

CCL INDUSTRIES INC.
2007 Third Quarter
Consolidated Statements of Earnings and Retained Earnings

Unaudited	Three months ended September 30th			Nine months ended September 30th		
(in millions of Cdn dollars, except per share data)	<u>2007</u>	<u>2006</u>	<u>% Change</u>	<u>2007</u>	<u>2006</u>	<u>% Change</u>
Sales	\$ 331.9	\$ 293.5	13.1	\$ 1,062.2	\$ 903.3	17.6
Income before undernoted items	53.9	46.6	15.7	184.4	151.3	21.9
Depreciation and amortization	21.1	18.1		63.4	54.7	
Interest expense, net	6.2	5.3		19.3	16.2	
	26.6	23.2	14.7	101.7	80.4	26.5
Restructuring and other items - net gain (loss) (note 5)	1.2	(3.7)		0.9	(4.3)	
Earnings before income taxes	27.8	19.5	42.6	102.6	76.1	34.8
Income taxes	4.0	5.9		20.0	23.8	
Net earnings	23.8	13.6	75.0	82.6	52.3	57.9
Retained earnings, beginning of period as reported	524.7	445.0		476.6	413.0	
Transition adjustment on adoption of financial instruments standards, net of tax (note 1)	-	-		(3.0)	-	
Retained earnings, beginning of period as restated	524.7	445.0		473.6	413.0	
Net earnings	23.8	13.6		82.6	52.3	
	548.5	458.6		556.2	465.3	
Less dividends:						
Class A shares	0.3	0.3		0.8	0.7	
Class B shares	3.6	3.3		10.8	9.6	
	3.9	3.6		11.6	10.3	
Retained earnings, end of period	\$ 544.6	\$ 455.0		\$ 544.6	\$ 455.0	
Earnings per share						
Class B	\$ 0.74	\$ 0.43	72.1	\$ 2.56	\$ 1.63	57.1
Class A	\$ 0.73	\$ 0.42		\$ 2.52	\$ 1.59	
Diluted earnings per share						
Class B	\$ 0.71	\$ 0.41	73.2	\$ 2.47	\$ 1.58	56.3
Class A	\$ 0.70	\$ 0.40		\$ 2.43	\$ 1.54	

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2007 Third Quarter
Consolidated Statements of Comprehensive Income

Unaudited	Three months ended September 30th		Nine months ended September 30th	
(in millions of Cdn dollars)	2007	2006	2007	2006
Net earnings	23.8	13.6	82.6	52.3
Other comprehensive income, net of tax:				
Unrealized losses on translation of financial statements of self-sustaining foreign operations	(35.9)	(1.2)	(95.2)	(9.1)
Gains on hedges of net investment in self-sustaining foreign operations, net of tax of \$6.6 million	14.8	9.1	40.1	6.9
Unrealized foreign currency translation, net of hedging activities	(21.1)	7.9	(55.1)	(2.2)
Losses on derivatives designated as cash flow hedges, net of tax	(3.1)	-	(7.1)	-
Losses on derivatives designated as cash flow hedges in prior periods transferred to net earnings in the current period, net of tax of \$0.5 million	3.0	-	6.4	-
Change in losses on derivatives designated as cash flow hedges	(0.1)	-	(0.7)	-
Other comprehensive income (loss)	(21.2)	7.9	(55.8)	(2.2)
Comprehensive income (note 1)	\$ 2.6	\$ 21.5	\$ 26.8	\$ 50.1

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2007 Third Quarter
Consolidated Balance Sheets

Unaudited	September 30th	December 31st	September 30th
(in millions of Cdn dollars)	2007	2006	2006
Assets			
Current assets			
Cash and cash equivalents	\$ 75.8	\$ 125.0	\$ 102.7
Accounts receivable - trade	195.0	178.8	175.8
Other receivables and prepaid expenses (note 1)	27.6	23.1	20.2
Inventories	95.9	98.0	98.2
	<hr/> 394.3	<hr/> 424.9	<hr/> 396.9
Property, plant and equipment	651.9	628.0	562.3
Other assets	27.5	28.9	26.4
Future income tax assets	33.6	32.3	31.1
Intangible assets	34.8	39.5	39.8
Goodwill	416.6	389.0	388.8
Total assets	<hr/> \$ 1,558.7	<hr/> \$ 1,542.6	<hr/> \$ 1,445.3
Liabilities			
Current liabilities			
Bank advances	\$ 10.9	\$ 12.4	\$ 9.5
Accounts payable and accrued liabilities (note 1)	248.5	280.8	219.5
Income and other taxes payable	9.7	13.7	27.1
Current portion of long-term debt	15.5	16.1	17.0
	<hr/> 284.6	<hr/> 323.0	<hr/> 273.1
Long-term debt (note 1)	454.3	413.6	400.2
Other long-term items	48.4	52.3	51.7
Future income taxes	102.4	101.1	111.7
Total liabilities	<hr/> 889.7	<hr/> 890.0	<hr/> 836.7
Shareholders' equity			
Share capital	200.2	197.5	197.3
Executive share purchase plan loans	(1.3)	(1.6)	(1.6)
Shares Held in Trust	(10.1)	(5.6)	(5.6)
Share capital (note 2)	<hr/> 188.8	<hr/> 190.3	<hr/> 190.1
Contributed surplus	7.1	4.2	3.7
Retained earnings	544.6	476.6	455.0
Accumulated other comprehensive loss (notes 1 & 4)	(71.5)	(18.5)	(40.2)
	<hr/> 473.1	<hr/> 458.1	<hr/> 414.8
Total shareholders' equity	<hr/> 669.0	<hr/> 652.6	<hr/> 608.6
Total liabilities and shareholders' equity	<hr/> \$ 1,558.7	<hr/> \$ 1,542.6	<hr/> \$ 1,445.3

See notes to interim consolidated financial statements.

Certain 2006 figures have been restated for comparative purposes.

CCL INDUSTRIES INC.
Nine months ended September 30th
Consolidated Statements of Shareholders' Equity

Unaudited	September 30th	September 30th
(in millions of Cdn dollars)	2007	2006
Total shareholders' equity, beginning of period	\$652.6	\$565.8
Share capital (note 2)		
Class A shares, beginning of period	4.5	4.6
Conversion of class A to class B	-	(0.1)
Class A shares, end of period	4.5	4.5
Class B shares, beginning of period	193.0	191.5
Stock options exercised, class B	2.7	1.2
Conversion of class A to class B	-	0.1
Class B shares, end of period	195.7	192.8
Executive share purchase plan loans, beginning of period	(1.6)	(1.8)
Repayment of executive share purchase plan loans	0.3	0.2
Executive share purchase plan loans, end of period	(1.3)	(1.6)
Shares held in trust, beginning of period	(5.6)	(5.6)
Shares purchased and held in trust	(4.5)	-
Shares held in trust, end of period	(10.1)	(5.6)
Share capital, end of period	188.8	190.1
Contributed surplus		
Contributed surplus, beginning of period	4.2	2.0
Stock option expense	0.7	0.5
Stock based compensation plan	2.2	1.3
Contributed surplus, end of period	7.1	3.7
Retained earnings, beginning of period	476.6	413.0
Transition adjustment on adoption of new accounting standards	(3.0)	-
Net earnings	82.6	52.3
Dividends		
Class A	0.8	0.7
Class B	10.8	9.6
Total dividends, end of period	11.6	10.3
Retained earnings, end of period	544.6	455.0
Accumulated other comprehensive loss (note 4)		
Accumulated other comprehensive loss, beginning of period	(18.5)	(38.0)
Transition adjustment on adoption of new accounting standards	2.7	-
Other comprehensive loss	(55.8)	(2.2)
Accumulated other comprehensive loss, end of period	(71.5)	(40.2)
Total shareholders' equity, end of period	\$669.0	\$608.6

CCL INDUSTRIES INC.
2007 Third Quarter
Consolidated Statements of Cash Flows

Unaudited (in millions of Cdn dollars)	Three months ended September 30th		Nine months ended September 30th	
	2007	2006	2007	2006
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 23.8	\$ 13.6	\$ 82.6	\$ 52.3
Items not requiring cash:				
Depreciation and amortization	21.1	18.1	63.4	54.7
Stock-based compensation	0.8	0.6	2.9	1.7
Future income taxes	(1.9)	0.3	(3.3)	0.6
Restructuring and other items, net of tax (note 5)	-	3.6	(0.2)	6.6
	43.8	36.2	145.4	115.9
Net change in non-cash working capital	10.3	(4.0)	(31.0)	(34.6)
Cash provided by operating activities	54.1	32.2	114.4	81.3
Financing activities				
Proceeds on issuance of long-term debt	1.5	0.1	105.6	202.4
Retirement of long-term debt	(13.8)	(24.4)	(17.1)	(170.9)
Decrease in bank advances	0.4	5.7	(9.5)	0.5
Issue of shares	1.0	0.2	2.7	1.1
Purchase of shares held in trust (note 2)	-	-	(4.5)	-
Dividends	(3.9)	(3.6)	(11.6)	(10.3)
Cash provided by (used for) financing activities	(14.8)	(22.0)	65.6	22.8
Investing activities				
Additions to property, plant and equipment	(43.2)	(27.8)	(113.4)	(95.4)
Proceeds on disposal of property, plant and equipment	0.7	10.7	5.3	12.2
Proceeds on business dispositions (note 5)	-	-	-	24.4
Business acquisitions (note 3)	-	-	(105.6)	(62.2)
Other	(4.4)	(2.5)	(5.5)	1.4
Cash used for investing activities	(46.9)	(19.6)	(219.2)	(119.6)
Effect of exchange rate changes on cash	(3.5)	0.4	(10.0)	(2.0)
Increase (decrease) in cash	(11.1)	(9.0)	(49.2)	(17.5)
Cash and cash equivalents at beginning of period	86.9	111.7	125.0	120.2
Cash and cash equivalents at end of period	\$ 75.8	\$ 102.7	\$ 75.8	\$ 102.7

Cash and cash equivalents are defined as cash and short-term investments.

See notes to interim consolidated financial statements.

Certain 2006 figures have been restated for comparative purposes.

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended September 30, 2007 and 2006

(Tabular amounts in millions of Cdn dollars except share data)

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Changes in accounting policies

The disclosures contained in these unaudited interim consolidated financial statements do not include all of the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2006.

The unaudited interim consolidated financial statements are based upon accounting principles consistent with those used and described in the annual consolidated statements, except that: starting January 1, 2007, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Handbook Sections 1530, "Comprehensive Income"; Section 3251, "Equity"; Section 3861, "Financial Instruments - Disclosure and Presentation"; Section 3865, "Hedges" and Section 3855, "Financial Instruments - Recognition and Measurement".

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date are generally not reversed, therefore, the comparative figures have not been restated except for the requirement to restate currency translation adjustment as part of other comprehensive income.

Section 3865 describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as for those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

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

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

All derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value unless exempted from derivative treatment as a normal purchase or sale. All changes in their fair value are recorded in net earnings unless cash flow hedge accounting is used, in which case, changes in fair value are recorded in other comprehensive income. The Company has applied this accounting treatment for all embedded derivatives in existence at transition. The impact of the change in accounting policy related to embedded derivatives is not material.

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

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended September 30, 2007 and 2006

(Tabular amounts in millions of Cdn dollars except share data)

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Changes in accounting policies (cont'd)

In a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the statement of earnings. Upon adoption of the new standards, the Company remeasured its cash flow hedge derivatives at fair value. Aluminum forward contracts with a favourable fair value of \$0.6 million are recorded in other receivables and prepaid expense. In addition, the Company entered into Cross Currency Interest Rate Swap Agreements (CCIRSA) that converted U.S. dollar fixed rate debt into Canadian dollar fixed rate debt in order to reduce the Company's exposure to the U.S. dollar debt and currency exposures. This CCIRSA is also designated as a cash flow hedge and has an unfavourable fair value of \$9.3 million for the current period and is recorded in long-term debt. The Company also had used forward contracts to hedge foreign exchange exposure on anticipated sales. All existing forward contracts matured earlier this year. These hedges were previously recorded in accounts payable and accrued liabilities.

In a fair value hedging relationship, the carrying value of the hedged item is adjusted by gains or losses attributable to the hedged risk and recorded in net earnings. This change in fair value of the hedged item, to the extent the hedging relationship is effective, is offset by changes in the fair value of the derivative also measured at fair value on the balance sheet date, with changes in value recorded through net earnings. The Company has two CCIRSA designated as fair value hedges, which convert U.S. dollar fixed rate debt into Canadian dollar floating rate debt in order to reduce interest rate and currency risk. In addition, the Company has an interest rate swap converting U.S. dollar fixed rate debt to U.S. dollar floating rate debt to reduce interest rate risk exposure. These fair value hedges have an unfavourable fair value of \$9.7 million and are recorded in long-term debt.

In a hedge of a net investment in a self-sustaining foreign operation, the portion of the gain or loss on the hedging item that is determined to be an effective hedge should be recognized in comprehensive income and the ineffective portion should be recognized in net earnings. During 2006, the Company entered into CCIRSA that converted Canadian dollar fixed rate and floating rate debt into euro fixed rate debt and euro floating rate debt in order to hedge the Company's exposure to the euro, with a view to reducing foreign exchange fluctuations and interest expense. These CCIRSA have been designated as net investment hedges and have a net favourable fair value of \$5.2 million at the end of the current period and are recorded in other assets and long-term debt.

b) Recently issued accounting standards

In May 2007, the CICA issued a new Handbook Section 3031, "Inventories", which addresses the measurement and disclosure of inventory. The new standard is effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2008. Management is currently reviewing the potential impact on the financial results of the Company. However, further disclosure will be required in the Consolidated Statement of Earnings as it will now be necessary to disclose the amount of inventories recognized as an expense during the period. The Company will comply with this standard on January 1, 2008.

In October 2006, the CICA issued new standards related to financial instrument presentation and disclosure, Handbook Section 3862, "Financial Instruments - Disclosure" and Handbook Section 3863, "Financial Instruments - Presentation". These standards revise and enhance the disclosure requirements of Handbook Section 3861, "Financial Instruments - Disclosure and Presentation". These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Management is currently reviewing the potential impact on the Company. The Company will comply with the requirements of the new standard when the standard becomes effective.

In October 2006, the CICA approved new accounting standards, Handbook Section 1535, "Capital Disclosures". This new section establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Management is currently reviewing the potential impact on the Company. The Company will comply with the requirements of the new standard when the standard becomes effective.

2. SHARE CAPITAL

Issued and outstanding

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>	<u>September 30,</u> <u>2006</u>
Issued share capital	\$ 200.2	\$ 197.5	\$ 197.3
Less: Executive share purchase plan loans	(1.3)	(1.6)	(1.6)
Shares held in trust	(10.1)	(5.6)	(5.6)
Total	<u>\$ 188.8</u>	<u>\$ 190.3</u>	<u>\$ 190.1</u>

During 2007, the Company granted an award of 120,000 Class B shares of the Company. These shares are restricted in nature and will vest in 2010 dependent on continuing employment and company performance. The Company purchased these 120,000 shares in the open market and has placed them in trust until they vest. The fair value of this stock award is being amortized over the vesting period and recognized as executive compensation expense.

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended September 30, 2007 and 2006

(Tabular amounts in millions of Cdn dollars except share data)

(Unaudited)

2. SHARE CAPITAL (CONT'D)

Actual number of shares:

	<u>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>	<u>September 30,</u> <u>2006</u>
Class A	2,378,496	2,378,496	2,378,721
Class B	30,407,297	30,223,047	30,215,322
	<u>32,785,793</u>	<u>32,601,543</u>	<u>32,594,043</u>
Less: Executive share purchase plan shares - Class B	(100,000)	(125,000)	(125,000)
Shares held in trust - Class B	(320,000)	(200,000)	(200,000)
Total	<u>32,365,793</u>	<u>32,276,543</u>	<u>32,269,043</u>
Year-to-date weighted average number of shares	<u>32,250,329</u>	<u>32,240,324</u>	<u>32,228,668</u>
Year-to-date weighted average diluted number of shares	<u>33,498,920</u>	<u>33,259,055</u>	<u>33,254,709</u>

3. ACQUISITIONS

On January 26, 2007, the Company completed its purchase of the sleeve label business of Illinois Tool Works Inc. (ITW). ITW's sleeve label business, through its two locations in the United Kingdom and one location in each of Austria, Brazil and United States, is a leading supplier of shrink sleeve and stretch sleeve labels for markets in Europe and the Americas. The purchase price was \$105.6 million, net of cash acquired. The Company established a \$95.0 million line of credit, of which \$75.0 million was drawn to facilitate the purchase. The Company is reviewing the valuation of the net assets acquired, including intangible assets, therefore, certain items disclosed below may change when the review is completed in 2007.

Details of the transaction are as follows:

Current assets	\$ 24.3
Current liabilities	(8.5)
Non-current assets at assigned values	39.4
Future taxes	(0.8)
Goodwill and intangible assets	51.2
Net assets purchased	<u>\$ 105.6</u>
Total consideration:	
Cash, less cash acquired of \$2.8 million	<u>\$ 105.6</u>

In January 2006, the Company purchased Prodesmaq, based in Vinhedo, Brazil. Prodesmaq operated two state-of-the-art plants and is Brazil's largest supplier of pressure sensitive labels for many global companies in the home and personal care, healthcare and premium food and beverage markets. The purchase price was \$62.2 million, net of cash acquired.

Details of the transaction are as follows :

Current assets	\$ 9.8
Current liabilities	(2.1)
Non-current assets at assigned values	9.3
Intangible assets	14.8
Goodwill	30.4
Net assets purchased	<u>\$ 62.2</u>
Total consideration:	
Cash, less cash acquired of \$1.7 million	<u>\$ 62.2</u>

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended September 30, 2007 and 2006

(Tabular amounts in millions of Cdn dollars except share data)

(Unaudited)

4. ACCUMULATED OTHER COMPREHENSIVE LOSS

	September 30, 2007	December 31, 2006	September 30, 2006
Unrealized foreign currency translation losses, net of tax of \$13.9 million	\$ (73.6)	\$ (18.5)	\$ (40.2)
Impact of new net investment hedge accounting standards on January 1, 2007, net of tax \$0.1 million	0.4	-	-
Impact of new cash flow hedge accounting standards on January 1, 2007, net of tax of \$1.3 million	2.4	-	-
Change in derivatives designated as cash flow hedges, net of tax recovery of \$0.8 million	(0.7)	-	-
	<u>\$ (71.5)</u>	<u>\$ (18.5)</u>	<u>\$ (40.2)</u>

5. RESTRUCTURING AND OTHER ITEMS

	Segment	Three months ended September 30th		Nine months ended September 30th	
		2007	2006	2007	2006
Container segment restructuring	Container	\$ 1.2	\$ (0.2)	0.2	(2.4)
Sale of non-operational land	Corporate	-	-	0.7	-
Gain (loss) on net assets sale of CCL Dispensing Systems, LLC	Tube	-	-	-	1.6
Repatriation of capital	Corporate	-	(3.5)	-	(3.5)
Net gain (loss)		<u>\$ 1.2</u>	<u>\$ (3.7)</u>	<u>\$ 0.9</u>	<u>\$ (4.3)</u>
Tax recovery (expense)		<u>\$ (0.4)</u>	<u>\$ 0.1</u>	<u>\$ 0.1</u>	<u>\$ (2.3)</u>

The Company commenced a senior management restructuring of the Container segment and recorded provisions related mostly to severances of \$2.4 million (\$1.6 million after tax) in the first nine months of 2006, and by year-end, additional costs related to obsolete equipment and spare parts were recorded of \$9.0 million (\$5.6 million after tax). In 2007, further costs of \$1.0 million (\$0.7 million after tax) were incurred. In the third quarter 2007, a reduction in the severance provision was realized resulting in an income adjustment of \$1.2 million (\$0.8 million after tax).

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

In February 2006, the Company sold its CCL Dispensing Systems, LLC net assets for \$24.4 million cash and realized a gain of \$1.6 million (loss of \$1.3 million after tax).

In July 2006, the Company repatriated capital from a foreign subsidiary, which resulted in a net foreign exchange loss of \$3.5 million. Gains and losses arise from the difference between the exchange rate in effect on the date the capital was returned to Canada compared to the historical rate in effect when the capital was invested. These gains or losses on foreign exchange do not give rise to any tax effect.

6. EMPLOYEE FUTURE BENEFITS

The expense for the defined benefit plans in the third quarter is \$0.4 million (2006 - \$0.0 million) and year-to-date of \$1.2 million (2006 - \$0.9 million).

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended September 30, 2007 and 2006

(Tabular amounts in millions of Cdn dollars except share data)

(Unaudited)

7. SEGMENTED INFORMATION

Industry segments

	Three months ended September 30th				Nine months ended September 30th			
	Sales		Operating income		Sales		Operating income	
	2007	2006	2007	2006	2007	2006	2007	2006
Label	\$ 222.9	\$ 188.1	\$ 28.6	\$ 21.7	\$ 706.4	\$ 584.7	\$ 98.0	\$ 74.1
Container	40.2	41.5	2.9	1.9	142.4	134.2	14.9	13.8
Tube	11.8	17.0	(0.4)	1.4	45.8	53.8	1.2	3.9
ColepCCL	57.0	46.9	4.6	5.0	167.6	130.6	14.3	13.0
Total operations	\$ 331.9	\$ 293.5	35.7	30.0	\$ 1,062.2	\$ 903.3	128.4	104.8
Corporate expense			(2.9)	(1.5)			(7.4)	(8.2)
			32.8	28.5			121.0	96.6
Interest expense, net			6.2	5.3			19.3	16.2
			26.6	23.2			101.7	80.4
Restructuring and other items - net gain (loss) (note 5)			1.2	(3.7)			0.9	(4.3)
Earnings before income taxes			27.8	19.5			102.6	76.1
Income taxes			4.0	5.9			20.0	23.8
Net earnings			\$ 23.8	\$ 13.6			\$ 82.6	\$ 52.3

	Identifiable Assets		Goodwill		Depreciation & Amortization		Capital Expenditures	
	September 30th	December 31st	September 30th	December 31st	Nine months ended September 30th		Nine months ended September 30th	
	2007	2006	2007	2006	2007	2006	2007	2006
					Continuing operations			
Label	\$ 1,007.9	\$ 909.3	\$ 336.2	\$ 303.6	\$ 43.5	\$ 35.7	\$ 89.1	\$ 69.3
Container	173.8	194.4	12.7	12.8	8.5	7.9	7.3	17.4
Tube	83.8	96.9	25.6	30.0	5.2	5.4	6.7	5.5
ColepCCL	177.1	172.4	42.0	42.6	5.9	5.3	10.2	2.8
Corporate	116.1	169.6	0.1	-	0.3	0.4	0.1	0.4
Total	\$ 1,558.7	\$ 1,542.6	\$ 416.6	\$ 389.0	\$ 63.4	\$ 54.7	\$ 113.4	\$ 95.4

8. SUBSEQUENT EVENT

On October 4th, 2007, CCL announced the sale of its 40% interest in the ColepCCL Portugal-Embalagens e Enchimentos S.A. joint venture to its majority partner, RAR – Sociedade de Controle (Holding), S.A., based in Portugal. The joint venture represented CCL's last investment in custom manufacturing businesses following the sale of the North American custom manufacturing operations in 2005. After the sale, CCL will be positioned as a pure global specialty packaging company.

CCL is expected to receive approximately \$135 million in cash with 50% payable on closing and the balance to be paid at the end of February 2008 for its interest in the joint venture. ColepCCL will retain all of the net debt in the business upon closing. CCL's share of the ColepCCL net debt (a non-GAAP measure; see MD&A Section 12) is \$28.4 million at September 30, 2007. The transaction is expected to close by the end of November 2007 and is subject to normal regulatory approvals and the receipt by CCL of a firm guarantee and a letter of credit with respect to the deferred payment of the purchase price.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarters Ended September 30, 2007 and 2006

This document has been prepared for the purpose of providing Management's Discussion and Analysis (MD&A) of the financial condition and results of operations for the third quarters ended September 30, 2007 and 2006 and an update to the 2006 Annual MD&A document. The information in this interim MD&A is current to November 8, 2007 and should be read in conjunction with the Company's September 30, 2007 unaudited third quarter financial statements released on November 8, 2007 and the 2006 Annual MD&A document, which forms part of the CCL Industries Inc. 2006 Annual Report, dated February 21, 2007.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and in accordance with the requirements of section 1751, Interim Financial Statements, of the CICA Handbook. Unless otherwise noted, both the financial statements and this interim MD&A are expressed in Canadian dollars as the reporting currency. The measurement currencies of CCL's operations are the Canadian dollar, the U.S. dollar, the euro, the Danish krone, the U.K. pound sterling, the Mexican peso, the Thailand baht, the Chinese renminbi, the Brazilian real, the Japanese yen and the Polish zloty. CCL's Audit Committee and its Board of Directors have reviewed this interim MD&A to ensure consistency with the approved strategy and results of the Company.

Management's Discussion and Analysis contains forward-looking statements, as defined in the Securities Act (Ontario) (hereinafter referred to as "forward-looking statements"), including statements concerning possible or assumed future results of operations of the Company. Forward-looking statements typically are preceded by, followed by or include the words "believes", "expects", "anticipates", "estimates", "intends", "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, including, but not limited to: the impact of competition; consumer confidence and spending preferences; general economic and geo-political conditions; currency exchange rates; and CCL's ability to attract and retain qualified employees and, accordingly, the Company's results could differ materially from those anticipated in these forward-looking statements.

1. Overview

CCL's global customers are continuing to experience higher sales levels than last year as a result of the favourable international economy observed by many institutions and commentators. CCL continues to benefit from the general improvement in its customers' businesses and has experienced good sales growth in most product categories through the third quarter of 2007. Demand for the Company's products in Europe, Asia and Latin America has been strong but the slowdown in the U.S. economy has resulted in softer markets for CCL's customers in North America, particularly in the personal care sector.

Although there is cause for concern that the slower U.S. economy may have a ripple effect into the global economy, our expectations are that markets will remain very strong in Latin America and Asia and stable in Europe for the balance of the year. European growth so far in 2007 has been driven by the surge in demand for consumer products in Central and Eastern Europe. The rapid development of consumerism in Latin America and Asia also continues to generate strong growth for our customers' products. A number of CCL's suppliers and packaging peers have, however, publicly announced that slower demand for their products in the consumer products sector in the United States will adversely affect their financial performance for the balance of 2007. CCL continues

to expect a low rate of sales growth in North America with mixed performance by product category and an unclear outlook into 2008.

The Company's financial results continue to be negatively affected by the strength of the Canadian dollar against most international currencies so far in 2007. The major impact has been the non-cash currency translation impact on our foreign earnings. The Company has been successful in improving its financial performance over the last five years despite this continuous currency headwind, particularly relative to the U.S. dollar. In addition, CCL's first half of the year is generally stronger and more profitable than the second half due to the extended holiday and vacation periods in the second half of the year around the world and also due to the seasonality of certain products.

2. Review of Consolidated Operations

Sales for the third quarter of 2007 of \$331.9 million were 13% ahead of the \$293.5 million generated in the third quarter of 2006, while sales for the first nine months of 2007 of \$1,062.2 million were 18% higher than last year's \$903.3 million. Financial comparisons to the prior year's results in the third quarter have been negatively affected by the significant appreciation of the Canadian dollar relative to the U.S. dollar and to a lesser degree, most other currencies. Sales increased for the quarter by 15% due to organic growth and an acquisition offset in part by foreign exchange and a disposition of 2%. On a comparative basis with last year's third quarter, sales increased significantly in the Label Division and ColepCCL, but were down slightly in the Container Division due to currency translation, and were also down significantly in the Tube Division partly due to currency translation. Year-to-date, sales increased by 16% as a result of organic growth and acquisitions, while foreign exchange net of dispositions added a further 2%. For the quarter and year-to-date periods, overall sales growth was split equally between organic growth and acquisitions.

The following acquisitions and divestitures affected financial comparisons for year-to-date results of 2007 versus 2006:

- In January 2006, the Label Division acquired the label converting assets of Prodesmaq and its subsidiaries in Vinhedo, Brazil for \$62 million.
- In February 2006, the Company divested the assets of its CCL Dispensing business in Libertyville, Illinois for \$24 million. This business is included in the Tube Division for comparative purposes.
- In October 2006, the non-core label business in Houten, the Netherlands was sold for \$3 million.
- On January 26, 2007, CCL acquired the shrink sleeve and stretch sleeve business of Illinois Tool Works ("ITW") located in the United Kingdom, Austria, Brazil and the United States for approximately \$106 million. The purchase equation for this acquisition will be finalized in the fourth quarter of 2007.

Only the latter two transactions impacted financial comparisons for the third quarter of 2007 compared with the same period in 2006.

Net earnings for the third quarter of 2007 were \$23.8 million, up 75% from the \$13.6 million recorded in the third quarter of 2006. This improvement was due primarily to the substantial sales and operating income increases in the business, the favourable impact of tax adjustments, and a recovery of restructuring costs in 2007 and restructuring and other items incurred in 2006 (a non-GAAP measure; refer to Section 12 later in this report discussing key performance indicators and defining non-GAAP measures). Divisional operating income (a non-GAAP measure; refer to Section 12 below) improved by \$5.7 million or 19% from last year's third quarter due to substantially stronger performances in the Label and Container Divisions, partially offset by reduced income from the ColepCCL joint venture and a modest loss in the Tube Division. In the third quarter of 2007, corporate income tax rates were lowered in Germany and the utilization of a previous tax loss was recognized in Mexico, together totalling \$2.9 million, resulted in a decrease in income tax expense. Additionally, the Container Division had a positive net recovery of restructuring and other costs of \$1.2 million before tax (\$0.8 million after tax). In the third quarter of 2006, restructuring and other costs and a favourable tax adjustment of \$3.7 million before tax (\$3.2 million after tax) were incurred consisting primarily of a currency exchange loss on repatriation of capital from a foreign operation.

For the first nine months of 2007, net earnings were \$82.6 million, up 58% from the \$52.3 million in the comparable 2006 period. Net earnings for the first nine months of 2007 were affected by a net recovery of restructuring and other costs of \$0.2 million and a gain on the sale of a property of \$0.7 million for a net gain of \$0.9 million before tax (net gain of \$1.0 million after tax). Including the positive effect of favourable tax adjustments of \$7.9 million, net earnings increased by \$8.9 million due to the foregoing items.

Net interest expense for the third quarter was \$6.2 million, \$0.9 million higher than last year's corresponding quarter due primarily to higher net debt levels (a non-GAAP measure; refer to Section 12 below) and slightly higher floating interest rates partially offset by favourable currency translation. Corporate expenses for the quarter of \$2.9 million were higher than last year's third quarter of \$1.5 million due to favourable pension and executive compensation adjustments recorded in the third quarter of 2006. The overall effective income tax rate was 14% for the third quarter of 2007 compared to 30% in the third quarter of 2006. If the impact of restructuring and other items and favourable tax adjustments (a non-GAAP measure; see Section 12) were excluded, the effective tax rate in the third quarter of 2007 would have been 24% compared to 27% in last year's third quarter. The adjusted tax rate was lower due to a combination of relatively lower income in foreign jurisdictions with higher tax rates, principally the United States and to tax rate reductions previously enacted affecting 2007 tax expense.

Earnings per Class B share were \$0.74 in the third quarter of 2007 compared to \$0.43 earned in the same period last year, an increase of 72%. Favourable tax adjustments had a positive effect on earnings per share in the third quarter of 2007 of \$0.09 and a recovery of restructuring and other items in the third quarter of 2007 increased earnings per share by a further \$0.03 (a non-GAAP measure; see Section 12). Consequently, restructuring and other items and favourable tax adjustments in the third quarter of 2007 increased earnings per share by \$0.12. In the third quarter of 2006, restructuring and other items reduced earnings per share by \$0.10. Diluted earnings per Class B share were \$0.71 in the third quarter of 2007 and \$0.41 in the same period last year, a 73% increase.

For the first nine months of 2007, earnings per Class B share were \$2.56 compared to \$1.63 in the prior year period, a 57% increase. A gain on the sale of a property, favourable tax adjustments, and a net recovery of restructuring and other items (a non-GAAP measure; see Section 12) increased earnings per Class B share by \$0.28 for the first nine months of 2007 versus a \$0.16 reduction in the first nine months of 2006. Diluted earnings per Class B share were \$2.47 year-to-date 2007 and \$1.58 in the comparable 2006 period.

The following table is presented to provide context to the change in the Company's financial performance compared to last year.

(in Canadian dollars)

<u>Earnings per Class B shares</u>	<u>3rd Quarters</u>		<u>Year-to-date</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net earnings	\$ 0.74	\$ 0.43	\$ 2.56	\$ 1.63
Net gain (loss) from restructuring and other items and favourable tax adjustments included in net earnings*	\$ 0.12	\$(0.10)	\$ 0.28	\$(0.16)

* A non-GAAP measure – see Section 12

The following table is selected financial information for the eleven most recently completed quarters. In May 2005, the North American Custom Manufacturing business was sold and was treated as Discontinued Operations.

The impact on net earnings per Class B share of the gain on the sale of Custom in 2005 is included in the table. Net earnings per Class B share have generally increased over time but have also fluctuated significantly due to changes in foreign exchange rates, restructuring and other items, and favourable tax adjustments.

The seasonality of the business has evolved over the last few years with the first and second quarters generally being the strongest and second strongest, respectively, due to the aggressive marketing plans of many customers at the beginning of the year. Also, there are many products that have a spring-summer bias in North America and Europe such as agricultural chemicals, sun care and certain beverage products, which generate additional sales volumes for CCL in the first half of the year. The last two quarters of the year are also negatively affected from a sales and earnings perspective due to the summer vacation periods in the northern hemisphere, Thanksgiving and the late-December holiday season shutdowns in the fourth quarter.

(in millions of Canadian dollars, except per share amounts)

	<u>Qtr 1</u>	<u>Qtr 2</u>	<u>Qtr 3</u>	<u>Qtr 4</u>	<u>Total</u>
Sales-continuing operations					
2007	\$373.1	\$357.2	\$331.9		
2006	313.2	296.6	293.5	\$308.9	\$1,212.2
2005	265.7	280.1	281.9	282.4	1,110.1
Net earnings-continuing operations					
2007	30.0	28.8	23.8		
2006	21.1	17.6	13.6	25.1	77.4
2005	16.1	5.1	15.3	13.5	50.0
Net earnings					
2007	30.0	28.8	23.8		
2006	21.1	17.6	13.6	25.1	77.4
2005	19.7	113.8	15.3	15.0	163.8
Net earnings per Class B share - continuing operations					
Basic					
2007	0.93	0.89	0.74		
2006	0.66	0.54	0.43	0.78	2.41
2005	0.50	0.16	0.48	0.43	1.57
Diluted					
2007	0.90	0.86	0.71		
2006	0.64	0.53	0.41	0.75	2.33
2005	0.49	0.16	0.46	0.41	1.52
Net earnings per Class B share					
Basic					
2007	0.93	0.89	0.74		
2006	0.66	0.54	0.43	0.78	2.41
2005	0.61	3.53	0.48	0.48	5.10
Diluted					
2007	0.90	0.86	0.71		
2006	0.64	0.53	0.41	0.75	2.33
2005	0.60	3.45	0.46	0.46	4.97
Restructuring and other items and favourable tax adjustments and gain on discontinued operations per Class B share (*)					
2007	0.05	0.11	0.12		
2006	(0.03)	(0.03)	(0.10)	0.20	0.04
2005	-	2.96	-	(0.02)	2.94

* A non-GAAP measure – see Section 12

3. Business Segment Review

Label Division

<u>(\$ Millions)</u>	<u>Q3 2007</u>	<u>Q3 2006</u>	<u>+/- %</u>
Sales	\$222.9	\$188.1	+19%
Operating Income	\$ 28.6	\$ 21.7	+32%
Return on Sales ⁽¹⁾	12.8%	11.5%	
	<u>Nine</u>	<u>Nine</u>	
	<u>Months</u>	<u>Months</u>	
	<u>2007</u>	<u>2006</u>	<u>+/- %</u>
Sales	\$706.4	\$584.7	+21%
Operating Income	\$98.0	\$ 74.1	+32%
Return on Sales ⁽¹⁾	13.9%	12.7%	
Capital Spending	\$ 89.1	\$ 69.3	
Depreciation and Amortization	\$ 43.5	\$ 35.7	

⁽¹⁾ A non-GAAP measure - see Section 12

Sales for the Label Division continue to reflect strong global market conditions at \$222.9 million for the third quarter, up 19% from \$188.1 million in the same quarter last year. The sales increase was a result of the combination of organic growth and the ITW sleeve acquisition contributing 18% with favourable foreign exchange, net of a disposition, contributing an additional 1%. For the first nine months of 2007, sales of \$706.4 million were 21% ahead of the \$584.7 million recorded in the same period last year with 19% coming from organic growth and acquisitions and 2% from foreign exchange, net of a disposition.

Sales growth in the third quarter and year-to-date was due in part to the ITW sleeve business acquisition acquired at the end of January 2007. Overall, however, the base business also experienced a continuation of very good organic sales growth and operating income improvements.

North America experienced only modest sales growth compared to last year based on a slowing U.S. economy. Personal care volume was down slightly for the quarter as our key customers experienced softer sales and a reduction in new product launches. However, this was more than offset by increased volumes in shrink sleeves and in-mould labels for the home care sector and new orders for beverage labels for international customers. Healthcare sales were up modestly due chiefly to the strength in expanded content labels. Specialty products sales were well below last year's third quarter due to a soft promotional label market compared to a strong prior year, partially offset by continued good growth in agricultural chemical labels. Incoming promotional label orders have improved so far for the fourth quarter. Overall in North America, sales and profitability were up modestly despite weaker market conditions.

Sales in Brazil were up substantially over last year due to the recently acquired ITW sleeve business and modest volume growth. Operating income was up due to the volume growth and the acquisition. Profitability in Brazil is well above the average of our Label Division.

In Europe, sales showed good growth in personal care compared to last year, driven by consumer demand in Central and Eastern Europe, and there was continued growth in beverage applications as our German plant experienced significant growth in beverage products to support customers' new launches and summer seasonal demand. Healthcare and Specialty sales continued to show good growth as we are attracting new business through global customer relationships. This business continues to be above average in profitability. The ITW sleeve acquisition continues to generate good sales growth and operating income improvements at levels well above its recent history under prior ownership. The greater presence in the sleeve market also drove strong volume and profit improvement in the core CCL sleeve business in Europe.

The battery label business experienced good growth in the United States and China. European sales were flat, based on certain customers transferring volume to our plant in China although this did not occur as quickly as originally anticipated. The European plant, however, benefited significantly from strong sales of beverage labels to customers in emerging markets.

Asia continued to generate very strong sales and income growth from a very small base. Sales in Thailand were substantially ahead of last year. In addition, the Guangzhou, China operation that opened only a year ago, was very busy in personal care. Our new sales office in Japan recorded its first quarter of sales. The Label Division continues to benefit from its international presence with large global personal care customers.

Operating income for the third quarter of 2007 was \$28.6 million, up 32% from \$21.7 million in the third quarter of 2006. Negative currency translation had a slight negative effect on these results. Drivers of this improvement were the performance of the recent ITW acquisition and higher sales in most product categories in each region. During the quarter, plants in Memphis, Paris and Mexico continued the process of relocating, and incurred direct moving costs of \$0.5 million (\$1.3 million year-to-date). The Mexican and Memphis locations are two of the largest facilities in the Label Division's network. Further moving costs are expected during the fourth quarter of 2007 for Mexico and Memphis, and into 2008 for Paris. Operating income as a percentage of sales at 12.8% exceeded our internal targets and was well above the 11.5% return generated in last year's third quarter. Year-to-date, operating income was \$98.0 million versus \$74.1 million last year, up 32%.

Sales and operating income in the third quarter of 2007 for the ITW acquisition noted earlier in this report were \$24.1 million and \$3.0 million, respectively. The operation in Houten, the Netherlands, disposed of in the fall of 2006, generated sales of \$1.6 million and nominal operating income in the third quarter of 2006.

Sales backlogs for the label business are generally low due to short customer lead times, but indications are that customers' orders, overall, continue to be reasonably firm considering the seasonality of certain products, particularly beverage labels, through the balance of the year.

The Label Division invested \$89.1 million in capital in the first nine months of 2007 compared to \$69.3 million in the same period last year. The capital was spent throughout the business to maintain and expand the manufacturing base due to a multitude of organic growth opportunities. The addition of many presses in strategic locations and plant construction for the relocation of the Memphis, Tennessee and

Mexico City operations generated the higher level of capital spending. Depreciation and amortization for the Label Division was \$43.5 million for the first three quarters of 2007 and \$35.7 million in the comparable 2006 period.

Container Division

(\$ Millions)	<u>Q3 2007</u>	<u>Q3 2006</u>	<u>+/- %</u>
Sales	\$ 40.2	\$ 41.5	-3%
Operating Income	\$ 2.9	\$ 1.9	+53%
Return on Sales ⁽¹⁾	7.2%	4.6%	
	<u>Nine Months 2007</u>	<u>Nine Months 2006</u>	<u>+/- %</u>
Sales	\$142.4	\$ 134.2	+6%
Operating Income	\$ 14.9	\$ 13.8	+8%
Return on Sales ⁽¹⁾	10.5%	10.3%	
Capital Spending	\$ 7.3	\$ 17.4	
Depreciation and Amortization	\$ 8.5	\$ 7.9	

⁽¹⁾ A non-GAAP measure – see Section 12

Sales in the third quarter were \$40.2 million, down 3% from \$41.5 million last year. Sales increased organically for the quarter by 1% due to price increases and with volume slightly below prior year. Foreign currency translation was a negative factor, reducing sales growth by 4%. For the first nine months of 2007, sales of \$142.4 million were 6% above the \$134.2 million recorded in the same period last year due to organic growth of 8%, offset in part by foreign currency translation of 2%.

The Container Division experienced a modest sales increase as management has been able to justify raising prices on higher aluminum costs to its key customers and has benefited from strong demand for aluminum aerosol containers with bag-in-can technology. Volume in the standard aerosol format has fallen off in the third quarter due in part to the weaker U.S. economy, volume losses due to predatory competitive pricing and customer uncertainty concerning consumer demand in this market. Beverage volume has shown some sequential improvement from the second quarter with a couple of new customers utilizing this package, but sales are at a lower level than the third quarter 2006. Mexican aerosol container sales volumes were substantially higher in the third quarter compared to last year. The growth by our global customers located in Mexico continues to be a positive, in advance of our new aluminum container plant in Guanajuato, Mexico, scheduled for start-up in the second half of 2008.

Operating income for the Container Division, before restructuring and other items, for the third quarter of 2007 was \$2.9 million, up 53% from \$1.9 million in the third quarter of 2006. The key improvement in profitability over prior year is that the Division has been able to match its selling prices to the changes in aluminum costs with its customers compared to a year ago. Return on sales for the third quarter of 2007 was 7.2% compared to 4.6% in last year's third quarter. For the first three quarters of 2007, operating income was \$14.9 million versus \$13.8 million last year, up 8%.

The aluminum container plant in Penetanguishene, Ontario sells a large part of its production to the United States market in U.S. dollars. The business had previously hedged a part of the Canadian dollar value of these U.S. dollar sales by way of forward contracts and sold the rest of its U.S. dollar sales at spot currency rates. Since June 2007, the Division has not hedged the U.S. dollar. The change in the exchange rates on U.S. currency transactions reduced comparative income for the Container Division by \$1.1 million in the third quarter of 2007 and \$2.5 million year-to-date. Further discussion of currency hedging follows in Section 4.

The Container Division invested \$7.3 million in capital in the first nine months of 2007 compared to \$17.4 million in the same period last year. The partial payment on a new production line and a modest level of maintenance capital was expended so far in 2007 compared to the acquisition and installation of production lines last year. Depreciation and amortization for the first nine months of 2007 and 2006 were \$8.5 million and \$7.9 million, respectively. The Division has successfully installed six new aluminum container lines in the last four years. A seventh new line is ready to be shipped and will be installed at a new plant under construction in Guanajuato, Mexico and an eighth new line is on order for the same facility. The new plant will come on line in the summer of 2008 with much of the new capacity already committed by our customers.

The Container Division continues to hedge a relatively small portion of its anticipated future aluminum purchases through futures contracts. The proportion of future contracts outstanding has dropped considerably over the last few years since the Division and its customers have been less inclined to hedge aluminum costs at recent record price levels. The cost of aluminum persists in remaining at historically high levels and the Division continues to work at recovering aluminum costs by adjusting prices to its customers. Also, most of the aluminum hedges that were acquired at much lower prices in prior years have been realized and there has been and will continue to be less benefit from aluminum hedges going forward. Generally, the Division has either pricing agreements with customers that may fluctuate to adjust for the changes in aluminum costs or fixed pricing contracts that are hedged by agreement with key customers using aluminum forward contracts.

Tube Division

(\$ Millions)	<u>Q3 2007</u>	<u>Q3 2006</u>	<u>+/- %</u>
Sales	\$ 11.8	\$ 17.0	-31%
Operating Income	\$ (0.4)	\$ 1.4	not meaningful
Return on Sales ⁽¹⁾	-3.4%	8.2%	
	<u>Nine Months 2007</u>	<u>Nine Months 2006</u>	<u>+/- %</u>
Sales	\$ 45.8	\$ 53.8	-15%
Operating Income	\$ 1.2	\$ 3.9	-69%
Return on Sales ⁽¹⁾	2.6%	7.2%	
Capital Spending	\$ 6.7	\$ 5.5	
Depreciation and Amortization	\$ 5.2	\$ 5.4	

⁽¹⁾ A non-GAAP measure – see Section 12

Sales in the third quarter for the Tube Division were \$11.8 million, down 31% from \$17.0 million last year. Foreign currency translation contributed 6% to the sales decline for the quarter. Sales decreased significantly for the quarter due to the slowing economy in the United States and the impact it has had on consumer spending, customers' inventory levels, and the related marketing plans of our personal care customers for cosmetic and skin care products. Sales orders have picked up in October but it is too soon to conclude that this downward trend has been permanently reversed. Sales in the first three quarters of 2007 were \$45.8 million, down 15% from the \$53.8 million recorded in 2006, with reduced sales activity contributing 10%, and the disposition of CCL Dispensing and unfavourable foreign exchange causing a reduction of 5%.

Operating income for the Tube Division for the third quarter of 2007 was a loss of \$0.4 million versus \$1.4 million of income in the third quarter of 2006. The decrease was due to the downturn in sales and new orders with the current level of fixed overhead to support the business, negatively impacting margins. As a result, return on sales was a negative 3.4% in the third quarter compared to an 8.2% return in prior years' third quarter. Operating income for the first three quarters of 2007 was \$1.2 million, down 69% from \$3.9 million recorded in the same period last year due to the lower sales and unfavourable currency translation.

The Tube Division invested \$6.7 million in maintenance capital and on the down-payment for a new tube line in the first nine months of 2007 compared to \$5.5 million in the same period last year. Depreciation and amortization for the first nine months of 2007 was \$5.2 million and \$5.4 million in 2006.

ColepCCL Joint Venture

On October 4, 2007, CCL announced the sale of its 40% interest in the ColepCCL Portugal - Embalagens e Enchimentos S.A. joint venture to its majority partner, RAR – Sociedade de Controle (Holding), S.A., based in Portugal. The joint venture represented CCL's last investment in custom manufacturing businesses following the sale of the North American custom manufacturing operations in 2005. After the sale, CCL will be positioned as a pure global specialty packaging company.

CCL is expected to receive approximately \$135 million in cash with 50% payable on closing and the balance to be paid at the end of February 2008 for its interest in the joint venture. ColepCCL will retain all of the net debt in the business upon closing. CCL's share of the ColepCCL net debt (a non-GAAP measure; see Section 12) is \$28.4 million at September 30, 2007. The transaction is expected to close by the end of November 2007 and is subject to normal regulatory approvals and the receipt by CCL of a firm guarantee and a letter of credit with respect to the deferred payment of the purchase price. It is anticipated that a gain will be realized on the sale of this business.

The financial results for CCL's 40% proportional interest in the ColepCCL joint venture are as follows:

(\$ Millions)	<u>Q3 2007</u>	<u>Q3 2006</u>	<u>+/- %</u>
Sales	\$ 57.0	\$ 46.9	+22%
Operating Income	\$ 4.6	\$ 5.0	-8%
Return on Sales ⁽¹⁾	8.1%	10.7%	

	Nine Months <u>2007</u>	Nine Months <u>2006</u>	+/- %
Sales	\$167.6	\$130.6	+28%
Operating Income	\$ 14.3	\$ 13.0	+10%
Return on Sales ⁽¹⁾	8.5%	10.0%	
Capital Spending	\$ 10.2	\$ 2.8	
Depreciation and Amortization	\$ 5.9	\$ 5.3	

⁽¹⁾ A non-GAAP measure – see Section 12

For the third quarter of 2007, CCL's share of the joint venture's sales was \$57.0 million. This sales level was 22% higher than the comparative sales last year of \$46.9 million due to a continuation of strong markets in Europe and Eastern Europe for ColepCCL's products, and the 1% increase in the value of European currencies over last year's third quarter. New order levels continue to be firm and it is anticipated that sales will grow through the balance of the year. For the first nine months of 2007, sales were \$167.6 million, up 28% from last year's \$130.6 million with 6% of the increase due to foreign currency translation.

Operating income in the third quarter of 2007 for ColepCCL was \$4.6 million, indicating a return on sales of 8.1%, and in the third quarter of 2006, operating income was \$5.0 million, with a return on sales of 10.7%. Operating income was 8% behind last year's level despite the higher sales as profit margins were lower due to unfavourable product mix and additional operating expenses and inefficiencies, including outsourcing, to service the substantially higher sales level. For the first three quarters of 2007, operating income of \$14.3 million was 10% ahead of the \$13.0 million recorded in the comparable 2006 period due in part to favourable currency translation.

Capital spending for the first nine months of 2007 was \$10.2 million compared to \$2.8 million in the comparable 2006 period. Major expenditures have been undertaken to expand aerosol can manufacturing capacity and improve efficiencies. Depreciation and amortization was \$5.9 million in the first three quarters of 2007, up from \$5.3 million in the first nine months of 2006.

4. Currency Translation and Transaction Hedging

Approximately 90% of CCL's sales are generated from our international operations and therefore, are recorded in foreign currencies, then translated into Canadian dollars for reporting purposes. The U.S. dollar is the functional currency for approximately one-third of the Company's total sales and it depreciated 7% on average compared to the Canadian dollar in the third quarter of 2007 versus last year's third quarter and depreciated 2% year-to-date. In addition, European currencies are now the measurement currencies for over nearly half of CCL's sales. The primary European currency, the euro, however, has strengthened by 1% compared to the Canadian dollar versus the prior year's quarter and 5% year-to-date. Changes in foreign exchange rates had no net effect on earnings per share due to currency translation in the third quarter and increased earnings per share by \$0.05 for the year-to-date versus last year.

Additionally, CCL historically utilized a hedging program to lock in a portion of its expected U.S. dollar revenues earned in Canada by the Container Division but this was

discontinued by the end of June 2007. These hedge transactions were at an average rate of \$1.24 (US\$ 3.0 million sold forward) for the third quarter of 2006. The Container Division in Canada collected a net of US\$ 9.7 million in the third quarter of 2007 at this year's average rate, 7% below the prior year's rate. This change in the exchange rates on U.S. currency transactions reduced comparative income by \$1.1 million in the third quarter of 2007 and comparative earnings per share by \$0.02 for the quarter and \$0.05 year-to-date for the Container Division.

The Company is not anticipating further hedges against any currencies on the basis that the Company has a diversified basket of foreign exchange exposures in many different regions and currencies except to protect the purchase price of foreign capital equipment in certain countries.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

<u>\$ Millions</u>	<u>September 30</u> <u>2007</u>	<u>December 31</u> <u>2006</u>	<u>September 30</u> <u>2006</u>
Total debt	\$480.7	\$442.1	\$426.7
Cash and cash equivalents	<u>75.8</u>	<u>125.0</u>	<u>102.7</u>
Net debt ⁽¹⁾	<u>\$404.9</u>	<u>\$317.1</u>	<u>\$324.0</u>
Shareholders' equity	<u>\$669.0</u>	<u>\$652.6</u>	<u>\$608.6</u>
Net debt: total capitalization ⁽²⁾	37.7%	32.7%	34.7%
Book value per share ⁽³⁾	\$20.73	\$20.24	\$18.90

⁽¹⁾ Net debt is a non-GAAP measure - see Section 12

⁽²⁾ Net debt: total capitalization is a non-GAAP measure - see Section 12

⁽³⁾ Book value per share is a non-GAAP measure - see Section 12

The Company has considerable cash resources and operates below management's optimal target of financial leverage. As of September 30, 2007, cash and cash equivalents amounted to \$76 million compared to \$103 million at September 30, 2006. Net debt amounted to \$405 million at September 30, 2007, \$81 million higher than the net debt of \$324 million at the end of September 2006. The increase in net debt in this time frame is due principally to the ITW sleeve business acquisition in the first quarter of 2007.

Net debt to total capitalization (a non-GAAP measure – see Section 12) at September 30, 2007 was 38%, up from 35% at the end of September 2006 and 33% at the end of 2006, primarily due to the ITW sleeve business acquisition. Book value per share was \$20.73 at the end of the third quarter of 2007, 10% above \$18.90 a year ago. The improvement in book value per share is primarily the result of the increase in earnings retained by the Company, offset in part by a decrease in shareholders' equity due to the changes in accumulated other comprehensive loss (mainly due to currency translation).

The Company's debt structure is comprised of three private debt placements completed in 1997, 1998 and 2006 for a total of US\$ 326.8 million (Cdn\$ 325.1 million) and a 5-year revolving line of credit initiated in January 2007 for \$95 million, of which \$91 million

was drawn at September 30, 2007. The Company's overall average interest rate is 5.6% after factoring in the related Interest Rate Swap Agreements ("IRSAs") and Cross Currency Interest Rate Swap Agreements ("CCIRSAs"). The IRSAs and CCIRSAs are discussed later in Section 7 of this report.

The Company believes that it has sufficient cash on hand and the ability to generate cash flow from operations to fund its expected financial obligations during the balance of 2007 and into 2008, particularly in light of the expected sale of the Company's interest in ColepCCL scheduled for late November 2007.

6. Cash Flow

During the third quarters of 2007 and 2006, the Company generated cash from operating activities of \$54.1 million and \$32.2 million, respectively. The increase in cash flow compared to last year's third quarter was due to higher net earnings and a reduction in non-cash working capital. On a year-to-date basis, operating cash flow of \$114.4 million is up 41% from the \$81.3 million provided in the same period of 2006.

Working capital was reduced in the third quarter by \$10.3 million compared to a \$4.0 million increase last year. The reduction in working capital is due to improved operational management of this asset and the lower level of business activity from the seasonal high at the end of June this year. For the nine months of 2007, working capital has increased by \$31.0 million compared to the \$34.6 million of growth in 2006.

Capital spending in the third quarter was \$43.2 million compared to \$27.8 million last year. The major capital expenditures in the third quarter were for many new presses for the Label Division, building purchases and plant expansions. The Company has increased its capital expenditures to take advantage of organic growth and geographic expansion. This level of capital spending was substantially higher than the \$21.1 million of depreciation and amortization in the third quarter of 2007 and \$18.1 million in the third quarter of 2006. Capital spending so far in 2007 is \$113.4 million compared to \$95.4 million in the same period last year. Plans for capital spending in 2007 are expected to approximate the \$150 million spent annually in 2006 and 2005.

Dividends declared and paid in each of the third quarters of 2007 and 2006 were \$3.9 million and \$3.6 million, respectively. The total number of shares outstanding as at September 30, 2007 and 2006 were 32.8 million and 32.6 million, respectively, with the increase due to the exercise of stock options. The Company has historically paid out dividends at a rate of 20-25% of net earnings. Since the Company's cash flow and financial position are favourable, the Board of Directors approved a continuation of the higher dividend declared earlier this year of \$0.1075 per Class A share and \$0.12 per Class B share to shareholders of record as of December 12, 2007 and payable on January 2, 2008. The annualized dividend rate is \$0.43 per Class A share and \$0.48 per Class B share.

7. Interest Rate and Foreign Exchange Management

The Company has utilized Interest Rate Swap Agreements to allocate notional debt between fixed and floating rates by converting the underlying U.S. dollar fixed rate private placement debt into U.S. dollar floating rate debt. The Company has utilized IRSAs with a view to reducing interest expense over time.

The Company has developed into a global business over the last few years with a significant asset base in Europe. It has utilized Cross Currency Interest Rate Swap Agreements to effectively convert notional U.S. dollar fixed rate debt into fixed and floating euro debt in order to hedge its euro-based assets and cash flows. The above-noted swap positions did not change in the third quarter.

The effect of the IRSAs and CCIRSAs has been to reduce interest expense by \$0.1 million in the third quarter of 2007 compared to a reduction of \$0.2 million in the third quarter of 2006. Interest coverage (a non-GAAP measure – see Section 12) improved to 6.2 times in 2007 compared to 5.7 times in 2006 as at September 30th.

8. New Accounting Standards

A. Changes In Accounting Policies

Starting on January 1, 2007, the Company adopted the new Canadian Institute of Chartered Accountants (“CICA”) Handbook Sections 1530, “Comprehensive Income”; Section 3251, “Equity”; Section 3861, “Financial Instruments - Disclosure and Presentation”; Section 3865, “Hedges” and Section 3855, “Financial Instruments - Recognition and Measurement”.

Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with generally accepted accounting principles.

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. Under the new standards, policies followed for periods prior to the effective date are generally not reversed, therefore, the comparative figures have not been restated except for the requirement to restate the currency translation adjustment as part of other comprehensive income.

Section 3865 prescribes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from derivative financial instruments in the same period as those related to the hedged item.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial

instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

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

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

All derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value unless exempted from derivative treatment as a normal purchase or sale. All changes in their fair value are recorded in net earnings unless cash flow hedge accounting is used, in which case, changes in fair value are recorded in other comprehensive income. The Company has applied this accounting treatment for all embedded derivatives in existence at transition. The impact of the change in accounting policy related to embedded derivatives is not material.

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

In a cash flow hedge, the effective portion of changes in the fair value of derivatives is recognized in other comprehensive income. Any gain or loss in fair value relating to the ineffective portion is recognized immediately in the statement of earnings. Upon adoption of the new standards, the Company re-measured its cash flow hedge derivatives at fair value. Aluminum forward contracts with a favourable fair value of \$0.6 million are recorded in other receivables and prepaid expenses. In addition, the Company entered into Cross Currency Interest Rate Swap Agreements (CCIRSAs) that converted U.S. dollar fixed rate debt into Canadian dollar fixed rate debt in order to reduce the Company's exposure to the U.S. dollar debt and currency exposures. This CCIRSA is also designated as a cash flow hedge and has an unfavourable fair value of \$9.3 million for the current period and is recorded in long-term debt. The Company also had used forward contracts to hedge foreign exchange exposure on anticipated sales. All existing forward contracts matured earlier this year. These hedges were previously recorded in accounts payable and accrued liabilities.

In a fair value hedging relationship, the carrying value of the hedged item is adjusted by gains or losses attributable to the hedged risk and recorded in net earnings. This change in fair value of the hedged item, to the extent the hedging relationship is effective, is offset by changes in the fair value of the derivative also measured at fair value on the balance sheet date, with changes in value recorded through net earnings. The Company has two CCIRSA's designated as fair value hedges, which convert U.S. dollar fixed rate debt into Canadian dollar floating rate debt in order to reduce interest rate and currency risk. In addition, the Company has an interest rate swap converting U.S. dollar fixed rate debt to U.S. dollar floating rate debt to reduce interest rate risk exposure. These fair value hedges have an unfavourable fair value of \$9.7 million and are recorded in long-term debt.

In a hedge of a net investment in a self-sustaining foreign operation, the portion of the gain or loss on the hedging item that is determined to be an effective hedge should be recognized in comprehensive income and the ineffective portion should be recognized in net earnings. During 2006, the Company entered into CCIRSA's that converted Canadian dollar fixed rate and floating rate debt into euro fixed rate debt and euro floating rate debt in order to hedge the Company's exposure to the euro, with a view to reducing foreign exchange fluctuations and interest expense. These CCIRSA's have been designated as net investment hedges and have a net favourable fair value of \$5.2 million at the end of the current period and are recorded in other assets and long-term debt.

B. Recently Issued Accounting Standards

In May 2007, the CICA issued a new Handbook Section 3031, "Inventories", which addresses the measurement and disclosure of inventory. The new standard is effective for interim and annual financial statements for fiscal years beginning on or after January 1, 2008. Management is currently reviewing the potential impact on the financial results of the Company. However, further disclosure will be required in the Consolidated Statement of Earnings as it will now be necessary to disclose the amount of inventories recognized as an expense during the period. The Company will comply with the standard on January 1, 2008.

In October 2006, the CICA issued new standards related to financial instrument presentation and disclosure, Handbook Section 3862, "Financial Instruments - Disclosure" and Handbook Section 3863, "Financial Instruments - Presentation". These standards revise and enhance the disclosure requirements of Handbook Section 3861, "Financial Instruments - Disclosure and Presentation". These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Management is currently reviewing the potential impact on the Company. The Company will comply with the requirements of the new standard when the standard becomes effective.

In October 2006, the CICA approved new accounting standards, Section 1535, "Capital Disclosures". This new section establishes standards for disclosing information about an entity's capital and how it is managed. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Management is currently reviewing the potential impact on the Company. The Company will comply with the requirements of the new standard when the standard becomes effective.

9. Commitments and Contingencies

The Company has no material “off-balance sheet” financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 14 of the December 31, 2006 Annual Consolidated Financial Statements. The Company does not have any material related party transactions. There are no defined benefit plans funded with CCL stock.

10. Controls and Procedures

Disclosure Controls and Procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Vice Chairman and Chief Executive Officer (“CEO”) and the Executive Vice President and Chief Financial Officer (“CFO”) on a timely basis so that appropriate decisions can be made regarding public disclosure.

At the end of 2006, the CEO and CFO evaluated the effectiveness, design and operation of CCL’s disclosure controls and procedures, including a review of the activities of the Disclosure Committee. This Committee reviews all external reports and documents of CCL. As of September 30, 2007, based on this evaluation of the disclosure controls and procedures, the CEO and CFO have concluded that CCL’s disclosure controls and procedures, as defined in Multilateral instrument CSA 52-109 are effective to ensure that information required to be disclosed in reports and documents that CCL files or submits under Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified.

11. Risks and Strategies

The 2006 Management’s Discussion and Analysis in the Annual Report detailed risks to the Company’s business and the strategies that were planned for 2007 and beyond. There have been no material changes to those risks and strategies. CCL is now more exposed to the inherent risks associated with running a more internationally diverse specialty packaging business. The Company now has a greater dependence on the European, Latin American and Asian economies and their currencies. These non-Canadian risks were described in the 2006 Management’s Discussion and Analysis.

12. Outlook

The Company continues to focus on the growth prospects of its specialty packaging business and the prudent management and reinvestment of its cash on hand and cash flow generation with a view to the continued improvement in shareholder value. The expected sale of the ColepCCL joint venture will give rise to further funds to be reinvested in the business and completes the transition of the Company into becoming exclusively a global specialty packaging business. CCL continues to integrate and reorganize the large number of recent acquisitions it has made into its global label network to improve profitability and simplify administration. The Company is investigating mid-sized potential acquisition and joint venture candidates that meet its criteria of core products and customers, and its expectation of earnings accretion in the first year of ownership from these strategic initiatives.

The growth in sales and income experienced in 2006 and throughout 2007 is anticipated to continue as the Company is expected to generate additional returns from its capital investments and acquisitions. Redeployment of the proceeds from the sale of ColepCCL will take some time to complete but is expected to more than replace the earnings from ColepCCL. CCL's growth over the next six months is predominantly expected to come from outside North America due to the current slowdown in the U.S. economy. Recent financial reports from customers, suppliers and packaging peers indicate that the U.S. economy is having a negative effect on their current and expected financial performance. The length and depth of the U.S. economic slowdown, the unfavourable impact of the stronger Canadian dollar and the continued improvement in our operations in Europe, Latin America and Asia are key factors expected to impact CCL's future earnings.

The seasonality of the business continues to evolve, particularly in the Label Division, with the first quarter being the most profitable by a considerable margin followed by the second quarter. The third and fourth quarters are generally lower than the first two quarters. Sluggish customer demand for personal care products in North America are expected to impact the Tube and Container Divisions at least through the fourth quarter, although the Container Division has seen a pick-up in beverage containers. Additionally, the Label Division will be relocating its operations to new facilities in Mexico and Memphis over the remainder of 2007, and Paris into 2008, and will be incurring additional costs associated with these moves. The recent strength in the Canadian dollar compared in particular to the U.S. dollar, will continue to negatively impact comparative results due to adverse currency translation. The Canadian dollar has recently also been stronger compared to European currencies, primarily the euro, and may have an impact on future comparative results.

13. Key Performance Indicators and Non-GAAP Measures

CCL measures the success of its business using a number of key performance indicators, many of which are in accordance with Canadian GAAP as described throughout this report. The following performance indicators are not measurements in accordance with Canadian GAAP and should not be considered as an alternative or replacement of any other measure of performance under Canadian GAAP. These non-GAAP measures do not have any standardized meaning and may not be comparable to similar measures presented by other issuers.

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

Return on Sales - A measure indicating relative profitability of sales to customers. It is defined as operating income divided by sales, expressed as a percentage.

Divisional Operating Income - A measure indicating profitability of the Company's business units defined as operating income before corporate expenses, interest and restructuring and other items.

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

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

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

Interest Coverage - A measure indicating the relative amount of operating income generated by the Company compared to the amount of interest expense incurred by the Company. It is calculated as operating income before restructuring and other items plus net interest expense divided by net interest expense calculated on a 12-month rolling basis.