Labelling the future

CCL INDUSTRIES INC. 2010 ANNUAL REPORT

CCL IS A GLOBAL SPECIALTY PACKAGING COMPANY

HEADQUARTERED IN TORONTO, CANADA

3 divisions: Label, Container and Tube

61 plants in **19** countries

5,800 employees

CCL LABEL

CCL Label is the world's largest converter of pressure sensitive and film materials and sells to leading global customers in the consumer packaging, healthcare and consumer durable segments.

CCL Label represents **80%** of total CCL sales.

A global player in its industry, CCL Label is driving growth in emerging markets with new plants in Thailand, China and Vietnam.

Number of Plants
(by location)

North America – 18
Latin America – 3
Europe – 22
Asia – 6
Australia – 3
Africa – 1
Russia – 2

CCL CONTAINER

CCL Container is a leading North American manufacturer of sustainable aluminum aerosol containers and bottles for premium brands in the home & personal care and premium food & beverage markets.

CCL Container represents **14%** of total CCL sales.

CCL Container operates facilities in Canada, the United States and Mexico, offering customers superior quality, high-end graphics and innovative bottle shapes.

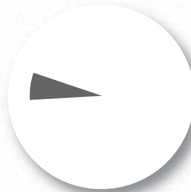
Number of Plants
(by location)

North America – 2
Latin America – 2

CCL TUBE

CCL Tube produces highly decorated extruded plastic tubes for premium brands in the personal care and cosmetics markets in North America.

CCL Tube represents **6%** of total CCL sales.



With increased market share and a new state-of-the-art facility in Los Angeles, CA, CCL Tube has moved into a leadership position, selling highly decorated extruded tubes to its North American customers.

Number of Plants
(by location)

North America – 2

CAUTION ABOUT FORWARD-LOOKING INFORMATION

This Annual Report contains forward-looking information and forward-looking statements, as defined under applicable securities laws (hereinafter collectively referred to as "forward-looking statements"), that involve a number of risks and uncertainties. Forward-looking statements include all statements that are predictive in nature or depend on future events or conditions. Forward-looking statements are typically identified by, but not limited to, the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives, strategies and outlook of the Company, other than statements of historical fact, are forward-looking statements. Specifically, this Annual Report contains forward-looking statements regarding the anticipated growth in sales, income and profitability of the Company's divisions; the Company's improvement in market share; the Company's capital spending levels and planned capital expenditures in 2011; the adequacy of the Company's financial liquidity; the Company's targeted return on equity, earnings per share, EBITDA growth rates and dividend payout; the Company's effective tax rate; the future profitability of the Container Division; the Company's ongoing business strategy; and the Company's expectations regarding general business and economic conditions.

Forward-looking statements are not guarantees of future performance. They involve known and unknown risks and uncertainties relating to future events and conditions including, but not limited to, the evolving global financial crisis and its impact on the world economy and capital markets; the impact of competition; consumer confidence and spending preferences; general economic and geopolitical conditions; currency exchange rates; interest rates and credit availability; technological change; changes in government regulations; risks associated with operating and product hazards; and CCL's ability to attract and retain qualified employees. Do not unduly rely on forward-looking statements, as the Company's actual results could differ materially from those anticipated in these forward-looking statements. Forward-looking statements are also based on a number of assumptions, which may prove to be incorrect, including, but not limited to, assumptions about the following: global economic recovery and higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific segments and in entering into new segments; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the Company's ability to implement its acquisition strategy and successfully integrate acquired businesses; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; and general business and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risk and Uncertainties."

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The forward-looking statements are provided as of the date of this Annual Report, and the Company does not assume any obligation to update or revise the forward-looking statements to reflect new events or circumstances, except as required by law.

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CCL RICH IN HISTORY

THE BEGINNING

In 1951 Gordon Lang opened the doors of his small aerosol contract filling plant located in Toronto, Ontario, to begin CCL's 60-year success story. When the Company celebrated its 50th anniversary Gordon was asked to share some of the secrets of his and CCL's success. He responded, "Work hard, don't be afraid to take risks and be the one leading change, not following it." The risks Gordon took led the Company to new products and processes, creating value for all stakeholders while still keeping a close hold on the "purse strings." This entrepreneurial style still exists today, but it is the many dedicated employees, some now retired, who built the strong foundation for our success today.

THE PEOPLE

"I hired good people and then let them do their job" is another of Gordon Lang's secrets to success that is still evidenced today in our decentralized, profit-focused mode of operation. With 5,800 people around the world, our frontline decision making creates the necessary ownership that enables superior customer service. Our global management team is a blend of industry veterans and internally developed talent who understand global markets and have a passion for the business. They think big but still manage the tiny details.

THE CUSTOMERS

Procter & Gamble, Unilever, Johnson & Johnson and many other famous names from the personal care industry have been with CCL from the very beginning. Relationships continued throughout our long history as we moved from filling some of their prestigious brands to providing them with our unique label, container and tube solutions today. As the Company expanded into new markets we added the world's largest pharmaceutical, chemical, automotive and food and beverage companies. Our expansion into new geographies also brought new customers headquartered in Europe, Asia and Latin America.

Johnson & Johnson

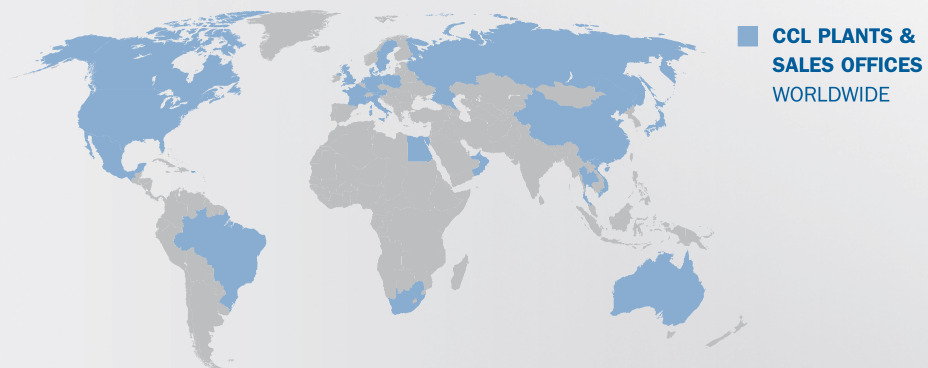
CONSTANT REINVENTION

From a small Canadian contract filler, CCL grew to over $1 billion in sales with operations in North America and Western Europe by its 50th anniversary. In 2000 CCL began its transformation to a global specialty packaging company, investing only in those businesses that offered better returns and opportunities for growth. Divestitures of non-core businesses, well-executed acquisitions and expansion into emerging markets reinvented the Company, with CCL Label now representing 80% of total revenue. Coupled with investment in new plants and equipment, CCL has created the only label company in the world with our scale, geographic reach and market breadth. Our entrepreneurial values remain intact: reinvent continuously and never accept the status quo.

GEOGRAPHIC EXPANSION

CCL services its global customers in emerging markets through its state-of-the-art plants in Brazil (above) and Vietnam.

CCL's strategy to follow its customers has taken us to 19 countries and six continents. Our highly integrated network of 61 world-class plants, built by acquisition or greenfield investments, positions us to serve key customers globally across multiple market segments. We invested to access faster growing emerging markets, and our 15 plants in Asia, Latin America, Eastern Europe and South Africa generated more than $200 million in sales for 2010. With 96% of our revenues derived from international markets, CCL is now a unique Canadian company able to capitalize on the recovery of the global economy.



CCL PLANTS & SALES OFFICES WORLDWIDE

FINANCIAL RESPONSIBILITY

One of CCL's key building blocks throughout its history has been its conservative fiscal approach. Our focus on cash flow and maintaining prudent debt levels has enabled us to weather economic storms and take advantage of opportunities for growth. We have paid dividends to our shareholders without interruption or reduction for more than 28 years. Over the last 10 years dividends have doubled in value, a true sign of our commitment to growing shareholder value, particularly considering the recent economic environment.

CONTINUOUS INNOVATION

The Company's culture of entrepreneurial innovation which started 60 years ago with the development of aerosol products continues to flourish today. From our Braille and 100-page expanded content labels that provide compliance solutions for the pharmaceutical industry, to Super Stretch Sleeves that reduce the carbon footprint for PET beverage bottles, to shaped aluminum aerosol containers and plastic tubes made from post-consumer resins driving consumer appeal for personal care brands, CCL continues to partner with our customers to win together in the global market.

A STRONG FOUNDATION FOR THE FUTURE

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and Chief Executive Officer

IN 2010 CCL ENJOYED A SIGNIFICANT REBOUND FROM THE WORLD ECONOMIC CRISIS DURING 2008 AND 2009. OUR PRODUCT LINE BREADTH, GEOGRAPHIC REACH, NEW BUSINESS INITIATIVES AND GLOBAL CONSUMER STAPLE CUSTOMER BASE ALL COMBINED TO DELIVER A STRONG DEMAND-FUELLED RECOVERY AND ROBUST IMPROVEMENT IN FINANCIAL PERFORMANCE.

Solid Operating Performance

CCL Label represented 80% of the Company's total revenue in 2010 and continues to be the powerhouse for shareholders. Sales increased by 7% over 2009, excluding the impact of currency translation, and profitability hit all time highs with an operating income* return on sales margin of 15%. Over the last 10 years we have built a global platform from well executed bolt-on acquisitions coupled with investment in new facilities and equipment, enabling us to service customers around the world. Plants in developed economies have been redesigned to specialize in end use markets while we invested to broaden our geographic footprint to include the fast-growing regions of Asia, Latin America and Eastern Europe. Operations in all of these emerging markets posted strong double-digit growth in 2010 and now represent almost 20% of CCL Label's total revenues – a real success story considering we built our first plant in Asia in 2003.

CCL Label performed at or above expectations in all of its target customer segments. The Home & Personal Care sector represents approximately one third of CCL Label's revenues. 2010 results improved globally as customers regained confidence to invest in marketing and promotional spending in North America and Western Europe, and accelerated growth initiatives in emerging markets. Sales to this sector in Latin America and Asia combined exceeded $100 million as marketers continue to bring developed world packaging concepts to these regions and implement global design approaches to branding. Profitability at our European business improved markedly on double-digit revenue growth driven by new business wins. North America also posted solid results as the economy improved and the consumer returned to centre stage. This sector is the most "globally sold" at CCL Label, with revenues evenly divided between North America, Europe and emerging markets, reflecting similar patterns at many of our large global customers.

SOLID OPERATING PERFORMANCE, THE STRONG MARKET REBOUND IN ALL SECTORS AND CONTINUED GROWTH IN EMERGING MARKETS DROVE CCL'S SUCCESS IN 2010

In 2009 our Healthcare & Specialty business, the largest customer segment for CCL Label, enjoyed a significant one-time profit windfall from H1N1 related products in North America. As concerns about the pandemic evaporated very early in the year, demand for vaccines, anti-viral drugs and anti-bacterial hand cleansers collapsed in 2010 after spiking dramatically in the second half of 2009. Despite this, the sector posted another solid year with improved sales and profitability, excluding the impact of currency exchange. The driver was a significant recovery in our European business where prior year H1N1 sales were not material. In addition, we made a strong start to build an emerging market presence for this business. Results in North America were down from 2009 with the U.S. Food and Drug Administration quarantining the plants of certain customers, affecting label demand and adding to the declines associated with the absence of H1N1. This was partly offset by continuing growth in the agricultural chemical business and strong activity for security, functional and other specialty labels in the promotional sector. In March 2010 we acquired Purbrick Pty Ltd., a supplier of labels and patient information leaflets to global pharmaceutical customers located in Australia. We believe this will help us build the healthcare sector in the Asia Pacific region.

Profitability at CCL Label's global beverage business showed significant improvement in 2010 driven by some recovery in the fortunes of our global beer and soft drinks customers. International markets, particularly in Europe, benefited from new business wins for our clear pressure sensitive WashOff labels for glass bottles, and our business in China almost tripled, albeit from a small base. Profitability in the Australian wine sector improved over the prior year despite the impact of their strong currency on wine exports but market conditions overall remain challenging. We started a new wine label facility in Portland, Oregon, and integrated our small South African acquisition which has yet to reach profitability.

CCL Design, our 2008 durable goods acquisition, is a world-class tier one supplier to European Automotive OEMs with state-of-the-art plants in Solingen, Germany. This business posted robust double-digit growth and significant improvements in profitability in 2010. German automotive production surpassed pre-crisis demand levels this past year driven by surging exports to emerging markets. Many new applications for labels have also been developed for German machine manufacturers using the technology that came from the Eltex bolt-on acquisition in 2009. CCL Design, with its elite customer base and innovative new LED technologies, provides the Company with the platform to develop another important global business sector.

Sleeve labels continued to be a success story and are the fastest growing product in the decorative label market. CCL Label is now the second largest sleeve producer in the world with operations in Europe, the United States, Thailand, Mexico and Brazil. These labels provide 360-degree decoration for a variety of food, beverage and household products and are the solution customers prefer for highly contoured bottles. Our larger European operations continued to post revenue and profitability improvements while sales from the recently developed locations in the Americas were up double digits with accelerating profitability from a low base. In the past year we successfully commercialized our Super Stretch Sleeves (Triple S®) and its label application technology. In 2011 we expect to see the first Triple S® machine sales from our licence holder Krones AG based in Germany, the largest equipment provider to beverage companies in the world. Sales to alkaline battery customers declined as the category continues to commoditize and digital devices exclusively adopt rechargeable technology.

Pacman-CCL, our new licence-holding partner in the Middle East, had a highly successful first full year. Although royalties paid are not material to a company of our size, supporting global customers in a developing part of the world is important to us. CCL-Kontur, our partnership venture in Russia in which we have a 50% equity investment of approximately $19 million, also had a much improved year. Total sales were up double digits to $27 million with solid profitability. Our Russian partner controls the venture so results are not consolidated. The business has cash balances and no debt of any kind.

CCL Container was affected by the economic crisis more than any other business in our portfolio which resulted in losses during the past two years. Many of our products ultimately have premium price points to end use consumers so demand fell more rapidly than in any other sector of the Company. Not surprisingly those businesses that drop the fastest often experience an equally rapid rebound; sales in 2010, excluding currency translation, increased a hefty 22%. We have addressed many of the pricing challenges associated with aluminum volatility and have moved the business to a "pass through" model. Company policy now only allows the hedging of aluminum supply by contract with blue chip customers. These changes began to have significant impact in the second half of the year in our U.S. business and particularly in the fourth quarter when the Division overall returned to profitability. Our Canadian operation remains challenged by the strong domestic currency, but under new management we remain focused on keeping the plant viable with a radically changed approach. Our business in Mexico continues to be successful and a third line was installed late in 2010 in the new Guanajuato plant. Industry capacity in North America remains tight; so with volume holding up and new pricing and productivity programs continuing to roll out, we expect the Division to progressively return to normal levels of profitability in 2011.

CCL Tube had an outstanding year and exceeded all expectations. Sales were up 19% and profit increased more than threefold, excluding the impact of currency translation.

Although economic conditions improved, we believe we gained market share and now have the leading position for highly decorated extruded tubes sold to personal care and cosmetic customers in North America.

CCL's adjusted basic earnings per share* (EPS) increased by 23% from $1.77 in 2009 to $2.17 and exceeded our EPS growth targets established for the last five years.

Strong Financial Position

Our financial strategy continues to be fiscally prudent with modest financial leverage to ensure liquidity. During good and difficult times we have maintained high levels of cash. Our focus on minimizing working capital and maximizing cash flow has resulted in record cash flow from operations of $168 million in 2010. With our conservative fiscal policy and ability to generate cash our net debt to total capitalization fell to 25% at the end of 2010, well below our comfort level of approximately 45%.

In 2010 we invested $81 million, net of disposals, in our plants to improve productivity, expand our product capabilities and add to our geographic reach. Given the quality of our global infrastructure, we expect to keep capital expenditures below depreciation for the immediate future.

Our financial strength underpins the stability and sustainability of our share dividends. For over 28 years we have delivered uninterrupted cash dividends to our shareholders with regular increases and no reductions. Over the last 10 years dividends have more than doubled. In 2010 our dividend payout ratio was 30%, exceeding our target ratio of 20% to 25%.

We have emerged from the crisis with an even stronger balance sheet and have greater capacity to take advantage of acquisition opportunities even before considering options to further refine our portfolio. Our focus remains on higher growth geographies and markets.

In the last decade CCL transformed itself from a North American diversified packaging company to a global player with a strong specialization in the label sector. Over 95% of our revenue now comes from outside of Canada making the Company an interesting prospect for investors wishing to capitalize on the growth of the global economy.

Global Leadership in a Sustainable World

Our network of 61 operations on six continents has enabled us to serve global customers wherever they have needs in the world. Even during the economic crisis we continued to invest in this strategy by building new plants in China, Vietnam, Thailand and Mexico and investing significantly in our existing facilities in Brazil. We stayed the course in Russia and Poland and now have world-class sites in the key cities of Moscow and Poznan, both serving large global customers. During the economic concerns of 2009, we still proceeded to develop a partner with plants in Dubai, Egypt and Oman, examples of frontier markets which will become important for new sources of growth as today's emerging regions gradually catch up with the developed world.

In 2010 we developed many initiatives to reduce the carbon footprint of CCL's products and services. A number of our operations moved to eliminate wooden pallets and corrugated boxes in collaborative logistic partnerships using multi-trip returnable systems with suppliers and customers. With one large global customer we pioneered 100% closed-loop continuous reuse of the PET release liner that acts as backing material for our pressure sensitive labels. Our new stretch sleeve labels allow customers to apply labels without heat or adhesive giving them the capability to recycle PET containers "bottle-to-bottle". Our patented "wash off" technology facilitates multiple reuse of glass bottles decorated with pressure sensitive labels. CCL will continue to invest to innovate in this important arena.

Our global management team is a culturally diverse group deliberately located around the world with one common focus – our customers. We understand leading-edge technology and are dedicated to new development and innovation for both tangible products and our service capability. We also have a highly experienced Board of Directors who bring a diverse set of skills and knowledge to our Board and committee deliberations. We were pleased to welcome George Bayly to the Board in 2010. We look forward to benefitting from his insight as a veteran of the U.S. packaging industry.

60 Years – Labelling the Future

CCL celebrates its sixtieth anniversary in 2011. Starting as a small contract filler in Toronto, CCL has reinvented itself numerous times to become what we are today – a major global player in the specialty packaging sector and the largest label company in the world. Although CCL looks very different than it did even ten years ago we maintain the same core values that were introduced by its founder, Gordon S. Lang. We are driven by purpose, people and process. We have real passion for our products. We strive for continuous innovation and improvement. We focus relentlessly on our customers. We value our employees. We want to be the very best.

2010 was a rebound year with the benefit of rapid demand recovery after the low point of 2009, so we expect to see growth rates return to normalized levels as 2011 unfolds. The revival of the global economy has brought with it the return of commodity inflation. We remain vigilantly focused on mitigating input cost increases with a combination of procurement leverage, new sustainable material substitutions, and where necessary, pass through pricing to customers.

After 60 successful years CCL is still labelling the future. We would like to thank our customers and suppliers for their continued support and recognize all of the great CCL people around the world for their hard work, creativity and dedication in 2010.

Donald G. Lang
Executive Chairman

Geoffrey T. Martin
President and Chief Executive Officer

* Non-GAAP measure. See Section 5A of CCL's MD&A for more detail.

(In thousands of Canadian dollars, except per share and ratio data)

For the years ended December 31	2010	2009	% Change
Sales	**$ 1,192,318**	$ 1,198,984	(0.6%)
EBITDA*	**$ 218,776**	$ 207,837	5.3%
% of sales	**18.3%**	17.3%	
Restructuring and other items – net loss	**$ 29**	$ 7,275	
Net earnings	**$ 71,137**	$ 42,174	68.7%
% of sales	**6.0%**	3.5%	
Basic earnings per Class B share			
Net earnings	**$ 2.17**	$ 1.31	65.6%
Diluted earnings	**$ 2.13**	$ 1.29	65.1%
Adjusted basic earnings per Class B share**	**$ 2.17**	$ 1.77	22.6%
Dividends	**$ 0.66**	$ 0.60	10.0%

At year end			
Total assets	**$ 1,622,411**	$ 1,645,497	(1.4%)
Net debt***	**$ 262,180**	$ 347,545	(24.6%)
Shareholders' equity	**$ 788,997**	$ 752,757	4.8%
Net debt to total book capitalization	**24.9%**	31.6%	
Return on equity (before goodwill impairment loss, restructuring and other items and tax adjustments)****	**9.2%**	7.6%	
Book value per Class B share	**$ 23.91**	$ 23.01	3.9%
Number of employees	**5,800**	5,500	5.5%

* EBITDA – a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A.

** Adjusted basic earnings per Class B share – a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A.

*** See table on page 24.

**** Return on equity, a Non-GAAP Measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A.

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") of CCL Industries Inc. ("CCL" or the "Company") relates to the years ended December 31, 2010 and 2009. In preparing this MD&A, the Company has taken into account information available until March 8, 2011, unless otherwise noted. This MD&A should be read in conjunction with the Company's December 31, 2010, year-end financial statements, which form part of the CCL Industries Inc. 2010 Annual Report dated March 8, 2011. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and, unless otherwise noted, both the financial statements and this MD&A are expressed in Canadian dollars as the reporting currency. The major measurement currencies of CCL's operations are the Canadian dollar, the U.S. dollar, the euro, the Australian dollar, the Brazilian real, the Chinese renminbi, the Danish krone, the Japanese yen, the Mexican peso, the Polish zloty, the Russian rouble, the South African rand, the Thai baht, the U.K. pound sterling and the Vietnamese dong. All "per Class B share" amounts in this document are expressed on an undiluted basis, unless otherwise indicated. CCL's Audit Committee and its Board of Directors have reviewed this MD&A to ensure consistency with the approved strategy of the Company and the results of the Company.

FORWARD-LOOKING INFORMATION

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higher consumer spending; improved customer demand for the Company's products; continued historical growth trends, market growth in specific segments and entering into new segments; the Company's ability to provide a wide range of products to multinational customers on a global basis; the benefits of the Company's focused strategies and operational approach; the Company's ability to implement its acquisition strategy and successfully integrate acquired businesses; the achievement of the Company's plans for improved efficiency and lower costs, including stable aluminum costs; the availability of cash and credit; fluctuations of currency exchange rates; the Company's continued relations with its customers; and general business and economic conditions. Should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking statements. Further details on key risks can be found throughout this report and particularly in Section 4: "Risk and Uncertainties."

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1. CORPORATE OVERVIEW

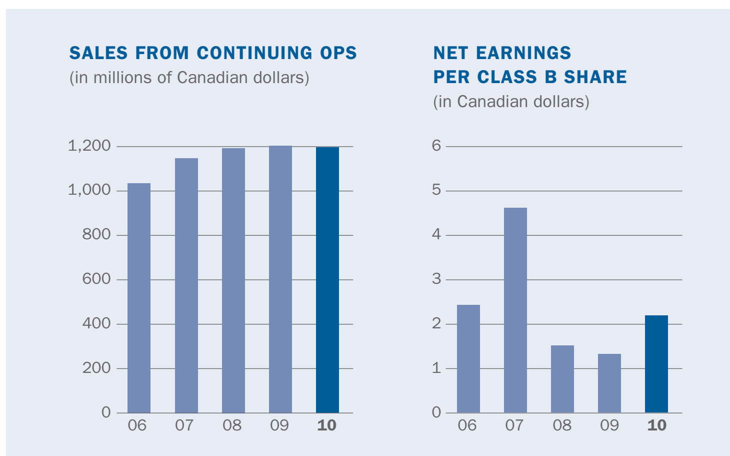
A) Company

CCL Industries Inc. is a world leader in the development of label and specialty packaging solutions for global producers of consumer brands in the home and personal care, healthcare, durable goods, and specialty food and beverage sectors. Founded in 1951, the Company has been public under its current name since 1980. CCL's corporate office is located in Toronto, Canada, with its operational leadership centred in Framingham, Massachusetts, United States. The corporate office provides executive and centralized services such as finance, accounting, internal audit, treasury, risk management, legal, tax, human resources, information technology and environmental, health and safety. The Framingham office provides operational direction and oversees the activities of CCL's divisions: Label, Container and Tube. CCL employs approximately 5,800 people in 61 production facilities located in North America, Latin America, Europe, Australia, South Africa and Asia, including an equity investment in Russia. The Company also has a license holder operating three plants in the Middle East.

B) Customers and Markets

CCL's customer base is primarily comprised of a significant number of global consumer product, healthcare, chemical and durable goods companies. A strategy of many of our customers is a continuous focus on growing their global market positions. Recent industry trends include customer consolidation, even among the largest players, and a disproportionate growth in sales in emerging markets and relatively lower growth in the developed world.

Demand for consumer staples and healthcare products generally remains consistent throughout economic cycles as the end use often requires daily consumption. These markets are less volatile than consumer



durables and the information technology industry which have higher price points and can be impacted by changes in how society works. Certain markets, such as for beverage and agro-chemical products, are more seasonal in nature and affect the variability of quarterly sales and profitability.

The state of the global economy and geopolitical events can affect consumer demand and ultimately CCL's customers' plans. CCL's customers react to these issues and competitive activity in their categories as they develop marketing and sales promotion strategies including the introduction of new products. These factors directly influence the demand for CCL's products. The Company's growth expectations generally mirror the trends of each of the markets and product lines in which CCL's customers compete and the growth of the economy in each geographic region. CCL also anticipates improving its market share generally in each market and category over time, which is consistent with its overall historical trend.

The label market is large and highly fragmented with many players but with no single competitor having the substantial operating breadth or global reach of CCL Label. The Container Division operates only in North America including Mexico. There is one significant direct competitor in the Container business in the United States and one in Mexico. The Tube Division operates only in the United States where there are a small number of competitors.

C) Strategy and Financial Targets

CCL's vision is to increase shareholder value through leading supply chain solutions and product innovations delivered to large global customers across the three Divisions. CCL builds on the strengths of its people in manufacturing and product development; and nurtures strong relationships with its international customers. The Company anticipates increasing its market share in most product categories by capitalizing on the growth of its customers, by following market trends such as globalization and driving new product innovation.

A key driver in CCL's strategy is maintaining its focus and discipline. The Company aspires to be the market leader and the highest value-added producer in each product line and region in which it chooses to compete. CCL's strategy is to improve the performance of the Container and Tube Divisions in North America while investing in the growth of the Label Division globally both organically and by acquisition. The current year acquisition of Purbrick Pty Ltd. ("Purbrick"), a healthcare label producer that provides manufacturing capabilities to global pharmaceutical customers located in Australia; along with the prior year acquisition of Ferro Print Western Cape (Pty) Ltd. ("Ferro Print"), a wine label producer in the important South African beverage market; and the strategic licencing arrangement with the Pacman Group for the Middle East enabling the Company to service its global customers in new territories, are examples of measures taken to build on its focused business strategy.

The Company's strategic objective in the past decade has been the long-term growth of earnings through the building of a global business platform with investment in new plants and equipment, by acquisitions and innovation in new product development. This approach is intended to allow the Company to increase market share and to grow internationally with its customers. The acquisition strategy includes seeking attractively priced acquisitions within CCL's core competencies and manufacturing capabilities that will be immediately accretive to earnings. In addition, such acquisitions should generally support its strategic geographic expansion plans and/or provide new technologies and products to CCL's portfolio.

The Company's financial strategy is to be fiscally prudent and conservative. Financial leverage has been maintained at modest levels, and ensuring liquidity has been a cornerstone of its philosophy. This strategy continues to serve the Company well, particularly during the recent global economic downturn which had a dramatic adverse impact on many companies, including some of its major competitors. During good and difficult economic times, the Company has maintained high levels of cash on hand and unused lines of credit to reduce its financial risk and to provide flexibility when acquisition opportunities are available. The Company currently has several long-term private debt placements in place and over $90 million Canadian available on an unsecured revolving line of credit, which further enhances its liquidity and strengthens its financial foundation for the foreseeable future.

CCL has a continuous focus on minimizing its investment in working capital in order to maximize cash flow in support of the growth in the business. In addition, capital expenditures are approved when they are expected to be accretive to earnings and are selectively allocated towards the most attractive growth opportunities.

A key financial target is return on equity before goodwill impairment loss, restructuring and other items and tax adjustments ("ROE," a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below). CCL continues to execute its strategy with a goal of achieving a comparable ROE level to its leading peers in specialty packaging. Historically,

the Company has achieved ROE levels in the low double digit range. However, with the major global economic downturn in 2009, ROE for comparable companies and for the industry as a whole have been dramatically lowered. In 2010, ROE recovered over the prior year low and is approaching double-digit levels. ROE performance has been fairly consistent over the past few years, except for 2009:

	2010	2009	2008	2007	2006	2005
Return on equity	**9.2%**	7.6%	11.1%	13.3%	12.5%	13.5%

The Company believes that attaining the historical level of ROE is achievable once again as noted by the recovery in 2010 and is dependent on the continued improvement in the global economy and consumer spending levels.

Another important and related financial target is the long-term growth rate of adjusted basic earnings per share, which excludes goodwill impairment loss, restructuring and other items, and tax adjustments (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below). Management believes that taking into account both the relatively stable overall demand for consumer staple and healthcare products globally and the continuing benefits from its focused strategies and operational approach, a positive growth rate in adjusted basic earnings per share is realistic under normal economic circumstances.

CCL's historical adjusted earnings per share excluding goodwill impairment loss, restructuring and other items and tax adjustments and gains on business dispositions, has achieved significant positive growth except for the 2009 and 2008 years:

	2010	2009	2008	2007	2006	2005
EPS growth rate*	**23%**	(30%)	2%	19%	19%	15%

* This is a non-GAAP measure; see "Key Performance Indicators and non-GAAP Measures" in Section 5A below.

In 2010 adjusted basic earnings per share increased by 23%. The strong recovery from the global economic recession and improved mix of businesses was partially offset by the unfavourable impact from foreign currency rates. The Company believes strong growth in earnings per share is achievable in the future as the global economy continues to improve.

The Company will continue to focus on generating cash and effectively utilizing the cash flow generated by operations and divestitures. Earnings before interest, taxes, depreciation and amortization, excluding goodwill impairment loss, restructuring and other items ("EBITDA," a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) is considered a good indicator of cash flow and is used by many financial institutions and investment advisors to measure operating results and for business valuations. The Company believes that EBITDA is an important measure in evaluating its ongoing business in that it does not include the impact of interest, depreciation and amortization, income tax expenses and non-operating one-time items. As a key indicator of cash flow, it demonstrates the Company's ability to incur or service existing debt and to invest in capital additions, to take advantage of organic growth opportunities, and in acquisitions that are accretive to earnings per share. Historically, the Company has experienced positive growth in EBITDA, excluding discontinued operations, except for the 2009 year:

	2010	2009	2008	2007	2006	2005
EBITDA	**218.7**	207.9	216.4	206.9	176.1	146.9
% of sales	**18%**	17%	18%	18%	17%	16%

In 2010, EBITDA increased by 5% despite a significant unfavourable foreign currency impact. EBITDA margins remain at the top end of the range of its specialty packaging peers. The Company expects positive growth in EBITDA in the future as the global economy continues to recover and consumer spending levels improve.

If net cash flow periodically exceeds attractive acquisition opportunities available, CCL may also repurchase its shares provided that the repurchase is accretive to earnings per share, is at a valuation equal to or lower than valuations for acquisition opportunities, and will not materially increase financial leverage beyond targeted levels or significantly reduce liquidity.

The framework supporting the above performance targets is an appropriate level of financial leverage. Based on the dynamics within the specialty packaging industry and the risks that higher leverage may bring, CCL has a comfort level up to a target of approximately 45% for its net debt to total book capitalization (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures"

in Section 5A below). As at December 31, 2010, net debt to total book capitalization was 25%. This current level of leverage and profitability would imply that CCL's debt continues to be in the investment-grade category. This leverage level is below the target, primarily due to the Company's conservative approach to financial risk and its ability to generate strong levels of free cash flow from operations (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below).

CCL also believes that the dividend payout (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) is an important metric. CCL has paid dividends quarterly for over 25 years without an omission or reduction and has more than doubled the dividend since 2001. The Company views this consistency and dividend growth as important factors in enhancing shareholder value. The Company's target payout of dividends is equal to 20% to 25% of adjusted earnings, defined as earnings excluding gains on dispositions, goodwill impairment loss, restructuring and other items and tax adjustments. In 2010, the dividend payout ratio was 30% (34% in 2009) of adjusted earnings. The higher level of dividend payout in 2010 reflects the Company's strong cash flow generation due to the recovery from the global economic downturn and lower capital expenditures as planned. Since the Company's current cash flow and financial position are strong and its outlook for 2011 continues to be positive, the Board of Directors approved a continuation of the higher dividend declared in the third quarter of 2010 of $0.1625 per Class A share and $0.175 per Class B share to shareholders. The annualized dividend rate, including this increase, is $0.65 per Class A share and $0.70 per Class B share.

The Company believes that all of the above targets are mutually compatible and consequently should drive meaningful shareholder value over time.

CCL's strategy and its ability to grow and achieve attractive returns for its shareholders are shaped by key internal and external factors that are common to specialty packaging. The key performance driver is its continuous focus on customer satisfaction, supported by its reputation for quality manufacturing, competitive cost, product innovation, dependability, ethical business practices and financial stability.

In these uncertain economic times, the Company recognizes that it must maintain its focus and financial discipline. CCL's customers' markets have shown a significant recovery in 2010 from the global economic slowdown experienced in the second half of 2008 and the majority of 2009. So far in 2011, business remains solid but CCL expects growth rates to return to normalized levels on the stabilized base. Mitigating escalating raw material input costs through stringent cost management and focused pricing strategies for its products remain key priorities for the Company.

D) Recent Acquisitions and Dispositions

In 2007, CCL sold the last vestiges of its former custom manufacturing business with the disposition of its joint venture interest in ColepCCL. The transaction completed the transformation of the Company into a focused specialty packaging business, with the Label Division now accounting for 80% of the Company's total revenue in 2010.

The proceeds from the dispositions of CCL's custom manufacturing businesses and other non-core businesses this decade have been and continue to be invested in the Company's higher value-added businesses. These investments include accretive acquisitions and capital spending for organic internal growth and technology enhancements. CCL is now a more internationally positioned company with increased customer diversification across the global economy and with exposure to many different currencies.

CCL has redeployed the proceeds of the sale of non-core businesses and its cash flow from operations into its core segments with both internal organic capital investments and strategic acquisitions. Below is a list of acquisitions completed over the last two years:

- In March 2010, Purbrick, a privately held company based in Melbourne, Australia, was acquired for $1.2 million in cash, net of cash acquired. Purbrick supplies patient information leaflets and pressure sensitive labels to global pharmaceutical customers located in Australia.
- In March 2009, Ferro Print, a privately owned pressure sensitive label company based in South Africa, was acquired for $2.8 million in cash. Ferro Print is a leading South African wine label producer with a plant located near Cape Town.

Since 2003, the Company has spent approximately $500 million on acquisitions including the Russian investment. They have been primarily funded by dispositions totalling over $470 million in cash over the same time frame. Strategically, CCL has repositioned itself as a growing specialty packaging company over these years by funding acquisitions with the proceeds from the sale of non-core businesses.

All of the acquisitions completed over the past few years, in conjunction with the building of new plants in Mexico, Thailand, Poland, China and Vietnam in the last few years, have positioned the Label Division as the global leader for pressure sensitive labels in the personal care, healthcare, food, beverage, promotional, durables and specialty categories.

E) Consolidated Annual Financial Results

Selected Financial Information

Results of Consolidated Operations

	2010	2009	2008
Sales from continuing operations	$ 1,192.3	$ 1,199.0	$ 1,189.0
Cost of goods sold	916.5	943.5	923.3
Selling, general and administrative expenses	145.0	141.0	127.5
Depreciation and amortization	6.1	6.6	6.9
	124.7	107.9	131.3
Interest expense – net	(25.1)	(29.3)	(23.9)
Goodwill impairment loss	—	—	(31.4)
Restructuring and other items – net loss	—	(7.3)	(3.1)
Earnings before income taxes	99.6	71.3	72.9
Income taxes	28.5	29.1	24.9
Net earnings	$ 71.1	$ 42.2	$ 48.0
Net earnings per Class B share	$ 2.17	$ 1.31	$ 1.50
Goodwill impairment loss, restructuring and other items and tax adjustment – net loss	$ —	$ (0.46)	$ (1.04)
Diluted earnings per Class B share	$ 2.13	$ 1.29	$ 1.46

Comments on Consolidated Results

Sales were $1,192.3 million in 2010, down 1% from the $1,199.0 million recorded in 2009. The decrease relates primarily to an unfavourable impact of 10% from foreign currency translation partially offset by strong organic growth of 9% and a nominal positive impact from acquisition. On a comparative basis with last year, sales excluding currency translation were higher in all divisions due to strong organic growth.

As only approximately 4% of CCL's 2010 sales to end use customers are denominated in Canadian dollars, changes in foreign exchange rates have historically had a material impact on sales and profitability when translated into Canadian dollars for public reporting. Current year's results have been adversely affected by the depreciation of the U.S. dollar, the euro and the U.K. pound sterling by 10%, 14% and 11% respectively, relative to the Canadian dollar in 2010 compared to exchange rates in 2009. This was partly offset by gains for some emerging market currencies compared to the Canadian dollar.

Income after cost of goods sold, selling, general and administrative expenses, and depreciation and amortization in 2010 was $124.7 million, up $16.8 million from $107.9 million in 2009.

Selling, general and administrative expenses were $145.0 million in 2010, up 3% or $4.0 million from $141.0 million reported in 2009. The increase in selling, general and administrative expenses in 2010 relates primarily to higher corporate expenses and the unfavourable impact of foreign currency transactions, partially offset by lower operating costs in sales and marketing functions. Corporate expenses in 2010 were $23.4 million, up from $16.5 million in 2009. The increase in corporate expenses relates primarily due to higher variable incentive compensation expense and the unfavourable impact of foreign currency transactions in the current period, partially offset by a reduction in self-insurance claims reserves.

Operating income (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) in 2010 was $148.1 million, up by 19% or $23.7 million from $124.4 million reported in 2009. The increase in operating income in 2010 was primarily attributable to strong organic growth, partially offset by the unfavourable impact from foreign currency

translation. Excluding the unfavourable currency translation, operating income was up 31%. This increase reflects growth in the Label and Tube Divisions of $26.8 million and $6.1 million, respectively. The Container Division reported a loss of $4.2 million for the year. However, this was largely incurred in the first half of 2010 and due to a stronger performance in the last two quarters, results were favourable by $2.4 million compared to 2009. Further details on the divisions follow later in this report.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") from continuing operations before goodwill impairment loss, and restructuring and other items (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) in 2010 were $218.7 million, up 5% from the $207.9 million recorded in 2009. Excluding the unfavourable impact of currency translation, EBITDA increased by 16% over the prior year.

Net interest expense was $25.1 million in 2010, down by $4.2 million from the $29.3 million recorded in 2009. The decrease reflects lower debt levels and favourable currency translation on the interest of the U.S. dollar-denominated debt. Interest expense is net of interest earned on short-term investments, interest rate swap agreements ("IRSAs") and cross-currency interest rate swap agreements ("CCIRSAs"). The IRSAs and CCIRSAs are discussed later in this report under Section 3 (C).

For the full year 2010, restructuring costs and other items represented a nominal amount as follows:

- In the second quarter, a net foreign exchange gain from the repatriation of funds from subsidiaries of $0.1 million (with no tax effect);
- In the fourth quarter, a foreign exchange gain from the repatriation of funds from a subsidiary of $0.1 million (with no tax effect); and
- In the fourth quarter, a loss related to severance costs for the Container operations of $0.2 million (with no tax effect).

Restructuring cost and other items in 2010 were nominal and had no net impact on earnings per Class B share.

For the full year 2009, restructuring costs and other items represented a loss of $7.3 million ($5.5 million after tax) as follows:

- In the first quarter, a loss on the settlement of pension obligations to certain members of the U.K. pension plan of $1.4 million ($1.0 million after tax);
- In the first quarter, a loss related to additional costs to shut down the Avelin, France, plant of $0.3 million (with no tax effect);
- In the second quarter, a loss on a repatriation of capital from foreign subsidiaries due to foreign exchange of $0.4 million (with no tax effect);
- In the fourth quarter, a loss on the settlement of pension obligations to certain members of the U.K. pension plan of $3.5 million ($2.5 million after tax);
- In the fourth quarter, a loss related to additional costs to shut down the Avelin, France, plant of $0.3 million (with no tax effect);
- In the fourth quarter, a loss related to severance costs to restructure the European Label operations of $1.3 million ($1.1 million after tax);
- In the fourth quarter, a loss related to closure costs for the small Mexico Tube operation of $0.1 million ($0.1 million after tax);
- In the fourth quarter, a loss related to the shutdown of the small Burgess Hill, U.K., operation in the Label Division of $0.5 million ($0.3 million after tax); and
- In the fourth quarter, a gain from the repatriation of capital from foreign subsidiaries due to foreign exchange of $0.5 million (with no tax effect).

In the fourth quarter of 2009, the Company incurred a one-time tax charge of $9.3 million for U.S. withholding taxes related to the U.S. internal debt transaction.

The negative earnings impact of these restructuring and other items in 2009 was $0.17 per Class B share, while the unfavourable tax adjustment was $0.29 per share. The net loss of the restructuring and other items and unfavourable tax adjustment in 2009 was $0.46 per share.

In 2010, the consolidated effective tax rate was 28.6% compared to 40.8% in 2009. The combined Canadian federal and provincial statutory tax rate was 29.1% in 2010. The decrease in the effective tax rate compared to the prior year is primarily due to the 2009 comparatives being adversely impacted by a one-time charge of $9.3 million for U.S. withholding taxes on a transaction that entailed the U.S. operations assuming internal debt to pay a dividend to the Canadian parent. In addition, both periods were positively impacted by the accounting adjustment related to the benefit (a reduction in income tax expense) of certain Canadian tax losses. This accounting benefit of utilizing Canadian tax losses in 2010 and 2009 was $2.7 million and $7.8 million, respectively. As previously disclosed in prior quarters, the ability to benefit the Canadian tax losses is mainly dependent on the movement of the unrealized foreign exchange gains on the Company's U.S. dollar-denominated debt and related euro swaps. This benefit will fluctuate with the movement in the Canadian dollar versus the U.S. dollar and the euro and as such this benefit would reverse fully or in part in the future if the Canadian dollar weakens and would grow larger if it strengthens. In addition, a portion of the restructuring and other items incurred in 2009 were not subject to a tax benefit. Excluding the U.S. withholding taxes, the benefit from the Canadian tax losses and restructuring and other items, the overall effective tax rate in 2010 and 2009 were 31.3% and 37.3%, respectively. The current year was positively impacted by the completion of the internal debt transaction, described above, and a favourable mix of income earned in lower taxed jurisdictions versus higher taxed jurisdictions.

Approximately 92% of CCL's sales are from products manufactured in plants outside of Canada, and the income from these foreign operations is subject to varying rates of taxation. The Company's effective tax rate varies from year to year as a result of the level of income in the various countries, recognition or reversal of tax losses, tax reassessments and income and expense items not subject to tax. The Company's tax rate may increase in the future since the Company may not be able to tax-benefit its future tax losses in certain countries.

Net earnings for 2010 were $71.1 million, up $28.9 million compared to $42.2 million recorded in 2009 due to the items described above.

Basic earnings per Class B share was $2.17 in 2010 versus the $1.31 recorded in 2009. Diluted earnings per Class B share were $2.13 in 2010 and $1.29 in 2009.

The movement in foreign currency exchange rates in 2010 versus 2009 had an estimated negative impact of $0.25 on basic earnings per Class B share. This estimated foreign currency impact reflects the currency translation in all foreign operations and the translation of U.S. dollar-denominated transactions in the Canadian Container operations where all sales and a significant portion of costs are U.S. dollar-denominated.

Restructuring and other items had a nominal effect in 2010 compared to a negative impact of $0.46 on earnings per Class B share in 2009.

Adjusted basic earnings per Class B share (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) were $2.17 in 2010, up 23% from $1.77 in 2009.

The growth of CCL's earnings per Class B share is of primary importance to its shareholders, lenders, employees and the financial community. The following table is presented to provide context to the comparative change in the financial performance of the business by excluding restructuring and other costs.

Earnings per Class B Share

		2010		2009
Continuing operations	$	2.17	$	1.31
Net (loss) gain from restructuring and other items and tax adjustments included above		—		(0.46)
Adjusted basic earnings*	$	2.17	$	1.77

* This is a non-GAAP measure. Refer to "Key Performance Indicators and Non-GAAP Measures" in Section 5A below.

F) Seasonality and Fourth Quarter Financial Results

2010		Qtr 1		Qtr 2		Qtr 3		Qtr 4		Year
Sales										
Label	$	248.9	$	242.1	$	238.4	$	225.7	$	955.1
Container		40.3		39.7		44.0		38.4		162.4
Tube		17.9		20.4		19.3		17.2		74.8
Total sales	$	307.1	$	302.2	$	301.7	$	281.3	$	1,192.3
Divisional operating income (loss)										
Label	$	43.2	$	39.2	$	32.5	$	28.6	$	143.5
Container		(1.7)		(2.1)		(0.7)		0.3		(4.2)
Tube		2.1		2.9		2.2		1.6		8.8
Operating income		43.6		40.0		34.0		30.5		148.1
Corporate expenses		4.8		6.1		5.9		6.6		23.4
		38.8		33.9		28.1		23.9		124.7
Interest expense, net		6.5		6.4		6.2		6.0		25.1
		32.3		27.5		21.9		17.9		99.6
Restructuring and other items – net gain (loss)		—		0.1		—		(0.1)		—
Earnings before income taxes		32.3		27.6		21.9		17.8		99.6
Income taxes		9.0		9.2		7.0		3.3		28.5
Net earnings (loss)	$	23.3	$	18.4	$	14.9	$	14.5	$	71.1
Per Class B share										
Net earnings	$	0.71	$	0.56	$	0.46	$	0.44	$	2.17
Diluted earnings	$	0.70	$	0.55	$	0.45	$	0.43	$	2.13
Goodwill impairment loss, restructuring and other items and tax adjustments included in net earnings – net gain (loss)	$	—	$	—	$	—	$	—	$	—

2009	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Sales					
Label	$ 257.5	$ 248.9	$ 244.8	$ 238.2	$ 989.4
Container	38.1	35.4	31.5	34.9	139.9
Tube	18.5	17.0	18.0	16.2	69.7
Total sales	$ 314.1	$ 301.3	$ 294.3	$ 289.3	$ 1,199.0
Divisional operating income (loss)					
Label	$ 39.1	$ 28.4	$ 30.7	$ 30.2	$ 128.4
Container	(0.3)	(0.1)	(2.8)	(3.8)	(7.0)
Tube	0.5	0.7	1.0	0.8	3.0
Operating income	39.3	29.0	28.9	27.2	124.4
Corporate expenses	4.4	5.4	2.6	4.1	16.5
	34.9	23.6	26.3	23.1	107.9
Interest expense, net	8.2	7.6	7.0	6.5	29.3
	26.7	16.0	19.3	16.6	78.6
Restructuring and other items – net gain (loss)	(1.7)	(0.4)	—	(5.2)	(7.3)
Earnings before income taxes	25.0	15.6	19.3	11.4	71.3
Income taxes	8.2	6.7	2.7	11.5	29.1
Net earnings (loss)	$ 16.8	$ 8.9	$ 16.6	$ (0.1)	$ 42.2
Per Class B share					
Net earnings	$ 0.52	$ 0.28	$ 0.51	$ —	$ 1.31
Diluted earnings	$ 0.51	$ 0.27	$ 0.51	$ —	$ 1.29
Goodwill impairment loss, restructuring and other items and tax adjustments included in net earnings – net gain (loss)	$ (0.04)	$ (0.01)	$ —	$ (0.41)	$ (0.46)

Fourth Quarter Results

Sales for the fourth quarter of 2010 were $281.3 million, down 3% from $289.3 million recorded in last year's fourth quarter. Similar to the year-to-date sales, currency translation had a significant unfavourable impact on sales performance in the fourth quarter of 2010. Excluding currency translation, sales for the fourth quarter in 2010 increased by 3% compared to the prior year period. This increase was primarily from 3% of organic growth and a nominal impact from acquisitions. Excluding currency translation, all operating segments showed increased sales, with the Label, Tube, and Container Divisions up $2.5 million, $1.7 million and $4.2 million, respectively.

The unfavourable effect of currency translation on fourth quarter sales is primarily due to the depreciation of the U.S. dollar, the euro and the U.K. pound sterling by 4%, 12% and 7% respectively relative to the Canadian dollar in 2010 compared to average exchange rates in the comparable 2009 period. The net movement in all foreign currency rates resulted in an overall 6% negative impact on total sales in the fourth quarter of 2010.

Operating income (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) in the fourth quarter of 2010 was $30.5 million, up $3.3 million, or 12%, from $27.2 million in the fourth quarter of 2009. Excluding the unfavourable impact of foreign currency, operating income in the fourth quarter increased by 20%. This increase in operating income was primarily due to the improvement in the Container and Tube Divisions, up $3.9 million and $0.9 million, respectively, while the Label Division was slightly higher than the prior year period.

EBITDA (a non-GAAP measure; see “Key Performance Indicators and Non-GAAP Measures” in Section 5A below) for the fourth quarter of 2010 was $47.9 million, down 2% from the $49.0 million in the comparable 2009 period. Excluding the unfavourable impact from currency translation, EBITDA increased by 4% in the fourth quarter of 2010 compared to the prior year period.

Corporate expenses were $6.6 million in the fourth quarter of 2010, up $2.5 million from $4.1 million recorded in the prior year period. The increase is due primarily to higher variable incentive compensation expense, partially offset by a reduction in self-insurance costs in 2010 versus 2009.

Net interest expense of $6.0 million in this year’s fourth quarter was down by $0.5 million from last year’s $6.5 million due primarily to lower debt levels and favourable currency translation on U.S. dollar-denominated interest.

Restructuring and other items in the fourth quarter of 2010 had a net nominal loss of $0.1 million (with no tax effect). The restructuring and other items, the details of which were explained earlier under the annual financial results, consisted of severance costs for the Container operations of $0.2 million (with no tax effect), partially offset by a foreign exchange gain from the repatriation of funds from a subsidiary of $0.1 million (with no tax effect).

In the fourth quarter of 2009, restructuring and other items totalled a net loss of $5.2 million ($3.8 million after tax). This consisted of pension settlement in the U.K. of $3.5 million ($2.5 million after tax), closure costs for the Avelin, France, plant of $0.3 million (with no tax effect), severance costs for European Label operations of $1.3 million ($1.1 million after tax), closure costs for the Mexican Tube plant of $0.1 million ($0.1 million after tax) and closure costs for the Burgess Hill, U.K., plant of $0.5 million ($0.3 million after tax). This was marginally offset by a gain on a repatriation of capital from foreign subsidiaries of $0.5 million (with no tax effect).

Tax expense in the fourth quarter of 2010 was $3.3 million compared to $11.5 million in the prior year period. The decrease relates primarily to the prior year comparatives being adversely impacted by a one-time charge of $9.3 million for the U.S. withholding taxes on the internal debt transaction. Both periods, 2010 and 2009, reflected an accounting benefit related to the Canadian tax losses of $2.2 million and $1.2 million, respectively. These two items, the internal debt transaction and the loss benefit, were discussed above in Section E: Consolidated Annual Financial Results. Excluding the U.S. withholding taxes, the benefit from Canadian tax losses and restructuring and other items, the overall effective tax rate was 30.9% in 2010 compared to 32.8% in the prior year period. This decrease reflects positive impact of the internal debt transaction in the current year and a favourable mix of income earned in lower taxed jurisdictions versus higher taxed jurisdictions.

The net earnings in the fourth quarter of 2010 were $14.5 million compared to a net loss of $0.1 million in last year’s fourth quarter. This increase reflects the items described above.

Earnings per Class B share were $0.44 in the fourth quarter of 2010 compared to nil in the fourth quarter of 2009. The movement in foreign currency exchange rates in the fourth quarter of 2010 versus 2009 had an estimated negative impact of $0.05 on basic earnings per Class B share.

Restructuring and other items had a nominal impact on earnings per Class B share in the fourth quarter of 2010 compared to a $0.41 negative impact in the prior year period.

Adjusted basic earnings per Class B share (a non-GAAP measure; see “Key Performance Indicators and Non-GAAP Measures” in Section 5A below) were $0.44 in the fourth quarter of 2010, up 7% from $0.41 in the corresponding quarter of 2009.

The following table is presented to provide context to the comparative change in the financial performance of the business by excluding restructuring and other costs.

Earnings per Class B Share

	Fourth Quarter	
	2010	2009
Basic earnings	**$ 0.44**	$ —
Net (loss) gain from restructuring and other items and tax adjustments included above	**—**	(0.41)
Adjusted basic earnings*	**$ 0.44**	$ 0.41

* This is a non-GAAP measure. Refer to “Key Performance Indicators and Non-GAAP Measures” in Section 5A below.

Summary of Seasonality and Quarterly Results

Sales and net earnings comparability between the quarters of 2010 and 2009 was primarily affected by the recovery in 2010 from the global economic downturn, the impact of weakening foreign currencies relative to the Canadian dollar, and the effect of restructuring, tax adjustments and other items.

The Label Division has generally experienced strong demand in its existing and newly acquired operations in the past few years. The Division experienced sales growth, excluding the impact of currency translation, in all four quarters of 2010 aided by the recovery from the slowdown in the global economy in the prior year. Sales in the fourth quarter experienced 1% organic growth, excluding the impact of currency translation and acquisitions. The growth rate in the fourth quarter of 2010 has slowed against prior year comparatives as the recovery from the economic crisis was well underway at this time in 2009. Improved economic conditions and consumer confidence, particularly in Europe, benefited sales but prior year comparatives were especially difficult as the 2009 period reflected a significant benefit from the one-time demand for H1N1 related products. Emerging markets of Latin America, Asia and Eastern Europe continue to deliver double-digit sales growth and now account for approximately 19% of the Label's revenues.

Return on sales (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) for the Label Division in 2010 has grown to 15.0% from 13.0% in 2009. The improvement in margin reflects the current mix of products and the recovery of the global economy. This level of return is above CCL's internal targets and reflects the Division's continued strategy of capitalizing each operation with world-class equipment, servicing its international customers on a global basis and meeting their unique product needs.

The Container Division experienced organic sales growth of 22%, excluding foreign currency translation in 2010. This significant increase was primarily due to the very strong recovery in demand in the Home and Personal Care aerosol market in the United States compared to a very weak period in 2009 and initiatives to raise prices. The Division experienced double digit sales growth, excluding foreign currency translation, in all four quarters of 2010. Despite the strong sales growth, the Division reported an operating loss of $4.2 million in 2010 largely incurred in the first half of the year, although it was a significant improvement when compared to a loss of $7.0 million in 2009. Operations in the U.S. and Mexico delivered solid profitability driven by higher volumes, price increases and productivity gains. The improvement also reflects the elimination of unallocated hedge losses which had a significant negative impact on the prior year results. The loss for the Division continues to be driven by the Canadian operation due to the higher sales mix of low margin household products and to a much lesser extent the impact of the weakening U.S. dollar. Return on sales of the Container Division for 2010 was negative 2.6% compared to negative 5.0% in 2009.

The Tube Division had a much improved year with organic sales growth of 19%, excluding foreign currency translation. The main drivers of the strong growth were the improved operating conditions and new business wins, particularly at the Los Angeles facility. All four quarters of 2010 experienced double digit sales growth, excluding foreign currency translation. Return on sales for 2010 for the Tube Division was 11.8% which was a significant improvement compared to the 4.3% achieved in 2009. Current margins in the Tube Division are now in line with the target levels of the Label Division.

Net earnings in 2010 were up 69% from 2009 due primarily to higher operating income in all divisions, lower interest expenses and income taxes, partially offset by higher corporate expenses and unfavourable impact from the foreign currency translation. Excluding the effect of foreign currency, all four quarters in 2010 had higher net earnings than the prior year, although the increase was lower in the second half of 2010 as the prior year comparatives benefited from some recovery from the economic crisis beginning in the third quarter of 2009 and the one-time profit windfall from H1N1 related products.

The seasonality of the business has evolved over the last few years with the first and second quarters generally being the strongest due to the number of work days and various customer related activities. Also, there are many products that have a spring-summer bias in North America and Europe such as agricultural chemicals 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 negatively affected from a sales perspective by summer vacation in the Northern Hemisphere, Thanksgiving and the holiday season shutdowns at the end of the fourth quarter.

2. BUSINESS SEGMENT REVIEW

A) General

All divisions invest significant capital and management effort in their facilities in order to develop world-class manufacturing operations, with spending allocated to cost-reduction projects, the development of innovative products, the maintenance and expansion of existing capacity and the continuous improvement in health and safety in the workplace, including environmental activities. Prior to 2009, CCL's capital spending was significantly higher than its depreciation expense for several years in order to build a global network in the Label Division, take advantage of new market and product opportunities and improve infrastructure and operating performance across the Company. Capital spending in 2010 was below annual depreciation expense as the Company minimized investments in its underperforming Container and Tube Divisions and the global manufacturing platform in the Label Division is now largely completed. Further discussion on capital spending is provided in the Divisions' sections below.

Although each division is a leader in market share or has a significant position in the markets it serves in each of its operating locales, it also operates generally in a mature and competitive environment. In recent years, consumer products and healthcare companies have experienced steady pressure to maintain or even reduce prices to their major retail and distribution channels, which has driven significant consolidation in CCL's customer base. This has resulted in many customers seeking supply-chain efficiencies and cost savings in order to maintain profit margins. The global economic crisis experienced in 2008 and early 2009 accentuated this trend. Volatile commodity costs have also created challenges to manage pricing with customers. This dynamic has been an ongoing challenge for CCL and its competitors, requiring greater management and financial control and flexible cost structures. Unlike some of its competitors, CCL has the financial strength to invest in the equipment and innovation necessary to constantly strive to be the highest value-added producer in the markets that it serves.

The cost of many of the key raw material inputs for CCL, such as plastic films and resins, paper, specialty chemicals and aluminum are largely dependent on the economics within the petrochemical and energy industries. The significant cost fluctuations for these inputs can have an impact on the Company's profitability. CCL generally has the ability, due to its size and the use of long-term contracts with both its suppliers and its customers, to mitigate volatility in costs from its suppliers and, where necessary, to pass on price movements to its customers. The success of the Company is dependent on each business managing the cost-and-price equation with suppliers and customers. The price of aluminum represents the largest component of the Container Division's costs. The significant volatility in aluminum costs over the past few years has made it especially challenging to manage pricing with its customers who are generally accustomed to more stable pricing in other product lines.

Most of CCL's facilities are in locations with adequate skilled labour, resulting in moderate pressure on wage rates and employee benefits. CCL's labour costs are competitive in each of its businesses. The Company uses a combination of annual and long-term incentive plans specifically designed for corporate, divisional and plant staff to focus key employees on the objectives of achieving annual business plans and creating shareholder value through growth, innovation, cost reductions and cash flow generation in the longer term.

A driver common to all divisions for maximizing operating profitability is the discipline of pricing orders based on size and complexity, including consideration for fluctuations in raw materials and packaging costs, manufacturing efficiency and available capacity. This approach facilitates effective asset utilization and relatively higher levels of profitability. Performance is generally measured by product against estimates used to calculate pricing, including targets for scrap and output efficiency. An analysis of total utilization versus capacity available per production line or facility is also used to manage certain segments of the business. In most of the Company's operations, the measurement of each sales order shipped is based on actual selling prices and production costs to calculate the amount of actual profit margin earned and its return on sales relative to the established benchmarks. This process ensures that pricing policies and production performance are aligned in attaining profit margin targets by order, by plant and by division.

Performance measures used by the divisions that are critical to meeting their operating objectives and financial targets are return on sales, cash flow, days of working capital employed and return on investment. Measures used at the corporate level include operating income, return on sales, EBITDA, net debt to total capitalization, return on equity and earnings per share (all of which are non-GAAP measures; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below). Growth in earnings per share is a key metric. In addition, the Company also monitors earnings per share before restructuring and other items since the timing and extent of restructuring and other items do not reflect or relate to the Company's future ongoing operating performance. Performance measures are primarily evaluated against a combination of prior year, budget, industry standards and other internal benchmarks to promote continuous improvement in each business and process.

Management believes it has both the financial and non-financial resources, internal controls and reporting systems and processes in place to execute its strategic plan, to manage its key performance drivers and to deliver targeted financial results over time. In addition, the Company's internal audit function provides another discipline to ensure that its disclosure controls and procedures and internal control over financial reporting will be assessed on a regular basis against current corporate standards of effectiveness and compliance.

CCL is not particularly dependent upon specialized manufacturing equipment. Most of the manufacturing equipment employed by the divisions can be sourced from many different suppliers. CCL, however, has the resources to invest in large scale projects to build infrastructure in current and new markets because of its financial strength relative to many of its competitors. Most of CCL's direct competitors in the Label Division are much smaller and may not have the financial resources to stay current in maintaining state-of-the-art facilities like CCL's. Certain new manufacturing lines take many months for suppliers to construct, and any delays in delivery and commissioning can have an impact on customer expectations and the Company's profitability. The Company also uses strategic partnerships as a method of obtaining proprietary technology in order to support growth plans and to expand its product offerings. CCL's major competitive advantage is based on its customer service and process technology, the know-how of its people and the ability to develop proprietary technologies and manufacturing techniques.

The expertise of CCL's employees is a key element in achieving the Company's business plans. This know-how is broadly distributed throughout the Company and its 61 facilities throughout the world; therefore, the Company is generally not at risk of losing its competency through the loss of any particular employee or group of employees. Employee skills are constantly being developed through on-the-job training and external technical education, and are enhanced by CCL's entrepreneurial culture of considering creative alternative applications and processes for the Company's manufactured products.

The nature of the research carried out by the divisions can be characterized as application or process development. As a leader in specialty packaging, the Company spends meaningful resources assisting customers with product development and developing innovative products. While customers regularly come to CCL with concepts and request assistance to develop products, the Company also takes new ideas to its customers. Company and customer information is protected through the use of confidentiality agreements and by limiting access to CCL's manufacturing facilities. The Company values the importance of protecting its customers' brands and products from fraudulent use and consequently is selective in choosing appropriate customer and supplier relationships.

The Company continues to invest time and capital to upgrade and expand its business systems. This investment is critical in keeping pace with customer requirements and in gaining or maintaining a competitive edge. Software packages are, in general, off-the-shelf systems customized to meet the needs of individual business locations. The Label Division communicates with many customers and suppliers electronically, particularly with supply chain management solutions and when transferring and confirming design formats and colours.

Business Segment Results

	2010	2009
Divisional sales		
Label	**$ 955.1**	$ 989.4
Container	**162.4**	139.9
Tube	**74.8**	69.7
Total sales	**$ 1,192.3**	$ 1,199.0
Operating income (loss)*		
Label	**$ 143.5**	$ 128.4
Container	**(4.2)**	(7.0)
Tube	**8.8**	3.0
Divisional operating income	**$ 148.1**	$ 124.4

* This is a non-GAAP measure. Refer to "Key Performance Indicators and Non-GAAP Measures" in Section 5A below.

Comments on Business Segments

The above summary includes the results of acquisitions on reported sales and operating income.

Operating income in 2010 was $148.1 million, an increase of 19% from $124.4 million in 2009. The increase in operating income was primarily due to higher sales and margins in all divisions, partially offset by a significant negative impact from foreign currency translation. Excluding foreign currency, operating income increased by 31% over the prior year. Return on sales increased to 12.4% in 2010 compared to 10.4% in 2009.

B) Label Division

Overview

The Label Division is the leading global producer of innovative label solutions for consumer product marketing companies in the personal and beauty care, food and beverage, household, chemical and promotional segments of the industry, and also supplies major pharmaceutical, healthcare, durable goods and industrial chemical companies. The Division's product lines include pressure sensitive, shrink sleeve, stretch sleeve, in-mould and expanded content labels and pharmaceutical instructional leaflets. It currently operates 55 facilities located in Canada, the United States (including Puerto Rico), Australia, Austria, Brazil, China, Denmark, England, France, Germany, Italy, Mexico, the Netherlands, Poland, Russia, Scotland, South Africa, Thailand and Vietnam. The two plants in Russia from the CCL-Kontur equity investment formed in December 2007 are included in the above locations.

This Division operates within a sector of the packaging industry made up of a very large number of competitors that manufacture a vast array of decorative, product information and identification labels. There are some label categories that do not fall within the Division's target market. The Company believes that the Label Division is the largest player in its defined global label market segments. Competition comes from single-plant businesses, often owned by private operators that compete in local markets with CCL. There are also a few multi-plant competitors in certain regions of the world and specialists in a single market segment globally. However, there is no major competitor that has the global reach and scale of CCL Label.

CCL Label's mission is to be the global supply-chain leader of innovative premium package and promotional label solutions for the world's largest consumer product and healthcare companies. It aspires to do this from regional facilities that focus on specific customer groups, products and manufacturing technologies in order to maximize management's expertise and manufacturing efficiencies to enhance customer satisfaction. The Label Division is expected to continue to grow and expand its global reach through acquisitions, joint ventures and greenfield start-ups and expand its product offerings in segments of the pressure sensitive label industry that it has not yet entered.

The Company has completed several label acquisitions over the past few years which have positioned the Label Division as the global leader for pressure sensitive labels within its multinational customer base in the personal care, healthcare, household, food, beverage, durable goods and specialty label categories.

The Division considers demand for traditional pressure sensitive labels, particularly in North America and Western Europe, to be reasonably mature and, as such, will continue to focus its expansion plans on innovative and higher growth product lines within those geographies with a view to improving overall profitability. In Asia, Latin America and other emerging markets a higher level of economic growth is expected over the coming years, and this should provide opportunities for the Division to improve market share and increase profitability in these regions.

The Division produces labels predominantly from polyolefin films and paper sourced from extruding, coating and laminating companies, using raw materials primarily from the petrochemical and paper industries. CCL Label is generally able to mitigate the cost volatility of these components due to a combination of purchasing leverage, agreements with suppliers and its ability to pass on these cost increases to customers. In the pressure sensitive label industry, price changes regularly occur as specifications are constantly changed by the marketers and, as a result, the selling price for these labels is updated, reflecting current market costs.

There is a close alignment in label demand to consumer demand for non-durable goods. Management believes the Company will attain the sales volumes and geographic distribution and reach mirroring those of its customers over the next few years through its focused strategy and by capitalizing on the following customer trends.

CCL Label's global customers are consolidating the number of suppliers, expecting a full range of product offerings in more geographic regions, requiring more integration into their supply-chain at a global level and are concerned with the integrity of their products and the protection of their brands, particularly in markets where counterfeit products are an issue. These issues put many of CCL's competitors at a disadvantage, as do the investment hurdles in converting equipment and technologies to deliver

products, services and innovations. Trusted and reliable suppliers are important considerations for global consumer product companies and major pharmaceutical companies. This is even more important during uncertain economic times when many smaller competitors encounter difficulties and customers want to ensure their suppliers are financially viable.

Label Financial Performance

	2010	% Growth	2009
Sales	$ 955.1	(3%)	$ 989.4
Operating income	$ 143.5	12%	$ 128.4
Return on sales	15.0%		13.0%

Sales in 2010 reached $955.1 million, down 3% from $989.4 million in 2009. Foreign currency translation had an unfavourable impact of 10%. Excluding foreign currency translation, sales for the Label Division increased 7% primarily due to strong organic growth with a nominal positive benefit from acquisitions.

North American sales were in line with the record levels of 2009, excluding currency translation. On the positive side, the Home and Personal Care business experienced high single digit sales growth reflecting improved economic conditions in 2010 and increased investment by customers to launch new product designs coupled with higher spending on promotional marketing activities. The small Sleeve business also experienced strong growth in 2010 with a double digit sales increase offsetting continuing decline in the Battery business. Growth with consumer products was largely offset by a single digit decline in the Healthcare and Specialty business due to FDA restrictions at certain key Healthcare customers in the 2010 and prior year comparisons benefiting from the significant windfall in demand for H1N1 related products. Start up losses were incurred at the new wine label plant in Portland, Oregon. Overall profitability in North America was slightly down compared to the record prior year which had reflected the significant benefit from the high margin sales of H1N1 related products.

Europe delivered a significantly improved performance in 2010 and was a key driver of the profitability level in the Label Division with sales up mid-single digits, excluding currency translation. The improvement in profitability was experienced across almost all businesses and regions in Europe, except for the small Battery unit. Sales to Home and Personal Care customers grew by double digits due to new business wins and increased demand in a recovering economy. The Healthcare and Specialty business increased mid-single digits after a soft 2009. Sales in the Sleeve business also grew by mid-single digits due to continuing new adoptions of this label technology. Profitability at the European Beverage business also improved due to new applications and some recovery in the beer market. The Durables business delivered particularly strong results through market share gains with European automotive customers and new applications.

The **Latin America** region continued to deliver double digit sales growth and improvements in profitability. Sales to Home and Personal Care customers in both Brazil and Mexico were particularly strong, driven by new business wins. The new small Healthcare business in Brazil delivered solid profitability and the Sleeve business grew rapidly from a small business driven by the development of new customers in the Food market.

The **Asia Pacific** region benefited from continuing double digit increases in sales. Profitability improvements continued in CCL's Asian operations despite new plant start up costs in China, Thailand and Vietnam, which negatively impacted results. Despite the strong local currency affecting exports of Australian wine, the wine label operations in Australia experienced improved profitability. The acquired wine plant in South Africa posted a small loss and the new healthcare plant in Australia a nominal profit. Overall profitability in Asia Pacific continued to improve.

Results from the 50% investment in Russia are not proportionately consolidated but instead are treated as an equity investment. Although the Company has significant influence over operations, the Russian partner has ultimate control. Sales in Russia grew by double digits with improved operating income, albeit on a small base. The equity investment continues to generate positive cash flow and has no debt.

Operating income for 2010 was $143.5 million, up 12% from $128.4 million in 2009. Excluding the impact of currency translation, operating income was up 23%. Operating income as a percentage of sales reached a record 15.0% in 2010, above the 13.0% return generated in the prior year and CCL's global internal targets.

The Label Division invested $72.1 million in capital spending in 2010 compared to $91.8 million in the same period last year. This decrease is in line with annual depreciation and reflects the lower expenditures for 2010 as planned. Investments in the Label Division are expected to continue in order to increase its capabilities, expand geographically and replace or upgrade existing plants and equipment. Depreciation and amortization for the Label Division was $72.5 million in 2010, slightly below the $75.9 million in the comparable 2009 period.

C) Container Division

Overview

The Container Division is a leading manufacturer of aluminum specialty containers for the consumer products industry in North America, including Mexico. The key product line is recyclable aluminum aerosol cans for the personal care, home care and cosmetic industries, plus shaped aluminum bottles for the beverage market. It operates from four plants, one each in the United States and Canada and two in Mexico. One of the plants in Mexico is a modern, world-class facility that commenced production in late 2008. The Division functions in a competitive environment, which includes imports and the ability of customers, in some cases, to shift a product to competing alternative technology.

The strategic plan for this Division is to focus on improving overall profitability in the United States and Canada while minimizing investments and growing CCL's presence in Mexico. The Division invests significant resources in the development of innovative shaped and highly decorated containers. As the demand for these new, higher value products has grown, the Division has adapted existing lines and acquired new lines in order to meet expected overall market requirements and to maximize manufacturing efficiencies.

Aluminum represents a significant variable cost for this Division. Aluminum is a commodity that is supplied by a limited number of global producers and is traded in the market by financial investors and speculators. Aluminum prices have been extremely volatile in the past few years. Aluminum has continued to have the largest impact on manufacturing costs for the Container Division and thereby requires increased focus on managing selling prices to CCL's customers.

Aluminum trades as a commodity on the London Metals Exchange ("LME") and the Division has historically used a general hedging program in combination with fixed price contracts with a number of its significant customers. This was done to moderate the fluctuations in the cost of aluminum so that the Division and the customer could potentially reduce cost volatility. However, with the dramatic run-up and then significant reduction in aluminum costs in 2008, it was even more prevalent for customers to commit to fixed cost pricing. This created a significant challenge for the Division in 2009 as the aluminum hedges, arranged earlier in 2008 for general 2009 requirements, were fixed at higher values than current aluminum prices. In 2009, the Company decided to discontinue entering into aluminum hedges for general requirements. The Container Division continues to hedge some of its anticipated future aluminum purchases using futures contracts on the LME but only if they are matched to fixed price customer contracts. The Division hedged 39% of its 2010 volume but has only hedged 18% and 2% of its expected 2011 and 2012 requirements, respectively, and all, including matured 2010 hedges, have been matched to fixed price customer contracts. Existing hedges are priced in the US$1,900–$2,400 range per metric ton. The unrealized gain on the aluminum futures contracts as at December 31, 2010, was $1.9 million. Pricing for aluminum in 2010 ranged from US$1,800 to $2,500 per metric ton compared to US$1,300 to $2,300 in 2009. This volatility continued to create significant pricing challenges in 2010 but many new agreements were reached with customers. These began to have a positive impact in the second half of 2010 and will accelerate during the first half of 2011 as old pricing agreements expire.

Management believes the aluminum containers business can return to normal levels of profitability in the coming quarters with increased demand, price increases announced in late 2010 becoming effective and by obtaining greater operational efficiencies. The aluminum container continues to be generally perceived to be more esthetically pleasing by customers and consumers compared to tin plate containers. The biggest risk for the Division's business base relates to customers importing similar containers or shifting their products into containers of other materials such as steel, glass or plastic, leading to a loss in market share. However, certain products and delivery systems can only be provided in an aluminum container. The relative cost of steel versus aluminum containers sometimes impacts the marketers' choice of container and may cause volume gains or losses if customers decide to change from one product form to another. Aluminum costs remain the key factor in determining the level of growth in the market.

In North America, there is only one direct competitor in the United States and one in Mexico in the impact-extruded aluminum container business. CCL believes that it is approximately the same size as its United States competitor in its market and has about 50% market share. Other competition comes from South American, Asian and European imports; however, currency exchange rates and logistical issues, such as delivery lead times, significantly impact their competitiveness.

The success of new products promoted heavily in the market will have a material impact on the Division's sales and profitability. Beverage products packaged in CCL's shaped resealable aluminum bottles, for example, are directly impacted by the success or failure of these new products in the market. Another growth opportunity is the possibility of acquiring market share from competitors in existing product lines.

Both CCL and its major competitor added significant manufacturing capacity in 2006 and 2007 and a Mexican competitor arrived in 2009 with a major investment. With improved economic conditions, movement of aerosol filling to Mexico and higher demand for personal care and beverage containers, production capacity has tightened significantly in the industry during 2010. This capacity tightening has allowed the Division to successfully announce several price increases during the last few months.

With the continued strong Canadian dollar in 2010, the Canadian operation remains less cost competitive than the operations in Mexico and the United States. The new plant in Guanajuato, Mexico, continues to grow as many global marketers that use aluminum containers have moved production of these products to Mexico to achieve cost and logistic savings. The Company has decided to add a third production line, which is expected to be operational in 2011, to provide additional low-cost capacity in this growing market.

Container Financial Performance

		2010	% Growth		2009
Sales	$	162.4	16%	$	139.9
Operating income (loss)	$	(4.2)	n.m.	$	(7.0)
Return on sales		(2.6%)			(5.0%)

n.m. – not meaningful

Sales reached $162.4 million, up 16% compared to $139.9 million in 2009. Foreign currency translation had an unfavourable impact of 6%. Excluding foreign currency translation, sales for the Container Division increased by 22% driven by a very strong recovery in demand in the Home & Personal Care aerosol market in the United States compared to an unusually weak period in 2009.

The operating loss in 2010 was $4.2 million compared to an operating loss of $7.0 million in 2009. Operations in the U.S. and Mexico delivered solid profitability driven by higher volumes, price increases and productivity gains and particularly improved in the second half of the year. The improvement also reflects the elimination of unallocated hedge losses that had a significant negative impact on the prior year results. The loss for the Division continues to be entirely driven by the Canadian operation. This is largely due to the higher sales mix of low margin household products and to a lesser extent the weakening U.S. dollar.

The Canadian plant in Penetanguishene, Ontario, sells almost all of its production to the United States market in U.S. dollars. Forward contracts were used to hedge part of the Canadian dollar value of these U.S. dollar sales in the prior year, while no contracts are in place for the current year. Overall, including the hedges in the prior year, the unfavourable change in the exchange rates on U.S. dollar-denominated transactions is estimated to have decreased pre-tax income for the Container Division's Canadian operations by $2.7 million in 2010 compared to an increase of $1.7 million in 2009. The Company has not entered into any forward currency contracts for 2011 as at December 31, 2010.

The Container Division invested $12.3 million of capital in 2010 compared to $2.9 million in the same period last year. The major expenditure in the latter part of 2010 was related to capacity expansion in the Company's Mexican business. Depreciation and amortization in 2010 and 2009 were $13.7 million and $14.8 million, respectively.

D) Tube Division

Overview

The Tube Division is a leading manufacturer of highly decorated extruded plastic tubes for the personal care and cosmetics industry in North America. It now operates from two plants located in the United States as the Tube Division exited its manufacturing operations in Mexico in the fourth quarter of 2009. The Division operates in a dynamic competitive environment, which includes imports and the ability of customers to shift a product to an alternative package or to other manufacturers.

The long-term plan for the Tube Division is based on market share growth through manufacturing excellence, exceeding customer expectations, and innovation. The Division has invested in equipment that improves the quality of the tube, particularly options for high-end graphic designs that appeal to marketers. The expected market growth over the long term in specialty cosmetics and other personal care and beauty products will be a further opportunity for the business to increase sales and profitability.

There are a handful of competitors to the Tube Division in North America. CCL believes that it is the largest of three leading suppliers in the U.S. and has approximately 20% market share in North America.

Polypropylene caps and closures represent significant variable costs for this Division, and to a lesser extent polyolefin resins. Although resin costs fluctuate significantly, the Division relies on contracts with suppliers to control costs and on contracts with customers to manage pricing and to pass on price increases for movements in resins. The Company has traditionally been able to pass on these cost increases over a period of time.

Performance improved substantially in 2010 and 2009 with more effective operations, new world-class decorating equipment and new business wins. Operational efficiency was improved by the move of the Division's Los Angeles, California, operations in late 2008 from a very large leased building to a smaller, newly constructed leased facility nearby that was customized specifically for plastic tube manufacturing.

The Division has improved significantly over the past two years and become a market leader in U.S. extruded tube business, highly recognized for superior product and service by its customers. The Tube Division shares many common points of contact at key customers with the Label Division.

Tube Financial Performance

		2010	% Growth		2009
Sales	$	74.8	7%	$	69.7
Operating income	$	8.8	193%	$	3.0
Return on sales		11.8%			4.3%

Sales in the Tube Division reached $74.8 million in 2010, up 7% from $69.7 million in the prior year. Foreign currency translation had an unfavourable impact of 12%. Excluding foreign currency translation, sales for the Tube Division increased by 19% due to significantly improved operating and market conditions and new business wins, particularly at the Los Angeles facility.

Operating income for the Tube Division in 2010 reached $8.8 million, which represents a significant improvement compared to the $3.0 million achieved in 2009. Return on sales reached 11.8% in 2010 compared to a 4.3% return in the prior year. Profitability margins are now in line with the target levels of the Label Division.

The Tube Division invested $1.2 million in 2010 compared to $4.6 million in 2009, most of which related to the new Los Angeles facility. Due to the investments made in recent years, only limited additional expenditures were planned in 2010. Depreciation and amortization in 2010 and 2009 were $7.5 million and $8.9 million, respectively.

3. FINANCING AND RISK MANAGEMENT

A) Liquidity and Capital Resources

The Company's capital structure is as follows:

At December 31	2010	2009
Current debt	$ 87.7	$ 49.3
Long-term debt	347.7	448.8
Total debt*	**$ 435.4**	$ 498.1
Cash and cash equivalents	(173.2)	(150.6)
Net debt*	**$ 262.2**	$ 347.5
Shareholders' equity	789.0	752.8
Net debt to total book capitalization*	**24.9%**	31.6%

* Total Debt, Net Debt and Net Debt to Total Book Capitalization are non-GAAP measures. See "Key Performance Indicators and Non-GAAP Measures" in Section 5A below.

The Company continues to have a solid financial position. As at December 31, 2010, cash and cash equivalents were $173.2 million, which compared to $150.6 million as at December 31, 2009.

The Company's debt structure at December 31, 2010, is primarily comprised of four private debt placements completed in 1997, 1998, 2006 and 2008 for a total of US$397.7 million (Cdn$395.6 million) and a five-year revolving line of credit of Cdn$95.0 million. All of the senior notes are denominated in U.S. dollars primarily to hedge the Company's net investment in U.S. operations, but a portion of the notes were indirectly swapped into euros as a hedge of the Company's European operations. The debt structure is unchanged from December 31, 2009, except for a scheduled debt repayment of US$31 million in July 2010 and the annual payment on one of the senior notes of US$9.4 million in September 2010. In 2011, the Company will repay US$60 million in March and the annual payment of US$9.4 million in September. Both repayments will be funded by internal cash balances.

The revolving line of credit of $95.0 million is with a Canadian chartered bank and expires in January 2013. As at the end of December 2010, the credit line was unused, other than for letters of credit of $3.8 million.

Net debt (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below), as at December 31, 2010, decreased to $262.2 million from $347.5 million as at December 31, 2009. The decrease in net debt was primarily due to the lower debt levels, higher cash balances and favourable currency translation on U.S. dollar-denominated debt the (U.S. dollar rate depreciated 5% over last year's rate on December 31) and higher cash balances.

Net debt to total book capitalization (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) was lower at 24.9% as at December 31, 2010, compared to 31.6% at the end of 2009 due to the lower level of debt and higher cash balances. Further information on shareholders' equity follows in Section 3D.

The average interest rate at year-end 2010 on all long-term debt was 5.6% (2009 – 5.4%), factoring in the related IRSAs and CCIRSAs. The IRSAs and CCIRSAs are discussed later in this report under Section 3 (C).

Interest coverage (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) continues at a high level and was 5.0 times and 3.7 times in 2010 and 2009, respectively, reflecting higher earnings and lower interest expense.

The Company's committed credit availability at December 31, 2010, was as follows:

Lines of credit – committed, unused	$	91.2
Standby letters of credit outstanding		3.8
Total amounts available	$	95.0

None of the above commitments expire in 2011.

In addition, the Company had uncommitted and unused lines of credit of approximately $32.7 million at December 31, 2010. The Company's uncommitted lines of credit do not have a commitment expiration date and may be cancelled at any time by the Company or the banks.

The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when they are due. The Company believes its liquidity will be satisfactory for the foreseeable future due to its significant cash balances, its expected positive operating cash flow and the availability of its unused revolving credit line. The Company anticipates funding all of its future commitments from the above sources but may raise further funds by entering into new debt financing arrangements or issuing further equity to satisfy its future additional obligations or investment opportunities.

B) Cash Flow

Summary of Cash Flows

		2010		2009
Cash provided by operating activities	$	168.4	$	150.3
Cash provided by (used in) financing activities		(53.3)		(20.8)
Cash used for investing activities		(82.6)		(99.7)
Effect of exchange rates on cash		(9.9)		(15.5)
Increase in cash and cash equivalents	$	22.6	$	14.3
Cash and cash equivalents – end of year	$	173.2	$	150.6

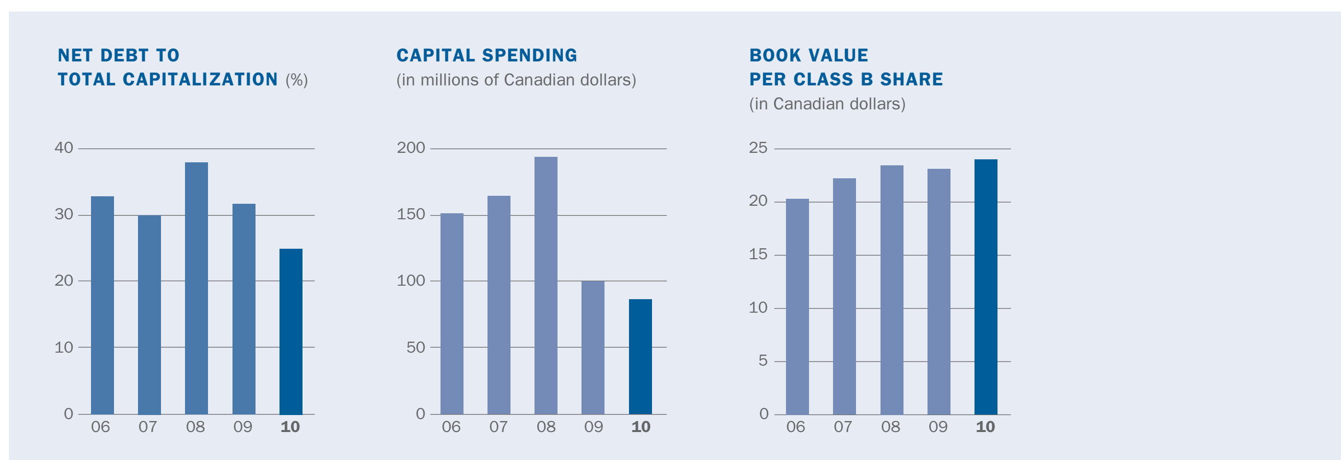
In 2010, cash provided by operating activities was $168.4 million, compared to $150.3 million in 2009. The increase in cash flow compared to last year was primarily due to higher net earnings in the current year. Free cash flow from operations reached $87.0 million in 2010, an increase of $31.1 million or 56% over the prior year.

The Company maintains a rigorous focus on its investment in non-cash working capital. Days of working capital employed (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) were 12 at December 31, 2010, as compared to 10 in 2009.

Cash used in financing activities in 2010 was $53.3 million, consisting primarily of a decrease due to retirement of long-term debt of $45.6 million and payment of dividends of $20.7 million.

Cash used for investing activities in 2010 of $82.6 million was primarily for capital expenditures of $85.8 million (see below), partially offset by proceeds of the disposition of property, plant and equipment of $4.4 million. Cash increased by $22.6 million in 2010 and included a negative impact of exchange rates of $9.9 million.

Capital spending in 2010 amounted to $85.8 million compared to $99.3 million in 2009. This decrease is in line with annual depreciation and reflects the lower expenditures for 2010 as planned. Prior to 2009, the level of spending was significantly higher in order to take advantage of new market opportunities and to create a global world class manufacturing platform in the Label Division. Capital expenditures in 2011 are planned at levels similar to those of 2010. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness. As in previous years, capital spending will be monitored closely and adjusted based on the level of cash flow generated. Depreciation and amortization in 2010 amounted to $94.0 million, compared to $100.0 million in 2009.



C) Interest Rate, Foreign Exchange Management and Other Hedges

The Company uses derivative financial instruments to hedge interest rate, foreign exchange and aluminum cost risks. The Company does not utilize derivative financial instruments for speculative purposes.

As CCL operates internationally and only approximately 4% of its 2010 sales to end use customers are denominated in Canadian dollars, the Company has exposure to market risks from changes in foreign exchange rates. The Company partially manages these exposures by contracting primarily in Canadian dollars, euros, U.K. pounds and U.S. dollars. Additionally, each subsidiary's sales and expenses are primarily denominated in its local currency, further minimizing the foreign exchange impact on the operating results. The Company has periodically hedged a portion of its expected U.S. dollar cash inflows derived from sales into the United States from the Canadian operations, principally the Container plant in Penetanguishene, Ontario. In late 2008, the Company entered into hedges selling forward US$12.0 million of its expected cash inflows throughout 2009 at an average exchange rate of C$1.19 per U.S. dollar. In 2010, no forward contracts were in place. Including the impact of these hedges in the prior year, the significant change in the exchange rates on U.S. currency transactions in the Canadian Container operations is estimated to have decreased comparative earnings by $2.7 million or $0.08 per share in 2010, compared to a positive impact of $1.7 million or $0.04 on earnings per share in 2009. The Company currently has not entered into any forward hedges for 2011.

The Company also has exposure to market risks related to interest rate fluctuations on its debt. To mitigate this risk, the Company maintains a combination of fixed and floating rate debt.

The Company uses IRSAs to allocate notional debt between fixed and floating rates since the underlying debt is fixed rate debt with U.S. financial institutions. The Company believes that a balance of fixed and floating rate debt can reduce overall interest expense and is in line with its investment in short-term assets such as working capital, and long-term assets such as property, plant and equipment.

In 2003, the Company entered into an IRSA to convert a tranche of fixed rate debt to floating rate debt. This IRSA converted US$42.1 million of fixed rate debt (hedging 50% of the 1997 senior notes) into floating rate debt, based on three-month LIBOR rates. The notional amount of this IRSA decreases by US$4.7 million annually to match the decrease in the principal of the underlying senior notes. The notional value of this IRSA is currently US$9.4 million.

As the Company has developed into a global business, its financing strategy has been to leverage and hedge the assets and cash flows of each major country with debt denominated in the local currency. Since the Company has been primarily borrowing from U.S. institutions in U.S. dollars, the hedging of U.S. operations has been achieved. The Company has significantly increased its euro-based assets and, consequently, has used CCIRSAs as a means to convert U.S. dollar debt into euro debt to hedge a portion of its euro-based investment and cash flows.

In 2006, the Company entered into two CCIRSAs with a Canadian financial institution, the effect of which was to convert US$60 million of 5.29% fixed rate debt (hedging the five-year 2006 senior notes) into €50 million of fixed rate debt at 3.82%. The expiry date is in March 2011 on the repayment date of the original debt.

Also in 2006, the Company entered into four CCIRSAs with a Canadian financial institution, the effect of which was to convert US$59.1 million of 6.67% and 6.97% fixed rate debt (hedging 1998 senior notes and 50% of the 1997 senior notes) into €44.9 million of floating rate debt, based on six-month EURIBOR rates. Two of the swaps, converting US$31.0 million into €23.6 million, matured in 2010. The notional amount of the euro leg of one of the other CCIRSAs decreases by €3.6 million annually, with the U.S. dollar-denominated leg of the other remaining CCIRSA decreasing by US$4.7 million annually to match the decrease in the principal of the underlying senior notes. Currently the two remaining swaps convert US$9.4 million into €7.1 million.

The effect of interest earned on these swap agreements was to reduce gross interest expense by $2.3 million in 2010, compared to a reduction of $2.6 million in 2009.

The unrealized loss on these contracts was $6.0 million as of December 31, 2010, due primarily to the movement of exchange rates.

The only other material hedges the Company is involved in are the aluminum futures contracts discussed in Section 2C: Container Division.

The Company is potentially exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. These counterparties are large international financial institutions and, to date, no such counterparty has failed to meet its financial obligations to the Company. As at December 31, 2010, the Company's exposure to credit risk arising from derivative financial instruments was $2.1 million (2009 – $4.7 million).

D) Shareholders' Equity and Dividends

Summary of Changes in Shareholders' Equity

For the years ended December 31	**2010**	2009
Net earnings	**$ 71.1**	$ 42.2
Dividends	**(21.4)**	(19.4)
Settlement of exercised stock options and executive share loans	**7.5**	7.7
Purchase of shares held in trust, net of shares released	**(0.2)**	2.3
Contributed surplus on expensing of stock options and stock-based compensation plans	**2.9**	(1.0)
Transition adjustments on adoption of new accounting standards	**—**	0.9
Increase (decrease) in accumulated other comprehensive loss	**(23.7)**	(30.4)
Increase in shareholders' equity	**$ 36.2**	$ 2.3
Shareholders' equity	**$ 789.0**	$ 752.8
Shares outstanding at December 31 – Class A (000s)	**2,375**	2,375
– Class B (000s)	**30,912**	30,674
Book value per share*	**$ 23.91**	$ 23.01

* This is a non-GAAP measure; see "Key Performance Indicators and non-GAAP Measures" in Section 5A below.

In the past, the Company has utilized a share repurchase program under the normal course issuer bid ("bid") when it enhanced shareholder value by being accretive to earnings and when management believed it was the best use of available funds at the time. In 2009, the Company announced a bid to purchase up to 13,000 of its issued and outstanding Class A voting shares and 2,100,000 of its issued and outstanding Class B non-voting shares. However, the Company did not repurchase any Class A or B shares under this bid in 2009 and 2010. No bid was announced in 2010 and the Company currently does not have an active share repurchase bid in place.

In 2010, the Company declared dividends of $21.4 million compared to $19.4 million declared in the prior year. As previously discussed, the dividend payout ratio in 2010 was 30% (34% in 2009) of adjusted earnings and above the Company's targeted payout rate of 20% to 25% of adjusted earnings. In addition, the Board of Directors has approved a continuation of the higher dividend declared in the third quarter of 2010 of $0.1625 per Class A share and $0.175 per Class B share to shareholders. The annualized dividend rate, including this increase, is $0.65 per Class A share and $0.70 per Class B share.

Book value per share (a non-GAAP measure; see "Key Performance Indicators and Non-GAAP Measures" in Section 5A below) as at December 31, 2010, was $23.91, compared to $23.01 at the end of 2009.

E) Commitments and Other Contractual Obligations

The Company's obligations relating to debt, leases and other liabilities at the end of 2010 were as follows:

						Payments Due by Period	
Contractual Obligations	Total	2011*	2012	2013	2014	2015	Thereafter
Accounts payable and accrued liabilities	$ 222.1	$ 222.1	$ —	$ —	$ —	$ —	$ —
Short-term lines of credit	0.5	0.5					
Unsecured senior notes issued September 2008, 5.86%, repayable September 2013 (US$52.0 million)	51.7			51.7			
Unsecured senior notes issued September 2008, 6.62%, repayable September 2018 (US$78.0 million)	77.6						77.6
Unsecured senior notes issued March 2006, 5.29%, repayable March 2011 (US$60.0 million)	59.7	59.7					
Unsecured senior notes issued March 2006, 5.57%, repayable March 2016 (US$110.0 million)	109.4						109.4
Unsecured senior notes issued September 1997, 6.97%, repayable in equal instalments starting September 2002 and finishing September 2012 (2010 – US$18.7 million, 2009 – US$28.1 million)	18.6	9.3	9.3				
Unsecured senior notes issued July 1998, 6.81%, repayable July 2013 (US$28.0 million)	27.9			27.9			
Unsecured senior notes issued July 1998, 7.09% repayable July 2018 (US$51.0 million)	50.7						50.7
Interest payments on debt above	113.7	21.5	20.2	18.1	14.8	14.8	24.3
Derivatives:							
Outflow	157.3	147.1	10.2				
Inflow	(150.2)	(140.1)	(10.1)				
Interest on derivatives	(0.9)	(0.7)	(0.2)				
Capital leases	2.8	0.7	0.4	0.4	0.4	0.5	0.4
Other long-term obligations	24.0	5.9	10.0	2.8	3.3	1.1	0.9
Accrued post-employment benefit liabilities	24.0	*	2.9	2.9	2.9	2.9	12.4
Operating leases	30.9	8.9	6.4	4.4	2.4	2.2	6.6
Total contractual obligations	$ 819.8	$ 334.9	$ 49.1	$ 108.2	$ 23.8	$ 21.5	$ 282.3

* Accrued post-employment benefit liability payments of $2.9 million for 2011 are accounted for in accounts payable and accrued liabilities.

Defined Post-Employment Plan Obligations

The Company is the sponsor of a number of defined benefit plans in nine countries that give rise to accrued post-employment benefit obligations. The accrued benefit obligation for these plans at the end of 2010 was $57.5 million ($56.1 million in 2009) and the fair value of the plan assets was $19.6 million ($20.7 million in 2009), for a net deficit of $37.9 million, compared to $35.4 million at the end of 2009.

In 2010 and 2009, the Company's net earnings were $71.1 million and $42.2 million, respectively. At the end of 2010, the Company had $173.2 million of cash and cash equivalents on hand and significant unused lines of credit. Compared to the Company's other financial obligations and its current financial resources, these pension plan obligations are relatively small. In addition, the Company is not adding new members to the U.K. and Canadian plans so the risk of future growth in the liability of the plans and related financial exposure is materially reduced over time.

The Company has made certain key assumptions to determine the accrued benefit obligation, future funding requirements and plan expenses. They are as follows and vary based on the country location and plan specifics:

- Discount rate: 4.3% to 7.8%
- Expected long-term rate of return on assets: 6.5%
- Average remaining service period for amortization: 6 to 31 years

There are two major components to the defined benefit pension plans:

1) The Canadian executive plans consist of one registered plan and three unfunded supplemental plans that provide for pensions to the executives in the registered plan but for amounts above the maximum benefit provided by the registered plan. The registered plan has $4.4 million in assets and a net deficit of $2.4 million at the end of 2010 ($4.2 million and $1.1 million, respectively, at the end of 2009). The net deficit of the unfunded supplemental plans was $15.4 million at the end of 2010 ($15.3 million in 2009). These supplemental plans are not legally allowed to be funded. The Company anticipates paying these obligations over time out of cash on hand and cash generated from operations.

2) The U.K. plan had $15.2 million in plan assets at the end of 2010 ($16.5 million in 2009) and a net deficit of $6.9 million at the end of 2010 ($8.7 million in 2009) based on Canadian GAAP. There are no active employees enrolled as members of the plan as all of the members of the plan were employed by businesses previously owned by CCL. Consequently, the plan is somewhat capped with the exception of inflationary pension increases, movements in the actuarial liabilities of plan members and the market value of the assets of the plan.

In 2009, the Company offered enhanced transfer values to certain members of the U.K. defined benefit pension plan in an effort to reduce its exposure to the actuarial deficit in the U.K. plan. In 2009, the Company contributed a one-time lump sum of $0.9 million to the plan, plus a further $3.1 million to buy out certain members who accepted the Company's buyout offer. A further $0.5 million was contributed early in 2010 for this same buyout offer. Settlements related to this transfer exercise in 2010 reduced the plan's assets by $2.9 million and in 2009 by $10.7 million. The Company expects to continue to investigate ways to unwind this plan over time including increasing its annual contributions. The Company anticipates that it will fund its obligation out of cash on hand and cash generated by operations in future years.

In 2010, pension expense for all of the plans was $3.4 million ($7.5 million in 2009) and funding was $3.2 million ($6.6 million in 2009). Pension expense in 2009 reflects the recognition of a $4.9 million actuarial loss on the settlement of the U.K. transfer exercise.

The Company believes that its current financial resources combined with its expected future cash flows from operations will be sufficient to satisfy the obligations under these plans in future years even if there are unfavourable developments related to the key assumptions made to determine future funding requirements.

Other Obligations and Commitments

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 15 of the consolidated financial statements. Additionally, a majority of the Company's post-employment obligations are defined contribution pension plans. There are no defined benefit plans funded with CCL stock.

F) 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 President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO") on a timely basis so that appropriate decisions can be made regarding public disclosure. CCL's Disclosure Committee reviews all external reports and documents of CCL before publication to enhance the Company's disclosure controls and procedures.

As at December 31, 2010, based on the continued evaluation of the disclosure controls and procedures, the CEO and the CFO have concluded that CCL's disclosure controls and procedures, as defined in National Instrument 52-109 ("NI 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.

Internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. Management is responsible for establishing and maintaining adequate internal control over financial reporting. NI 52-109 requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal control over financial reporting for the issuer, that internal control has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with Canadian GAAP, that the internal control over financial reporting is effective, and that the issuer has disclosed any changes in its internal control during its most recent interim period that has materially affected or is reasonably likely to materially affect its internal control over financial reporting.

Based on the evaluation of the design and operating effectiveness of CCL's internal control over financial reporting, the CEO and the CFO concluded that the Company's internal control over financial reporting was effective as at December 31, 2010.

There were no material changes in internal control over financial reporting in the financial year ended December 31, 2010.

4. RISKS AND UNCERTAINTIES

The Company is subject to the usual commercial risks and uncertainties from operating as a Canadian public company and as a supplier of goods and services to the non-durable consumer packaging and consumer durable industries on a global basis. A number of these potential risks and uncertainties that could have a material adverse effect on the business, financial condition and results of operations of the Company are listed generally in order of importance as follows:

Uncertainty Resulting from Recent Global Economic Crisis

The Company is dependent on the global economy and overall consumer confidence, disposable income and purchasing trends. A global economic downturn or period of economic uncertainty can erode consumer confidence and may materially reduce consumer spending. Any decline in consumer spending may negatively affect the demand of customers' products. This decline directly influences the demand for the Company's packaging components used in its customers' products, and may negatively affect the Company's consolidated earnings. In addition, global economic conditions have affected interest rates and credit availability, which may have a negative impact on earnings from higher interest costs or the inability to secure additional indebtedness to fund operations or refinance maturing obligations as they come due. Although the Company has a strong balance sheet, diverse businesses, and a broad geographic presence, it may not be able to manage a reduction in its earnings and cash flow that may arise from lower sales and decreased profits if the global economic environment deteriorates for an extended period.

Potential Risks Relating to Significant Operations in Foreign Countries

The Company operates plants in North America, Europe, Latin America, Asia, South Africa and Australia. Sales to customers located outside of Canada in 2010 were 96% of the Company's total sales similar to the level in 2009. Non-Canadian operating results are translated into Canadian dollars at the average exchange rate for the period covered. The Company has significant operating bases in both the United States and Europe. In 2010, 34% and 43% of total sales were to customers in Europe and the United States, respectively. The sales from business units in Latin America, Asia, South Africa and Australia in 2010 were 19% of the Company's total sales. In addition, the Company has an equity investment in a Russian business. There are risks associated with operating a decentralized organization in 61 facilities in 19 countries around the world with a variety of different cultures and values. Operations outside of Canada, the United States and Europe are perceived generally to have greater political and economic risks and include CCL's operations in Latin America, Asia, South Africa and Russia. These risks include, but are not limited to, fluctuations in currency exchange rates, inflation, unexpected changes in foreign law and regulations, government nationalization of certain industries, currency controls, potential adverse tax consequences and local accepted business practices and standards which may not be similar to accepted business practices and standards in North America and Europe. Although the Company has controls and procedures intended to mitigate these risks, these risks cannot be entirely eliminated and they may have a material adverse effect on the consolidated financial results of the Company.

Competitive Environment

The Company faces competition from other packaging suppliers in all the markets that it operates in. There can be no assurance that the Company will be able to compete successfully against its current or future competitors or that such competition will not have a material adverse effect on the business, financial condition and results of operations of the Company. This competitive environment may preclude the Company from passing on higher material, labour and energy costs to its customers. Any significant increase in in-house manufacturing by customers of the Company could adversely affect the business, financial condition and results of operations of the Company. In addition, the Company's consolidated financial results may be negatively impacted by competitors developing new products or processes that are of superior quality, fit CCL's customers' needs better, or have lower costs; consolidation within CCL's competitors or further pricing pressure on the industry by the large retail chains.

Profitability of the Container Division

The Company's Container Division has operated at a substantial loss over the past two years. The main drivers of the loss in 2010 were largely due to the higher sales mix of low margin household products and to a lesser extent the effect of the weaker U.S. dollars, while the 2009 loss reflected the negative impact of aluminum hedges and lower volumes. If the Division is not able to increase prices to maintain its margins, pass cost increases onto its customers, restructure operations, and maintain and grow sales volumes to utilize production capacity, it could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, foreign currency could have a material adverse effect on the Container Division's results as the Canadian plant sells almost all of its production to the United States market in U.S. dollars.

Foreign Exchange Exposure and Hedging Activities

Sales of products of the Company to customers outside Canada account for 96% of the revenue of the Company. Because the prices for such products are quoted in foreign currencies, any increase in the value of the Canadian dollar relative to such currencies, in particular the U.S. dollar and the euro, reduces the amount of Canadian dollar revenues and operating income reported by the Company in its consolidated financial statements. The Company also buys inputs for its products in world markets in several currencies. Exchange rate fluctuations are beyond the Company's control and there can be no assurance that such fluctuations will not have a material adverse effect on the reported results of the Company. The use of derivatives to provide hedges of certain exposures, such as interest rate swaps, forward foreign exchange contracts and aluminum futures contracts could impact negatively on the Company's operations.

Retention of Key Personnel and Experienced Workforce

Management believes that an important competitive advantage of the Company has been, and is expected to continue to be, the know-how and expertise possessed by its personnel at all levels of the Company. While the machinery and equipment used by the Company are generally available to competitors of the Company, the experience and training of the Company's workforce allows the Company to obtain a level of efficiency and a level of flexibility that management believes to be high relative to the industries in which it competes. To date, the Company has been successful in recruiting, training and retaining its personnel over the long term and while management believes that the know-how of the Company is widely distributed throughout the Company, the loss of the services of certain of its experienced personnel could have a material adverse effect on the business, financial condition and results of operations of the Company.

The operations of the Company are dependent on the abilities, experience and efforts of its senior management team. To date, the Company has been successful in recruiting and retaining competent senior management. Loss of certain members of the executive team of the Company could have a disruptive effect on the implementation of the Company's business strategy and the efficient running of day-to-day operations. This could have a material adverse effect on the business, financial condition and results of operations of the Company.

Acquired Businesses

As part of its growth strategy, the Company continues to pursue acquisition opportunities where such transactions are economically and strategically justified. However, there can be no assurance that the Company will be able to identify attractive acquisition opportunities in the future or have the required resources to complete desired acquisitions, or that it will succeed in effectively managing the integration of acquired businesses. The failure to implement the acquisition strategy, to successfully integrate acquired businesses or joint ventures into the Company's structure, or to control operating performance and achieve synergies, may have a material adverse effect on the business, financial condition and results of operations of the Company.

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

Exposure to Income Tax Reassessments

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

Fluctuations in Operating Results

While the Company's operating results over the past several years have indicated a general upward trend in sales and net income, operating results within particular product forms, within particular facilities of the Company and within particular geographic markets have undergone fluctuations in the past and, in management's view, are likely to do so in the future. Operating results may fluctuate in the future as a result of many factors in addition to the global economic conditions, and they include the volume of orders received relative to the manufacturing capacity of the Company, the level of price competition (from competing suppliers both in domestic and in other lower cost jurisdictions), variations in the level and timing of orders, the cost of raw materials and energy, the ability to develop innovative packaging solutions and the mix of revenue derived in each of the Company's businesses. Operating results may also be impacted by the ability to achieve planned volumes through normal growth and successful renegotiation of current contracts with customers and on the ability to deliver expected benefits from cost reduction programs derived from the restructuring of certain business units. Any of these factors or a combination of these factors could have a material adverse effect on the business, financial condition and results of operations of the Company.

Insurance Coverage

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

Dependence on Customers

The Company has a modest dependence upon certain customers. The Company's largest customer accounted for approximately 13% of consolidated revenue for fiscal 2010. The five largest customers of the Company represented approximately 28% of the total revenue for 2010 and the largest 15 customers represented approximately 43% of the total revenue. Although the Company has strong partner relationships with its customers, there can be no assurance that the Company will maintain its relationship with any particular customer or continue to provide services to any particular customer at current levels. A loss of any significant customer, or a decrease in the sales to any such customer, could have a material adverse effect on the business, financial condition and results of operations of the Company. Consolidation within the consumer products marketer base could have a negative impact on the Company's business depending on the nature and scope of any such consolidation.

Environmental, Health and Safety Requirements and Other Considerations

The Company is subject to numerous federal, provincial, state and municipal statutes, regulations, by-laws, guidelines and policies, as well as permits and other approvals related to the protection of the environment and workers' health and safety. The Company maintains active health and safety and environmental programs for the purpose of preventing injuries to employees and pollution incidents at its manufacturing sites. The Company also carries out a program of environmental compliance audits, including independent third-party pollution liability assessment for acquisitions, to assess the adequacy of compliance at the operating level and to establish provisions, as required, for environmental site remediation plans. The Company has environmental insurance for most of its operating sites with certain exclusions for historical matters.

Despite these programs and insurance coverage, further proceedings or inquiries from regulators on employee health and safety requirements, particularly in Canada, the United States and the European Economic Community (collectively, the "EHS Requirements"), could have a material adverse effect on the business, financial condition and results of operations of the Company. In addition, changes to existing EHS Requirements or the adoption of new EHS Requirements in the future, changes to the enforcement of EHS Requirements, as well as the discovery of additional or unknown conditions at facilities owned, operated or used by the Company, could require expenditures that might materially affect the business, financial condition and results of operations of the Company, to the extent not covered by indemnity, insurance or a covenant not to sue. Furthermore, while the Company has generally benefited from increased regulations on its customers' products, the demand for the services or products of the Company may be adversely affected by the amendment or repeal of laws or by changes to the enforcement policies of the regulatory agencies concerning such laws.

Operating and Product Hazards

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

Labour Relations

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

Legal Proceedings

Any alleged failure by the Company to comply with applicable laws and regulations in the countries of operation may lead to the imposition of fines and penalties or the denial, revocation or delay in the renewal of permits and licences issued by governmental authorities. In addition, governmental authorities as well as third parties may claim that the Company is liable for environmental damages. A significant judgment against the Company, the loss of a significant permit or other approval or the imposition of a significant fine or penalty could have a material adverse effect on the business, financial condition and results of operations of the Company. Moreover, the Company may from time to time be notified of claims that it may be infringing patents, copyrights or other intellectual property rights owned by other third parties. Any litigation could result in substantial costs and diversion of

resources, and could have a material adverse effect on the business, financial condition and results of operations of the Company. In the future, third parties may assert infringement claims against the Company or its customers. In the event of an infringement claim, the Company may be required to spend a significant amount of money to develop a non-infringing alternative or to obtain licences. The Company may not be successful in developing such an alternative or obtaining a licence on reasonable terms, if at all. In addition, any such litigation could be lengthy and costly and could have a material adverse effect on the business, financial condition and results of operations of the Company.

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

Defined Benefit Post-Employment Plans

The Company is the sponsor of a number of defined benefit plans in nine countries that give rise to accrued post-employment benefit obligations. Although the Company believes that its current financial resources combined with its expected future cash flows from operations and returns on post-employment plan assets will be sufficient to satisfy the obligations under these plans in future years, the cash outflow and higher expenses associated with these plans may be higher than expected and may have a material adverse impact on the financial condition of the Company.

5. ACCOUNTING POLICIES AND NON-GAAP MEASURES

A) Key Performance Indicators and Non-GAAP Measures

CCL measures the success of the 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 to or replacement of net income or 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. In fact, these additional measures are used to provide added insight into CCL's results and are concepts often seen in external analysts' research reports, financial covenants in banking agreements and note agreements, purchase and sales contracts on acquisitions and divestitures of the business and in discussions and reports to and from the Company's shareholders and the investment community. These non-GAAP measures will be found throughout this report and are referenced in this definition section alphabetically:

Adjusted Basic Earnings per Class B Share – An important non-GAAP measure to assist in understanding the ongoing earnings performance of the Company excluding items of a one-time or non-recurring nature. It is not considered a substitute for basic net earnings per Class B share but it does provide additional insight into the ongoing financial results of the Company. This non-GAAP measure is defined as basic net earnings per Class B share excluding goodwill impairment loss, restructuring and other items and tax adjustments.

Earnings per Class B Share

	Fourth Quarter		Year-to-Date	
	2010	2009	**2010**	2009
Basic earnings	**$ 0.44**	$ —	**$ 2.17**	$ 1.31
Net (loss) gain from restructuring and other items and tax adjustments included above	**—**	(0.41)	**—**	(0.46)
Adjusted basic earnings	**$ 0.44**	$ 0.41	**$ 2.17**	$ 1.77

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

The following table reconciles the calculation of the book value per share using Canadian GAAP measures reported in the consolidated balance sheet as at the periods ended as indicated.

Book Value per Share

At December 31	2010	2009
Total shareholders' equity, end of period	$ 789.0	$ 752.8
Number of shares issued and outstanding, end of period (000s)	33,287	33,049
Less: Shares held in trust	(265)	(265)
Executive share purchase plan loans	(25)	(75)
Total adjusted number of shares issued (000s)	32,997	32,709
Book value per share	$ 23.91	$ 23.01

Days of Working Capital Employed – A measure indicating the relative liquidity and asset intensity of the Company's working capital. It is calculated by multiplying the net working capital by the number of days in the quarter and then dividing by the quarterly sales. Net working capital includes accounts receivable, inventory, other receivables and prepaid expenses, accounts payable and accruals, income and other taxes payable.

The following table reconciles the net working capital used in the days of working capital employed measure to Canadian GAAP measures reported in the consolidated balance sheet as at the periods ended as indicated.

Days of Working Capital Employed

At December 31	2010	2009
Accounts receivable – trade	$ 154.9	$ 148.7
Other receivables and prepaid expenses	24.2	24.3
Income and other taxes receivable	2.5	(10.9)
Inventory	77.9	75.5
Accounts payable and accrued liabilities	(222.1)	(206.5)
Net working capital	$ 37.4	$ 31.1
Days in quarter	92	92
Quarter sales	$ 281.3	$ 289.3
Days of working capital employed	12	10

Dividend Payout – The ratio of earnings paid out to the shareholders. It provides an indication of how well earnings support the dividend payments. Dividend payout is defined as dividends declared divided by earnings, excluding goodwill impairment loss, restructuring and other items and tax adjustments, expressed as a percentage.

Dividend Payout

	Year-to-Date	
	2010	2009
Dividends declared per shareholders' equity	$ 21.4	$ 19.4
Adjusted earnings (see above definition)	$ 71.1	$ 57.0
Dividend payout	30%	34%

Earnings per Share Growth Rate – A measure indicating the percentage change in Adjusted Basic Earnings per Class B Share (see definition above).

EBITDA – A critical financial measure used extensively in the packaging industry and other industries to assist in understanding and measuring operating results and is also considered as a proxy for cash flow and a facilitator for business valuations. This non-GAAP measure is defined as earnings before interest, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items. The Company believes that it is an important measure as it allows the assessment of CCL's ongoing business without the impact of interest, depreciation and amortization and income tax expenses, as well as non-operating factors and one-time items. As a proxy for cash flow, it is intended to indicate the Company's ability to incur or service debt and to invest in property, plant and equipment, and it allows comparison of CCL's business to that of its peers and competitors who may have different capital or organizational structures. EBITDA is a measure tracked by financial analysts and investors to evaluate financial performance and as a key metric in business valuations. EBITDA is considered as an important measure by lenders to the Company and is included in the financial covenants for CCL's senior notes and bank lines of credit.

The following table reconciles EBITDA measures to Canadian GAAP measures reported in the consolidated statements of earnings for the periods ended as indicated.

EBITDA (earnings before interest, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items)

	Fourth Quarter		Year-to-Date	
	2010	2009	**2010**	2009
Net earnings (loss)	**$ 14.5**	$ (0.1)	**$ 71.1**	$ 42.2
Corporate expense	**6.6**	4.1	**23.4**	16.5
Interest expense, net	**6.0**	6.5	**25.1**	29.3
Restructuring and other items – net loss	**0.1**	5.2	**—**	7.3
Income taxes	**3.3**	11.5	**28.5**	29.1
Operating income (a non-GAAP measure)	**$ 30.5**	$ 27.2	**$ 148.1**	$ 124.4
Less: Corporate expense	**(6.6)**	(4.1)	**(23.4)**	(16.5)
Add: Depreciation and amortization	**24.0**	25.9	**94.0**	100.0
EBITDA (a non-GAAP measure)	**$ 47.9**	$ 49.0	**$ 218.7**	$ 207.9

Free Cash Flow from Operations – A measure indicating the relative amount of cash generated by the Company during the year and available to fund dividends, debt repayments and acquisitions. It is calculated as cash flow from operations less capital expenditures, net of proceeds from the sale of property, plant and equipment.

The following table reconciles the free cash flow from operations measure to Canadian GAAP measures reported in the consolidated statements of cash flows for the periods ended as indicated.

Free Cash Flow from Operations

	2010	2009
Cash provided by operating activities	**$ 168.4**	$ 150.3
Less: Additions to property, plant and equipment	**(85.8)**	(99.3)
Add: Proceeds on disposal of property, plant and equipment	**4.4**	4.9
Free cash flow from operations	**$ 87.0**	$ 55.9

Interest Coverage – A measure indicating the relative amount of operating income earned by the Company compared to the amount of interest expense incurred by the Company. It is calculated as Operating Income (see definition below), including discontinued items, less corporate expense, divided by net interest expense on a 12-month rolling basis.

The following table reconciles the interest coverage measure to Canadian GAAP measures reported in the consolidated statements of earnings for the periods ended as indicated.

Interest Coverage

	2010	2009
Operating income (a non-GAAP measure) (see definition below)	**$ 148.1**	$ 124.4
Less: Corporate expense	**(23.4)**	(16.5)
	$ 124.7	$ 107.9
Net interest expense on a 12-month rolling basis	**$ 25.1**	$ 29.3
Interest coverage	**5.0**	3.7

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 that indicates 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 definition above) divided by Net Debt plus shareholders' equity, expressed as a percentage.

Operating Income – A measure indicating the profitability of the Company's business units defined as operating income before corporate expenses, interest, goodwill impairment loss, restructuring and other items and tax.

See EBITDA definition above for a reconciliation of Operating Income measures to Canadian GAAP measures reported in the consolidated statements of earnings for the periods ended as indicated.

Restructuring and Other Items and Tax Adjustments – A measure of significant non-recurring items that are included in net earnings. The impact of restructuring and other items and tax adjustments on a per share basis is measured by dividing the after-tax income of the restructuring and other items and tax adjustments by the average number of shares outstanding in the relevant period. Management will continue to disclose the impact of these items on the Company's 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.

Restructuring and other items are disclosed in note 4 of the Company's annual financial statements.

Return on Equity ("ROE") before goodwill impairment loss, restructuring and other items and tax adjustments – A measure that provides insight into the effective use of shareholder capital in generating ongoing net earnings. ROE is calculated by dividing annual net income before goodwill impairment loss, restructuring and other items (net of tax) and tax adjustments by the average of the beginning and the end of year shareholders' equity.

The following table reconciles net earnings used in calculating ROE measure to Canadian GAAP measures reported in the consolidated balance sheet and in the consolidated statements of earnings for the periods ended as indicated.

Return on Equity

	Year-to-Date	
	2010	2009
Net earnings	**$ 71.1**	$ 42.2
Restructuring and other items and tax adjustments – net loss (net of tax)	**—**	14.8
Adjusted net earnings	**$ 71.1**	$ 57.0
Average shareholders' equity	**$ 770.9**	$ 751.6
Return on equity ("ROE")	**9.2%**	7.6%

Return on Sales – A measure indicating relative profitability of sales to customers. It is defined as Operating Income (see above definition) divided by sales, expressed as a percentage.

The following table reconciles the Return on Sales measure to Canadian GAAP measures reported in the consolidated statements of earnings in the industry segmented information as per note 18(a) of the Company's annual financial statements for the periods ended as indicated.

	Sales		Operating Income (Loss)		Return on Sales	
Year-to-Date	**2010**	2009	**2010**	2009	**2010**	2009
Label	**$ 955.1**	$ 989.4	**$ 143.5**	$ 128.4	**15.0%**	13.0%
Container	**162.4**	139.9	**(4.2)**	(7.0)	**(2.6%)**	(5.0%)
Tube	**74.8**	69.7	**8.8**	3.0	**11.8%**	4.3%
Total operations	**$1,192.3**	$1,199.0	**$ 148.1**	$ 124.4	**12.4%**	10.4%

Total Debt – A measure indicating the financial indebtedness of the Company. It is defined as current debt, including bank advances, plus long-term debt.

The following table reconciles total debt used in the total debt measure to Canadian GAAP measures reported in the consolidated balance sheet as at the periods ended as indicated.

Total Debt

At December 31	**2010**	2009
Current debt, including bank advances	**$ 87.7**	$ 49.3
Plus: Long-term debt	**347.7**	448.8
Total debt	**$ 435.4**	$ 498.1

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

The following table reconciles the total debt to total book capitalization measure to Canadian GAAP measures reported in the consolidated balance sheet as at the periods ended as indicated.

Total Debt to Total Book Capitalization

At December 31	**2010**	2009
Total debt (see table above)	**$ 435.4**	$ 498.1
Shareholders' equity	**$ 789.0**	$ 752.8
Total debt: total book capitalization	**35.6%**	39.8%

B) Accounting Policies and New Standards

Accounting Policies

The above analysis and discussion of the Company's financial condition and results of operation are based upon its consolidated financial statements prepared in accordance with Canadian GAAP. A summary of the Company's significant accounting policies is set out in note 1 of the consolidated financial statements.

Recently Issued New Accounting Standards

The Canadian Accounting Standards Board confirmed in February 2008 that all publicly accountable enterprises will be required to report under International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. Additional information about the transition plan is provided in Section C below.

In December 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 1582, Business Combinations; Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests.

Section 1582 establishes standards for accounting for business combinations and is equivalent to IFRS 3. The new standards apply to business combinations with an acquisition date on or after January 1, 2011; however, earlier adoption is permitted.

Sections 1601 and 1602, together, replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS IAS 27, Consolidated and Separate Financial Statements. The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

C) International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed in February 2008 that all publicly accountable enterprises will be required to report under IFRS for fiscal periods beginning on or after January 1, 2011.

The Company has designated the Senior Vice President and Chief Financial Officer as the executive responsible for the implementation of IFRS, including the staffing and financial resources required.

The Company has identified the four key phases of this project conversion to be preliminary scoping and planning, detailed impact assessments, implementation and post implementation. Within these four key phases the project is further segregated into rollouts at the plant level versus the corporate level. These two areas require separate approaches due to the different financial processes in manufacturing operations versus the technical and complex financial issues, such as tax and treasury, at the corporate level. In addition, the corporate level is responsible for the preparation and publication of external financial statements and other related disclosures.

The scoping and planning phase which commenced in late 2008 involved the assignment of an internal project leader along with the identification of other key team participants, and development of the overall project plan and project charter. This first phase of the project has been completed.

The detailed impact assessment phase has involved the detailed review of IFRS versus Canadian GAAP to identify changes required as well as any areas involving choices or electives available to the Company. This second phase will also result in the identification of accounting policy changes required, the review and establishment of shell financial statements including new disclosure requirements, and additional staff training. This phase is virtually complete and has now provided the Company with initial estimates of the anticipated financial statement impact.

The third phase, implementation, will involve the rollout of required changes at the plant level and the corporate level, as well as any system changes required to permit the compilation of financial statement data that is IFRS compliant. Many aspects of the implementation phase are well underway, which assisted with the determination of the initial estimates of the financial impact assessment figures. This phase will also involve updating of the internal control over financial reporting. Certain attributes of this phase will continue throughout 2011.

The fourth phase, post implementation, will involve monitoring to ensure that all financial data for fiscal 2011 and beyond continues to be IFRS compliant, as well as testing of the internal control over financial reporting in an IFRS environment during 2011.

The timing and completion of certain aspects of the conversion project may require adjustment as the project moves forward, due to variations in the actual length of time to complete each task in the process. However, the Company believes that the appropriate level of resources has been assigned to the project to fulfill the overall project timelines.

Some of the key activities, milestones and status to date are outlined in the table below.

IFRS Implementation Timetable

Key Activity	Milestones	Status to Date
Project Overview		
• Project team formation including project lead • Allocate project resources • Develop project plan and charter • Project management methods	• Selection of project lead November 2008 • Selection of outside consultant January 2009, work completed December 2009 • Document project plan and project update methodologies	• Resources have been identified and assigned • Project updates to senior management and the Audit Committee taking place at least quarterly • Staff training is ongoing
Financial Statements		
• Identify differences with Canadian GAAP • Identify revised accounting policies for the entity • Develop IFRS financial statement layout including required disclosures • Review elections under IFRS 1	• Initial financial impact assessment of the changes for presentation to senior management and the Audit Committee by February 24, 2010 • Finalize financial statement layout with disclosures during 2010, ready for issuance in Q1 2011 • Review IFRS 1 elections with senior management and the Audit Committee by February 24, 2010 • Finalize and update accounting policy changes/selections by Q2 2010	• Detailed impact assessments to identify the differences has been completed • Revised financial statement layout is complete and review of additional disclosures is near completion • Rollout of changes impacting plants has been completed • Data collection of plant and corporate initial estimates of impacts has been completed and was updated throughout 2010 • Accounting policy changes and selections have been completed • IFRS 1 elections have been reviewed by senior management and the Audit Committee
System and Process Changes		
• Assess and identify required system changes • Implement required system changes for corporate consolidation and at the plant level as required • Training of plant and corporate finance staff • Review internal controls for changes required	• Implement required system changes that ensure collection of comparative IFRS data throughout 2010 • Amend internal controls for required changes related to IFRS by mid-2010	• System changes required for the implementation of new accounts and financial statement layout are complete • Training of key personnel has commenced and will continue as required • Review of internal control changes has been completed and approved by senior management

During the second quarter of 2010, the Company commenced the opening balance sheet audit with the Company's external auditors, KPMG. This process was completed during the fourth quarter of 2010. During the third quarter of 2010, a review of the full set of IFRS financial statements with required financial statement note disclosures was commenced with the external auditors, KPMG. This review was completed during the fourth quarter of 2010, and has placed the Company in position to meet the filing requirements for its first IFRS interim financial report after the first quarter of 2011.

Outlined below by topic are some of the areas of expected accounting changes to the Company upon the adoption of IFRS. This information is expected to provide the investor and others with a better understanding of the expected results of the changeover to IFRS and how that will impact the Company's financial statements and operating performance. This information is based upon CCL's most recent review of expectations and circumstances may arise which could change these assumptions in the future. Where analysis on a difference from existing Canadian GAAP is substantially complete, the current estimated opening financial statement impact, on a pre-tax basis unless otherwise stated, is noted. This list and comments should not be regarded as a complete list of estimated changes that will result from the transition to IFRS and are intended to highlight the most significant areas. It is important to note that additional analysis or review completed before the release of the first quarter of 2011, IFRS financial statements for first quarter of 2011 may result in changes to the items and related impact estimates noted below or the determination of additional GAAP differences.

Fixed Assets

IAS 16, Property, Plant & Equipment, requires that fixed assets be broken down into their major components and depreciated separately using a useful life appropriate to that component. As a result of this requirement the Company has reviewed all major fixed asset categories and determined that adjustments will be expected concerning componentization of the "Building" category of the Company's fixed assets. This will result in an opening balance sheet adjustment and the building depreciation will be expensed over a shorter timeframe going forward under IFRS. The Company intends to continue to use historical costs for capital asset valuations. Also, related to the componentization requirement of IAS 16, the Container Division is expected to have an opening balance sheet adjustment to the depreciation of spare parts capitalized to maintain the production lines. These spare parts will have a change in their useful life and as such will be expensed over a shorter timeframe going forward under IFRS.

Estimated Impact: Per the requirements of IFRS 1, First-Time Adoption of International Reporting Standards ("IFRS 1"), this adjustment related to componentization of these two items will be recorded in opening retained earnings upon transition to IFRS. As such, the Company expects the impact of the componentization of the Company's fixed assets, as at January 1, 2010, to decrease retained earnings by $5.9 million (before tax effect of $1.8 million) with a corresponding decrease to property, plant & equipment.

IAS 16, Property, Plant & Equipment, also requires that all software costs that are not an integral part of the associated property, plant, and equipment be classified as intangibles.

Estimated Impact: The Company expects the impact of this reclassification of the Company's fixed assets, as at January 1, 2010, to be a decrease of $0.4 million to property, plant and equipment with a corresponding increase to intangible assets.

Share-based Payments

IFRS 2, Share-based Payments, requires for awards that vest in instalments over the vesting period, that each instalment is accounted for as a separate arrangement rather than permitting the instalments to be treated as a pool. This will result in a change to the current accounting policy and potentially an opening adjustment upon conversion to IFRS.

Estimated Impact: Per the requirements of IFRS 1, this adjustment related to share-based payments will be recorded in opening retained earnings upon transition to IFRS. As such, the Company expects the impact of this change on the Company's share-based payments, as at January 1, 2010, will be to decrease retained earnings by $0.9 million (before tax effect of $0.1 million) with a corresponding increase to contributed surplus.

Employee Benefits

IAS 19, Employee Benefits, requires an entity to elect an accounting policy choice concerning the treatments of actuarial gains and losses pertaining to defined benefit plans. The Company is intending to adopt, upon conversion to IFRS, the option of 100% recognition of the actuarial gains and losses through other comprehensive income.

Estimated Impact: Per IFRS 1, the Company is expecting to elect the option of recognizing accumulated actuarial gains and losses to opening retained earnings upon transition to IFRS. As such, the Company expects the impact of this election, as at January 1, 2010, will be to decrease retained earnings by $13.8 million (before tax effect of $3.7 million) with a corresponding increase to long-term liabilities.

IAS 19, Employee Benefits, also requires estimates of future values of long-term employee benefits be present valued for their obligation. This will result in a change to the current accounting policy and an opening adjustment upon conversion to IFRS.

Estimated Impact: Per the requirements of IFRS 1, this adjustment related to long-term employee benefits will be recorded in opening retained earnings upon transition to IFRS. As such, the Company expects the impact of this change on the Company's employee benefit accrual, as at January 1, 2010, will be to decrease retained earnings by $4.7 million (before tax effect of $1.8 million) with a corresponding increase to long-term liabilities.

Financial Instruments

IAS 39, Financial Instruments: Recognition and Measurement, requires that transactions costs related to financial instruments measured at cost are to be included in the initial measurement of the financial instrument. Canadian GAAP permits the entity to make an accounting policy choice to either include transaction costs in the initial measurement of a financial instrument measured at cost, or immediately recognize them in profit and loss. The Company's previous accounting choice was to recognize these transaction costs immediately in the profit and loss; as such, there will be an opening balance sheet adjustment to reflect this required change.

Estimated Impact: Per the requirements of IFRS 1, this adjustment related to transaction costs on financial instruments will be recorded in opening retained earnings upon transition to IFRS. As such, the Company expects the impact of this change on the Company's financial instruments, as at January 1, 2010, will be to increase retained earnings by $1.3 million (before tax effect of $0.3 million) with a corresponding decrease to long-term debt.

First-Time Adoption of IFRS

The Company's adoption of IFRS will require the application of IFRS 1 which provides guidance regarding an entity's initial adoption of IFRS. IFRS 1 generally requires an entity to apply all IFRS with retrospective effect to the end of its first IFRS reporting period. However, IFRS 1 does include certain mandatory exceptions and some limited optional exemptions in specified areas of the various standards. Outlined below are some of the optional exemptions available under IFRS 1 that the Company expects to adopt on the first financial statements under IFRS.

- Business Combinations – The Company expects to elect to not restate any business combinations that have occurred prior to January 1, 2010.
- Employee Benefits – The Company's expected election under IFRS 1 is described above.
- Cumulative Translation Differences ("CTD") – The Company expects to elect the IFRS 1 exemption to reclassify the balance of CTD as at January 1, 2010, to retained earnings upon transition to IFRS.

Estimated Impact: Per IFRS 1, the Company is expecting to elect the option of recognizing the balance of CTD to opening retained earnings upon transition to IFRS. As such, the Company expects the impact of this election, as at January 1, 2010, will be to decrease retained earnings by $99.6 million (inclusive of a $10.8 million tax effect) with a corresponding decrease to accumulated other comprehensive loss.

Taxes

As noted in each section above, the Company will have tax effects associated with the various opening transition to IFRS adjustments. With this adjustment to the valuation allowance for tax, a further adjustment is required to the deferred tax balance to adjust for previously benefited losses. As such, the Company expects the impact of this change on the Company's deferred tax assets, as at January 1, 2010, will be to decrease retained earnings by $1.4 million with a corresponding decrease in deferred tax assets.

The following unaudited condensed consolidated balance sheet shows the expected impacts as outlined above between Canadian GAAP and IFRS as at the date of transition, January 1, 2010.

Condensed Consolidated Balance Sheet, January 1, 2010

				January 1, 2010
(in thousands of dollars)	Canadian GAAP, as Reported	Reclassification for IFRS Presentation	IFRS Adjustments	IFRS
Assets:				
Current assets[1]	$ 399,154	$ —	$ —	$ 399,154
Property, plant and equipment[2]	751,592	—	(6,370)	745,222
Goodwill and intangibles[3]	401,129	1,913	429	403,471
Other long-term assets[4]	93,622	(1,913)	4,359	96,068
	$ 1,645,497	$ 0	$ (1,582)	$ 1,643,915
Liabilities and Shareholders' Equity:				
Current liabilities[5]	$ 266,743	$ (596)	$ (89)	$ 266,058
Long-term debt[6]	448,849	—	(1,177)	447,672
Employee benefits[7]		43,616	18,509	62,125
Other long-term liabilities[8]	177,148	(43,020)	(1,295)	132,833
	892,740	—	15,948	908,688
Shareholders' equity	752,757	—	(17,530)	735,227
	$ 1,645,497	$ —	$ (1,582)	$ 1,643,915

1 Reclassification of presentation changes, with no impact to shareholders' equity.
2 Fixed Asset componentization and software reclassification – see section entitled "Fixed Assets" above.
3 Software reclassification to Intangibles – see section entitled "Fixed Assets" above.
4 Tax effect on the various adjustments, but primarily Employee Benefits and Tax Losses, see detailed notes in related sections above.
5 See section entitled "Financial Instruments" – adjustment pertains to the current portion only.
6 See section entitled "Financial Instruments" – adjustment pertains to the long-term portion only.
7 See sections entitled "Employee Benefits" and "Share-Based Payments."
8 Tax effect related to section entitled "Fixed Assets" – building adjustment only.

D) Critical Accounting Estimates

The preparation of the Company's financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that impact the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Company evaluates these estimates and assumptions on a regular basis, based upon historical experience and other relevant factors. Actual results could differ materially from these estimates and assumptions. The following critical accounting policies are impacted by judgments, assumptions and estimates used in the preparation of the Consolidated Financial Statements. The material impact on reported results and the potential impact and any associated risk related to these estimates are discussed throughout this Management's Discussion and Analysis and in the notes to the Consolidated Financial Statements.

Inventory Valuation

Inventories are valued at the lower of cost and net realizable value on the first-in, first-out basis. The cost of work in process and finished goods includes materials, direct labour applied to the product and the applicable share of overhead. In determining the net realizable value, the Company estimates and establishes reserves for excess, obsolete or unmarketable inventory. The reserve is based upon the aging of the inventory, the historical experience, the current business environment and the Company's judgment regarding the future demand for the inventory. If actual demand and market conditions are less favourable than those projected, additional inventory reserves may be needed and the results from operations could be materially affected. A change in the provision would be recorded in the carrying value of inventory and cost of goods sold.

Accounts Receivable

The Company records an allowance for doubtful accounts related to accounts receivable that management believes may become impaired. The allowance is based upon the aging of the receivables, the Company's knowledge of the financial condition of its customers, the historical experience, and the current business environment. If actual collection of receivables and market conditions are less favourable than those projected, additional allowance for doubtful accounts may be needed and the results from operations could be materially affected. A change in the allowance would be recorded in selling, general and administrative expenses.

Goodwill

Goodwill represents the excess of the purchase price of the Company's interest in the businesses acquired over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisitions. Goodwill is not amortized but is required to be tested for impairment at least annually or if events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company performs the annual impairment test in the fourth quarter of each year, or more frequently if required as noted above. Impairment testing is done utilizing the two step method at the reporting unit level by comparing the reporting unit's carrying amount to its fair value. In the assessment of fair value of the reporting unit, the average enterprise value to EBITDA multiple, based on comparable companies, is used to estimate the enterprise value for each of the reporting units. If the fair value of the reporting unit exceeds its carrying amount, further evaluation is not necessary. However, if the fair value of the reporting unit is less than its carrying amount, further evaluation is required to compare the implied fair value of the reporting unit's goodwill to its carrying amount to determine whether a write-down of goodwill is required. If Step 2 is required, the income approach methodology of valuation is primarily used, which includes the discounted cash flow method as well as other valuation methods. Significant management judgment is required in preparing the forecasts of future operating results that are used in the discounted cash flow method of valuation. In 2010 and 2009, it was determined that the carrying amount of goodwill was not impaired. Since the process of determining fair values requires management judgment regarding projected results and market multiples, a change in these assumptions could impact the fair value of the reporting units resulting in an impairment charge.

Long-Lived Assets

Long-lived assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Performance of this evaluation involves management estimates of the associated business plans, economic projections and anticipated cash flows. Specifically, management considers forecasted operating cash flows, which are subject to change due to economic conditions, technological changes or changes in operating performance. An impairment loss would be recognized if the carrying amount of the asset held for use exceeded the discounted cash flow or fair value. Changes in these estimates in the future may result in an impairment charge.

Employee Future Benefits

The Company accrues its obligation under employee benefit plans and related costs net of plan assets. Pension costs are determined periodically by independent actuaries. The actuarial determination of the accrued benefit obligations for the plans uses the projected benefit method prorated on service and incorporates management's best estimate of future salary escalation, retirement age, inflation and other actuarial factors. The cost is then charged as services are rendered. Since these assumptions, which are disclosed in note 17 of the Consolidated Financial Statements, involve forward-looking estimates and are long-term in nature, they are subject to uncertainty and actual results may differ, and the differences may be material.

E) Inter-Company and Related Party Transactions

The Company has entered into a number of agreements with its subsidiaries that govern the management and commercial and cost-sharing arrangements with and amongst the subsidiaries. These inter-company structures are established on terms typical of arm's length agreements.

The Company has no material related party transactions.

6. OUTLOOK

The Company is confident about its abilities to deliver solid operating results and cash flows to support its growth strategy and investment opportunities and to further expand its geographic and market segment reach. The Company has sufficient cash and liquidity to support this growth strategy with cash balances over $170 million and unused credit lines of over $90 million. The Company remains focused on vigilantly managing working capital and prioritizing capital to opportunities in higher-growth areas, such as emerging markets and the Healthcare and Specialty business, either organically or by acquisition.

Recent positive economic data has improved consumer and investor sentiment in the U.S. and parts of Europe, but CCL's customers in these regions do not anticipate growth beyond the level of increasing GDP. CCL's growth rate in these regions slowed somewhat in the second half of 2010 in the core Label business as results were compared to a recovering period in 2009, which were inflated by one-time demand for H1N1 related products. The Tube and Container businesses meanwhile continued to see double digit growth driven by market share gains over a weak prior year. Emerging markets of Latin America, Asia and Eastern Europe continue to deliver double-digit growth and now account for approximately 19% of the Company's revenues. Market demand for the Company's products is showing solid signs overall in the early part of 2011 with a particularly strong outlook continuing for the Container Division. Despite these encouraging signs, the global economy remains uncertain as governments cope with record deficits and currency issues, high unemployment rates and rising concerns over inflation.

However, after a strong performance in 2010, the Company remains cautiously optimistic for 2011 with growth rates moderating to normal levels after a recovery year. CCL's consumer businesses will benefit from the improved economic environment and emerging market growth. H1N1 comparisons will have passed their anniversary but FDA restrictions at certain key Healthcare customers remain in place at least for the first quarter of 2011. Inflationary increases in raw materials are likely in the short term as commodity costs continue to rise, but these should be mitigated by cost reduction initiatives, substitutions and, where necessary, price increases to customers. Profitability improvement in the Container Division is expected to accelerate progressively in 2011 as price increases agreed to in late 2010 become partly effective during the first half of 2011. The Company expects capital expenditures for 2011 to approximate 2010 levels and remain below annual depreciation.

The accompanying consolidated financial statements of CCL Industries Inc. and all information in this Annual Report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems to be the most appropriate to ensure fair and consistent presentation. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material aspects. Management has prepared the financial information presented elsewhere in this Annual Report and has ensured that it is consistent with the consolidated financial statements.

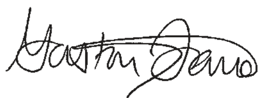
CCL maintains financial and operating systems that include appropriate and effective internal controls. Such systems are designed to provide reasonable assurance that the financial information is reliable and relevant, and that CCL's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and meets periodically with management, as well as the internal and external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the Management's Discussion and Analysis, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the annual financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the shareholders. KPMG LLP have full and free access to, and meet periodically with, the Audit Committee.

Geoffrey T. Martin
President and Chief Executive Officer



Gaston A. Tano
Senior Vice President and Chief Financial Officer

March 8, 2011

To the Shareholders of CCL Industries Inc.

We have audited the accompanying consolidated financial statements of CCL Industries Inc. ("the entity"), which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of earnings, comprehensive loss, shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CCL Industries Inc. as at December 31, 2010 and 2009, and the consolidated results of its operations and its consolidated cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants
Toronto, Canada

March 8, 2011

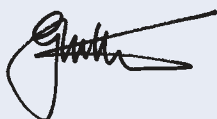
CONSOLIDATED BALANCE SHEETS

December 31, 2010 and 2009 (In thousands of Canadian dollars)

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents (note 5)	$ 173,197	$ 150,594
Accounts receivable, trade	154,850	148,688
Other receivables and prepaid expenses	24,199	24,342
Income and other taxes receivable	2,457	—
Inventories (note 6)	77,863	75,530
	432,566	399,154
Property, plant and equipment (note 7)	712,292	751,592
Other assets (note 8)	40,333	46,182
Future income tax assets (note 13)	50,676	47,440
Intangible assets (note 9)	36,017	42,335
Goodwill (note 10)	350,527	358,794
	$ 1,622,411	$ 1,645,497
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank advances	$ 497	$ —
Accounts payable and accrued liabilities	222,072	206,510
Income and other taxes payable	—	10,943
Current portion of long-term debt (note 11)	87,147	49,290
	309,716	266,743
Long-term debt (note 11)	347,733	448,849
Other long-term items (note 12)	55,283	58,384
Future income tax liabilities (note 13)	120,682	118,764
	833,414	892,740
Shareholders' equity:		
Share capital (note 14)	208,666	201,339
Accumulated other comprehensive loss (note 3)	(119,427)	(95,690)
Contributed surplus	6,741	3,805
Retained earnings	693,017	643,303
	788,997	752,757
Commitments and contingencies (note 15)		
	$ 1,622,411	$ 1,645,497

See the accompanying notes to the consolidated financial statements.

On behalf of the Board:



D.G. Lang
Director

G. T. Martin
Director

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 2010 and 2009 (In thousands of Canadian dollars, except per share data)

	2010	2009
Sales	**$ 1,192,318**	$ 1,198,984
Cost of goods sold	**916,461**	943,507
Selling, general and administrative expenses	**145,040**	140,966
Depreciation and amortization	**6,075**	6,678
	124,742	107,833
Interest, net (note 11)	**25,062**	29,323
	99,680	78,510
Restructuring and other items, net loss (note 4)	**29**	7,275
Earnings before income taxes	**99,651**	71,235
Income taxes (note 13)	**28,514**	29,061
Net earnings	**$ 71,137**	$ 42,174
Earnings and diluted earnings per Class B share (note 14)		
Net earnings	**$ 2.17**	$ 1.31
Diluted earnings	**$ 2.13**	$ 1.29

See the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2010 and 2009 (In thousands of Canadian dollars)

	2010	2009
Net earnings	**$ 71,137**	$ 42,174
Other comprehensive (loss) income, net of tax:		
Unrealized losses on translation of financial statements of self-sustaining foreign operations, net of tax recovery of $634 (2009 – net of tax expense of $800)	**(52,136)**	(105,220)
Unrealized gains on hedges of net investment in self-sustaining foreign operations, net of tax expense of $2,691 (2009 – net of tax expense of $8,767)	**30,521**	62,831
Unrealized foreign currency translation losses, net of hedging activities	**(21,615)**	(42,389)
Losses on derivatives designated as cash flow hedges, net of tax recovery of $403 (2009 – net of tax recovery of $1,036)	**(3,007)**	(3,464)
Reclassification of losses on derivatives designated as cash flow hedges to earnings, net of tax expense of $525 (2009 – net of tax recovery of $4,835)	**885**	15,461
Change in derivatives designated as cash flow hedges	**(2,122)**	11,997
Other comprehensive loss	**(23,737)**	(30,392)
Comprehensive income	**$ 47,400**	$ 11,782

See the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years ended December 31, 2010 and 2009 (In thousands of Canadian dollars)

	2010	2009
Share capital (note 14)		
Class A shares, beginning of year	**$ 4,517**	$ 4,517
Class A shares, end of year	**4,517**	4,517
Class B shares, beginning of year	**206,874**	199,486
Stock options exercised, Class B	**6,817**	7,388
Class B shares, end of year	**213,691**	206,874
Executive share purchase plan loans, beginning of year	**(916)**	(1,258)
Repayment of executive share purchase plan loans	**683**	342
Executive share purchase plan loans, end of year	**(233)**	(916)
Shares held in trust, beginning of year	**(9,136)**	(11,472)
Shares released from trust	**—**	2,531
Shares purchased and held in trust	**(173)**	(195)
Shares held in trust, end of year	**(9,309)**	(9,136)
Share capital, end of year	**208,666**	201,339
Accumulated other comprehensive loss (note 3)		
Accumulated other comprehensive loss, beginning of year	**(95,690)**	(67,497)
Transition adjustment on adoption of new accounting standards (note 1(q))	**—**	2,199
Other comprehensive loss	**(23,737)**	(30,392)
Accumulated other comprehensive loss, end of year	**(119,427)**	(95,690)
Contributed surplus:		
Contributed surplus, beginning of year	**3,805**	4,826
Stock option expense	**1,550**	1,405
Stock options exercised	**(1,118)**	(571)
Stock-based compensation plan	**2,504**	(1,855)
Contributed surplus, end of year	**6,741**	3,805
Retained earnings, beginning of year:	**643,303**	621,916
Transition adjustment on adoption of new accounting standards (note 1(q))	**—**	(1,412)
Net earnings	**71,137**	42,174
Dividends		
Class A	**(1,436)**	(1,306)
Class B	**(19,987)**	(18,069)
Total dividends	**(21,423)**	(19,375)
Retained earnings, end of year	**693,017**	643,303
Total shareholders' equity, end of year	**$ 788,997**	$ 752,757

See the accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2010 and 2009 (In thousands of Canadian dollars)

	2010	2009
Cash provided by (used for)		
Operating activities		
Net earnings	$ 71,137	$ 42,174
Items not involving cash:		
Depreciation and amortization	94,034	100,004
Stock-based compensation	4,054	2,081
Future income taxes	264	2,933
Restructuring and other items, net of tax	29	5,512
Gain on sale of property, plant and equipment	(1,059)	(1,128)
	168,459	151,576
Net change in non-cash working capital	(60)	(1,296)
Cash provided by operating activities	168,399	150,280
Financing activities		
Proceeds on issuance of long-term debt	6,466	13,904
Retirement of long-term debt	(45,588)	(22,745)
Increase in bank advances	497	—
Issue of shares	5,364	6,817
Purchase of shares held in trust	—	(195)
Repayment of executive share purchase plan loans	683	342
Dividends	(20,730)	(18,964)
Cash provided by financing activities	(53,308)	(20,841)
Investing activities		
Additions to property, plant and equipment	(85,794)	(99,310)
Proceeds on disposal of property, plant and equipment	4,439	4,908
Business acquisitions (note 2)	(1,246)	(5,327)
Cash used for investing activities	(82,601)	(99,729)
Effect of exchange rates on cash	(9,887)	(15,385)
Increase in cash and cash equivalents	22,603	14,325
Cash and cash equivalents, beginning of year	150,594	136,269
Cash and cash equivalents, end of year (note 5)	$ 173,197	$ 150,594

See the accompanying notes to the consolidated financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The consolidated financial statements include the accounts of CCL Industries Inc. (the "Company") and all subsidiary companies since dates of acquisition. Investments subject to significant influence are accounted for using the equity method.

(b) Foreign currency translation

The Company records foreign currency–denominated transactions at the Canadian dollar equivalent at the date of the transaction and translates foreign currency–denominated monetary assets and liabilities at year-end exchange rates. Exchange gains and losses are included in net earnings.

The Company's foreign subsidiaries are defined as self-sustaining. Revenue and expense items, including depreciation and amortization, are translated at the average exchange rate for the year. All assets and liabilities are translated at year-end exchange rates and any resulting exchange gains or losses are included in shareholders' equity as part of accumulated other comprehensive income. The revaluation of foreign currency debt, net of related tax, that hedges the net investment in foreign operations is also charged to accumulated other comprehensive income. Foreign exchange gains and losses on the reduction of net investments in foreign subsidiaries are included in net earnings.

Movement in the accumulated other comprehensive income during the year results from changes in the value of the Canadian dollar in comparison to the U.S. dollar, the U.K. pound sterling, the euro, the Danish krone, the Mexican peso, the Thai baht, the Chinese renminbi, the Brazilian real, the Polish zloty, the Australian dollar, the Russian rouble, the South African rand, the Vietnamese dong and the Japanese yen and from changes in foreign currency–denominated net assets.

Foreign currency transactions within each subsidiary are translated at the rate of exchange in effect at the time of the transaction. Monetary balances held in foreign currencies are translated at the rate of exchange at the end of the period and any gain or loss is recorded in earnings.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and short-term investments with original maturity dates on acquisition of 90 days or less.

(d) Accounts receivable

Accounts receivable represent amounts due to the Company and are recorded net of an allowance for doubtful accounts. The allowance is based upon the aging of the receivables, the Company's knowledge of the financial condition of its customers, historical experience and the current business environment.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value on the first-in, first-out basis. The cost of work in process and finished goods includes materials, direct labour applied to the product and the applicable share of overhead. In determining net realizable value, factors such as aging of inventory and future demand for inventory are considered. Allowances are made for slow-moving inventory.

(f) Property, plant and equipment

Property, plant and equipment are recorded at cost, which includes costs incurred to place assets into service. Depreciation is provided over the assets' estimated useful lives, primarily on the straight-line basis, using rates varying from 2% to 30% on buildings and from 7% to 33% on machinery and equipment.

Long-lived assets, including property, plant and equipment, subject to depreciation, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment losses for assets held for use where the carrying value is not recoverable are measured based on fair value, which is measured by discounted cash flows. Impairment losses on any assets held for sale are measured based on expected proceeds less direct costs to sell.

(g) Intangible assets

Intangible assets, consisting primarily of the value of acquired customer contracts and relationships, are amortized over their expected life and any impairment is charged against earnings. The amortization period ranges from 10 to 15 years and is recorded on a straight-line basis. Impairment losses for intangible assets where the carrying value is not recoverable are measured based on fair value. Fair value is calculated by using discounted cash flows.

(h) Goodwill

Goodwill represents the excess of the purchase price of the Company's interest in the businesses acquired over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisitions. Goodwill is not amortized but is required to be tested for impairment at least annually or if events or changes in circumstances indicate that the carrying amount may not be recoverable.

To test impairment, the Company determines whether the fair value of each reporting unit to which goodwill has been attributed is less than the carrying value of the reporting unit's net assets including goodwill, thus indicating potential impairment. If the fair value of the reporting unit exceeds its carrying amount, further evaluation is not necessary. However, if the fair value of the reporting unit is less than its carrying amount, further evaluation is required to compare the implied fair value of the reporting unit's goodwill to its carrying amount to determine whether a write-down of goodwill is required. Any impairment is then recorded as a separate charge against earnings.

(i) Revenue recognition

Revenue is recorded and related costs transferred to cost of sales at the time the product is shipped and ownership transfers to the customer. At that time, persuasive evidence of an arrangement exists, the price to the customer is fixed and ultimate collection is reasonably assured. Revenue for billable services is recognized once services have been completed. A provision for sales returns and allowances is established based on an evaluation of product currently under quality assurance review as well as on historical sales returns experience.

(j) Employee future benefits

The Company accrues its obligation under employee benefit plans and related costs net of plan assets. Post-employment costs are determined periodically by independent actuaries. The actuarial determination of the accrued benefit obligations for the plans uses the projected benefit method prorated on service and incorporates management's best estimate of future salary escalation, retirement age, inflation and other actuarial factors. The cost is then charged to expense as services are rendered. Past service costs arising from plan amendments are amortized on a straight-line basis over the expected average remaining service lives of the employees who are members of the plan. Net actuarial gains and losses that exceed 10% of the greater of the benefit obligation and the value of plan assets are amortized over the expected average remaining service lives of the employees who are members of the plan.

(k) Stock-based compensation plan

The Company applies the fair value–based method prescribed by the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3870 to account for employee stock options. Under the fair value–based method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting periods.

(l) Financial instruments

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 and 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 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.

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.

The Company uses various financial instruments to manage foreign currency exposures, fluctuation in interest rates and exposures related to the purchase of raw materials. 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 hedging relationship, 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 consolidated statement of earnings.

In a fair value hedging relationship, the carrying value of the hedged item is adjusted to fair value with the change recorded in net earnings. The 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, which is also measured at fair value on the consolidated balance sheet, with changes in value recorded through net earnings.

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 is recognized in other comprehensive income and the ineffective portion is recognized in net earnings.

(m) Earnings per share

Basic earnings per share are computed by dividing net earnings by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted earnings per share are computed similarly to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options, shares held as security for executive share purchase plan loans outstanding, shares held in trust and deferred share units, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options, shares held in trust and deferred share units were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the year.

(n) Income taxes

The Company is following the asset and liability method of accounting for future income taxes. Under this method of tax allocation, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax basis of assets and liabilities, and are measured using the enacted or substantively enacted tax rates and laws that are expected to be in effect in the years in which the future income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

(o) Exit and disposal costs

The Company recognizes costs associated with exit or disposal activities at fair value in the year in which the liability is incurred. Special termination benefits are recognized at fair value at the communication date.

(p) Use of estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the year and of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. In particular, the amounts recorded for inventories, redundant assets, bad debts, derivatives, income taxes, restructuring, pension and other post-retirement benefits, contingencies and litigation, environmental matters, outstanding self-insured claims, depreciation and amortization of property, plant and equipment, and the valuation of goodwill are based on estimates. Actual results could differ from those estimates.

(q) Previously adopted accounting policies

Effective January 1, 2009, the Company adopted the new CICA Handbook Section 3064, Goodwill and Intangible Assets and EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities.

Handbook Section 3064, Goodwill and Intangible Assets, replaced Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill, subsequent to its initial recognition, and of intangible assets. Standards concerning goodwill were unchanged from those of the previous Section 3062. The new section requires certain costs that were previously deferred and amortized to be expensed as incurred. Upon adoption of the new standard, the Company reduced 2009 opening retained earnings by $1.4 million due to the write-off of previously deferred start-up costs.

EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities, requires an entity to account for its credit risk and counterparty credit risk in the measurement of financial assets and financial liabilities. The transitional adjustment to recognize the impact of EIC-173 resulted in a decrease of $2.2 million in accumulated other comprehensive loss on January 1, 2009.

Effective December 31, 2009, the Company adopted the amendments to CICA Handbook Section 3862, Financial Instruments – Disclosures. These amendments include enhanced disclosure requirements for fair value measurement of financial instruments and liquidity risks.

(r) Recently issued accounting standards

The Canadian Accounting Standards Board confirmed in February 2008 that all publicly accountable enterprises will be required to report under International Financial Reporting Standards ("IFRS") for fiscal periods beginning on or after January 1, 2011. For additional information about the transition plan, see Management's Discussion and Analysis that forms part of CCL Industries Inc.'s 2010 Annual Report, dated March 8, 2011.

In December 2008, the CICA issued Handbook Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests.

Section 1582 establishes standards for accounting for business combinations and is equivalent to IFRS 3. The new standards apply to business combinations with an acquisition date on or after January 1, 2011; however, earlier adoption is permitted.

Sections 1601 and 1602, together, replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for non-controlling interest in a subsidiary subsequent to a business combination. It is equivalent to the provisions of IFRS, IAS 27, Consolidated and Separate Financial Statements. The new standards apply to interim and annual consolidated financial statements with fiscal years beginning on or after January 1, 2011. Early adoption is permitted as of the beginning of a fiscal year.

2. ACQUISITIONS

In March 2010, the Company completed the purchase of Purbrick Pty Ltd. ("Purbrick"), a privately held company based in Melbourne, Australia. Purbrick supplies patient information leaflets and pressure sensitive labels to global pharmaceutical customers located in Australia. The purchase price was $1.2 million, net of cash acquired.

Details of the transaction are as follows:

Current assets	$	1,892
Current liabilities		(1,253)
Non-current assets at assigned values		2,632
Non-current liabilities		(2,400)
Future income taxes		375
Net assets purchased	$	1,246
Total consideration:		
Cash, less nominal cash acquired	$	1,246

In March 2009, the Company completed the purchase of Ferro Print Western Cape (Pty) Ltd. ("Ferro Print"). Ferro Print has a factory near Cape Town in the wine-growing region of Stellenbosch, South Africa. The purchase price was $2.8 million.

Details of the transaction are as follows:

Current assets	$	850
Current liabilities		(719)
Non-current assets at assigned values		1,541
Goodwill		1,085
Net assets purchased	$	2,757
Total consideration:		
Cash, less nominal cash acquired	$	2,757

The above acquisitions were accounted for using the purchase method with the results of operations included in the financial statements from the acquisition date.

In January 2008, the Company purchased CD-Design GmbH, now known as CCL Design GmbH ("CCL Design"). During the second quarter of 2009, the Company paid an additional $2.7 million as CCL Design achieved predetermined levels of earnings for the year ended December 31, 2008. The additional consideration of $2.7 million was recognized as goodwill.

3. ACCUMULATED OTHER COMPREHENSIVE LOSS

	2010	2009
Unrealized foreign currency translation losses, net of tax expense of $12,862 (2009 – net of tax expense of $10,805)	**$ (120,820)**	$ (99,205)
Gains on derivatives designated as cash flow hedges, net of tax expense of $591 (2009 – net of tax expense of $1,519)	**1,393**	3,515
	$ (119,427)	$ (95,690)

The estimated net amount of existing gains reported in accumulated other comprehensive income that is expected to be reclassified to net earnings within the next 12 months is $1.2 million.

The transitional adjustment to recognize the impact of EIC-173 in 2009, as described in note 1, resulted in a decrease of $2.2 million in accumulated other comprehensive loss on January 1, 2009.

4. RESTRUCTURING AND OTHER ITEMS

	Segment	2010	2009
Repatriation of capital	Corporate	**$ (196)**	$ (139)
Container segment restructuring	Container	**225**	—
Pension settlement	Corporate	**—**	4,853
Label segment restructuring	Label	**—**	2,445
Tube segment restructuring	Tube	**—**	116
Loss		**$ 29**	$ 7,275
Tax recovery on restructuring and other items		**$ —**	$ 1,763

In 2010, the Company repatriated capital from foreign subsidiaries that resulted in a net foreign exchange gain of $0.2 million (2009 – $0.1 million gain). For 2010 and 2009, the exchange gain did not give rise to any tax effect. Gains or 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.

In 2010, the Company, due to changes within the Container segment, recorded provisions for severance and closure costs of $0.2 million (no tax effect).

The Company offered to buy out certain categories of members of the U.K. defined benefit pension plan in 2008. In 2009, payments totalling $10.7 million were made to members of the plan who accepted the Company's buyout offer. As a result of the settlement, an additional expense of $4.9 million ($3.5 million, net of tax recovery) was recorded.

In 2009, the Company, as part of its restructuring of various European label operations, recorded provisions for plant closure costs of $2.4 million ($2.0 million, net of tax recovery).

In 2009, the Company, as part of the closing of its Mexican tube operation, recorded provisions for severance and closure costs of $0.1 million ($0.1 million after tax).

5. CASH AND CASH EQUIVALENTS

	2010	2009
Cash	**$ 89,412**	$ 74,022
Short-term investments	**83,785**	76,572
	$ 173,197	$ 150,594

6. INVENTORIES

	2010	2009
Raw materials and supplies	**$ 32,978**	$ 33,736
Work in process	**7,743**	9,949
Finished goods	**37,142**	31,845
	$ 77,863	$ 75,530

The total amount of inventories recognized as an expense in cost of goods sold in 2010 was $917.9 million (2009 – $943.5 million), including depreciation of $88.0 million (2009 – $93.3 million).

7. PROPERTY, PLANT AND EQUIPMENT

			2010
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 28,481	$ —	$ 28,481
Buildings	217,620	55,903	161,717
Machinery and equipment	938,468	416,374	522,094
	$ 1,184,569	$ 472,277	$ 712,292

			2009
	Cost	Accumulated Depreciation	Net Book Value
Land	$ 29,640	$ —	$ 29,640
Buildings	223,018	52,859	170,159
Machinery and equipment	927,417	375,624	551,793
	$ 1,180,075	$ 428,483	$ 751,592

Construction in progress assets of $47.4 million (2009 – $32.7 million) are included in machinery and equipment and represent assets constructed or developed over time. Depreciation commences when these assets become available for commercial use.

As at December 31, 2010, contractual commitments for the purchase of property, plant and equipment amounted to $3.1 million.

8. OTHER ASSETS

	2010	2009
Long-term investments	$ 14,852	$ 20,416
Investment in significantly influenced companies	19,754	19,449
Other assets	5,727	6,317
	$ 40,333	$ 46,182

Long-term investments primarily consist of government and corporate bonds held by a wholly-owned captive insurance company. This subsidiary acts as a reinsurer of property, casualty and marine risk of affiliated companies.

In 2007, the Company invested in CCL-Kontur, a pressure sensitive label business that services the territories of Russia and the Commonwealth of Independent States, along with a Russian investor. Although the Company has significant influence over the operations, the Russian partner has ultimate control and, consequently, the investment is being carried at its equity value.

Other assets include the fair value of cross-currency and interest rate swap agreements.

9. INTANGIBLE ASSETS

	2010	2009
Intangible assets, primarily customer contracts and relationships	$ 64,508	$ 65,977
Accumulated amortization	(28,491)	(23,642)
	$ 36,017	$ 42,335

10. GOODWILL

CICA Handbook Section 3062 requires goodwill to be tested for impairment on an annual basis or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. During the current year, the Company completed its annual impairment test whereby the Company estimated the fair value of each reporting segment and compared it to the segment's book value. The resulting fair values were greater than their respective carrying values, indicating goodwill was not impaired at December 31, 2010. In 2009, the goodwill impairment testing yielded a similar result.

11. TOTAL DEBT

	2010	2009
Bank advances	$ 497	$ —
Current portion of long-term debt	87,147	49,290
Long-term debt due after one year	347,733	448,849
Total debt outstanding	$ 435,377	$ 498,139

(a) The total borrowings at December 31 are denominated in the following currencies:

		2010		2009	
		Local Currency (000s)	Canadian Equivalent	Local Currency (000s)	Canadian Equivalent
U.S. dollar	USD	329,120	$ 327,221	333,402	$ 350,364
Euro	EUR	59,126	82,504	86,477	129,293
Thai baht	THB	336,191	11,132	297,355	9,331
Chinese renminbi	RMB	55,000	8,300	45,029	6,903
Australian dollar	AUD	2,377	2,420	—	—
Swiss franc	CHF	1,752	1,865	928	938
Canadian dollar	CAD	1,789	1,789	1,254	1,254
South African rand	ZAR	741	112	—	—
Polish zloty	PLN	95	32	—	—
U.K. pound sterling	GBP	1	2	7	12
Japanese yen	JPY	—	—	3,915	44
			$ 435,377		$ 498,139

(b) The short-term operating lines of credit provided to the Company and amounts used at December 31 are:

	2010	2009
Credit lines available	**$ 33,155**	$ 30,039
Credit lines utilized	**497**	—

Interest rates charged on operating facilities are based on rates varying with London Interbank Offered Rate ("LIBOR"), the prime rate and similar market rates for other currencies.

(c) Total long-term debt is comprised of:

	2010	2009
Unsecured senior notes issued September 2008, 5.86%, repayable in September 2013 (US$52.0 million)	**$ 51,721**	$ 54,651
Unsecured senior notes issued September 2008, 6.62%, repayable in September 2018 (US$78.0 million)	**77,581**	81,976
Unsecured senior notes issued March 2006, 5.29%, repayable in March 2011 (US$60.0 million)	**59,676**	63,058
Unsecured senior notes issued March 2006, 5.57%, repayable in March 2016 (US$110.0 million)	**109,409**	115,607
Unsecured senior notes issued July 1998, 6.67%, repayable in July 2010 (US$31.0 million)	**—**	32,580
Unsecured senior notes issued July 1998, 6.81%, repayable in July 2013 (US$28.0 million)	**27,850**	29,427
Unsecured senior notes issued July 1998, 7.09%, repayable in July 2018 (US$51.0 million)	**50,726**	53,600
Unsecured senior notes issued September 1997, 6.97%, repayable in equal instalments starting September 2002 and finishing September 2012 (2010 – US$18.7 million; 2009 – US$28.1 million)	**18,626**	29,523
Other loans	**39,291**	37,717
	434,880	498,139
Current portion	**(87,147)**	(49,290)
	$ 347,733	$ 448,849

There were no borrowings under the $95.0 million unsecured revolving line of credit as at December 31, 2010 and December 31, 2009. However, it is also utilized to support letters of credit. The unused portion of this revolving line of credit was $91.2 million at December 31, 2010 (2009 – $91.2 million).

Other loans include term bank loans, industrial revenue bonds and capital leases at various rates and repayment terms. In addition, other loans include the fair value of cross-currency and interest rate swap agreements.

(d) Cash flow hedges

During 2006, the Company entered into a cross-currency interest rate swap agreement (hedging item) that converted fixed rate unsecured U.S. dollar-denominated senior notes (hedged item) into Canadian dollar fixed rate debt in order to reduce the Company's exposure to U.S. dollar-denominated debt and interest payments. The fair value of the swap is recorded in current long-term debt when negative in value and in other receivables when positive in value. The foreign exchange component of the change in the value of the swap offsets the foreign exchange component of the U.S. dollar-denominated debt on net earnings, and the balance is recorded in other comprehensive income. No ineffectiveness has been recognized in net earnings as this is a fully effective hedge.

Notional Principal Amount		Interest Rate			
Fixed Rate	Fixed Rate	Paid (CAD)	Received (USD)	Maturity	Effective Date
US$60.0 million	C$70.4 million	4.50%	5.29%	March 8, 2011	March 29, 2006

For details on non-debt related cash flow hedges (aluminum hedge contracts and U.S. dollar forward contracts) see note 19.

(e) Fair value hedges

(i) During 2006, the Company entered into cross-currency interest rate swap agreements (hedging items) that converted fixed rate unsecured U.S. dollar-denominated senior notes (hedged items) into Canadian dollar floating rate debt in order to reduce the Company's exposure to the U.S. dollar debt and create a better balance between fixed and floating interest rate exposures. The fair values of the swaps are recorded in current and long-term debt when negative in value and in other receivables (current portion) and other assets when positive in value. Change in fair value of the debt is accounted for in current and long-term debt and offsets the swap fair values on the consolidated statement of earnings. No ineffectiveness has been recognized in the statement of earnings as these are fully effective hedges.

Notional Principal Amount		Interest Rate			
Fixed Rate	Floating Rate	Paid (CAD)	Received (USD)	Maturity	Effective Date
US$31.0 million	C$36.0 million	3-month BA + 1.67%	6.67%	July 8, 2010	December 29, 2006
US$28.1 million*	C$32.6 million	3-month BA + 2.01%	6.97%	September 16, 2012	December 29, 2006

* There is an annual principal payment on this swap. Remaining principal amounts are US$9.4 million and C$10.9 million.

(ii) During 2003, the Company entered into an interest rate swap agreement ("IRSA"), the hedging item, in order to redistribute the Company's exposure to fixed and floating interest rates with a view to reducing interest costs over the long term. The hedged item is 50% of a fixed rate unsecured U.S. dollar-denominated senior note. Fair value of this IRSA is recorded in current and long-term debt when negative in value and in other receivables (current portion) and other assets when positive in value. Change in fair value of the debt is accounted for in current and long-term debt and offsets the IRSA's fair values in net earnings. No ineffectiveness has been recognized in the statement of earnings as this is a fully effective hedge.

		Interest Rate			
Notional Principal Amount	Currency	Paid (USD)	Received (USD)	Maturity	Effective Date
$42.1 million*	USD	3-month LIBOR + 2.97%	6.97%	September 16, 2012	December 16, 2003

* There is an annual principal payment on this swap. Remaining principal amount is US$9.4 million.

(f) Hedges of net investment in self-sustaining operations

(i) During 2006, the Company entered into cross-currency interest rate swap agreements ("CCIRSAs"), the hedging items, that converted Canadian dollar fixed rate debt and Canadian dollar floating rate debt into euro fixed rate debt and euro floating rate debt in order to hedge the Company's exposure to its net investment in self-sustaining euro-denominated operations, with a view to reducing foreign exchange fluctuations and interest expense. Fair value of these CCIRSAs is recorded in current and long-term debt when negative in value and in other receivables (current) and other assets when positive in value. The offset is recorded in other comprehensive income. These have been and continue to be 100% fully effective hedges as the notional amounts of the hedging items equal the portion of the net investment balance being hedged. No ineffectiveness has been recognized in the statement of earnings.

Notional Principal Amount		Interest Rate			
Fixed Rate	Fixed Rate	Paid (EUR)	Received (CAD)	Maturity	Effective Date
C$70.4 million	€50.0 million	3.82%	4.50%	March 8, 2011	March 29, 2006

Notional Principal Amount		Interest Rate			
Floating Rate	Floating Rate	Paid (EUR)	Received (CAD)	Maturity	Effective Date
C$36.0 million	€23.6 million	6-month EURIBOR + 1.64%	3-month BA + 1.67%	July 8, 2010*	December 29, 2006
C$32.6 million**	€21.3 million	6-month EURIBOR + 1.99%	3-month BA + 2.01%	September 16, 2012	December 29, 2006

* This hedge was dedesignated on June 1, 2010. Changes in fair value from that date to maturity were then accounted for on the statement of earnings.

**There is an annual principal payment on this swap. Remaining principal amounts are C$10.9 million and €7.1 million.

(ii) US$328.4 million (2009 – US$333.0 million) unsecured U.S. dollar-denominated senior notes (hedging item) have been used to hedge the Company's exposure to its net investment in self-sustaining U.S. dollar-denominated operations with a view to reducing foreign exchange fluctuations. The foreign exchange effect of both the senior notes and the net investment in U.S. dollar-denominated subsidiaries is reported in other comprehensive income. These have been and continue to be 100% fully effective hedges as the notional amounts of the hedging items equal the portion of the net investment balance being hedged. No ineffectiveness has been recognized in the statement of earnings.

(g) The Company has certain covenants related to its debt obligations. The Company was compliant with these covenants throughout the year.

(h) The overall weighted average interest rate on total long-term debt factoring in the interest rate swap agreements at December 31, 2010, was 5.6% (2009 – 5.4%).

(i) Interest expense incurred was as follows:

		2010		2009
Current	$	3,540	$	2,311
Long-term		22,597		28,104
		26,137		30,415
Interest income		(1,075)		(1,092)
Net interest expense	$	25,062	$	29,323
Interest paid during the year	$	27,325	$	33,336
Interest capitalized during the year	$	19	$	311

(j) Long-term debt principal repayments are as follows:

2011	$	87,147
2012		20,667
2013		82,812
2014		3,714
2015		1,558
Thereafter		238,982
	$	434,880

12. OTHER LONG-TERM ITEMS

		2010		2009
Employee future benefits and deferred compensation	$	42,651	$	42,555
Environmental reserves, less current portion of $2,730 (2009 – $2,268)		3,462		4,404
Outstanding self-insured claims and reserves		3,082		4,500
Deferred revenue and other		6,088		6,925
	$	55,283	$	58,384

Environmental reserves represent management's best estimate for site restoration costs. Outstanding self-insured claims and reserves are actuarially determined. The actual timing of payments against these liabilities is unknown. Employee future benefits are discussed in note 17.

The Company has an unfunded deferred compensation plan for its active employees and retirees of $21.6 million (2009 – $21.0 million).

13. INCOME TAXES

(a) Effective tax rate

	2010	2009
Combined Canadian federal and provincial income tax rate	**29.1%**	31.0%
Total earnings before income taxes	**$ 99,651**	$ 71,235
Expected income taxes	**$ 29,018**	$ 22,083
Increase (decrease) resulting from:		
Realized benefit of foreign tax rate	**(1,084)**	(2,583)
Dividend withholding tax resulting from intended internal debt releveraging	**—**	9,290
Recognized income tax benefit of losses	**(3,160)**	(2,402)
Impact of favourable tax settlements from prior years	**(800)**	(400)
Losses and other items for which no tax benefit has been recognized	**3,254**	1,829
Capital gain offset against losses	**1,894**	—
Impact of tax rate reduction	**508**	150
Other	**(1,116)**	1,094
Income taxes	**$ 28,514**	$ 29,061
Income taxes paid	**$ 35,861**	$ 12,535

Future income taxes impacted earnings in the current year by an expense of $264 (2009 – expense of $1,170).

Income taxes includes a tax recovery on restructuring and other items of nil (2009 – tax recovery of $1,763) as discussed in note 4.

(b) The tax effects of the significant components of temporary differences giving rise to the Company's net earnings tax assets and liabilities are as follows:

	2010	2009
Future income tax assets:		
Non-deductible reserves	**$ 31,867**	$ 31,614
Alternative minimum tax credit carry forward	**1,810**	1,738
Amount related to tax losses carried forward	**39,142**	37,373
Future income tax assets before valuation allowance	**72,819**	70,725
Valuation allowance	**(22,143)**	(23,285)
Future income tax assets, net of valuation allowance	**50,676**	47,440
Future income tax liabilities:		
Property, plant and equipment, goodwill and other assets	**101,922**	100,883
Unrealized foreign exchange gains	**11,161**	10,032
Other	**7,599**	7,849
Future income tax liabilities	**120,682**	118,764
Net future income tax liabilities	**$ 70,006**	$ 71,324

14. SHARE CAPITAL

Issued and outstanding

	2010	2009
Issued and outstanding:		
Issued share capital	$ 218,208	$ 211,391
Less:		
Executive share purchase plans loans	(233)	(916)
Shares held in trust	(9,309)	(9,136)
Total	$ 208,666	$ 201,339

(a) Shares held in trust

During 2010, the Company granted awards totalling 251,820 Class B shares of the Company. These awards will vest in 2013 dependent on the Company's performance and continuing employment. The fair value of these stock awards are being amortized over the vesting period and recognized as compensation expense as they are earned.

During 2010 and 2009, certain executive share purchase plan loans were repaid.

During 2009, the Company commenced a normal course issuer bid ("the bid") to acquire up to 13,000 of its outstanding Class A voting shares and 2,100,000 Class B non-voting shares. The bid commenced on March 23, 2009, and expired on March 22, 2010. No shares were purchased under this bid.

During 2008, the Company granted awards totalling 145,000 Class B shares of the Company, which have expired unvested at December 31, 2010. The Company purchased these 145,000 shares on the open market and had placed them in trust, where they currently remain. These shares will be used to satisfy the future obligations of the 2010 grant described above.

During 2007, the Company granted an award of 120,000 Class B shares of the Company. These shares were restricted in nature and expired unvested at December 31, 2010. The Company purchased these 120,000 shares in the open market and had placed them in trust, where they currently remain. These shares will be used to satisfy the future obligations of the 2010 grant described above.

During 2005, the Company granted an award of 200,000 Class B shares of the Company. These shares are restricted in nature. In 2007, 120,000 shares vested and, in 2008, were released from the trust and provided to the employee. In 2009, the remaining 80,000 shares vested and were released from the trust to the employee that same year.

The fair values of the stock awards are being amortized over the vesting period and recognized as compensation expense as described in note 14(e)(i).

(b) Shares issued

	Class A		Class B		
	Shares (000s)	Amount	Shares (000s)	Amount	Total
Balance, December 31, 2008	2,375	$ 4,517	30,181	$ 199,486	$ 204,003
Stock options exercised	—	—	493	7,388	7,388
Balance, December 31, 2009	2,375	$ 4,517	30,674	$ 206,874	$ 211,391
Stock options exercised	—	—	238	6,817	6,817
Balance, December 31, 2010	2,375	$ 4,517	30,912	$ 213,691	$ 218,208

(c) Share attributes

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

(i) Class A

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

(ii) Class B

Class B shares rank equally in all material respects with Class A shares, except as follows:

(1) Holders of Class B shares are entitled to receive material and attend, but not to vote at, regular shareholder meetings.

(2) Holders of Class B shares are entitled to voting privileges when consideration for the Class A shares, under a takeover bid when voting control has been acquired, exceeds 115% of the market price of the Class B shares.

(3) Holders of Class B shares are entitled to receive, or have set aside for payment, dividends declared by the Board of Directors from time to time.

(d) Earnings per share

	2010		2009	
	Class A	**Class B**	Class A	Class B
Basic earnings	**$ 2.12**	**$ 2.17**	$ 1.26	$ 1.31
Diluted earnings	**2.08**	**2.13**	1.24	1.29

The weighted average number of shares for the purposes of the earnings per share calculation was as follows:

	2010		2009	
(in thousands)	**Class A**	**Class B**	Class A	Class B
Weighted average number of shares outstanding – basic	**2,375**	**30,457**	2,375	29,965
Effect of dilutive securities:				
Stock options	**—**	**249**	—	116
Stock-based compensation	**—**	**333**	—	397
Weighted average number of shares outstanding – diluted	**2,375**	**31,039**	2,375	30,478

Fully diluted earnings per Class B share computed using the treasury stock method reflects the dilutive effect, if any, of the exercise of share options, shares held as security for executive share purchase plan loans outstanding, shares held in trust and deferred share units at December 31, assuming they had been exercised at the beginning of the year.

(e) Stock-based compensation plans

At December 31, 2010, the Company had two stock-based compensation plans, which are described below:

(i) Employee stock option plan

Under the employee stock option plan, the Company may grant options to employees, officers and inside directors of the Company for up to 4,500,000 Class B non-voting shares. The Company does not grant options to outside directors. The exercise price of each option equals the market price of the Company's stock on the date of grant, and an option's maximum term is 10 years. Before December 2003, options vested 20% on the grant date and 20% each year following the grant date. The term of these options was 5 or 10 years. Beginning December 2003, options granted began to vest a year from grant date, with 25% vesting one year from grant date and 25% each subsequent year. The term of these options is five years from the grant date.

There are several exceptions to the above vesting schedule. In 2005, grants totalling 50,000 shares were made upon the acquisition of CCL-Pachem by the Company. The options vested in March 2008 and expire three years after vesting. In 2008, an option grant of 25,000 shares was made upon the acquisition of Clear Image by the Company. These options vest after three years and expire after five years. In 2007 and 2008, options were granted for 125,000 shares as part of the Company's long-term incentive plan. They vest based on 2008 through 2010 Company performance and expire in 2013.

For options and share awards granted for stock-based compensation, $3.9 million (2009 – $1.9 million) has been recognized in the financial statements as an expense with a corresponding offset to contributed surplus. The fair value of options granted has been estimated using the Black-Scholes model and the following assumptions:

	2010	2009
Risk-free interest rate	**2.51%**	1.92%
Expected life	**4.5 years**	4.5 years
Expected volatility	**31%**	25%
Expected dividends	**$ 0.67**	$ 0.56

A summary of the status of the Company's employee stock option plan as of December 31, 2010 and 2009, and changes during the years ended on those dates is presented below:

	2010		2009	
	Shares (000s)	**Weighted Average Exercise Price**	Shares (000s)	Weighted Average Exercise Price
Outstanding, beginning of year	**1,335**	**$ 24.54**	1,582	$ 21.99
Granted	**500**	**26.97**	285	20.92
Exercised	**(238)**	**23.95**	(493)	13.84
Cancelled	**—**	**—**	(25)	31.00
Expired	**(25)**	**28.45**	(14)	27.70
Outstanding, end of year	**1,572**	**$ 25.34**	1,335	$ 24.54
Options exercisable, end of year	**668**	**$ 23.19**	786	$ 22.83

The following table summarizes information about the employee stock options outstanding at December 31, 2010:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Options Outstanding (000s)	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable (000s)	Weighted Average Exercise Price
$12.55–$19.00	299	1.3 years	$ 14.98	299	$ 14.98
$19.01–$25.00	290	3.2 years	20.90	76	20.85
$25.01–$30.00	683	3.5 years	27.35	183	28.39
$30.01–$38.00	135	2.9 years	31.25	5	31.00
$38.01–$44.25	165	2.1 years	38.77	105	38.84
$12.55–$44.25	1,572	2.8 years	$ 25.34	668	$ 23.19

(ii) Executive share purchase plan

Under the executive share purchase plan, which was discontinued in December 2001, the Company provided assistance to senior officers and executives of the Company to invest in Class B shares of the Company in the open market by providing interest-free loans. The loans have a 10-year term and are repayable only when the shares are sold or upon completion of employment. The executive share purchase plan loans have been deducted from shareholders' equity. These loans are secured by 25,000 (2009 – 75,000) Class B shares of the Company with a quoted value at December 31, 2010, of $29.62 (2009 – $28.25) per Class B share, totalling $0.7 million (2009 – $2.1 million).

(f) Deferred share units

The Company maintains a deferred share unit ("DSU") plan. Under this plan, non-employee members of the Company's Board of Directors may elect to receive DSUs, in lieu of cash remuneration, for director fees that would otherwise be payable to such directors or any portion thereof. The number of units received is equivalent to the fees earned and is based on 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, 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 redemption date. The Company had 55,824 DSUs outstanding as at December 31, 2010. The amount expensed in 2010 totalled $0.1 million (2009 – $0.2 million).

15. COMMITMENTS AND CONTINGENCIES

The Company has commitments under various long-term operating lease agreements.

Future minimum payments under such lease obligations are due as follows:

2011	$ 8,853
2012	6,446
2013	4,408
2014	2,419
2015	2,240
Thereafter	6,579
	$ 30,945

The Company and its consolidated subsidiaries are defendants in actions brought against them from time to time in connection with their operations. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe they will have a material impact on its financial position or results of operations.

16. GUARANTEES

In connection with the divestitures of certain operations, the Company has indemnified the purchasers against defined claims from the past conduct of the business and also provided certain guarantees in relation to the obligations assumed by the purchasers. It is not possible to quantify the maximum potential liability in relation to the indemnities. Certain indemnities for environmental matters have been accrued for in other long-term items (note 12).

Standby letters of credit amounted to $13.3 million (2009 – $11.5 million) and are secured with existing operating lines of credit.

17. EMPLOYEE FUTURE BENEFITS

The Company maintains a registered defined benefit pension plan in Canada for designated executives and a registered defined benefit pension plan in the U.K. that is closed to new members. It also maintains non-registered, unfunded supplemental retirement arrangements for designated Canadian executives and three retired U.S. executives. In Germany, it has an unfunded defined benefit pension plan and an unfunded defined contribution plan. In Austria, it has an unfunded defined benefit post-employment plan that is closed to new members and a defined contribution plan. In France, Italy, Mexico and Thailand, the Company accrues for legislated post-employment benefits. The Company also has defined contribution plans in Canada, the United States, Australia, Thailand, the United Kingdom and Vietnam.

The expense for the defined contribution plans was $7.1 million (2009 – $6.5 million).

Information for December 31 regarding the defined benefit pension plans, including the defined benefit pension plans, supplemental retirement plans and other post-employment defined benefit plans discussed above, is as follows:

2010	Canada/U.S.	U.K.	Germany	Other	Total
Accrued benefit obligation:					
Balance, beginning of year*	$ 21,784	$ 25,228	$ 7,027	$ 5,149	**$ 59,188**
Current service cost	218	—	233	379	**830**
Past service cost	111	—	—	—	**111**
Interest cost	1,115	1,221	318	254	**2,908**
Benefits paid	(1,378)	(3,145)	(257)	(260)	**(5,040)**
Actuarial loss (gain)	1,413	807	494	187	**2,901**
Foreign exchange rate changes	(34)	(2,067)	(804)	(466)	**(3,371)**
Balance, end of year	$ 23,229	$ 22,044	$ 7,011	$ 5,243	**$ 57,527**
Plan assets:					
Fair value, beginning of year	$ 4,235	$ 16,514	$ —	$ —	**$ 20,749**
Actual return on plan assets	233	1,706	—	—	**1,939**
Employee contributions	—	—	73	—	**73**
Employer contributions	1,318	1,472	184	260	**3,234**
Benefits paid	(1,378)	(3,145)	(257)	(260)	**(5,040)**
Foreign exchange rate changes	—	(1,372)	—	—	**(1,372)**
Fair value, end of year	$ 4,408	$ 15,175	$ —	$ —	**$ 19,583**
Fund status, net deficit of plans	$ (18,821)	$ (6,869)	$ (7,011)	$ (5,243)	**$ (37,944)**
Unamortized past service cost	335	—	—	140	**475**
Unamortized net actuarial loss	5,333	7,406	472	366	**13,577**
Accrued benefit liability	$ (13,153)	$ 537	$ (6,539)	$ (4,737)	**$ (23,892)**

* Certain plans, while accounted for in long-term liabilities, were not reported in the post-employment note in 2009.

2009	Canada/U.S.	U.K.	Germany	Other	Total
Accrued benefit obligation:					
Balance, beginning of year	$ 17,857	$ 25,050	$ 7,178	$ 2,269	$ 52,354
Current service cost	262	—	262	201	725
Past service cost	262	—	—	39	301
Interest cost	1,152	1,423	379	86	3,040
Benefits paid	(1,097)	(11,478)	(355)	(8)	(12,938)
Actuarial loss (gain)	3,450	8,576	405	(218)	12,213
Reinstatements and transfers	—	—	60	—	60
Settlement loss	—	3,107	—	—	3,107
Foreign exchange rate changes	(102)	(1,450)	(902)	(278)	(2,732)
Balance, end of year	$ 21,784	$ 25,228	$ 7,027	$ 2,091	$ 56,130
Plan assets:					
Fair value, beginning of year	$ 3,631	$ 20,748	$ —	$ —	$ 24,379
Actual return on plan assets	499	3,016	—	—	3,515
Employee contributions	—	—	125	—	125
Employer contributions	1,202	5,199	230	8	6,639
Benefits paid	(1,097)	(11,478)	(355)	(8)	(12,938)
Foreign exchange rate changes	—	(971)	—	—	(971)
Fair value, end of year	$ 4,235	$ 16,514	$ —	$ —	$ 20,749
Fund status, net deficit of plans	$ (17,549)	$ (8,714)	$ (7,027)	$ (2,091)	$ (35,381)
Unamortized past service cost	300	—	—	—	300
Unamortized net actuarial loss	4,243	8,447	(9)	—	12,681
Accrued benefit liability	$ (13,006)	$ (267)	$ (7,036)	$ (2,091)	$ (22,400)

The amount of accrued benefit liability is included in the Company's balance sheets under other long-term liabilities, less current portion of $2.9 million (2009 – $0.8 million), which is included in accrued liabilities.

Included in the above accrued benefit liability for 2010 is $24.8 million (2009 – $22.8 million) for the unfunded post-employment plans.

In 2008 and 2009, the Company offered enhanced transfer values to certain members of the U.K. defined benefit pension plan. Assets and the associated accrued benefit obligation for 75% of the members accepting the offer were transferred out in 2009. Assets and the associated accrued benefit obligation for the remaining 25% of members accepting the offer was transferred out in early 2010. The total payout in 2010 was $2.9 million (£1.7 million) and in 2009 was $10.7 million (£6.0 million). The most recent actuarial valuation of the U.K. defined benefit pension plan for funding purposes was as of January 1, 2008. The next required valuation will be as of January 1, 2011.

The most recent actuarial valuation for funding purposes of the Canadian defined benefit pension plan was as of January 1, 2009. The next required actuarial valuation will be as of January 1, 2012.

Plan assets consist of the following:

2010	**Canada/U.S.**	**U.K.**	**Germany**	**Other**	**Total**
Equity securities	44%	56%	—	—	**53%**
Debt securities	37%	34%	—	—	**35%**
Real estate	—	7%	—	—	**5%**
Other	19%	3%	—	—	**7%**
	100%	100%	—	—	**100%**

2009	Canada/U.S.	U.K.	Germany	Other	Total
Equity securities	39%	52%	—	—	49%
Debt securities	40%	32%	—	—	34%
Real estate	—	6%	—	—	5%
Other	21%	10%	—	—	12%
	100%	100%	—	—	100%

The weighted average economic assumptions used to determine post-employment benefit obligations are as follows:

	Canada/U.S.	U.K.	Germany	Other	Total
December 31, 2010					
Discount rate	5.00%	5.40%	4.65%	5.20%	**5.13%**
Rate of compensation increase	3.00%	n.a.	2.00%	2.70%	**2.75%**
December 31, 2009					
Discount rate	5.50%	5.80%	5.15%	4.90%	5.56%
Rate of compensation increase	3.00%	n.a.	2.00%	3.74%	2.81%

The weighted average economic assumptions used to determine post-employment plan expenses are as follows:

	Canada/U.S.	U.K.	Germany	Other	Total
December 31, 2010					
Discount rate	5.50%	5.80%	5.15%	4.95%	**5.52%**
Expected long-term rate of return on plan assets	6.50%	6.50%	n.a.	n.a.	**6.50%**
Rate of compensation increase	3.00%	n.a.	2.00%	2.71%	**2.75%**
December 31, 2009					
Discount rate	7.00%	6.40%	5.80%	5.00%	6.48%
Expected long-term rate of return on plan assets	6.50%	6.00%	n.a.	n.a.	6.10%
Rate of compensation increase	4.00%	n.a.	2.25%	3.46%	3.56%

The Company's net post-employment benefit plan expenses are as follows:

2010	**Canada/U.S.**	**U.K.**	**Germany**	**Other**	**Total**
Current service cost	$ 218	$ —	$ 233	$ 379	**$ 830**
Past service cost	111	—	—	—	**111**
Interest cost	1,115	1,221	318	254	**2,908**
Actuarial losses	1,413	807	494	187	**2,901**
Actual return on plan assets	(233)	(1,706)	—	—	**(1,939)**
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefits	2,624	322	1,045	820	**4,811**
Adjustments to recognize the long-term nature of employee future benefits:					
Difference between expected and actual return on plan assets for the year	(40)	807	—	—	**767**
Difference between actuarial (gain) loss recognized and actual actuarial (gain) loss on accrued benefit obligation for the year	(1,050)	(458)	(493)	(224)	**(2,225)**
Difference between amortization of past service costs for the year and actual plan amendments for the year	(35)	—	—	71	**36**
Net benefit plan expense	$ 1,499	$ 671	$ 552	$ 667	**$ 3,389**

2009	Canada/U.S.	U.K.	Germany	Other	Total
Current service cost	$ 262	$ —	$ 262	$ 201	$ 725
Past service cost	262	—	—	39	301
Interest cost	1,152	1,423	379	86	3,040
Actuarial losses	3,450	8,576	405	(218)	12,213
Actual return on plan assets	(499)	(3,016)	—	—	(3,515)
Settlement loss	—	4,853	—	—	4,853
Elements of employee future benefit costs before adjustments to recognize the long-term nature of employee future benefits	4,627	11,836	1,046	108	17,617
Adjustments to recognize the long-term nature of employee future benefits:					
Difference between expected and actual return on plan assets for the year	260	1,869	—	—	2,129
Difference between actuarial (gain) loss recognized and actual actuarial (gain) loss on accrued benefit obligation for the year	(3,373)	(8,487)	(405)	218	(12,047)
Difference between amortization of past service costs for the year and actual plan amendments for the year	(197)	—	—	(39)	(236)
Net benefit plan expense	$ 1,317	$ 5,218	$ 641	$ 287	$ 7,463

Total cash payments for employee future benefits for 2010, consisting of cash contributed by the Company to fund its pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans and cash contributed to its defined contribution plans, was $10.3 million (2009 – $13.1 million).

The average remaining service period, in years, of active members covered by the defined benefit plans is as follows:

	Canada/U.S.	U.K.	Germany	Other	Total
December 31, 2010	6	16	16	26	**13**
December 31, 2009	6	17	15	17	13

18. SEGMENTED INFORMATION

The Company's reportable segments are generally managed independently of each other, primarily because of product diversity. Each segment retains its own management team and is responsible for compiling its own financial information.

The Company has three reportable segments: Label, Container and Tube. The Label segment produces pressure sensitive self-adhesive labels, and designs and prints a wide range of high-quality paper and film, expanded content, promotional, coupon and in-mould labels for the non-durable and durable consumer products market. The Container segment manufactures aluminum aerosol containers and the Tube segment manufactures plastic tubes.

Transactions with one significant customer in 2010 accounted for approximately $153.8 million (2009 – one customer for $130.5 million) of the Company's total revenue.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on income from operations before interest, goodwill impairment loss, restructuring and other items and income taxes, and on return on operating assets.

(a) Industry segments

	Sales		Earnings	
	2010	2009	**2010**	2009
Label	**$ 955,135**	$ 989,407	**$ 143,546**	$ 128,410
Container	**162,383**	139,929	**(4,236)**	(6,977)
Tube	**74,800**	69,648	**8,776**	2,979
	$ 1,192,318	$ 1,198,984	**$ 148,086**	$ 124,412
Corporate expense			**(23,344)**	(16,579)
Interest expense, net			**(25,062)**	(29,323)
Restructuring and other items, net loss (note 4)			**(29)**	(7,275)
Income taxes			**(28,514)**	(29,061)
Net earnings			**$ 71,137**	$ 42,174

	Identifiable Assets		Goodwill (Note 10)		Depreciation and Amortization from Continuing Operations		Capital Expenditures	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009
Label	**$1,122,319**	$1,095,832	**$ 337,792**	$ 346,051	**$ 72,560**	$ 75,878	**$ 72,095**	$ 91,797
Container	**167,652**	171,500	**12,735**	12,743	**13,659**	14,825	**12,338**	2,927
Tube	**51,940**	59,472	**—**	—	**7,489**	8,921	**1,200**	4,559
Corporate	**280,500**	318,693	**—**	—	**326**	380	**161**	27
	$1,622,411	$1,645,497	**$ 350,527**	$ 358,794	**$ 94,034**	$ 100,004	**$ 85,794**	$ 99,310

(b) Geographic segments

	Sales		Property, Plant and Equipment and Goodwill	
	2010	2009	**2010**	2009
Canada	**$ 99,463**	$ 109,596	**$ 118,902**	$ 127,332
United States and Puerto Rico	**459,964**	468,611	**312,804**	359,084
Mexico and Brazil	**126,620**	106,033	**140,888**	128,624
Europe	**407,185**	448,427	**379,764**	408,963
Asia, Australia and Africa	**99,086**	66,317	**110,461**	86,383
	$ 1,192,318	$ 1,198,984	**$ 1,062,819**	$ 1,110,386

The geographical segment is determined by the location of the Company's country of operation.

19. FINANCIAL INSTRUMENTS

The Company has exposure to the following forms of risk from its use of financial instruments: market risk, credit risk and liquidity risk.

The Company does not utilize derivative financial instruments for speculative purposes.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Company's earnings or the value of its holding of financial instruments.

(i) Foreign exchange risk

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company partially manages these exposures by contracting primarily in Canadian dollars, euros, U.K. pounds and U.S. dollars. Additionally, each subsidiary's sales and expenses are primarily denominated in its local currency, further minimizing the foreign exchange impact on the operating results.

In the past, the Company had entered into forward foreign exchange contracts to hedge its foreign currency exposure on certain anticipated U.S. sales. The contracts obliged the Company to sell U.S. dollars in the future at predetermined rates.

Throughout 2010, CCL hedged forecasted U.S. dollar sales of Canadian divisions with U.S. dollar forward contracts (cash flow hedge). No contracts were outstanding at December 31, 2010 and 2009. The effective portion of the changes in the value of these contracts was recorded in other comprehensive income and the ineffective portion was expensed against sales. No amount for these forward contracts remains in other comprehensive income at the end of 2010.

The Company has the following balances in the referenced currencies and therefore was exposed to the following currency risk at December 31, 2010:

	U.S. Dollar	U.K. Pound	Euro
Cash	102,527	3,767	28,485
Accounts receivable	61,115	4,907	37,847
Accounts payable and accrued liabilities	89,990	5,387	44,823
Long-term debt	329,120	1	59,126

A 5% strengthening of the Canadian dollar against the following currencies at December 31 would have decreased other comprehensive income and net earnings by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant (a 5% weakening of the Canadian dollar against the above currencies at December 31 would have had the equal but opposite effect).

2010	**Other Comprehensive Income**	**Net Earnings**
U.S. dollar	**$ 25,687**	**$ (80)**
U.K. pound	**$ 10,625**	**$ 17**
Euro	**$ 9,002**	**$ 437**

2009	Other Comprehensive Income	Net Earnings
U.S. dollar	$ 26,287	$ 296
U.K. pound	$ 11,401	$ (6)
Euro	$ 8,876	$ 419

Included in earnings from operations for the year ended December 31, 2010, are foreign exchange gains totalling $0.6 million (2009 – $1.5 million).

(ii) Interest rate risk

The Company is exposed to market risks related to interest rate fluctuations on its debt. To mitigate this risk, the Company maintains a combination of fixed and floating rate debt.

For the year ending December 31, 2010, a 100 basis point increase (decrease) in the interest rate would have resulted in a $0.4 million (2009 – $0.8 million) decrease (increase) in the earnings from operations of the Company and no impact on other comprehensive income. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(iii) Commodity price risk

Aluminum is the major raw material used in the Container segment. Prices for aluminum fluctuate in response to changes in supply and demand, market uncertainty and a variety of other factors beyond the Company's control. A US$100 per metric ton increase or decrease in the price of aluminum would not have resulted in a change in earnings as these costs would have been passed to the customer during the year (2009 – $0.7 million decrease/increase in earnings) and would have had a $0.5 million (2009 – $1.2 million) impact on other comprehensive income. This analysis assumes that all other variables, in particular the Company's ability to pass on price increases or decreases and foreign currency rates, remain constant.

The Company uses customer specific aluminum derivative instruments (hedging items) along with fixed price contracts (hedged items) to minimize the impact of aluminum price fluctuations.

Aluminum derivative contracts are accounted for as cash flow hedges and changes in value are recorded on the balance sheet in other comprehensive income. Any ineffective portion is recorded in selling, general and administrative expenses. Payments made or proceeds received upon the settlement of these contracts are recorded in cost of goods sold.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's review includes external ratings, where available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from senior management; these limits are reviewed quarterly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

The Company is potentially exposed to credit risk arising from derivative financial instruments if a counterparty fails to meet its obligations. These counterparties are large international financial institutions and, to date, no such counterparty has failed to meet its financial obligations to the Company. As at December 31, 2010, the Company's exposure to credit risk arising from derivative financial instruments was $2.1 million (2009 – $4.7 million).

The carrying amount of financial assets represents the maximum credit exposure.

	2010	2009
Cash and cash equivalents	**$ 173,197**	$ 150,594
Accounts receivable	**154,850**	148,688
Other accounts receivable	**18,216**	18,686
Total credit exposure	**$ 346,263**	$ 317,968

The aging of accounts receivable at December 31 were:

	2010	2009
Under 31 days	**$ 93,943**	$ 93,347
Between 31 and 90 days	**56,029**	50,965
Greater than 90 days	**8,200**	7,889
Total accounts receivable	**$ 158,172**	$ 152,201

Reconciliation of allowance for credit losses:

	2010	2009
Opening balance	**$ 3,513**	$ 5,413
Increase (decrease) during the period	**(191)**	(1,900)
Total allowance for credit losses	**$ 3,322**	$ 3,513

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet liabilities when due. The Company believes that future cash flows generated by operations and access to additional liquidity through capital and banking markets will be adequate to meet its financial obligations.

The financial obligations of the Company include accounts payable, long-term debts and other long-term items. The contractual maturity of accounts payable is six months or less. Long-term debts have varying maturities extending to 2018 (notes 11(c) and 11(j)).

The Company's obligations relating to debt, leases and other liabilities at the end of 2010 were as follows:

		Payments Due by Period					
Contractual Obligations	Total	2011*	2012	2013	2014	2015	Thereafter
Accounts payable and accrued liabilities	$ 222.1	$ 222.1	$ —	$ —	$ —	$ —	$ —
Short-term lines of credit	0.5	0.5					
Unsecured senior notes issued September 2008, 5.86%, repayable September 2013 (US$52.0 million)	51.7			51.7			
Unsecured senior notes issued September 2008, 6.62%, repayable September 2018 (US$78.0 million)	77.6						77.6
Unsecured senior notes issued March 2006, 5.29%, repayable March 2011 (US$60.0 million)	59.7	59.7					
Unsecured senior notes issued March 2006, 5.57%, repayable March 2016 (US$110.0 million)	109.4						109.4
Unsecured senior notes issued September 1997, 6.97%, repayable in equal instalments starting September 2002 and finishing September 2012 (2010 – US$18.7 million, 2009 – US$28.1 million)	18.6	9.3	9.3				
Unsecured senior notes issued July 1998, 6.81%, repayable July 2013 (US$28.0 million)	27.9			27.9			
Unsecured senior notes issued July 1998, 7.09% repayable July 2018 (US$51.0 million)	50.7						50.7
Interest payments on debt above	113.7	21.5	20.2	18.1	14.8	14.8	24.3
Derivatives:							
Outflow	157.3	147.1	10.2				
Inflow	(150.2)	(140.1)	(10.1)				
Interest on derivatives	(0.9)	(0.7)	(0.2)				
Capital leases	2.8	0.7	0.4	0.4	0.4	0.5	0.4
Other long-term obligations	24.0	5.9	10.0	2.8	3.3	1.1	0.9
Accrued post-employment benefit liabilities	24.0	*	2.9	2.9	2.9	2.9	12.4
Operating leases	30.9	8.9	6.4	4.4	2.4	2.2	6.6
Total contractual obligations	$ 819.8	$ 334.9	$ 49.1	$ 108.2	$ 23.8	$ 21.5	$ 282.3

* Accrued post-employment benefit liability payments of $2.9 million for 2011 are accounted for in accounts payable and accrued liabilities.

Fair values

The carrying values of cash and cash equivalents, accounts receivable, other receivables, and accounts payable and accrued liabilities approximate fair values due to the short-term maturities of these financial instruments.

Fair value of long-term debt is determined as the present value of contractual future payments of principal and interest discounted at the current market rates of interest available to the Company for the same or similar debt instruments, adjusted for the Company's own credit risk.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair values of financial assets and liabilities together with the carrying amounts shown in the balance sheet are as follows:

	2010		2009	
	Fair Value	**Carrying Amount**	Fair Value	Carrying Amount
Cash and cash equivalents	**$ 173,197**	**$ 173,197**	$ 150,594	$ 150,594
Accounts receivable	**154,850**	**154,850**	148,688	148,688
Other accounts receivable	**18,216**	**18,216**	18,686	18,686
Investments	**14,852**	**14,852**	20,416	20,416
Accounts payable and accrued liabilities	**(222,072)**	**(222,072)**	(206,510)	(206,510)
Long-term debt	**(476,601)**	**(434,880)**	(507,598)	(498,139)
	$ (337,558)	**$ (295,837)**	$ (375,724)	$ (366,265)

Financial instruments are contracts that ultimately give rise to a right for one part to receive an asset and an obligation for another party to deliver an asset. Fair values represent management's best estimates of the amounts at which instruments could be exchanged in a current transaction between willing parties and are generally calculated based on the characteristics of the instrument and the current economic and competitive environment. These calculations are subjective in nature, involve uncertainties and matters of significant judgment and do not include any tax impact.

The unrealized loss on the interest rate swap agreements and the cross-currency interest rate swap agreements as at December 31, 2010, amounted to $6.0 million (2009 – $13.0 million). This amount also represents the swaps' fair value and carrying value, which are determined as the present value of contractual future payments of principal and interest discounted at the current market rates of interest available to the Company for the same or similar instruments, adjusted for the Company's or counterparty's credit risk.

The Company enters into futures contracts to hedge the cost of aluminum used in its container manufacturing process against specific customer requirements. As at December 31, 2010, futures contracts for US$11.7 million of aluminum purchase commitments at an average price of US$2,138 per metric ton, extending through 2012, were outstanding.

Future aluminum contracts that have become favourable constitute financial assets and have a fair value gain of $1.9 million (2009 – fair value gain of $4.7 million). This amount also represents the carrying value of the aluminum contracts, which is reflected in other accounts receivable. The fair value of the aluminum contracts is determined as the present value of contractual future payments under these agreements based on current market rates.

In accordance with Section 3862, the Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1: quoted prices in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices that are observable for the asset or the liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

The following table allocates the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy.

	Level 1	Level 2	Level 3	**Total**
December 31, 2010				
Available-for-sale financial assets	$ —	$ 14,852	$ —	**$ 14,852**
Derivatives used for hedging – assets	—	7,482	—	**7,482**
– liabilities	—	(11,630)	—	**(11,630)**
	$ —	$ 10,704	$ —	**$ 10,704**

20. CAPITAL MANAGEMENT POLICY

There were no outstanding U.S. dollar forward foreign exchange contracts as at December 31, 2010 and 2009.

The Company's objective is to maintain a strong capital base throughout the economic cycle so as to maintain investor, creditor and market confidence and to sustain the future development of the business. This capital structure supports the Company's objective to provide an attractive financial return to its shareholders equal to that of its leading specialty packaging peers (between 12% and 14% up until 2009 but lower since the global recession).

The Company defines capital as total shareholders' equity and measures the return on capital (or return on equity) by dividing annual net earnings before goodwill impairment loss, restructuring and other items and favourable tax adjustments by the average of the beginning and end of year shareholders' equity. In 2010, the return on capital was 9% (2009 – 6%) and was well within the range of its leading specialty packaging peers.

Management and the Board maintain a balance between the expected higher return on capital that might be possible with a higher level of financial debt and the advantages and security afforded by a lower level of financial leverage. The Company believes that an optimum level of net debt (defined as current debt, including bank advances, plus long-term debt, less cash and cash equivalents) to total book capitalization (defined as net debt plus shareholders' equity) is a maximum of 45%. This ratio was 25% at December 31, 2010 (2009 – 32%), and therefore the Company has further capacity to invest in the business with additional debt without exceeding the optimum level.

The Company has provided a growing level of dividends to its shareholders over the last few years, generally related to its growth in earnings. The dividends are declared bearing in mind the Company's current earnings, cash flow and financial leverage.

In 2009, the Company filed a normal course issuer bid ("bid") commencing March 23, 2009, allowing the repurchase of up to 2.1 million Class B shares and 13,000 Class A shares in the following 12 months. All purchases were to be made on the open market. No shares were purchased under this bid.

In 2008, the Company filed a bid commencing March 4, 2008, allowing the repurchase of up to 2.5 million Class B shares and 13,000 Class A shares in the following 12 months. During 2008, 618,000 Class B shares were repurchased on the open market for $18.1 million. No shares were purchased under this bid in 2009. The excess of the purchase price over the paid-up capital of $3.9 million was charged to retained earnings.

There were no changes in the Company's approach to capital management during the year. The Company and its subsidiaries are subject to externally imposed capital requirements under the Company's senior note agreements and revolving bank debt; however, the Company is allowed further significant borrowings under the terms of these agreements at this time.

SIX YEAR FINANCIAL SUMMARY

(In thousands of Canadian dollars, except per share and ratio data)

	2010	2009	2008	2007	2006	2005
Sales and Net Earnings						
Sales [1]	**$ 1,192,318**	$ 1,198,984	$ 1,189,025	$ 1,144,260	$ 1,029,569	$ 922,492
Depreciation and amortization [1]	**94,034**	100,004	85,144	75,912	67,047	57,580
Interest expense [1]	**25,062**	29,323	23,949	23,157	20,584	18,910
Net earnings	**71,137** [2]	42,174 [3]	47,986 [4]	147,915 [5]	77,420 [6]	163,836 [7]
Basic net earnings per Class B share	**$ 2.17** [2]	$ 1.31 [3]	$ 1.50 [4]	$ 4.59 [5]	$ 2.41 [6]	$ 5.10 [7]
Financial Position						
Current assets	**$ 432,566**	$ 399,154	$ 407,947	$ 391,023	$ 424,897	$ 405,213
Current liabilities	**309,716**	266,743	276,711	244,966	322,996	290,737
Working capital [8]	**122,850**	132,411	131,236	146,057	101,901	114,476
Total assets	**1,622,411**	1,645,497	1,766,674	1,488,190	1,542,590	1,398,696
Net debt	**262,180**	347,545	456,253	306,775	317,099	282,392
Shareholders' equity	**$ 788,997**	$ 752,757	$ 750,518	$ 717,859	$ 652,601	$ 565,818
Net debt to equity ratio	**0.33**	0.46	0.61	0.43	0.49	0.50
Net debt to total book capitalization	**24.9%**	31.6%	37.8%	29.9%	32.7%	33.3%
Number of Shares (000s)						
Class A – Dec. 31	**2,375**	2,375	2,375	2,379	2,379	2,422
Class B – Dec. 31	**30,912**	30,674	30,181	30,501	30,223	30,089
Weighted average for the year	**32,832**	32,340	32,090	32,284	32,240	32,171
Cash Flow						
Cash provided by operations	**$ 168,399**	$ 150,280	$ 216,348	$ 162,194	$ 161,298	$ 112,062
Additions to plant, property and equipment	**85,794**	99,310	192,801	163,453	150,423	155,947
Business acquisitions	**1,246**	5,327	40,677	105,575	62,170	139,499
Dividends	**20,730**	18,964	17,512	15,233	13,775	12,804
Dividends per Class B share	**$ 0.66**	$ 0.60	$ 0.56	$ 0.48	$ 0.43	$ 0.40

1 Excluding discontinued operations.
2 After pre-tax restructuring and other items – nil.
3 After pre-tax restructuring and other items – net loss of $7.3 million.
4 After pre-tax restructuring and other items – net loss of $3.1 million and goodwill impairment loss of $31.4 million.
5 After pre-tax restructuring and other items – net gain of $4.1 million.
6 After pre-tax restructuring and other items – net loss of $11.5 million.
7 After pre-tax restructuring and other items – net loss of $17.9 million.
8 Includes cash and cash advances.

2010 Board of Directors

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Member of the Human Resources Committee

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Director since 1997

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Member of the Audit Committee

Chair of the Human Resources Committee

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CCL Industries Inc.
Ontario, Canada

Stuart W. Lang
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Head Football Coach for
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Member of the Environment and Health & Safety Committee

Geoffrey T. Martin
Director since 2005

President and CEO,
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Director since 2006

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Chair of the Audit Committee

Member of the Nominating & Governance Committee

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Geoffrey T. Martin
President and Chief Executive Officer

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Senior Vice President and Chief Financial Officer

Lalitha Vaidyanathan
Senior Vice President, Finance, Administration and IT, CCL Operations

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Senior Vice President, Human Resources and Corporate Communications

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Specialty Products,
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General Manager,
CCL Container North America
Hermitage, Pennsylvania, U.S.A.

Andy Iseli
General Manager,
CCL Tube
Los Angeles, California, U.S.A.

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Armando Oliveira
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Managing Director,
CCL Label Brazil
Sao Paolo, Brazil

Ben Lilienthal
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Managing Director,
CCL Mexico
Mexico City, Mexico

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Food and Beverage Worldwide
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Healthcare and Specialty
Products,
CCL Label Europe
Randers, Denmark

Dale Hambilton
Vice President and
Managing Director,
Global Sleeve Development
King's Lynn, U.K.

Scott Mitchell Harris
Managing Director,
Healthcare and Specialty
U.K. and France
Paris, France

Lee Pretsell
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Personal Care Europe
Paris, France

Peter Fleissner
Managing Director,
CCL Design
Solingen, Germany

Werner Ehrmann
Vice President,
Technology Development
Holzkirchen, Germany

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Vice President and
Managing Director,
CCL Label Asia
Singapore

Guy Kiraly
Managing Director,
CCL Label China
Shanghai, PR China

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Chartered Accountants

Legal Counsel

McMillan LLP

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Website: www.cclind.com
or www.sedar.com

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held on May 5, 2011, at 2:00 p.m.
CCL Industries Inc.
105 Gordon Baker Road
5th Floor
Willowdale, ON M2H 3P8

Class B Share Information

Stock Symbol CCL.B

Listed TSX

Opening price 2010	$	28.50
Closing price 2010	$	29.62
Number of trades		29,993
Trading volume (shares)		7,860,862
Trading value	$	225,382,099.20
Annual dividends declared	$	0.655

Shares Outstanding at December 31, 2010

Class A	2,374,025
Class B	30,911,521

There are two classes of CCL shares. Class A shares are voting and Class B shares are non-voting. Share attributes of both classes are listed on page 66 of this report.

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CCL'S CORPORATE SOCIAL RESPONSIBILITY

CONTRIBUTING TO THE COMMUNITIES IN WHICH WE OPERATE IS PART OF CCL'S FOUNDING CULTURE. DURING CCL'S 60 YEAR HISTORY THE COMPANY HAS PROVIDED FINANCIAL ASSISTANCE TO MANY ORGANIZATIONS THAT ENHANCE THE WELFARE OF LOCAL LIFE. AROUND THE GLOBE OUR EMPLOYEES ALSO GIVE BACK TO THEIR COMMUNITIES THROUGH A VARIETY OF OUTREACH PROGRAMS THAT ARE ORGANIZED AT THEIR FACILITIES.

CCL employs 5,800 people around the world in over 60 production facilities in 19 different countries. We are an equal employment employer that strives to create a workplace environment that will not prevent or limit employees from maximizing their potential. All of CCL's operations employ local personnel and respect the local customs and values.

A safe and healthy workplace is a fundamental obligation to the well-being of all our employees. After 60 years in business we also know that health and safety go hand-in-hand with supplying superb customer service and achieving overall business success. CCL's global network of plants, from our Leadership in Energy and Environmental Design (LEED) certified facility in Los Angeles to our state-of-the-art operations in China and Mexico, have been built and equipped to ensure environmental leadership and compliance. Our leading-edge waste and energy management programs are crucial to our environmental performance as well as the cost-efficiency of our operations.

We continue to develop initiatives to reduce the carbon footprint of CCL's products and services, including the elimination of wooden pallets in our operations, our Super Stretch Sleeve labels which allow heat and glue-free application, enabling recycling capability, and our WashOff labels, which facilitate multiple reuse of glass bottles.

We engage our employees in keeping the Company accountable by supplying each employee with the Company's Global Business Ethics Guide that has been translated into the employees' local language, which describes CCL's commitment to high ethical standards. In conjunction with this, we employ a third-party "Hotline" that allows employees to anonymously report any ethical concerns.

In support of continuous learning, CCL's Gordon S. Lang Scholarship Program assists employees' children to achieve their goals for higher education.

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