

CCL INDUSTRIES INC.
2010 Third Quarter
Consolidated Balance Sheets

Unaudited	September 30th	December 31st	September 30th
(in thousands of Canadian dollars)	<u>2010</u>	<u>2009</u>	<u>2009</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 144,229	\$ 150,594	\$ 108,423
Accounts receivable - trade	187,816	148,688	168,794
Other receivables and prepaid expenses	21,214	24,342	26,786
Inventories	76,596	75,530	82,144
	<hr/>	<hr/>	<hr/>
	429,855	399,154	386,147
Property, plant and equipment	729,421	751,592	783,036
Other assets	42,069	46,182	46,575
Future income tax assets	48,918	47,440	45,525
Intangible assets	37,661	42,335	43,362
Goodwill	355,077	358,794	362,480
Total assets	<hr/> \$ 1,643,001	<hr/> \$ 1,645,497	<hr/> \$ 1,667,125
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	\$ 221,603	\$ 206,510	\$ 215,556
Income and other taxes payable	5,299	10,943	6,189
Current portion of long-term debt	85,415	49,290	59,514
	<hr/>	<hr/>	<hr/>
	312,317	266,743	281,259
Long-term debt	361,236	448,849	452,903
Other long-term items	58,822	58,384	56,948
Future income tax liabilities	119,605	118,764	113,824
Total liabilities	<hr/> 851,980	<hr/> 892,740	<hr/> 904,934
Shareholders' equity			
Share capital (note 2)	205,320	201,339	195,878
Contributed surplus	6,277	3,805	6,105
Retained earnings	684,252	643,303	648,357
Accumulated other comprehensive loss (note 4)	(104,828)	(95,690)	(88,149)
Total shareholders' equity	<hr/> 791,021	<hr/> 752,757	<hr/> 762,191
Total liabilities and shareholders' equity	<hr/> \$ 1,643,001	<hr/> \$ 1,645,497	<hr/> \$ 1,667,125

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 Third Quarter
Consolidated Statements of Earnings

Unaudited

Three months ended September 30

Nine months ended September 30

(in thousands of Canadian dollars, except per share data)	Three months ended September 30			Nine months ended September 30		
	<u>2010</u>	<u>2009</u>	<u>% Change</u>	<u>2010</u>	<u>2009</u>	<u>% Change</u>
Sales	\$ 301,695	\$ 294,402	2.5	\$ 910,983	\$ 909,785	0.1
Costs and expenses						
Cost of goods sold	234,121	231,433		697,959	714,115	
Selling, general and administrative	37,897	34,960		107,651	105,813	
Depreciation and amortization	1,548	1,735		4,590	5,009	
Interest expense, net	28,129	26,274		100,783	84,848	
	6,207	6,928		19,131	22,773	
	21,922	19,346	13.3	81,652	62,075	31.5
Restructuring and other items - net gain (loss) (note 5)	-	-		104	(2,120)	
Earnings before income taxes	21,922	19,346	13.3	81,756	59,955	36.4
Income taxes						
Current	5,564	3,845		24,154	16,049	
Future	1,415	(1,113)		976	1,564	
Net earnings	\$ 14,943	\$ 16,614	(10.1)	\$ 56,626	\$ 42,342	33.7
Basic earnings per Class B share	\$ 0.46	\$ 0.51	(9.8)	\$ 1.73	\$ 1.31	32.1
Diluted earnings per Class B share	\$ 0.45	\$ 0.51	(11.8)	\$ 1.70	\$ 1.29	31.8

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 Third Quarter
Consolidated Statements of Comprehensive Income

Unaudited	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
(in thousands of Canadian dollars)				
Net earnings	\$ 14,943	\$ 16,614	\$ 56,626	\$ 42,342
Other comprehensive income (loss), net of tax:				
Unrealized gains (losses) on translation of financial statements of self-sustaining foreign operations	7,485	(63,127)	(24,838)	(83,712)
Unrealized gains on hedges of net investment in self-sustaining foreign operations, net of tax recovery (expense) of \$950 and (\$658) for the three-month and nine-month periods ending September 30, 2010 (2009 - (\$5,072); (\$6,961))	6,070	31,260	17,207	52,129
Unrealized foreign currency translation gains (losses), net of hedging activities	13,555	(31,867)	(7,631)	(31,583)
Gains (losses) on derivatives designated as cash flow hedges, net of tax (expense) recovery of (\$656) and \$236 for the three-month and nine-month periods ending September 30, 2010 (2009 - (\$688); \$2,402)	156	(976)	(1,383)	(5,238)
Reclassification of losses (gains) on derivatives designated as cash flow hedges to earnings, net of tax (recovery) expense of (\$120) and \$426 for the three-month and nine-month periods ending September 30, 2010 (2009 - (\$1,264); (\$4,495))	1,510	5,474	(124)	13,970
Change in derivatives designated as cash flow hedges	1,666	4,498	(1,507)	8,732
Other comprehensive income (loss)	15,221	(27,369)	(9,138)	(22,851)
Comprehensive income (loss)	\$ 30,164	\$ (10,755)	\$ 47,488	\$ 19,491

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 Third Quarter
Consolidated Statements of Shareholders' Equity

Unaudited (in thousands of Canadian dollars)	Nine months ended September 30	
	<u>2010</u>	<u>2009</u>
Share capital (note 2)		
Class A shares, beginning of period	\$ 4,517	\$ 4,517
Class A shares, end of period	4,517	4,517
Class B shares, beginning of period	206,874	199,486
Stock options exercised	3,424	4,415
Class B shares, end of period	210,298	203,901
Executive share purchase plan loans, beginning of period	(916)	(1,258)
Repayment of executive share purchase plan loans	683	342
Executive share purchase plan loans, end of period	(233)	(916)
Shares held in trust, beginning of period	(9,136)	(11,472)
Shares purchased and held in trust	(126)	(152)
Shares held in trust, end of period	(9,262)	(11,624)
Share capital, end of period	205,320	195,878
Contributed surplus		
Contributed surplus, beginning of period	3,805	4,826
Stock option expense	1,130	1,066
Stock options exercised	(531)	(307)
Stock based compensation plan	1,873	520
Contributed surplus, end of period	6,277	6,105
Retained earnings, beginning of period	643,303	621,916
Net earnings	56,626	42,342
Transitional adjustment on adoption of new accounting standards	-	(1,412)
Dividends		
Class A	1,051	979
Class B	14,626	13,510
Total dividends, end of period	15,677	14,489
Retained earnings, end of period	684,252	648,357
Accumulated other comprehensive loss (note 4)		
Accumulated other comprehensive loss, beginning of period	(95,690)	(67,497)
Transitional adjustment on adoption of new accounting standards	-	2,199
Other comprehensive loss	(9,138)	(22,851)
Accumulated other comprehensive loss, end of period	(104,828)	(88,149)
Total shareholders' equity, end of period	\$ 791,021	\$ 762,191

See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.
2010 Third Quarter
Consolidated Statements of Cash Flows

Unaudited	Three months ended September 30		Nine months ended September 30	
(in thousands of Canadian dollars)	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash provided by (used for)				
Operating activities				
Net earnings	\$ 14,943	\$ 16,614	\$ 56,626	\$ 42,342
Items not involving cash:				
Depreciation and amortization	23,208	24,427	70,028	74,092
Executive compensation	988	593	3,003	1,586
Future income taxes	1,415	(1,509)	976	1,564
Restructuring and other items (note 5)	-	-	(104)	1,724
Gain (loss) on sale of property, plant and equipment	(250)	186	(512)	(951)
	40,304	40,311	130,017	120,357
Net change in non-cash working capital	3,730	(12,122)	(23,628)	(31,007)
Cash provided by operating activities	44,034	28,189	106,389	89,350
Financing activities				
Proceeds on issuance of long-term debt	442	2,082	4,891	6,226
Retirement of long-term debt	(42,718)	(10,696)	(44,009)	(12,788)
Decrease in bank advances	(384)	-	-	-
Issue of shares	1,825	822	2,892	4,108
Repayment of executive share purchase plan loans	-	-	683	342
Dividends	(5,279)	(4,896)	(15,803)	(14,642)
Cash used for financing activities	(46,114)	(12,688)	(51,346)	(16,754)
Investing activities				
Additions to property, plant and equipment	(20,056)	(19,922)	(58,673)	(88,431)
Proceeds on disposal of property, plant and equipment	285	187	2,944	4,011
Business acquisitions (note 3)	-	157	(1,246)	(5,288)
Cash used for investing activities	(19,771)	(19,578)	(56,975)	(89,708)
Effect of exchange rate changes on cash	323	(7,947)	(4,433)	(10,734)
Decrease in cash and cash equivalents	(21,528)	(12,024)	(6,365)	(27,846)
Cash and cash equivalents at beginning of period	165,757	120,447	150,594	136,269
Cash and cash equivalents at end of period	\$ 144,229	\$ 108,423	\$ 144,229	\$ 108,423
Consists of:				
Cash			\$ 74,549	\$ 51,465
Short-term investments			69,680	56,958
Cash and cash equivalents at end of period			\$ 144,229	\$ 108,423

Cash and cash equivalents are defined as cash and short-term investments.
See notes to interim consolidated financial statements.

CCL INDUSTRIES INC.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Periods ended September 30, 2010 and 2009

(Tabular amounts in thousands of Canadian dollars, except share data)

(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The disclosures contained in these unaudited interim consolidated financial statements do not include all of the requirements of generally accepted accounting principles for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2009.

b) 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 for the third quarter ended September 30, 2010 and 2009.

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 standard, 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.

The Company is currently evaluating the impact of these new standards on the consolidated financial statements.

2. SHARE CAPITAL

Issued and outstanding

	<u>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2009</u>
Issued share capital	\$ 214,815	\$ 211,391	\$ 208,418
Less: Executive share purchase plan loans	(233)	(916)	(916)
Shares held in trust	(9,262)	(9,136)	(11,624)
Total	<u>\$ 205,320</u>	<u>\$ 201,339</u>	<u>\$ 195,878</u>

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 March 22, 2010. No shares were purchased under this Bid.

During 2008, the Company issued 29,753 restricted shares as part of the consideration for the purchase of Clear Image Labels Pty. Ltd. These restricted shares were price protected and could not be sold or transferred before December 31, 2009.

During 2008, the Company granted awards totalling 145,000 Class B shares of the Company. These shares are restricted in nature and will vest at the end of 2010 dependent on the Company's performance. The Company purchased these 145,000 shares in the open market and has placed them in a trust. These awards are likely to expire unvested.

During 2007, the Company granted an award totalling 120,000 Class B shares of the Company. These shares are restricted in nature and will vest in 2010 dependent on the Company's performance and continuing employment. The Company purchased these 120,000 shares in the open market and has placed them in a trust. These awards are likely to expire unvested.

The fair value of these stock awards are being amortized over the vesting period and recognized as compensation expense as they are earned.

During 2005, the Company granted an award totalling 200,000 Class B shares of the Company and had placed them in a trust until the vesting conditions were met. These shares were restricted in nature. In 2007, 120,000 shares vested and were released from the trust in 2008. In 2009, the remaining 80,000 shares vested and were released from the trust that same year. The fair value of these shares was amortized over the vesting period and recognized as compensation expense.

2. SHARE CAPITAL (CON'T)

Number of shares (in thousands)

	<u>September 30, 2010</u>	<u>December 31, 2009</u>	<u>September 30, 2009</u>
Class A	2,375	2,375	2,375
Class B	30,801	30,674	30,465
	<u>33,176</u>	<u>33,049</u>	<u>32,840</u>
Less: Executive share purchase plan shares - Class B	(25)	(75)	(75)
Shares held in trust - Class B	(265)	(265)	(345)
Total	<u>32,886</u>	<u>32,709</u>	<u>32,420</u>

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

	<u>September 30, 2010</u>		<u>September 30, 2009</u>	
	<u>Class A</u>	<u>Class B</u>	<u>Class A</u>	<u>Class B</u>
Weighted average number of shares outstanding - basic	2,375	30,422	2,375	29,908
Effect of dilutive securities:				
Stock options	-	253	-	224
Stock-based compensation	-	332	-	405
Weighted average number of shares outstanding - diluted	<u>2,375</u>	<u>31,007</u>	<u>2,375</u>	<u>30,537</u>

3. ACQUISITIONS

In March 2010, the Company completed the purchase of Purbrick 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. The Company is reviewing the valuation of the net assets acquired, therefore certain items disclosed below may change upon completion of the review.

Details of the transaction are as follows:

Current assets	\$	1,891
Current liabilities		(1,153)
Non-current assets		2,490
Non-current liabilities		(2,400)
Future tax assets		418
Net assets purchased	<u>\$</u>	<u>1,246</u>

Consideration given:

Cash, less cash acquired of \$0.9 million	<u>\$</u>	<u>1,246</u>
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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		1,541
Goodwill		1,085
Net assets purchased	<u>\$</u>	<u>2,757</u>

Consideration given:

Cash	<u>\$</u>	<u>2,757</u>
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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.

4. ACCUMULATED OTHER COMPREHENSIVE LOSS

	September 30, 2010	December 31, 2009	September 30, 2009
Unrealized foreign currency translation losses, net of tax expense of \$11,325 (2009 - net of tax expense of \$10,805; net of tax expense of \$8,199)	\$ (106,836)	\$ (99,205)	\$ (88,399)
Gains on derivatives designated as cash flow hedges, net of tax expense of \$857 (2009 - net of tax expense of \$1,519; net of tax recovery of \$187)	2,008	3,515	250
	<u>\$ (104,828)</u>	<u>\$ (95,690)</u>	<u>\$ (88,149)</u>

5. RESTRUCTURING AND OTHER ITEMS

	Segment	Three months ended September 30th		Nine months ended September 30th	
		2010	2009	2010	2009
Repatriation of capital	Corporate	\$ -	\$ -	\$ 104	\$ (433)
Pension settlement	Corporate	-	-	-	(1,415)
Label segment restructuring	Label	-	-	-	(272)
Net gain (loss)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104</u>	<u>\$ (2,120)</u>
Tax recovery on restructuring and other items		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>

In 2010, the Company repatriated capital from foreign subsidiaries that resulted in a net foreign exchange gain of \$0.1 million (2009 - loss of \$0.4 million). Gains and losses arise from the difference between the exchange rate in effect on the date the capital was returned to Canada, compared to the historical rate in effect when the capital was invested. This exchange gain did not give rise to any 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 \$4.4 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 \$1.4 million (\$1.0 million net of tax recovery) was recorded.

In 2009, the Company, as part of its restructuring of the Avelin label plant located in France, recorded provisions for plant closure costs of \$0.3 million with no tax effect.

6. EMPLOYEE FUTURE BENEFITS

The expense for the defined benefit pension plans in the third quarter was \$0.5 million (2009 - \$0.6 million) and \$1.6 million year-to-date (2009 - \$3.3 million year-to-date, which included \$1.4 million in expenses related to the pension settlement; see note 5).

7. SEGMENTED INFORMATION

Industry segments

	Three months ended September 30				Nine months ended September 30			
	Sales		Operating income		Sales		Operating income	
	2010	2009	2010	2009	2010	2009	2010	2009
Label	\$ 238,385	\$ 244,761	\$ 32,565	\$ 30,688	\$ 729,391	\$ 751,204	\$ 114,941	\$ 98,276
Container	43,964	31,567	(739)	(2,817)	123,974	105,044	(4,512)	(3,213)
Tube	19,346	18,074	2,205	1,000	57,618	53,537	7,156	2,179
Total operations	\$ 301,695	\$ 294,402	34,031	28,871	\$ 910,983	\$ 909,785	117,585	97,242
Corporate expense			(5,902)	(2,597)			(16,802)	(12,394)
			28,129	26,274			100,783	84,848
Interest expense, net			6,207	6,928			19,131	22,773
			21,922	19,346			81,652	62,075
Restructuring and other items - net gain (loss) (note 5)			-	-			104	(2,120)
Earnings before income taxes			21,922	19,346			81,756	59,955
Income taxes			6,979	2,732			25,130	17,613
Net earnings	\$	\$	\$ 14,943	\$ 16,614	\$	\$	\$ 56,626	\$ 42,342

	Identifiable Assets		Goodwill		Depreciation & Amortization		Capital Expenditures	
	September 30th	December 31st	September 30th	December 31st	Nine months ended September 30	Nine months ended September 30	Nine months ended September 30	Nine months ended September 30
	2010	2009	2010	2009	2010	2009	2010	2009
Label	\$ 1,173,079	\$ 1,095,832	\$ 342,337	\$ 346,051	\$ 53,790	\$ 55,722	\$ 51,939	\$ 81,503
Container	177,905	171,500	12,740	12,743	10,344	11,182	5,847	2,419
Tube	55,848	59,472	-	-	5,652	6,855	836	4,501
Corporate	236,169	318,693	-	-	242	333	51	8
Total	\$ 1,643,001	\$ 1,645,497	\$ 355,077	\$ 358,794	\$ 70,028	\$ 74,092	\$ 58,673	\$ 88,431

8. SEASONALITY

Due to the seasonality of CCL's business, the Company's operating results for the three and nine months ended September 30, 2010, are not necessarily indicative of the results that may be expected for the full year ending December 31, 2010. The first and second quarters are traditionally higher sales periods as a result of the greater number of work days and various customer activities undertaken during this period versus the third and fourth quarters of the year, combined with the methods of accounting for fixed costs, such as depreciation and amortization, and expenses, such as rent and interest, which are not significantly impacted by business seasonality.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Third Quarters Ended September 30, 2010 and 2009

This Management's Discussion and Analysis of the financial condition and results of operations ("MD&A") relates to the third quarters ended September 30, 2010 and 2009, and an update to the 2009 Annual MD&A document. The information in this interim MD&A is current to November 4, 2010, and should be read in conjunction with the Company's September 30, 2010, unaudited third quarter consolidated financial statements released on November 4, 2010, and the 2009 Annual MD&A document and consolidated financial statements, which form part of the CCL Industries Inc. 2009 Annual Report, dated March 9, 2010.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and in accordance with the requirements of Section 1751, Interim Financial Statements, of the Canadian Institute of Chartered Accountants ("CICA") Handbook. Unless otherwise noted, both the financial statements and this interim 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 interim MD&A to ensure consistency with the approved strategy of the Company and the financial results of the Company.

This MD&A 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 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 MD&A 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 2010; the adequacy of the Company's financial liquidity; the Company's targeted return on equity, earnings per share and EBITDA growth rates; the Company's effective tax rate; the future profitability of the Container Division; the increase in production levels at the Company's Mexican facilities; 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 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 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: "Risks and Uncertainties" of the 2009 Annual MD&A.

Except as otherwise indicated, forward-looking statements do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made may have on CCL's business. Such statements do not, unless otherwise specified by the Company, reflect the impact of dispositions, sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made. The financial impact of these transactions and non-recurring and other special items can be complex and depends on the facts particular to each of them and therefore cannot be described in a meaningful way in advance of knowing specific facts.

The forward-looking statements are provided as of the date of this MD&A 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.

1. Overview

The third quarter had solid growth in sales and operating income across almost all business segments. The rate of improvement slowed somewhat during the quarter as the prior year period reflects the first recovery from the economic crisis and the windfall demand for H1N1 products. Customer focus on delivering value to consumers at the retail level resulted in accelerated design changes and promotional packages, which improved demand overall. Industry public peers, suppliers and customers reported similar growth levels for the third quarter, but with many commenting on a lower comparative outlook for the remainder of the year stating concerns about a slower recovery and commodity cost inflation. The global macroeconomic environment remains fragile with the U.S. government considering another round of stimulus to help the economy while foreign governments in the G20 focus on economic imbalances to manage foreign exchange issues and deficits.

Foreign currency translation had a negative impact during the third quarter, although to a lesser extent than experienced in the first half of the year as the euro strengthened against the Canadian dollar in the quarter. Excluding this unfavourable foreign currency impact, CCL's underlying sales grew 10% compared to last year's third quarter. Similar to the first half of the year, the Label Division was the main driver of the profit improvement. The small Tube Division experienced continued strong growth while the Container business showed an improvement over the first half of the year and reported a smaller loss in the quarter.

2. Review of Consolidated Financial Results

The following acquisitions affected financial comparisons to 2009 results in the third quarter and year-to-date results.

- In March 2010, Purbrick Ltd. ("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 Western Cape (Pty) Ltd. ("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.

Financial comparisons to the prior year's results have been adversely affected by the depreciation of the U.S. dollar, euro and U.K. pound sterling by 5%, 14% and 11% (year-to-date 12%, 15% and 12%), respectively, relative to the Canadian dollar in the third quarter of 2010 compared to exchange rates in the third quarter of 2009.

Sales for the third quarter of 2010 were \$301.7 million, up 3% from the \$294.4 million recorded in the third quarter of 2009. Sales increased in the quarter driven by strong organic growth of 11% and a nominal positive impact from acquisitions offset by an 8% decrease related to foreign exchange. On a comparative basis with last year's third quarter, sales excluding currency translation were higher in all divisions due to strong organic growth. Year-to-date, sales were slightly higher reflecting organic growth of 11% and a nominal positive impact from acquisitions, offset by negative foreign exchange effect of 11%.

Income after cost of goods sold, selling, general and administrative expenses, and depreciation and amortization in the third quarter of 2010 was \$28.1 million, up \$1.8 million from \$26.3 million in 2009. Year-to-date, income after cost of goods sold, selling, general and administrative expenses, and depreciation and amortization increased by \$16.0 million.

Selling, general and administrative expenses were \$37.9 million in the third quarter of 2010, up 8% from \$35.0 million reported in 2009. The increase in selling, general and administrative expenses in 2010 of \$2.9 million is primarily due to higher corporate expense and unfavourable impact of foreign currency transactions, partially offset by lower operating costs in sales and marketing functions. Corporate expenses in the third quarter of 2010 were \$5.9 million, up from \$2.6 million in 2009 primarily due to higher variable incentive compensation expense and unfavourable impact of foreign currency transactions in the current period. Year-to-date, selling, general and administrative expenses were \$107.7 million in 2010, up 2% compared to \$105.8 million in 2009.

Operating income (a non-GAAP measure; refer to definition in Section 13) in the third quarter of 2010 was \$34.0 million, up by 18% from \$28.9 million reported in 2009. All divisions were negatively affected by currency translation in the third quarter of 2010 compared to the prior year period. Excluding the unfavourable currency translation, operating income was up 27%. This increase reflects growth in Label and Tube Divisions of \$3.9 million and \$1.3 million, respectively, The Container Division reported a loss for the period, although it was favourable by \$2.0 million compared to the prior year period. Year-to-date, operating income increased by \$20.4 million or 21% compared to the prior year period. Excluding currency translation, year-to-date operating income was up 35%. Further details on the divisions follow later in this report.

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) before restructuring and other items (a non-GAAP measure; refer to definition in Section 13) was \$51.3 million in the third quarter of 2010, up by 1% compared to the \$50.7 million reported in 2009. Excluding the unfavourable impact of currency translation, EBITDA increased by 9%. Year-to-date, EBITDA was \$170.8 million in 2010, up 8% from \$158.9 million in the comparable 2009 period. Excluding currency translation, EBITDA was up 20% for the first nine months of 2010.

Net interest expense was \$6.2 million in the quarter, down by \$0.8 million from the \$7.0 million recorded in last year’s corresponding quarter. The decrease reflects lower debt levels and favourable currency translation on U.S. dollar-denominated debt. Year-to-date, net interest expense was \$19.1 million, down 16% compared to \$22.8 million in 2009.

In the third quarter of 2010 and 2009, no restructuring and other costs were incurred. Restructuring and other items in the first nine months of 2010 were a net gain of \$0.1 million (with no tax effect) related to a net foreign exchange gain from the repatriation of funds from subsidiaries. Net earnings for the first nine months of 2009 were unfavourably affected by the \$1.4 million (\$1.0 million after tax) cost to settle pension obligations to certain members of the U.K. pension plan, \$0.3 million (with no tax effect) in additional costs to shutdown the plant in Avelin, France, and a \$0.4 million (with no tax effect) foreign exchange loss from the repatriation of funds from subsidiaries. Net earnings in 2009 were lower by \$1.7 million due to the foregoing items.

The overall effective income tax rate was 32% for the third quarter of 2010 compared to 14% in the third quarter of 2009. The increase is primarily due to the current quarter reflecting no income tax recovery related to an accounting adjustment to benefit certain Canadian tax losses, while the prior year quarter included a significant benefit of \$4.7 million (a reduction in income tax expense). As previously disclosed in prior quarters, the ability to benefit the Canadian tax losses is 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 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, the current quarter's effective tax rate was positively impacted by the completion of an internal debt transaction in early 2010 that entailed the U.S. operations assuming internal debt to pay a dividend to the Canadian parent and a favourable mix of income earned in lower taxed jurisdictions versus higher taxed jurisdictions. Year-to-date, the effective income tax rate was 31% in 2010 compared to 29% in the comparable 2009 period.

Net earnings for the third quarter of 2010 were \$14.9 million, down \$1.7 million from the \$16.6 million recorded in the third quarter of 2009 due to higher corporate expenses, higher income taxes, and unfavourable currency translation, offset by higher operating income and lower net interest expense. Net earnings for the first nine months of 2010 were \$56.6 million, up \$14.3 million from the \$42.3 million reported in the comparable 2009 period.

Basic earnings per Class B share were \$0.46 in the third quarter of 2010 compared to \$0.51 earned in the same period last year. Restructuring and other items had no impact on earnings per Class B share in the third quarter of 2010 and 2009. The estimated negative impact of the movement in foreign currency exchange rates in the third quarter of 2010 versus the third quarter of 2009 on basic earnings per Class B share is \$0.05. 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.

For the first nine months of 2010, basic earnings per Class B share were \$1.73 compared to \$1.31 in the prior year period, a 32% increase. Restructuring and other items has a nominal affect in 2010 compared to a negative impact of \$0.05 on earnings per Class B share in 2009. Year-to-date, the foreign currency translation impact, described above, is estimated to be unfavourable by \$0.20 per Class B share.

Adjusted basic earnings per Class B share (a non-GAAP measure – see Section 13) were \$0.46 in the third quarter of 2010 compared to \$0.51 in the third quarter of 2009. For the first nine months of 2010, adjusted basic earnings per Class B share were \$1.73 compared to \$1.36 in 2009.

Diluted earnings per Class B share were \$0.45 in the third quarter of 2010 and \$0.51 in the third quarter of 2009. Year-to-date, diluted earnings per Class B share were \$1.70 in 2010 compared to \$1.29 in 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.

(in Canadian dollars)

Adjusted Basic Earnings per Class B Share	Third Quarter		Year-to-Date	
	2010	2009	2010	2009
Basic earnings	\$ 0.46	\$ 0.51	\$ 1.73	\$ 1.31
Less: Net loss from restructuring and other items included above	-	-	-	(0.05)
Adjusted basic earnings ⁽¹⁾	\$ 0.46	\$ 0.51	\$ 1.73	\$ 1.36

⁽¹⁾ Adjusted Basic Earnings per Class B Share is a non-GAAP measure. Refer to definition in Section 13.

The following is selected financial information for the ten most recently completed quarters.

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

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Sales					
2010	\$ 307.1	302.2	301.7	-	\$ 911.0
2009	314.1	301.3	294.4	289.2	1,199.0
2008	295.1	312.8	289.8	291.3	1,189.0
Net earnings (loss)					
2010	23.3	18.4	14.9	-	56.6
2009	16.8	8.9	16.6	(0.1)	42.2
2008	27.5	24.1	22.1	(25.7)	48.0
Net earnings (loss) per Class B share					
Basic					
2010	0.71	0.56	0.46	-	1.73
2009	0.52	0.28	0.51	-	1.31
2008	0.85	0.75	0.70	(0.80)	1.50
Diluted					
2010	0.70	0.55	0.45	-	1.70
2009	0.51	0.27	0.51	-	1.29
2008	0.82	0.73	0.68	(0.80)	1.46
Goodwill impairment loss, restructuring and other items, and tax adjustments included in basic earnings per Class B share- (loss) gain					
2010	-	-	-	-	-
2009	(0.04)	(0.01)	-	(0.41)	(0.46)
2008	0.05	0.01	0.05	(1.15)	(1.04)

Net earnings per Class B share by quarter have fluctuated due to changes in foreign exchange rates, restructuring costs and other items, goodwill impairment loss recorded in the fourth quarter of 2008 and tax adjustments. In late 2008 and into 2009, the impact of the global recession also reduced comparative earnings.

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.

3. Business Segment Review

Label Division

(\$ millions)	Third Quarter			Year-to-Date		
	<u>2010</u>	<u>2009</u>	<u>+/-</u>	<u>2010</u>	<u>2009</u>	<u>+/-</u>
Sales	\$238.4	\$244.7	(2.6%)	\$729.4	\$751.3	(2.9%)
Operating Income ⁽¹⁾	\$ 32.5	\$ 30.7	5.9%	\$114.9	\$ 98.2	17.0%
Return on Sales ⁽¹⁾	13.6%	12.5%		15.8%	13.1%	
Capital Spending	\$ 17.2	\$ 19.1	(9.9%)	\$ 52.0	\$ 81.5	(36.2%)
Depreciation and Amortization	\$ 18.0	\$ 18.8	(4.3%)	\$ 53.8	\$ 55.7	(3.4%)

⁽¹⁾ Operating Income and Return on Sales are non-GAAP measures. Refer to definitions in Section 13.

Sales for the Label Division were \$238.4 million for the third quarter of 2010, down 3% from \$244.7 million in the same quarter last year. Foreign currency translation had an unfavourable impact of 9%. Excluding foreign currency translation, sales for the Label Division increased 6% primarily due to strong organic growth with a nominal positive benefit from acquisitions.

North American sales declined low single digits, excluding currency translation, compared to a solid third quarter of the prior year. The decrease is primarily due to the Healthcare and Specialty business where prior year sales benefited significantly from the windfall demand for H1N1 related products. The small Sleeve and U.S. Battery businesses also reported lower sales. On the positive side, the Home and Personal Care business experienced double digit sales and operating income growth as customers continue to launch new designs and increase their promotional marketing activity to attract consumers at the retail level. Overall profitability in North America was down compared to the prior year reflecting the significant benefit from the high margin sales of H1N1 related products in the third quarter of 2009.

Solid performance in Europe continued and delivered a significant portion of the profitability improvement in the Label Division with sales up mid-single digits, excluding currency translation. The improvement was experienced across all businesses and geographies in Europe. Sales to Home and Personal Care customers grew by high-single digits and the Healthcare and Specialty business also increased mid-single digits. Sales growth in the Sleeve business slowed to mid-single digits as the high point of the beverage season passed. Sleeve profitability has been negatively impacted by rising resin and material costs. The European Battery and Beverage businesses experienced improved sales and profitability compared to a depressed prior year. The Beverage business reported significant improvement in profitability from some new product applications. The Durables business also had another strong quarter.

Profitability in Europe overall improved significantly again this quarter driven by higher sales and favourable product mix.

The Latin America and Asia regions benefited from continuing double digit sales increases and improvements in profitability. In Latin America, results were particularly strong in Brazil. Profitability continued to improve in our Asian operations despite new plant start up costs in China, Thailand and Vietnam negatively impacting results. The small wine label business, with operations in Australia and South Africa, posted slightly higher sales and improved profitability in the third quarter.

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 the third quarter of 2010 was \$32.5 million, up 6% from \$30.7 million in the third quarter of 2009. Excluding the impact of currency translation, operating income was up 14%. Operating income as a percentage of sales at 13.6% remains in line with our global internal targets and above the 12.5% return generated in last year's third quarter.

Sales backlogs for the label business rarely exceed one month of sales, making forecasts one quarter ahead difficult. Sales improvement in the fourth quarter will be slower than the trend experienced in the first nine months of the year as prior period comparatives reflect a significant benefit from the demand for H1N1 related products. Foreign exchange rates will continue to be challenging for prior year comparisons at current levels for the coming quarter. In addition, the label materials supply industry has experienced some shortages in certain specialty chemicals that have resulted in the need for short-term price rises. In general, these are being passed along to customers.

The Label Division invested \$52.0 million in capital spending in the first nine months of 2010 compared to \$81.5 million in the same period last year. This decrease is in line with the lower planned expenditures for 2010. 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 \$53.8 million for the first nine months of 2010 slightly below the \$55.7 million in the comparable 2009 period.

Container Division

(\$ millions)	Third Quarter			Year-to-Date		
	<u>2010</u>	<u>2009</u>	<u>+/-</u>	<u>2010</u>	<u>2009</u>	<u>+/-</u>
Sales	\$44.0	\$ 31.6	39.2%	\$ 124.0	\$105.0	18.1%
Operating Income ⁽¹⁾	\$ (0.7)	\$ (2.8)	n.m.	\$ (4.5)	\$ (3.2)	n.m.
Return on Sales ⁽¹⁾	(1.6%)	(8.9%)		(3.6%)	(3.0%)	
Capital Spending	\$ 2.4	\$ 0.5	n.m.	\$ 5.8	\$ 2.4	141.7%
Depreciation and Amortization	\$ 3.3	\$ 3.6	(8.3%)	\$ 10.3	\$ 11.2	(8.0%)

⁽¹⁾ Operating Income and Return on Sales are non-GAAP measures. Refer to definitions in Section 13.
n.m. – not meaningful

Sales in the third quarter were \$44.0 million, up 39% from \$31.6 million for the same period last year. Foreign currency translation had an unfavourable impact of 4%. Excluding foreign currency translation, sales for the Container Division increased by 43% driven by a very strong recovery in demand in the Home & Personal Care aerosol market in the United States compared to a very weak period in 2009.

The operating loss for the Container Division for the third quarter of 2010 was \$0.7 million compared to an operating loss of \$2.8 million in the third quarter of 2009. The loss was a significant improvement sequentially and compared to the third quarter of 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 entirely driven by the Canadian operation due to the negative foreign currency impact and higher sales mix of low margin household products.

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 \$0.5 million in the third quarter of 2010.

The Container Division invested \$5.8 million of capital in the first nine months of 2010 compared to \$2.4 million in the same period last year. The major expenditure in the quarter was related to capacity expansion in our Mexican business. Depreciation and amortization for the first nine months of 2010 and 2009 were \$10.3 million and \$11.2 million, respectively.

The Container Division continues to hedge some of its anticipated future aluminum purchases through futures contracts and has hedged 38%, 15% and 2% of its expected 2010, 2011 and 2012 requirements, respectively. All of these

hedges are specifically tied to customer contracts. These hedges are priced in the US\$1,800-\$2,400 range per metric ton.

Pricing for aluminum in the third quarter of 2010 ranged from US\$1,900 to \$2,300 per metric ton compared to US\$1,500 to \$2,000 in the third quarter of 2009. This volatility continues to create significant pricing challenges for the business overall. In the past quarter, several price increases were announced to customers without hedge agreements.

Tube Division

(\$ millions)	Third Quarter			Year-to-Date		
	2010	2009	+/-	2010	2009	+/-
Sales	\$ 19.3	\$ 18.1	6.6%	\$ 57.6	\$ 53.5	7.7%
Operating Income ⁽¹⁾	\$ 2.2	\$ 1.0	120.0%	\$ 7.2	\$ 2.2	227.3%
Return on Sales ⁽¹⁾	11.4%	5.5%		12.5%	4.1%	
Capital Spending	\$ 0.4	\$ 0.3	33.3%	\$ 0.8	\$ 4.5	(82.2%)
Depreciation and Amortization	\$ 1.9	\$ 2.2	(13.6%)	\$ 5.7	\$ 6.9	(17.4%)

⁽¹⁾ Operating Income and Return on Sales are non-GAAP measures. Refer to definitions in Section 13.

Sales in the third quarter for the Tube Division were \$19.3 million, up 7% from \$18.1 million last year's third quarter. Foreign currency translation had an unfavourable impact of 7%. Excluding foreign currency translation, sales for the Tube Division increased by 14% due to significantly improved operating conditions and new business wins in the Los Angeles facility.

Operating income for the Tube Division for the third quarter of 2010 reached \$2.2 million, which represents another solid quarter and a significant improvement compared to the third quarter of 2009. Return on sales reached 11.4% in the third quarter of 2010 compared to a 5.5% return in the prior year's third quarter. The positive profitability trend compared to prior year is expected to continue for the remainder of 2010.

The Tube Division invested \$0.8 million in capital in the first nine months of 2010 compared to \$4.5 million in last year's first nine months, most of which related to the new Los Angeles facility. Due to the investments made in recent years, only limited additional expenditures are expected for the balance of 2010. Depreciation and amortization for the first nine months of 2010 and 2009 were \$5.7 million and \$6.9 million, respectively.

4. Currency Translation and Currency Transaction Hedging

As only approximately 4% of CCL's 2010 sales to end use customers are denominated in Canadian dollars, the remaining 96% of sales are in foreign currencies of which the U.S. dollar is the largest at approximately 43% of the Company's total sales. The U.S. dollar depreciated relative to the Canadian dollar by a substantial 5% on average in the third quarter of 2010 versus last

year's third quarter. In addition, European currencies are now the measurement currencies for approximately 34% of CCL's 2010 sales and the primary currency, the euro, has also depreciated substantially relative to the Canadian dollar by 14% versus the prior year's quarter while the U.K pound sterling depreciated by 11%. Changes in foreign exchange rates have historically had a material impact on sales and profitability when translated into Canadian dollars for public reporting. In the third quarter of 2010, currency translation decreased earnings per share by approximately \$0.03 compared to last year's quarter. Year-to-date, the negative impact from currency translation is approximately \$0.14 earnings per share.

The Container Division sells products from its Canadian plant into the U.S. market in U.S. dollars, as previously discussed. In the prior year, the Division hedged a portion of its U.S. dollar sales by selling forward a portion of its U.S. dollar inflows. The current year has no forward contracts in place. Including the impact of these hedges in the prior year, the significant change in the exchange rates on U.S. currency transactions is estimated to have decreased comparative earnings per share by \$0.02 for the quarter. Year-to-date, this estimated negative impact from the movement of foreign currency rates on earnings per share is \$0.06.

The combined negative impact of the two items, described above, on earnings per share for the third quarter and year-to-date are \$0.05 and \$0.20, respectively.

5. Liquidity and Capital Resources

The Company's capital structure is as follows:

(\$ Millions, except per share data)	September 30, 2010	December 31, 2009	September 30, 2009
Current debt	\$ 85.4	\$ 49.3	\$ 59.5
Long-term debt	\$ 361.2	448.8	452.9
Total debt ⁽¹⁾	\$ 446.6	\$ 498.1	\$ 512.4
Cash and cash equivalents	\$ (144.2)	(150.6)	(108.4)
Net debt ⁽¹⁾	\$ 302.4	\$ 347.5	\$ 404.0
Shareholders' equity	\$ 791.0	\$ 752.8	\$ 762.2
Net debt to Total Book Capitalization ⁽¹⁾	27.7%	31.6%	34.6%
Book value per share ⁽¹⁾	\$ 24.05	\$ 23.01	\$ 23.51

⁽¹⁾ Total Debt, Net Debt, Net Debt to Total Book Capitalization and Book Value per Share are non-GAAP measures. Refer to definitions in Section 13.

The Company continues to have a solid financial position. As of September 30, 2010, cash and cash equivalents amounted to \$144.2 million compared to \$108.4 million at September 30, 2009. Net debt (a non-GAAP measure, refer to

definition in Section 13) was \$302.4 million at September 30, 2010, \$101.6 million lower than the net debt of \$404.0 million at the end of September 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 (U.S. dollar rate depreciated 4% over last year's rate on September 30).

Net debt to total book capitalization (a non-GAAP measure, refer to definition in Section 13) at September 30, 2010, was 27.7%, down from 34.6% at the end of September 2009. Book value per share (a non-GAAP measure, refer to definition in Section 13) was \$24.05 at September 30, 2010, 2% higher compared to \$23.51 at September 30, 2009.

The Company's debt structure at September 30, 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 \$409.3 million) and a five-year revolving line of credit of Cdn \$95.0 million. This 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. The Company's overall average interest rate is 5.6% after factoring in the related Interest Rate Swap Agreements ("IRSAs") and Cross-Currency Interest Rate Swap Agreements ("CCIRSAs") compared to 5.4% at September 30, 2009. The IRSAs and CCIRSAs are discussed later in this report in Section 7.

The Company has a revolving line of credit with a Canadian chartered bank for \$95.0 million that expires in January 2013. As at the end of September 2010, the credit line was unused, other than for letters of credit of \$3.8 million.

The Company believes that it has sufficient cash on hand, unused credit lines and the ability to generate cash flow from operations to fund its expected financial obligations for the next few years.

6. Cash Flow

During the third quarters of 2010 and 2009, the Company generated cash from operating activities of \$44.0 million and \$28.2 million, respectively. The increase in cash flow compared to last year's third quarter was primarily due to lower working capital requirements during the third quarter of 2010 compared to the third quarter of 2009.

Capital spending in the third quarter amounted to \$20.1 million compared to \$19.9 million last year. Depreciation and amortization for the third quarters of 2010 and 2009 were \$23.2 million and \$24.4 million, respectively. Plans for capital spending in 2010 are still expected to be below \$90 million for the year. The Company is continuing to seek investment opportunities to expand its business geographically, add capacity in its facilities and improve its competitiveness.

Dividends paid in the third quarters of 2010 and 2009 were \$5.3 million and \$4.9 million, respectively. The total number of shares issued and outstanding as at September 30, 2010 and 2009, was 33.2 million and 32.8 million, respectively. 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 has decided to accelerate the timing of the annual dividend review to the third quarter and has approved a 9% increase to \$0.1625 per Class A share and \$0.175 per Class B share to shareholders of record as of December 14, 2010, and payable on January 4, 2011. The annualized dividend rate is \$0.65 per Class A share and \$0.70 per Class B share.

The Company's share repurchase program under a normal course issuer bid ("the bid") became effective March 23, 2009, indicating the intention to acquire under the bid up to 13,000 Class A voting shares and 2,100,000 of its issued and outstanding Class B non-voting shares in the following 12-month period. The bid expired on March 22, 2010, and there were no shares purchased under this bid. Under CCL's previous normal course issuer bid, which expired on March 3, 2009, CCL purchased 618,000 Class B non-voting shares at a weighted average price per share of \$29.27 and no Class A voting shares. All of the shares acquired under the prior bid were cancelled.

7. Interest Rate and Foreign Exchange Management

The Company has utilized interest rate swap agreements ("IRSA") to allocate notional debt between fixed and floating rates since all of the underlying debt is fixed rate debt with U.S. financial institutions. Since the Company has developed into a global business with a significant asset base in Europe in the last few years, it has utilized cross-currency interest rate swap agreements ("CCIRSA") to effectively convert notional U.S. dollar fixed rate debt into fixed and floating rate euro debt to hedge its euro-based assets and cash flows.

The effect of the IRSAs and CCIRSAs has been to decrease interest expense by \$0.5 million in the third quarter of 2010 compared to a decrease of \$0.7 million in the third quarter of 2009. Interest coverage (a non-GAAP measure, defined later in Section 13) increased to 4.8 times as at September 30, 2010, compared to 3.5 times as at September 30, 2009, due to both lower interest expense and higher operating income on a 12-month rolling basis.

8. Accounting Policies and New Standards

A. Changes in 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 annual consolidated

financial statements for the year ended December 31, 2009. There are no changes in accounting policies adopted in the current year due to changes in Canadian GAAP.

B. Recently Issued Accounting Standards

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

Section 1582, Business Combinations, establishes standards for accounting for business combinations and is equivalent to the IFRS (“International Financial Reporting Standards”) standard, 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.

The Company is currently assessing the impact of these three accounting standards.

C. International Financial Reporting Standards

The Canadian Accounting Standards Board confirmed in February 2008 that all publically 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 estimated impact on the financial statements will be continually reassessed throughout 2010 and updates will be presented in subsequent MD&A reports.

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 have commenced, 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 2010.

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 changes in the standards between now and January 1, 2011, and 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
<p>Project Overview:</p> <ul style="list-style-type: none"> • Project team formation including project lead • Allocate project resources • Develop project plan and charter • Project management methods 	<ul style="list-style-type: none"> • Selection of project lead November 2008 • Selection of outside consultant January 2009, work completed December 2009 • Document project plan and project update methodologies 	<ul style="list-style-type: none"> • Resources have been identified and assigned • Project updates to senior management and the Audit Committee taking place at least quarterly • Staff training is ongoing
<p>Financial Statements:</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Detailed impact assessments to identify the differences has been completed • Revised financial statement layout is complete and review of additional disclosures is well underway • Rollout of changes impacting plants has been completed • Data collection of plant and corporate initial estimates of impacts has been completed and will be updated throughout 2010 • Accounting policy changes and selections have been completed • IFRS 1 elections have been reviewed by senior management and the Audit Committee

<p>System and Process Changes:</p> <ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 is with senior management for review and will be finalized during Qtr 4, 2010
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During the second and third quarters of 2010, the Company commenced the opening balance sheet audit and the review of the IFRS financial statements with all required financial statement note disclosures with our external auditors, KPMG. Both of these reviews are expected to be completed during the fourth quarter of 2010.

Outlined below by topic are some of the areas of expected accounting changes for 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, such as changes in IFRS standards, 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 transition date to IFRS 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 our 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, our 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, 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, will be 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 & equipment and a corresponding increase to intangible assets.

Share-Based Payments

IFRS 2, Share-based Payments, requires for awards that vest in installments over the vesting period, that each installment is accounted for as a separate arrangement rather than permitting the installments 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 payment, 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, First-Time Adoption of International Reporting Standards, 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 \$14.0 million with a corresponding increase to long-term liabilities.

Financial Instruments

IAS 39, Financial Instruments: Recognition and Measurement, requires that transaction 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, First-Time Adoption of International Reporting Standards ("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. Additional options available have not yet been decided by the Company.

- 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, First-Time Adoption of International Reporting Standards, 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.

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 annual consolidated financial statements for the year ended December 31, 2009.

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 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 annual consolidated financial statements for the year ended December 31, 2009, 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.

9. Commitments and Contingencies

The Company has no material "off-balance sheet" financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 15 of the annual consolidated financial statements for the year ended December 31, 2009. There are no defined benefit plans funded with CCL stock.

The Company has had no material changes in contractual obligations in the third quarter of 2010.

10. Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the 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, 2009, and September 30, 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.

As of December 31, 2009, and September 30, 2010, the CEO and the CFO certified that they were in compliance with NI 52-109 regarding internal control over financial reporting.

There were no material changes in internal control over financial reporting in the nine months ended September 30, 2010.

11. Risks and Strategies

The 2009 Management's Discussion and Analysis in the annual report detailed risks to the Company's business and the strategies that were planned for 2010 and beyond. Although the global macroeconomic conditions have added a significant degree of uncertainty and volatility for all businesses in this environment, there have been no material changes to those risks and strategies.

12. Outlook

The Company remains confident about its abilities to deliver strong results and cash flows to support its growth strategy and investment opportunities to maintain its premier position and to further expand its operations geographically in the specialty packaging business. Liquidity continues to be a key priority for the Company as evidenced by its cash balances of over \$144 million and unused credit lines of over \$90 million. The Company remains focused on vigilantly managing capital spending while actively seeking investment opportunities in

high-growth areas such as emerging markets and the Healthcare and Specialty business. The Company also continues to closely manage working capital as business expands.

The positive economic trends seen in the first half of 2010 have shown signs of slowing down and concerns about a double dip recession persist. The United States and European economies continue to show positive development in the quarter although the growth rate has slowed against comparatives as the recovery from the economic crisis had already begun in the third quarter of 2009. Emerging markets of Latin America, Asia and Eastern Europe continue to deliver double-digit growth and now accounts for approximately 16% of the Company's revenues. Despite these positive signs, the global economies remain fragile as governments cope with record deficits and currency issues, while investors remain cautious about the markets and continue to maintain record levels of liquidity.

However, after a solid nine months in 2010, the Company remains optimistic about the outlook for the year. Customers remain focused on attracting new consumers with significant investment in new designs and promotional activity to deliver a strong value proposition at the retail level. Comparatives for the remainder of the year will become more difficult as the second half of 2009 benefited from the increased demand for directly or indirectly H1N1-related products and a generally improving economic picture globally. In addition, the negative impact of foreign currency on a comparative basis with 2009 will persist in the fourth quarter if the strength of the Canadian dollar relative to the currencies of CCL's foreign operations remains unchanged from current levels. The Company will continue to focus on improving the performance of its Container Division with particular focus on raising prices. However, the timing and execution of those increases and fluctuation in foreign currency rates will continue to be a challenge. Our expectation for capital expenditure needs continues to be below \$90 million, or approximately depreciation, for the year.

13. 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 the Company'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 CCL'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.

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.

(in millions of Canadian dollars, except shares issued and per share data)

Book value per share

At September 30th	2010	2009
Total shareholders' equity, end of period	\$ 791.0	\$ 762.2
Number of shares issued and outstanding, end of period ('000)	33,176	32,840
Less: Shares held in trust	(265)	(345)
Executive share purchase plan loans	(25)	(75)
Total adjusted number of shares issued ('000)	32,886	32,420
Book value per share	\$ 24.05	\$ 23.51

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 management to assess 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 CCL's ability to incur or service debt and to invest in property, plant and equipment, and it allows management to compare CCL's business to that of CCL's 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.

(in millions of Canadian dollars)					
EBITDA (earnings before interest, taxes, depreciation and amortization, goodwill impairment loss, restructuring and other items)	Third Quarter		Year-to-Date		
	2010	2009	2010	2009	
Net earnings	\$ 14.9	\$ 16.6	\$ 56.6	\$ 42.3	
Corporate expense	5.9	2.6	16.8	12.4	
Interest expense, net	6.2	7.0	19.1	22.8	
Restructuring and other items – (gain)/loss	-	-	(0.1)	2.1	
Income taxes	7.0	2.7	25.2	17.6	
Operating Income (a non-GAAP measure)	34.0	28.9	117.6	97.2	
Less: Corporate expense	(5.9)	(2.6)	(16.8)	(12.4)	
Add: Depreciation and amortization	23.2	24.4	70.0	74.1	
EBITDA (a non-GAAP measure)	\$ 51.3	\$ 50.7	\$ 170.8	\$ 158.9	

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.

(in millions of Canadian dollars)

Interest coverage

	12-month rolling*				Year-to-date		
	October 1 – September 30		December 31		September 30	September 30	September 30
	2010	2009	2009	2008	2010	2009	2008
Operating income (a non-GAAP measure) (see definition below)	\$ 144.8	\$ 121.4	\$ 124.4	\$ 142.8	\$ 117.6	\$ 97.2	\$ 118.6
Less: Corporate expense	\$ 20.9	\$ 15.5	\$ 16.5	\$ 11.5	\$ 16.8	\$ 12.4	\$ 8.4
Operating income less corporate expense	\$ 123.9	\$ 105.9	\$ 107.9	\$ 131.3	\$ 100.8	\$ 84.8	\$ 110.2
Net interest expense	\$ 25.6	\$ 30.5	\$ 29.3	\$ 23.9	\$ 19.1	\$ 22.8	\$ 16.2
Interest coverage	4.8	3.5					

* 12-month rolling represents December 31st annual results plus the current year's year-to-date results less the prior year's year-to-date results.

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, which includes bank 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 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 5 of the Company's quarterly financial statements.

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 net earnings used in the Return on Sales measure to Canadian GAAP measures reported in the consolidated statements of earnings in the industry segmented information as per note 7 of the Company's quarterly financial statements for the periods ended as indicated.

(in millions of Canadian dollars)

Industry Segments	Sales		Operating Income/(Loss)		Return on Sales	
	Third Quarter 2010	2009	Third Quarter 2010	2009	Third Quarter 2010	2009
Label	\$ 238.4	\$ 244.7	\$ 32.5	\$ 30.7	13.6%	12.5%
Container	44.0	31.6	(0.7)	(2.8)	(1.6%)	(8.9%)
Tube	19.3	18.1	2.2	1.0	11.4%	5.5%
Total Operations	\$ 301.7	\$294.4	\$ 34.0	\$ 28.9	11.3%	9.8%

Total Debt – A measure indicating the financial indebtedness of the Company. It is defined as current debt, which includes 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.

(in millions of Canadian dollars)

Total debt

At September 30th	2010	2009
Current debt	\$ 85.4	\$ 59.5
Long-term debt	361.2	452.9
Total Debt	\$ 446.6	\$ 512.4