$12,500. Fees paid for attendance at telephone meetings were \$1,000 per director per meeting. Directors are also entitled to be reimbursed for their reasonable out-of-pocket expenses incurred in the business of the Company. Directors were paid the foregoing sums in the currency of their place of residence. No compensation was granted to directors in the form of options to purchase Class B non-voting shares in 2008. Donald Lang and Geoffrey Martin received no fees in their capacity as directors. They received options only in their capacity as officers of the Company. The Company has no retirement policy or retirement compensation plan for directors. The following table sets forth the fees paid to the independent directors of the Company in the 2008 calendar year. Directors who are also officers or employees of the Company do not receive directors' fees.

**2008 Director Compensation Table**

| Director                          | Fees received in cash (\$) | Share-based awards - fees received in DSUs <sup>(1)</sup> (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total <sup>(3)</sup> (\$) |
|-----------------------------------|----------------------------|--|--------------------------|---|--------------------|-----------------------------|---------------------------|
| Paul J. Block                     | 80,483                     | 0  | 0                        | 0   | 0                  | 0                           | 80,483                    |
| Susan J. Cook <sup>(4)</sup>      | 3,198                      | 0  | 0                        | 0   | 0                  | 0                           | 3,198                     |
| Dermot G. Coughlan <sup>(4)</sup> | 7,000                      | 0  | 0                        | 0   | 0                  | 10,000 <sup>(2)</sup>       | 17,000                    |
| Michael T. Cowhig                 | 0                          | 63,960   | 0                        | 0   | 0                  | 0                           | 63,960                    |
| Jon K. Grant                      | 150,000                    | 0  | 0                        | 0   | 0                  | 0                           | 150,000                   |
| Edward E. Guillet                 | 3,198                      | 0  | 0                        | 0   | 0                  | 0                           | 3,198                     |
| Alan D. Horn                      | 0                          | 53,000   | 0                        | 0   | 0                  | 0                           | 53,000                    |
| Stuart W. Lang                    | 55,000                     | 0  | 0                        | 0   | 0                  | 0                           | 55,000                    |
| Douglas W. Muzyka                 | 14,000                     | 40,000   | 0                        | 0   | 0                  | 0                           | 54,000                    |
| Thomas C. Peddie                  | 0                          | 82,500   | 0                        | 0   | 0                  | 0                           | 82,500                    |
| Lawrence G. Tapp <sup>(4)</sup>   | 0                          | 9,000  | 0                        | 0   | 0                  | 10,000 <sup>(2)</sup>       | 19,000                    |

NOTE:

- (1) Several directors received all or part of their fees in deferred share units ("DSUs") as described below. The amount shown reflects the aggregate of the amounts credited to such directors' DSU accounts on the dates for payment of directors' fees during 2008, and is valued in Canadian dollars.
- (2) Charitable donations made by the Corporation on behalf of Mr. Coughlan and Mr. Tapp on their retirement from the Board of Directors.
- (3) Compensation for Mr. Block, Ms. Cook, Mr. Cowhig and Mr. Guillet was paid or payable in US dollars. Such amounts were translated into Canadian dollars based on the Bank of Canada average year-to-date exchange rate as of December 31, 2008, of US\$1.00 = C\$1.0660.

(4) Mr. Coughlan, Ms. Cook and Mr. Tapp retired from the Board in May 2008.

## DSU Plan

The Company has adopted a deferred share unit (“DSU”) plan, which was approved by the shareholders of the Company on May 6, 2004 (the “DSU Plan”).

Under the terms of the DSU Plan, non-employee members of the Board of Directors may elect to receive, in lieu of cash remuneration that would otherwise be payable to such directors or any portion thereof, the number of DSUs equivalent to such cash remuneration. A DSU is a bookkeeping entry equivalent to one Class B non-voting share. The number of DSUs credited to an account maintained for each participating director is calculated by dividing cash remuneration by the fair market value of a Class B non-voting share of the Company’s capital stock on the date of issue of the DSU. DSUs cannot be redeemed or paid-out until such time as the director ceases to be a director. A DSU entitles the holder to receive, on a deferred payment basis, either the number of Class B non-voting shares of the Company equating to the number of his or her DSUs, or, alternatively, at the election of the Company, a cash amount equal to the fair market value of an equal number of Class B non-voting shares of the Company on the date of notification of redemption. Upon a person ceasing to be a director, such person will have until December 31 of the calendar year following his or her retirement from the Board to redeem his or her DSUs. Directors electing to participate in the DSU Plan are awarded DSUs on a quarterly basis in lieu of all or part of the fees owing to them. The number of DSUs awarded corresponds to the market price of the Company’s Class B non-voting shares on the date of the grant. For purposes of the DSU Plan, “fair market value” at any date will equal the closing value of Class B non-voting shares of the Company on the TSX on the issue date of the DSUs or the date of notification of redemption of the DSUs, as applicable.

Class B non-voting shares required to satisfy redemptions of DSUs in shares under the terms of the DSU Plan will be purchased in the open market by the Company for redeeming holders of DSUs. The DSU Plan is unfunded.

## OPTION-BASED AWARDS TO DIRECTORS

Share-based and option-based awards to Directors have been discontinued since 2004, and no such awards were issued to Directors in 2008. Information relating to share-based and option-based awards to Directors outstanding at the end of the most recently completed financial year is set forth in the table below. Share-based and option-based awards to Directors who are also Named Executive Officers are described above under the heading “Incentive Plan Awards.” A description of the Employee Share Option Plan, pursuant to which the options described in the table below were granted is set forth under the heading “Stock Option Plan”. No options granted to Directors vested in 2008. The Directors do not participate, as Directors, in any share-based awards.

### Outstanding Share-Based Awards and Option-Based Awards to Directors as of December 31, 2008

| Name           | Option-based Awards                                     |                            |                        |   | Share-based Awards   |  |
|----------------|---|----------------------------|------------------------|---|--|--|
|                | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Jon K. Grant   | 37,300  | 15.35                      | May 24, 2009           | 359,945   | 0  | 0  |
|                | 10,000  | 12.50                      | December 1, 2009       | 125,000   |  |  |
|                | 10,000  | 8.35                       | November 1, 2010       | 166,500   |  |  |
|                | 10,000  | 12.55                      | December 4, 2011       | 124,500   |  |  |
|                | 10,000  | 18.51                      | December 4, 2012       | 64,900  |  |  |
| Stuart W. Lang | 14,000  | 12.50                      | December 1, 2009       | 175,000   | 0  | 0  |
|                | 14,000  | 8.35                       | November 1, 2010       | 233,100   |  |  |
|                | 14,000  | 12.55                      | December 4, 2011       | 174,300   |  |  |
|                | 5,000   | 18.51                      | December 4, 2012       | 32,450  |  |  |

NOTES:

- (1) Value of unexercised options is the difference between the option exercise price and \$25.00, the closing price of the Company's Class B non-voting shares on December 31, 2008.

**Indebtedness of Directors and Executive Officers to the Company and its Subsidiaries Under Securities Purchase and Other Programs**

The following tables set forth the indebtedness (other than routine indebtedness as defined in Form 51-102F5) incurred by all current and former directors, officers and employees of the Company and its subsidiaries for the purchase of securities of the Company and for other purposes as of February 28, 2009.

**Aggregate Indebtedness**

| Purpose         | To the company or its subsidiaries | To another entity |
|-----------------|------------------------------------|-------------------|
| Share purchases | \$1,218,303                        | 0                 |
| Other           | \$1,909,012                        | 0                 |

**Executive Share Purchase Plan**

Effective November 8, 1999, the Company established an executive share purchase plan (the "ESPP"), which was discontinued in December 2001. The purpose of the ESPP was to assist senior officers and executives of the Company and its subsidiaries to invest in Class B non-voting shares of the Company through the provision of loans to acquire shares in the Company. Loans under the ESPP do not bear interest and are secured by a pledge in favour of the Company of the Class B non-voting shares acquired under the ESPP pursuant to the loans. Subject to repayment on termination of employment, the loans have a ten-year term. They are otherwise repayable within 18 months of termination of employment without cause or at the time of disposal of the shares purchased, whichever is earlier. In addition, the loans are repayable on a proportionate basis upon the sale by a participant in the ESPP of any shares acquired with loans under the ESPP, that is, if half of the shares are sold, half of the loan is repayable. Should the proceeds realized on the sale of such shares be less than the amount of the loan, 50% of the shortfall will be forgiven by the Company. No shares have been acquired under the ESPP since it was discontinued on December 31, 2001. For particulars of loans outstanding under the ESPP for the financial year ended December 31, 2008, please see the table below.

**Indebtedness of Directors and Executive Officers  
under Securities Purchase and Other Programs**

| Name and principal position as at December 31, 2008   | Involvement of company or subsidiary | Largest amount outstanding during 2008 | Amount outstanding as at February 28, 2008 | Financially assisted securities purchases during 2008 | Security for indebtedness        | Amount forgiven during 2008 |
|---|--------------------------------------|--|--|---|----------------------------------|-----------------------------|
| <i>Securities Purchase Programs</i>   |                                      |  |  |   |                                  |                             |
| Geoffrey T. Martin<br><i>President and Chief Executive Officer</i>                          | Company (lender)                     | \$262,800 (US\$246,530)                | \$262,800 (US\$246,530)                    | 0   | 25,000 Class B non-voting shares | 0                           |
| Steven W. Lancaster<br><i>Executive Vice President</i>                                      | Company (lender)                     | \$341,624                              | \$341,624                                  | 0   | 25,000 Class B non-voting shares | 0                           |
| Janis M. Wade<br><i>Senior Vice President, Human Resources and Corporate Communications</i> | Company (lender)                     | \$341,624                              | \$341,624                                  | 0   | 25,000 Class B non-voting shares | 0                           |
| Richard J. Zakaib<br><i>Formerly Senior Vice President, Corporate Development</i>           | Company (lender)                     | \$341,624                              | \$341,624                                  | 0   | 25,000 Class B non-voting shares | 0                           |
| <i>Other Programs</i>   |                                      |  |  |   |                                  |                             |
| Geoffrey T. Martin<br><i>President and Chief Executive Officer</i>                          | Company (lender)                     | \$1,567,333                            | \$1,606,093 <sup>(1)</sup>                 | 0   | none                             | 0                           |

NOTES:

- (1) This entry concerns a bridge loan granted to Mr. Martin to assist him with an income tax assessment incurred on the vesting of 123,334 RSUs in March of 2008. The loan was at 5% interest until December 31, 2008, as of which date it was adjusted to 4.72% until maturity. The loan is repayable by December 31, 2009. The loan is not secured.

**DIRECTORS' AND OFFICERS LIABILITY INSURANCE**

As of July 8, 2008, the Company had purchased policies of insurance for the benefit of itself and its directors and officers against liability incurred by them in the performance of their duties as directors or as officers of the Company. The cumulative amount of the premium paid in respect of this policy in 2008 was \$191,000. The policies do not specify that any part of the premium is paid in respect of either directors as a group or officers as a group. The entire premium is paid by the Company. The aggregate amount of coverage under the policies is \$50,000,000 in respect of any one occurrence. By the terms of the policies, the Company may claim for 100% of the loss, up to the policy aggregate, over and above the first \$250,000, such \$250,000 being the deductible for the Company under the primary policy. In addition, in certain limited circumstances where complete indemnity of the director or officer by the Company is not possible, the director or officer may claim on the policies for 100% of the loss, without a deductible being applicable. The policy contains standard industry exclusions and no claims have been made to date.

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Company has a formalized system of corporate governance practices set forth in its "Statement of Governance Policies." These policies include a written charter for the Board of Directors and each Committee of the Board as well as a description of the roles and responsibilities of the Executive Chairman of the Board and of the President and Chief Executive Officer of the Company. The Board of Directors has also approved

a code of business conduct and ethics, and a formal, written communications and public disclosure policy. The full text of the Statement of Governance Policies and the code of business conduct and ethics may be viewed on the Company's website at [www.cclind.com](http://www.cclind.com).

On June 30, 2005, the Canadian Securities Administrators published National Policy 58-201, *Corporate Governance Guidelines*, and disclosure requirements in National Instrument 58-101, *Disclosure of Corporate Governance Practices* (the "Instrument"). The requirements of the Instrument are set forth in the table below. The requirements for audit committees are regulated by Multilateral Instrument 52-110, *Audit Committees*.

| INSTRUMENT REQUIREMENTS   | COMMENTS   |
|---|--|
| Disclose the identity of directors who are independent.   | Paul J. Block, Michael T. Cowhig, Jon K. Grant, Edward E. Guillet, Alan D. Horn, Douglas W. Muzyka and Thomas C. Peddie.   |
| Disclose the identity of directors who are not independent, and describe the basis for that determination.  | <p>Donald G. Lang, Stuart W. Lang and Geoffrey T. Martin.</p> <p>The Company has a significant shareholder, 1281228 Ontario Inc., of which Donald G. Lang and Stuart W. Lang are directors, officers and shareholders. Donald G. Lang is Executive Chairman of the Company and Stuart W. Lang has a direct family relationship with him.</p> <p>Geoffrey T. Martin is the President and CEO of the Company.</p>  |
| Disclose whether or not a majority of directors are independent.  | A majority of the directors are independent.   |
| If a director is presently a director of any other issuer that is a reporting issuer in a Canadian jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.   | <p>Michael T. Cowhig – Newell Rubbermaid, Inc.;</p> <p>Edward E. Guillet – Waste Connections, Inc.;</p> <p>Alan D. Horn – Rogers Communications Inc., March Networks Corporation and Fairfax Financial Holdings Limited</p> <p>Donald G. Lang – AGF Management Ltd.;</p>   |
| Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. | Prior to or immediately following meetings of the Board and its Committees, there is generally a private session restricted to independent directors from which non-independent directors and management are excluded to permit independent directors to discuss any matters of concern <i>in camera</i> . There were eight meetings of the Board of Directors held during 2008 in respect of which <i>in camera</i> meetings of independent directors were held at six of them.   |
| Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.  | <p>The Executive Chairman of the Board is not an independent director. The Board has an independent lead director, who is Jon K. Grant. The responsibilities of the lead director include the following:</p> <ul style="list-style-type: none"> <li>(i) To develop the agenda for <i>in camera</i> Board meetings where non-independent Directors and members of Management are excluded;</li> <li>(ii) To act as liaison between Management and the Board where and if required;</li> <li>(iii) To chair Board meetings in the absence of the Executive Chairman;</li> <li>(iv) To consider any other appropriate structures and</li> </ul> |

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|   | <p>procedures to ensure that the Board can function independently of Management;</p> <p>(v) To undertake the lead on any other corporate governance matters that the Board may request from time to time;</p> <p>(vi) To report to the Executive Chairman concerning the deliberations of the independent directors as required;</p> <p>(vii) To provide feedback to the Executive Chairman and act as a sounding board with respect to strategies, accountability and other issues; and</p> <p>(viii) To review and approve the travel and entertainment expenses of the Executive Chairman.</p>                                 |
| Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.   | All directors attended 100% of the board meetings with the exception of Mr. Michael Cowhig (75%), Mr. Geoffrey Martin (87.5%) and Mr. Douglas Muzyka (75%). Please refer to the tables set forth under the heading "Election of Directors", above.  |
| Disclose the text of the board's written mandate.   | Please see the Board's mandate, set forth below under the title "The Charter of the Board".   |
| Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee.  | The position descriptions for the chair and the chair of each Board Committee are set out in the Statement of Governance Policies, which is available on the Company's website, at <a href="http://www.cclind.com">www.cclind.com</a> .   |
| Disclose whether or not the board and the CEO have developed a written position description for the CEO.  | The position description for the CEO is set out in the Statement of Governance Policies.  |
| Briefly describe what measures the board takes to orient new directors regarding (i) the role of the board, its committees and its directors, and (ii) the nature and operation of the issuer's business.   | Upon election to the Board, new directors receive a comprehensive orientation package including material to assist them in familiarizing themselves with the Company and its business operations. They are introduced to key executives and managers of the Company and tour some representative plants. The Board has instituted a "mentorship" program, pursuant to which new directors are teamed with an experienced member of the Board, who is available to them for consultation as may be required.   |
| Briefly describe what measures, if any, the board takes to provide continuing education for its directors.  | The Nominating and Governance Committee is responsible for developing programs of continuing education for directors. Subject to availability, such programs may include plant visits, attendance at industry association conventions and trade shows, formal courses and presentations by expert speakers.   |
| <p>Disclose whether or not the board has adopted a written code of business conduct and ethics for the directors, officers and employees. If the board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code;</p> <p>(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and</p> | <p>The Board has adopted a written code of business conduct and ethics for its directors, officers and employees.</p> <p>(i) A copy of the code may be viewed on the Company's website at <a href="http://www.cclind.com">www.cclind.com</a> or it may be obtained by contacting the Secretary of the Company at 105 Gordon Baker Road, Suite 500, Willowdale, Ontario M2H 3P8.</p> <p>(ii) The monitoring of compliance with the code is within the mandate of the Human Resources Committee, which is also responsible for administering and granting any waivers in respect of the code. The Human Resources Committee and</p> |

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| <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>                               | <p>the Audit Committee receive the report of the Senior Vice President, Human Resources and Corporate Communications, regarding any matters or issues involving the code.</p> <p>(iii) Not applicable.</p>  |
| <p>Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>   | <p>Should any matter arise in which a director has a material interest, he or she is expected to declare his or her interest and absent himself or herself from the discussion and voting over such matter.</p>   |
| <p>Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.</p>   | <p>The Board and the CEO have reviewed and approved the Code of Business Conduct and Ethics and management has been charged with the responsibility of distributing and promulgating the code among the Company's employees. Distribution of the code is accompanied by explanatory presentations. All head office employees and key management employees at each location are asked to provide a written acknowledgement that they have reviewed and understood the code, and the general manager of each location is asked to acknowledge in writing that he/she has ensured that every other employee in his or her charge has received a detailed presentation of the code. The code provides for an anonymous, company-wide "ethics hotline" for reporting breaches of the code and any issues relating to accounting and financial wrong-doing.</p> |
| <p>Describe the process by which the board identifies new candidates for board nomination.</p>  | <p>The Nominating and Governance Committee has developed a matrix of skills and competencies represented on the Board and identified such other skills and competencies as may be under-represented. These are used as the basis of further recruitment efforts, which may be conducted by the Nominating and Governance Committee through informal channels and through the use of recruitment agencies.</p>   |
| <p>Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p> | <p>The Board has a Nominating and Governance Committee composed entirely of independent directors.</p>  |
| <p>If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.</p>  | <p>Please see the text of the charter of the Committee set forth below under the title "Charter of the Nominating and Governance Committee."</p>  |
| <p>Describe the process by which the board determines the compensation for the issuer's directors and officers.</p>   | <p>The Nominating and Governance Committee is responsible for determining the compensation of directors, and the Human Resources Committee is responsible for determining the compensation of the Company's officers. Compensation is determined using comparative data and considering the level of experience and the performance of the individual. The Human Resources Committee makes use of comparative total compensation data received from independent consulting firms. Where appropriate, bonuses are paid as a percentage of salary based on</p>  |

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|  | the achievement of certain targets. Please refer to the “Compensation Discussion and Analysis,” set forth above for a detailed discussion.  |
| Disclose whether or not the board has a compensation committee composed entirely of independent directors.   | The Board has a Human Resources Committee, which fulfills the role of a compensation committee. It is composed entirely of independent directors.   |
| If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.  | Please refer to the mandate of the Committee set forth under the title “Charter of the Human Resources Committee” set forth below.  |
| If a compensation consultant or advisor has, at any time since the beginning of the issuer’s most recently completed financial year, been retained to assist in determining compensation for any of the issuer’s directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work. | Watson Wyatt Worldwide, Inc. was retained to provide comparative salary information, to consult on pension matters and provide specific information relating to the Company’s pension expenses. Buck Consultants were also retained to update information provided in earlier years pertaining to the compensation of certain executives.   |
| If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.  | The Board has an Environment and Health & Safety Committee, the function of which is to provide a forum for detailed discussion, examination and review of the Company’s needs and practices in matters pertaining to regulatory compliance in the areas of environmental control and occupational health and safety and to consider and approve new measures, practices and procedures in these areas. For further details, please see the mandate of the Committee set forth under the title “Charter of the Environment and Health & Safety Committee,” below.   |
| Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.   | The Nominating and Governance Committee initiates, every second year (or more frequently, as the Board may determine from time to time), a formal assessment by an outside consultant of the Board as a whole, which assessment may include an evaluation of the Board’s Committees and of each individual director. One-on-one interviews are then conducted annually by the lead director with each director to review the formal assessment, both of the performance of the board and of the directors themselves, to solicit the director’s views on the effectiveness of the Board, the Committees and the individual directors and to receive each director’s recommendations. In addition, the Board annually assesses the performance of the CEO. |

### **Audit Committee**

For disclosure regarding the Company’s Audit Committee, please refer to the section entitled “Item 14– Audit Committee” in the Company’s 2008 Annual Information Form. To obtain a copy of the Annual Information Form, please refer to the information set forth under the title “Additional Information” below.

### **The Charter of the Board**

The following is the written mandate of the Board. Certain responsibilities may be delegated to the Board’s

Committees as permitted by law.

- Advocate and support the best interests of the Company.
- Annually review and approve strategic, business and capital plans for the Company, monitor management's execution of such plans and require appropriate action to be taken when performance falls short of goals; review at least annually a strategic plan which takes into account the opportunities and risks of the business.
- Ascertain whether specific and relevant corporate measurements are developed and ensure the integrity of the internal control and management information systems that are in place with regard to business performance.
- Select, evaluate and compensate the Executive Chairman and the CEO.
- Satisfy itself of the integrity of the Executive Chairman and the CEO, and other senior officers, and that these individuals create a culture of integrity throughout the Company.
- Identify and review the principal risks of the Company's business and pursue the implementation by management of appropriate systems to manage such risks.
- Review measures implemented and maintained by the Company to ensure compliance with statutory and regulatory requirements.
- Monitor the practices of management against the Company's disclosure policy to ensure appropriate and timely communication of material information concerning the Company to its shareholders.
- Monitor overall safety and environmental programs.
- Monitor the development and implementation of programs for management succession and development, which programs include training and monitoring senior management.
- Monitor the evaluation and compensation of senior management.
- Develop or approve selection criteria for new candidates for directorship.
- Implement measures for receiving feedback from shareholders, including the monitoring of the use of the Company's website as a means of receiving and responding to comments and questions from interested persons.
- Establish and communicate to management the Board's expectations of management.
- Develop the Company's approach to corporate governance, including the development of a set of corporate governance principles and guidelines that are specifically applicable to the Company, which responsibility may be delegated to a committee composed of independent, non-management directors.
- Develop and review as part of the Board's Governance Policy, the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.
- Discharge such other duties as may be required in the good stewardship of the Company.

#### *Board Approvals*

In addressing its mandate, the Board assumes responsibility for the following approvals:

Financial Approvals:

- Strategic plan, annual business and capital plans
- Annual financial statements and auditor's report
- Quarterly financial statements and press release
- Budgeted capital expenditures in excess of \$4,000,000
- Unbudgeted capital expenditures in excess of \$2,000,000
- All acquisitions, divestitures and joint ventures, and any capital calls or further investments in joint ventures and trade investments
- Significant refinancings by debt or equity
- Dividend policy
- Share re-purchase programs

#### Human Resources Approvals:

- Appointment/succession/dismissal of the Executive Chairman or the CEO
- Directly or by delegation to the Human Resources Committee:
  - (a) compensation and incentive arrangements for Executive Chairman and the CEO and those officers reporting directly to the CEO; and
  - (b) employment/termination agreements for corporate officers reporting directly to the CEO.

#### Administration and Compliance Approvals:

- Appointment of Board Committees and their chairs
- Nomination of directors
- Recommendation of auditors to the shareholders
- Proxy Circular, Management's Discussion and Analysis, and Annual Information Form
- Appointment of Executive Chairman
- Major policies

### **Board Committees**

In order to more efficiently discharge its responsibilities, the Board has established an Audit Committee, a Human Resources Committee, a Nominating and Governance Committee, and an Environment and Health & Safety Committee, the charters or mandates of which are set forth below. The Board appoints a chair for each of these Committees. The chair of each Committee is an independent director. The chair of each Committee directs the operations of the Committee through the establishment of the agenda for meetings, which are called at regular intervals and as may be required from time to time. The chair of each Committee reports on the activities of the Committee at Board meetings. Each Committee has the authority to engage, instruct and compensate, at the Company's expense, any outside advisor it determines to be necessary to carry out its responsibilities.

### **Charter of the Audit Committee**

The principal purpose of the Audit Committee is to provide a forum for detailed discussion, examination and review of the Company's auditing needs, financial reporting and information systems activities and the selection, instruction, evaluation and compensation of external and internal auditors of the Company and external providers of financial and information management systems services to the Company. Qualifications for membership in the Audit Committee include independent status pursuant to National Instrument 52-110 ("NI 52-110"), financial literacy and an interest in supervising the financial management and reporting of the Company. Members of the Committee are selected and removed by a vote of the Board. The structure of the Committee consists of a chairperson and three directors appointed by the Board. In accordance with NI 52-110, the Audit Committee must be composed of a minimum of three directors, each of whom must be independent and "financially literate," meaning possessed of the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. The Senior Vice President and Chief Financial Officer (the "CFO") acts as

staff facilitator to the Committee. The Audit Committee has the authority to engage, instruct, compensate and to communicate directly with the internal and external auditors. The mandate of the Audit Committee of the Board is as follows:

- Review the quality and acceptability of the accounting policies, principles and practices of the Company.
- Review the quarterly and year-end financial statements, Management's Discussion and Analysis, and earnings press releases of the Company before the Company publicly discloses this information, and report its findings for approval to the Board. In addition, the Audit Committee shall review the annual Management Proxy Circular and the Annual Information Form of the Company and ensure that the prescribed disclosure regarding the Audit Committee is contained in the Annual Information Form and is cross-referenced to the Annual Information Form from the Management Proxy Circular.
- Monitor the adequacy and integrity of internal controls over accounting and financial systems and ensure that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure stated immediately above, and periodically assess the adequacy of those procedures.
- Monitor the timely communication of accurate financial information regarding the Company to the shareholders.
- Evaluate and recommend to the Board the auditor to be nominated to prepare or issue an audit report or perform other audit, review or attestation services for the Company, and the compensation of the auditor. Ensure that the auditor reports directly to the Audit Committee.
- Monitor the independence of the auditor, and assume direct responsibility for overseeing the work of the auditor engaged to prepare or issue an audit report or perform other audit, review or attestation services for the Company, including the resolution of disagreements between management and the auditor regarding financial reporting and communicate directly with the auditor for the discussion and review of any issues as appropriate. In addition, the Audit Committee shall require and receive from time to time the written confirmation of the auditor as to its independent status and as to its good standing with the Canadian Public Accountability Board.
- Pre-approve all non-audit services to be provided to the Company or its subsidiary entities by its auditor. Authority to pre-approve non-audit services may be delegated to one or more independent members of the Audit Committee, provided that the pre-approval is presented to the full Audit Committee at its first scheduled meeting following such pre-approval.
- Review the results of internal and external audits, and any change in accounting practices or policies and their impact on the financial statements and maintain oversight responsibility for management reporting on internal control.
- Review the reports of the internal audit department of the Company and provide direction and guidance to the internal auditors.
- Where there are unsettled issues raised by the auditor that do not have a material affect on the annual audited financial statements, require that there be a written response identifying a course of action that would lead to their resolution.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review and approve the Company's hiring policies regarding partners and employees and former partners and employees of the present and former auditor of the Company.

- Review and monitor the adequacy and integrity of the Company's management information systems.
- Monitor the adequacy of financial resources.
- Review the quality of the asset side of the balance sheet of the Company.
- Review risks facing the Company.
- Review and assess the adequacy of the charter of the Audit Committee on an annual basis.

### **Charter of the Human Resources Committee**

The principal purpose of the Human Resources Committee is to provide a forum for detailed discussion, examination and review of the Company's needs and practices in the selection, evaluation and compensation of officers and employees. Qualifications for membership in the Human Resources Committee include status as an independent director and an interest in human resources development and administration. Members of the Committee are selected and removed by a vote of the Board. The structure of the Committee consists of a chairperson and one director appointed by the Board. The Senior Vice President, Human Resources and Corporate Communications, acts as secretary and staff facilitator to the Committee. The mandate of the Human Resources Committee of the Board is as follows:

- Consider and recommend executive compensation programs including base salaries, short-term and long-term incentives, bonuses, security-based compensation, and pension and perquisite programs. These programs should be linked with the Company's business strategy and performance.
- Monitor succession planning to encourage the development of appropriate successors for the CEO and key executives as identified from time to time by the Committee.
- Annually consider and approve recommended corporate salary guidelines.
- In consultation with the Executive Chairman of the Board, review and approve the corporate goals and objectives relevant to the compensation of the CEO, evaluate his performance in light of those corporate goals and objectives and make recommendations to the Board with respect to his compensation level based on this evaluation.
- Approve any changes to officers reporting directly to the CEO.
- Annually consider and approve the compensation packages for senior corporate officers and inform the Board accordingly.
- Make recommendations to the Board with respect to non-chief executive officer incentive compensation and equity-based plans.
- Annually review the performance of officers reporting directly to the CEO relative to performance and compensation.
- Consider and approve employment and termination agreements for officers reporting directly to the CEO.
- Approve pension plan amendments that do not materially alter plan liabilities or reflect changes in the Company's policy towards retirement benefits, and recommend to the Board for approval those amendments that reflect material changes.
- Review and recommend for approval by the Board any newly created pension plans, registered or unregistered, or the wind-up of any existing plan.
- Monitor the activities of the Pension Committee. Annually review funding and administration of the

Company's pension plans and fund performance as reported by the Pension Committee and approve any material changes to the Company's Statement of Investment Policies and Procedures, which governs pension fund investment strategy.

- Compensation advisors in respect of executive compensation may be retained only by or at the direction of the Human Resources Committee or the Board. No officer or employee may retain such consultants on his or her own initiative.
- Review executive compensation disclosure before the Company publicly discloses this information.
- Review and reassess the adequacy of the charter of the Human Resources Committee on an annual basis.
- Monitor the operation of the Company's Code of Business Conduct and Ethics, consider and approve any waivers of compliance with the Code and report to the full Board concerning same.

### *Composition and Independence of the Human Resources Committee*

During the financial year of the Company ending December 31, 2008, the Human Resources Committee consisted only of independent directors; initially, Ms. Susan J. Cook Chair, Mr. Paul J. Block and Mr. Michael Cowhig and Mr. Dermot G. Coughlan. Ms. Cook resigned as Director with effect from August 6, 2008 and Mr. Coughlan retired his directorship on May 8, 2008. Mr. Block assumed the Chair of the Committee on the resignation of Ms. Cook. Mr. Edward E. Guillet was appointed to the Human Resources Committee on November 5, 2008. Although Mr. Block and Mr. Cowhig have been chief executive officers of unrelated companies, neither Mr. Block nor Mr. Cowhig has served as a chief executive officer of a company with active operations in the last three years.

### *Succession Planning*

The Human Resources Committee meets on an annual basis to formally review the Company's succession planning process and the specific plans for the President and CEO and for certain positions designated by the Human Resources Committee and the President and CEO.

### *Human Resources Consulting Fees*

As provided in its mandate, the Human Resources Committee has the authority to retain an independent consultant to assist them with executive compensation matters. In 2008, the Committee retained the services of Buck Consultants to advise the Board with respect to executive compensation. The Company also retained Watson Wyatt Worldwide, Inc. for administration and consulting in regard to its executive pension plan and non-officer compensation. In 2007 and 2008, the Company's costs were \$82,798 and \$28,922, respectively.

### **Charter of the Nominating and Governance Committee**

The purpose of the Nominating and Governance Committee is to provide a forum for detailed discussion, examination and review of the Company's needs in the selection of directors and the formation of the Committees of its Board as well as of its governance policies and practices. Qualifications for membership in the Committee include status as an independent director and an interest in the development of corporate governance practices and procedures. Members of the Committee are selected and removed by a vote of the Board. The structure of the Committee consists of a chairperson and two directors appointed by the Board. The Secretary and General Counsel of the Company acts as secretary and staff facilitator to the Committee. The mandate of the Nominating and Governance Committee of the Board is as follows:

- Lead the process of recruiting, interviewing and recommending candidates to the Board. Propose new nominees for directorship to the full Board, as required.
- Develop and maintain a matrix of the skills, competencies and requirements represented on the Board and those to be sought in candidates for directorship that would be helpful to the Board and

the Company, as well as a list of potential candidates for directorship responsive to such matrix of skills and needs, and consider whether each new nominee can devote sufficient time and resources to his or her duties as a Board member.

- Annually recommend membership of the Board Committees and their respective chairs to the Board for approval.
- Monitor the orientation and training of new directors, and provide guidance for the establishment and operation of a continuing education program for directors.
- Facilitate the assessment of the performance of the Board, its Committees and of individual directors through the administration of a periodic assessment exercise, and present the results to the Board.
- Annually assess the Company's compliance with the governance and disclosure guidelines of the Ontario Securities Commission.
- Annually assess the adequacy of the Company's Statement of Governance Policies and its Disclosure Policy, and propose any appropriate amendments to the Board.
- Review annually and recommend any changes in the compensation for directors.
- Review and reassess the adequacy of the charter of the Nominating and Governance Committee on an annual basis.

#### **Charter of the Environment and Health & Safety Committee**

The purpose of the Environment and Health & Safety ("EHS") Committee is to provide a forum for detailed discussion, examination and review of the Company's needs and practices in matters pertaining to regulatory compliance in the areas of environmental control and occupational health and safety and to consider and approve new measures, practices and procedures in these areas. Qualifications for membership in the EHS Committee include an interest in matters of environmental protection and occupational health and safety. Members of the Committee are selected and removed by a vote of the Board. The Committee consists of a chairperson appointed by the Board and two directors. The Vice President Risk and Environmental Management of the Company acts as secretary and staff facilitator to the Committee. The mandate of the EHS Committee of the Board is as follows:

- Review regularly the EHS auditing procedure in place to monitor the effectiveness of compliance systems and procedures, and amend audit protocols as needed.
- Review significant compliance and other issues brought forward by the EHS officer and direct senior management to take adequate steps to correct the situation and report back on completion.
- Verify whether all Company operations have appropriate written contingency plans to deal with EHS incidents.
- Require that the Company have a documented system requiring the prompt reporting of significant events as defined in the CCL contingency plan.
- Monitor continuing commitment to EHS policy by senior management.
- Review status of significant environmental issues on an on-going basis.
- Review environmental liabilities and assessment of reserve requirements annually, and provide comment to the Audit Committee as necessary.
- Approve the winners of the annual EHS Awards.

- Review and reassess the adequacy of the charter of the EHS Committee on an annual basis.

### Composition of Board and Committees

The Board presently has seven independent directors out of a total of ten directors, and the Company will seek to maintain a ratio of independent to non-independent directors of 2/3 or greater. The roles of the Executive Chairman of the Board and of the CEO are separate, and the Board has a lead director who is an independent director. A “board interlock” occurs where there are reciprocal directorships between the boards of two companies, as when a member of one Company’s board sits on the board of another Company, while another director of that other Company sits on the board of the first Company, other than in a parent/subsidiary situation. There are no board interlocks involving the Company’s Board of Directors and the Board of Directors of any other Company.

The Committees of the Board of Directors are made up of the directors appearing in the table below. Chairpersons of Board Committees are marked with a “C”.

| Director   | Audit Committee | Human Resources Committee | Nominating and Governance Committee | Environment and Health & Safety Committee |
|------------|-----------------|---------------------------|-------------------------------------|---|
| P. Block   | X               | C                         |                                     |   |
| M. Cowhig  |                 | X                         |                                     |   |
| J. Grant   |                 |                           | C                                   | X   |
| E. Guillet |                 | X                         |                                     |   |
| A. Horn    | X               |                           | X                                   |   |
| S. Lang    |                 |                           |                                     | X   |
| D. Muzyka  |                 |                           |                                     | C   |
| T. Peddie  | C               |                           | X                                   |   |

### Share Ownership Requirements

Each director is expected to acquire shares or deferred share units of the Company valued by the market as at the date of the director’s initial appointment or election at not less than twice his or her annual base retainer in directors’ fees within three years of the director’s initial election or appointment, and to maintain such an interest in the capital of the Company throughout the period of his or her directorship. In the event that the annual base retainer is increased, each director shall have three years from the date of the increase of the retainer to acquire additional shares representing the amount of the increase at market value as of the date of such increase. The Executive Chairman and the CEO, who are also directors, but who receive no retainer as directors, are expected to acquire within three years of their appointments and to hold throughout their term of office, as a minimum, shares of the Company of a value equal to twice their base salaries on the date of their appointments to office. At the commencement of 2008, all Directors were in compliance with this policy. With the recent decline in the market value of the Company’s shares, the Company will permit any of its Directors whose holdings are out of compliance with this policy due to market erosion a period of two years from January 2, 2009 to bring their levels of share ownership back into compliance.

### Disclosure and Communications Policy

The Company has designated four senior officers to facilitate the dissemination of information to shareholders of the Company and other interested parties and to receive feedback from them. The Executive Chairman in consultation with the CEO has responsibility for communicating financial information of the Company to shareholders, the media and the investment community, and for receiving and responding to inquiries and comments from them. The Senior Vice President, Human Resources and Corporate Communications, shares responsibility with the Executive Chairman, the CEO and the CFO for developing the Company’s annual report to its shareholders, and for disseminating general information concerning the activities of the Company. In addition to the foregoing, the Company has established a “Disclosure Committee” made up of key persons within the Company’s internal flow of information to review and verify the information to be disclosed in the Company’s news releases and regulatory filings. The Company provides timely information regarding its activities to its shareholders and others through news releases and the distribution of quarterly and annual

reports, and responds through its appointed officers to inquiries that these documents may generate. The Company's news releases are also posted to its website at [www.cclind.com](http://www.cclind.com). Meetings with analysts and institutional shareholders held at the conclusion of quarterly reporting periods are accessible by conference call on a dial-in basis to interested members of the public.

The Company has a written policy, reviewed annually by the Nominating and Governance Committee, concerning the timely disclosure and dissemination of material information, establishing procedures to avoid selective disclosure and prohibiting the use of material, undisclosed information for purposes of trading in the Company's securities by officers and employees of the Company. To help prevent selective disclosure, the policy requires employees to direct all outside inquiries to the Executive Chairman, the CEO, the CFO or the Senior Vice President, Human Resources and Corporate Communications. In addition, trading in the Company's securities by the Company's officers and directors is restricted for the periods from the time of commencement of the preparation of its quarterly financial statements until the statements have been released to the media and distributed to the public. During such periods, employees involved in the preparation of such statements are required to maintain secrecy and may not trade in the Company's securities. In addition, directors are required to advise the senior management of the Company of any intended trade in the Company's securities, so that a determination can be made as to whether the timing of the trade would be appropriate in view of the Company's policy concerning timely disclosure of material information.

### **External Auditor Service Fees**

The auditor of the Company is KPMG LLP, Chartered Accountants.

*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 were \$1,595,170 in 2008 and \$1,424,400 in 2007.

*Audit-Related Fees* - The aggregate fees billed for assurance and related services by KPMG LLP that are reasonably related to the performance of the audit or review of the financial statements, the audit of the Company's pension plans, the report on compliance with debt covenants, and that are not reported under "Audit Fees" above were \$36,900 in 2008 and \$39,000 in 2007.

*Tax Fees* - The aggregate fees billed for professional services rendered by KPMG LLP and its affiliates for tax compliance, tax advice and tax planning for the Company's Canadian and international operations were \$858,060 in 2008 and \$494,300 in 2007.

*All Other Fees* - KPMG LLP and its affiliates provided actuarial consulting services to the Company and assistance in starting up foreign subsidiaries for \$466,700 in 2008 and \$499,200 in 2007.

### **SHAREHOLDER PROPOSALS FOR THE 2010 ANNUAL MEETING**

The Company will review shareholder proposals intended to be included in proxy material for the 2010 annual meeting of shareholders that are received by the Company at its offices at 105 Gordon Baker Road, Suite 500, Willowdale, Ontario M2H 3P8, Attention: Corporate Secretary, by no later than December 31, 2009.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.cclind.com](http://www.cclind.com). Financial information regarding the Company is provided in the Company's comparative consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the financial year ended December 31, 2008.

Copies of the following documents are available without charge to shareholders upon written request to the Secretary of the Company at 105 Gordon Baker Road, Suite 500, Willowdale, Ontario M2H 3P8, or, following distribution of these materials, they may be obtained from the SEDAR website at [www.sedar.com](http://www.sedar.com), or the Company's website at [www.cclind.com](http://www.cclind.com):

- (i) the 2008 Annual Report to the Shareholders containing the consolidated financial statements for the year ended December 31, 2008 together with the accompanying report of the auditors;
- (ii) MD&A pertaining to the Company's comparative consolidated financial statements;
- (iii) this Management Proxy Circular; and
- (iv) the Company's most recent Annual Information Form.

## **GENERAL**

The information contained herein is given as of March 10, 2009, unless otherwise noted. The contents and the distribution of this Management Proxy Circular have been approved by the directors of the Company.

**DATED** at Toronto, this 10<sup>th</sup>, day of March, 2009.

**By Order of the Board of Directors,**

**Per: B. I. SIROTA,  
Secretary**