



March 19, 2008

Dear Shareholder:

We are pleased to invite you to attend the Annual Meeting of Shareholders of Canada Bread Company, Limited to be held at the Albany Club, 91 King Street East, Toronto, Ontario at 2:30 p.m. on Friday, April 25, 2008. The items of business you will be asked to act on are set forth in the accompanying Notice of Annual Meeting and Management Information Circular.

We encourage you to ensure that your shares are represented at the Meeting, whether or not you are able to attend. Your vote is important. If you do not plan to be present, we would appreciate you taking the time now to sign, date and return the enclosed proxy form in the enclosed envelope so that your shares can be voted at the Meeting in accordance with your instructions.

Proxies will be counted and tabulated by Computershare Investor Services Inc., the transfer agent of Canada Bread Company, Limited.

We thank you for your continuing support of the Company as a shareholder.

Yours very truly,

MICHAEL H. MCCAIN
Chairman of the Board

RICHARD A. LAN
President & Chief Executive Officer



CANADA BREAD COMPANY, LIMITED

NOTICE OF THE ANNUAL MEETING OF THE SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the Shareholders (the "Meeting") of Canada Bread Company, Limited (the "Corporation") will be held at the **Albany Club, 91 King Street East, Toronto, Ontario on Friday, April 25, 2008 at 2:30 p.m.** (Toronto time) for the following purposes:

- (a) to receive the consolidated financial statements for the year ended December 31, 2007, together with the auditors' report thereon;
- (b) to elect directors;
- (c) to appoint auditors and authorize the directors to fix their remuneration; and
- (d) to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Management Information Circular dated March 19, 2008 provides additional information concerning the matters to be dealt with at the Meeting.

DATED at Toronto this 19th day of March, 2008.

By Order of the Board.

R. Cappuccitti
Corporate Secretary

CANADA BREAD COMPANY, LIMITED

MANAGEMENT INFORMATION CIRCULAR

VOTING INFORMATION

SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation by management of Canada Bread Company, Limited (“Canada Bread” or the “Corporation”) of proxies to be used at the Annual Meeting of Shareholders of the Corporation (the “Meeting”) to be held at the Albany Club, 91 King Street East, Toronto, Ontario on Friday, April 25, 2008 at 2:30 p.m. for the purposes set forth in the attached Notice of the Meeting. The costs of such solicitation will be borne by the Corporation. It is planned that the solicitation will be primarily by mail but proxies may also be solicited by telephone, in writing, by email, by fax or in person by employees of the Corporation or by agents of the Corporation at a nominal and customary cost.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation. **A shareholder desiring to appoint some other person, who need not be a shareholder of the Corporation, to represent the shareholder at the Meeting may do so** either by inserting such person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Corporation, c/o Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, for receipt on or before 4:30 p.m. on the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or delivering it to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy should be executed by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by depositing an instrument in writing executed in the same manner as a proxy with the Secretary of the Corporation at the address shown above at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or with the Chairman of the Meeting on the day of such Meeting or any adjournment thereof and upon either of such deposits the proxy is revoked.

VOTING OF PROXIES

A proxy in the form enclosed with the Notice of Meeting confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting or other matters that may properly come before the Meeting. Management of the Corporation is not aware of any amendments, variations or other matters that are to be presented for action at the Meeting.

Shares represented by proxies properly executed in favour of the persons whose names are printed therein will be voted for or against or withheld from voting in accordance with the choices specified in the executed proxy on any ballot that may be called for but, if no choice is specified, such shares will be voted:

- (i) **FOR the election as directors of the Corporation of each of the persons listed as nominees under the heading “Election of Directors” below as directors;**
- (ii) **FOR the appointment of KPMG LLP, Chartered Accountants, as auditors of the Corporation and authorizing the directors to fix their remuneration; and**
- (iii) **FOR or AGAINST such actions as the nominee thinks fit with respect to any other matter that may properly come before the Meeting, including any amendments or variations in the matters identified in the Notice of Meeting.**

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at March 10, 2008, the Corporation had 25,416,812 voting common shares (“Common Shares”) outstanding. Each Common Share carries the right to one vote at the Meeting. To the knowledge of the directors and officers of the Corporation, the only person who beneficially owns directly or indirectly or exercises control or direction over more than ten percent (10%) of the votes attaching to the Common Shares is Maple Leaf Foods Inc. (“Maple Leaf Foods”, “Maple Leaf” or “MLF”) which holds directly or indirectly 22,359,715 Common Shares representing approximately 88.0% of the issued and outstanding Common Shares. The registered office of Maple Leaf Foods is Suite 1500, 30 St. Clair Avenue West, Toronto, Ontario M4V 3A2.

The directors have fixed the close of business on March 20, 2008 as the record date for the purposes of determining shareholders entitled to receive notice of and to vote at the Meeting. Accordingly, only persons who are holders of Common Shares of record at the close of business on March 20, 2008, or persons who are transferees of Common Shares acquired after March 20, 2008 and who produce properly endorsed certificates for such Common Shares or otherwise establish ownership thereof and demand, not later than ten (10) days before the Meeting, that the Secretary of the Corporation include their names in the list of shareholders, are entitled to vote at the Meeting.

NON-REGISTERED SHAREHOLDERS/BENEFICIAL OWNERS

Most shareholders are “beneficial owners” who are non-registered shareholders. The Common Shares of the Corporation held by them are registered in the name of an intermediary, such as a securities broker, financial institution, trustee, custodian or other nominee who holds the shares on their behalf, or in the name of a clearing agency in which the intermediary is a participant (such as CDS Clearing and Depository Services Inc.). Intermediaries have obligations to forward meeting materials to the non-registered holders, unless otherwise instructed by the holder (and as required by regulation in some cases, despite such instructions).

These security holder materials are being sent to both registered and non-registered shareholders of the Corporation. If you are a non-registered shareholder and these materials were sent directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding shares on your behalf.

By choosing to send these materials to you directly, Maple Leaf Foods (and not the intermediary holding shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. Non-registered holders should follow the directions of their intermediaries with respect to the procedures to be followed for voting. Generally, intermediaries will provide non-registered holders with either: (a) a voting instruction form for completion and execution by the non-registered holder, or enabling voting by alternate means such as telephone or Internet, or (b) a proxy form, executed by the intermediary and restricted to the number of shares owned by the non-registered holder, but otherwise uncompleted. These procedures are designed to permit the non-registered holders to direct the voting of the Common Shares of the Corporation which they beneficially own.

VOTING AT THE MEETING BY BENEFICIAL OWNERS

Only registered shareholders or their duly appointed proxyholders are permitted to vote at the Meeting. If a non-registered holder wishes to attend and vote in person at the Meeting, they must insert their own name in the space provided for the appointment of a proxyholder on the voting instruction form or proxy form provided by the intermediary and carefully follow the intermediary’s instructions for return of the executed form or other method of response.

BUSINESS OF MEETING

ELECTION OF DIRECTORS

The table below sets out the names of the persons proposed for election as directors of the Corporation to serve until the next Annual Meeting of Shareholders of the Corporation or until their successors are duly elected or appointed, unless any such person is not available to act as a director, in which event a substitute may be nominated. **The persons named in the enclosed form of proxy (unless otherwise instructed) intend to vote FOR the election of the nominees whose names are set forth below.**

Name of Nominee	Principal Occupation and Committee Membership	Canada Bread Shares ⁽¹⁾	Maple Leaf Shares ⁽¹⁾				
William E. Aziz Ontario, Canada Director Since: 2005 Age: 52 Independent Director	Managing Partner, BlueTree Advisors <i>(private management advisory firm)</i> <hr/> Mr. Aziz graduated from the Richard Ivey School of Business at the University of Western Ontario with Honors in Business Administration and is a Chartered Accountant licensed in Ontario. He practiced public accounting with Ernst & Young for nine years. He is the Managing Partner of BlueTree Advisors, a private management advisory firm. BlueTree is currently providing his services as CFO of Hollinger Inc. during its restructuring. He has been the Interim President and CEO of SR Telecom Inc. and the Interim CFO of Atlas Cold Storage Income Trust, both public companies. He was President of the BiWay division of Dylex Limited, a chain of about 300 discount retail stores, and Chairman and CEO of White Rose Crafts and Nursery, a publicly traded chain of retail home décor and nursery products. He was President and CEO of Agnew Group Inc. a chain of 343 retail footwear stores. Mr. Aziz played a key role in the restructurings of SR Telecom, Atlas Cold Storage Income Trust, BiWay Stores division of Dylex, White Rose Home & Garden, Omega Digital Data, Interlink Freight Systems and Agnew Family Footwear. Mr. Aziz has also been a director of a number of other public and private companies. He is currently on the audit committee of Tecumseh Products Company, Limited and chairs its governance committee. In the past he has served on the audit committee of Doman Industries Limited. Mr. Aziz has completed the Institute of Corporate Directors Governance College at the Rotman School of Business, University of Toronto and is certified to use the designation ICD.D. He has also studied negotiation and multi-party dispute resolution at Harvard Law School. Mr. Aziz is Chairman of the Audit Committee.						
	Other Public Company Board Service: <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"><i>Current</i></td> <td style="width: 50%; vertical-align: top;"><i>Past 5 Years</i></td> </tr> <tr> <td style="vertical-align: top;"> Tecumseh Products Company Sun-Times Media Group, Inc. Tanren Corporation </td> <td style="vertical-align: top;"> Doman Industries Limited Algoma Steel Inc. </td> </tr> </table> No interlocking directorships ⁽³⁾	<i>Current</i>	<i>Past 5 Years</i>	Tecumseh Products Company Sun-Times Media Group, Inc. Tanren Corporation	Doman Industries Limited Algoma Steel Inc.		
<i>Current</i>	<i>Past 5 Years</i>						
Tecumseh Products Company Sun-Times Media Group, Inc. Tanren Corporation	Doman Industries Limited Algoma Steel Inc.						

See footnotes on page 6.

Name of Nominee	Principal Occupation and Committee Membership	Canada Bread Shares ⁽¹⁾	Maple Leaf Shares ⁽¹⁾
John L. Bragg O.C. Nova Scotia, Canada Director Since: 1995 Age: 67 Independent Director	Chairman, President and Co-CEO, Oxford Frozen Foods Limited (<i>food manufacturing</i>)	46,930	100,000
	Mr. Bragg has a Bachelor's degree in commerce from Mount Allison University. He is Chairman and CEO of Oxford Frozen Foods Limited, a privately held food products company based in Nova Scotia. He is the president or chairman of a number of other affiliated companies in the food, building supply, lumber and telecommunications industries. He is a director or past director of a number of publicly traded companies including Sobeys Inc., Imasco Ltd., Shaw Communications Inc., Maritime Life Assurance Co. and Maritime Telephone and Telegraph Co., Ltd. Mr. Bragg is an Officer of the Order of Canada and the Chancellor of Mount Allison University. Mr. Bragg is a member of the Audit Committee and a member of the Governance Committee.		
	Other Public Company Board Service:		
	<i>Current</i>	<i>Past 5 Years</i>	
	Sobeys Inc.	None	
	Empire Company Limited		
	The Toronto-Dominion Bank		
	<i>No interlocking directorships ⁽³⁾</i>		
Sarah A. Everett Ontario, Canada Director Since: 1995 Age: 55 Independent Director	Executive Director, Royal Canadian Securities Limited (<i>privately held holding company</i>)	1,600	
	Ms. Everett holds a Bachelor of Arts (Honours) degree from Queen's University and a Master of Arts degree from the University of Toronto. She is Executive Director of Royal Canadian Securities Limited, a privately held company based in Winnipeg, Manitoba, which together with its subsidiaries is engaged primarily in retail operations, real estate development and property management. Ms. Everett has previously held positions in the consumer packaged goods industry and was the owner/operator (President) of Domo Gasoline Corporation Ltd., a privately held chain of retail gasoline outlets. She was the Chairman of Tereve Holdings Ltd., a privately held national chain of giftware, home furnishing and decorative home accessories stores. Ms. Everett is a member of the Audit Committee and a member of the Governance Committee.		
	Other Public Company Board Service:		
	<i>Current</i>	<i>Past 5 Years</i>	
	None	None	
	<i>No interlocking directorships ⁽³⁾</i>		
Richard A. Lan New Jersey, U.S.A. Director Since: 1995 Age: 53 Non-Independent Director	President and Chief Executive Officer of the Corporation and COO, Food Group, Maple Leaf Foods Inc.	2,500	6,000 ⁽²⁾
	Mr. Lan joined Maple Leaf Foods Inc. in 1995 and served as Executive Vice-President of Maple Leaf Foods Inc. and President of Maple Leaf Foods USA Inc. In 1998, he was appointed President, Chief Operating Officer, Bakery Products Group, Maple Leaf Foods Inc. and as of 2006, is currently its Chief Operating Officer, Food Group. Mr. Lan attended the University of Rhode Island where he attained his Bachelor of Science degree in Accounting. He was founder and President of Dell Products Corp., a frozen juice concentrate manufacturer in New Jersey. In 1988, the business was sold to McCain Foods and Mr. Lan assumed the position of President and CEO of McCain Citrus, where he remained until he joined Maple Leaf Foods Inc.		
	Other Public Company Board Service:		
	<i>Current</i>	<i>Past 5 Years</i>	
	None	None	
	<i>No interlocking directorships ⁽³⁾</i>		

See footnotes on page 6.

Name of Nominee	Principal Occupation and Committee Membership	Canada Bread Shares ⁽¹⁾	Maple Leaf Shares ⁽¹⁾
G. Wallace F. McCain O.C. Ontario, Canada Director Since: 1995 Age: 77 Non-Independent Director	Chairman, Maple Leaf Foods Inc. 300,361 ⁽²⁾ <hr/> Mr. McCain co-founded McCain Foods Limited in 1956 which has grown to become one of the largest frozen food companies in the world. Mr. McCain was President and Co-CEO of McCain Foods Limited until 1995 and is currently its Vice-Chairman and a director and is a director of other associated companies within the McCain Foods Group. Mr. McCain is also a director of St. Michael's Hospital Board, Brookfield Asset Management Inc. and Maple Leaf Foods Inc. He is Co-Chair of the National Ballet School Financial Campaign and a member of the National Advisory Council for Mount Allison University. Mr. McCain is an Officer of the Order of Canada. <hr/> Other Public Company Board Service: <i>Current</i> <i>Past 5 Years</i> Brookfield Asset Management Inc. None Maple Leaf Foods Inc. <i>(Interlocking directorship with M.H. McCain and J.S. McCain)</i> ⁽³⁾		
J. Scott McCain Ontario, Canada Director Since: 1995 Age: 51 Non-Independent Director	President and Chief Operating Officer, 156,089 ⁽²⁾ Agribusiness Group, Maple Leaf Foods Inc. <hr/> Prior to joining Maple Leaf Foods Inc. in 1995, Mr. McCain was Vice-President for Production, McCain Foods Limited in Canada. Mr. McCain joined McCain Foods Limited in 1978 where he held progressively senior positions in manufacturing and operations. He is a director of McCain Foods Group as well as a director of Maple Leaf Foods Inc. He is a member of the Board of Regents at Mount Allison University and a board member of Food Processors of Canada. <hr/> Other Public Company Board Service: <i>Current</i> <i>Past 5 Years</i> Maple Leaf Foods Inc. None <i>(Interlocking directorship with G.W.F. McCain and M.H. McCain)</i> ⁽³⁾		
Michael H. McCain Ontario, Canada Director Since: 1995 Age: 49 Non-Independent Director	President and Chief Executive Officer, 176,773 ⁽²⁾ Maple Leaf Foods Inc. <hr/> Mr. McCain joined Maple Leaf Foods Inc. in April 1995 as President and Chief Operating Officer. Prior to joining Maple Leaf Foods, Mr. McCain spent 16 years with McCain Foods Limited in Canada and the United States and was, at the time of leaving in March 1995, President and Chief Executive Officer of McCain Foods USA Inc. In January 1999, Mr. McCain was appointed Chief Executive Officer of Maple Leaf Foods Inc. He is a director of Maple Leaf Foods Inc., McCain Foods Group Ltd., the American Meat Institute, and Royal Bank of Canada. He is a past director of the American Frozen Food Institute and Bombardier Inc. Mr. McCain also serves on the Board of Trustees of The Hospital for Sick Children. <hr/> Other Public Company Board Service: <i>Current</i> <i>Past 5 Years</i> Royal Bank of Canada Bombardier Inc. Maple Leaf Foods Inc. None <i>(Interlocking directorship with G.W.F. McCain and J.S. McCain)</i> ⁽³⁾		

See footnotes on page 6.

Name of Nominee	Principal Occupation and Committee Membership	Canada Bread Shares ⁽¹⁾	Maple Leaf Shares ⁽¹⁾
John. F. Petch, Q.C. Ontario, Canada Director Since: 1995 Age: 69 Independent Director	Consulting Counsel, Osler, Hoskin & Harcourt LLP <i>(barristers and solicitors)</i>	1,000	
	Mr. Petch is consulting counsel to Osler, Hoskin & Harcourt LLP, a leading Canadian law firm. He is currently a director of ShawCor Ltd. and director and Vice-Chair of Andrew Peller Limited, both of which are publicly traded companies listed on the Toronto Stock Exchange. Mr. Petch is Chair of the Governing Council of the University of Toronto and past chair of St. Michael's Hospital, Toronto. He is Chairman of the Governance Committee.		
	Other Public Company Board Service:		
	<i>Current</i>	<i>Past 5 Years</i>	
	ShawCor Ltd.	None	
	Andrew Peller Limited		
	<i>No interlocking directorships ⁽³⁾</i>		
Michael H. Vels Ontario, Canada Director Since: 2007 Age: 46 Non-Independent Director	Executive Vice-President and Chief Financial Officer, Maple Leaf Foods Inc. and Chief Financial Officer of the Corporation	5,000	53,665
	Mr. Vels joined Maple Leaf Foods Inc. in 1991 during which time, he has held senior finance positions of increasing responsibility and was appointed to his current responsibilities as Executive Vice-President and Chief Financial Officer of Maple Leaf Foods Inc. in 2004. Mr. Vels was appointed Chief Financial Officer of the Corporation in 1999. He received his Chartered Accountant designation in South Africa in 1985 and worked for several years in the United Kingdom, specializing in mergers and acquisitions.		
	Other Public Company Board Service:		
	<i>Current</i>	<i>Past 5 Years</i>	
	None	None	
	<i>No interlocking directorships ⁽³⁾</i>		

Notes:

- (1) As of March 7, 2008, the nominees for directors listed above beneficially owned, directly or indirectly, or exercised control or direction over the number of common shares of the Corporation and Maple Leaf indicated in the table above. The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.
- (2) Maple Leaf Foods holds approximately 88.0% of the shares of Canada Bread. McCain Capital Corporation is the owner of 41,518,153 voting common shares of Maple Leaf Foods representing approximately 32.0% of all issued and outstanding shares (38.6% of voting shares) of Maple Leaf Foods. The majority of the shares of McCain Capital Corporation are owned by members of the G. Wallace F. McCain family including G.W.F. McCain, M.H. McCain and J.S. McCain. Mr. R.A. Lan is also a shareholder of McCain Capital Corporation. (Reference is made to the heading "Voting Securities and Principal Holders Thereof".)
- (3) Directors who served together on the board of directors of other publicly traded companies as at March 10, 2008.

INFORMATION REGARDING CERTAIN DIRECTORS

Within ten years preceding the date of this circular:

Mr. Aziz acted as an officer and director of Omega Digital Data Inc., a private company which consented to the appointment of a receiver by its bank creditor. Mr. Aziz was appointed the Chief Financial Officer of Hollinger Inc. on March 8, 2007 which corporation is subject to a permanent management cease trade order (“MCTO”) effective June 1, 2004 which order will remain in place until two full business days following receipt by the Ontario Securities Commission of all filings that Hollinger Inc. is required to make pursuant to Ontario securities laws. The order has been issued as a result of the delay in filing annual and first quarter interim financial statements (and annual and interim Management’s Discussion & Analysis related thereto) by the required filing dates under the applicable Canadian securities laws. The Ontario Securities Commission issued an order on April 10, 2007 effective that date revoking the Management and Insider Cease Trade Order as Hollinger had remediated its historical continuous disclosure record. On August 1, 2007, Hollinger Inc. obtained an order from the Ontario Superior Court of Justice granting it protection from its creditors under the *Companies Creditors Arrangement Act (Canada)*. On August 1, 2007, Hollinger Inc. also made a concurrent petition for an order under Chapter 15 of the United States Bankruptcy Code for similar relief.

Ms. Everett was Chairman and a director of Tereve Holdings Ltd., a private company which was subject to proceedings under the *Companies Creditors’ Arrangement Act (Canada)* in 2005 and subsequently to bankruptcy proceedings under the *Bankruptcy and Insolvency Act (Canada)* in 2006.

APPOINTMENT OF AUDITORS

The Board of Directors of the Corporation proposes that KPMG LLP be appointed as auditors of the Corporation and that the shareholders authorize the directors to fix their remuneration. **The persons named in the enclosed form of proxy (unless otherwise instructed) intend to vote to appoint KPMG LLP, Chartered Accountants, Toronto, as auditors of the Corporation to hold office until the next Annual Meeting of shareholders of the Corporation and to authorize the directors to fix their remuneration.** KPMG LLP was first appointed auditor of Canada Bread in 1995 and has served continuously since then.

For the years ended December 31, 2007, 2006 and 2005, the fees paid by the Corporation for the services performed by KPMG LLP are set out in the table below. Annually, the Audit Committee reviews a summary of all services provided by the auditors to the Corporation and its subsidiaries. The Audit Committee has established a policy requiring prior approval by the Committee or the Chairman of the Committee of all non-audit services to be rendered by KPMG LLP.

In the last two years, KPMG LLP has not provided any of following services to the Corporation: (i) bookkeeping services and other services related to accounting records or financial statements; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions; (vii) human resources; (viii) broker-dealer, investment advisor or investment banking services; (ix) legal services and expert services unrelated to the audit.

Description	2007 (\$)	2006 (\$)	2005 (\$)
Audit fees ⁽¹⁾	860,946	634,785	572,860
Audit-related fees ⁽²⁾	764,156	621,332	1,637
Tax fees ⁽³⁾	204,367	184,049	116,848
All other fees ⁽⁴⁾	—	47,000	—
Total fees	1,829,469	1,487,166	691,343

Notes:

- (1) For the audit of the Canada Bread annual financial statements (including the audits of subsidiaries).
- (2) Audit-related services consisting primarily of audit procedures related to business acquisition transactions and audits of financial statements of employee benefit plans that are not reported in (1), including accounting consultations, comfort letters and various agreed upon procedures.
- (3) For tax compliance, advice, planning and return preparation services.
- (4) For products and services other than the fees reported in (1) to (3).

DIRECTORS' AND EXECUTIVE COMPENSATION

COMPENSATION OF DIRECTORS

Directors of the Corporation received remuneration for their services during the 2007 financial year in an aggregate amount of \$348,200. Retainers for Board and Committee service are paid annually in advance. These retainers were paid following election of the directors at an Annual Meeting and are in respect of service on the Board for the period commencing then and ending on the date of the next Annual Meeting. The compensation paid for service in 2007 to each director consisted of a retainer of \$70,000 per annum (increased from \$45,000 in 2006) plus \$1,500 for each committee on which such director served. The chairman of the Governance Committee received a retainer of \$3,000 and the chairman of the Audit Committee, \$8,000. Directors received \$1,500 for each meeting of the Board attended in person and \$800 for any Board meeting held by teleconference. The fee for attendance at a committee meeting on the same day as a Board meeting or held by teleconference was \$800. The fee for attendance at a committee meeting in person on other days was \$1,000. The Governance Committee has recommended that a portion of the annual retainer be used to purchase Common Shares of the Corporation. Directors who are officers of the Corporation or any subsidiary company or of Maple Leaf Foods do not receive fees. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending Board or committee meetings.

COMPOSITION OF THE COMPENSATION COMMITTEE

The Governance Committee serves as the Corporation's compensation committee. The Governance Committee is composed of three directors, all of whom are independent within the meaning of applicable securities laws. The Committee consists of John F. Petch (Chairman), John L. Bragg and Sarah A. Everett. There have been no changes to the composition of the Committee since January 1, 2007.

While only one of the three members of the Committee is a CEO (Mr. Bragg is the CEO of a private company), no member is currently the CEO of any publicly listed entity. Each Committee member has experience with executive compensation matters. The Committee supports its independence by meeting *in camera* at the request of any member but at least once per year.

The Committee meets at least twice a year as required at the call of the Chairman of the Committee. In 2007, the Committee met four (4) times.

REPORT ON EXECUTIVE COMPENSATION

Among other responsibilities, it is the responsibility of the Governance Committee (the "Committee") to assess, and to monitor and modify as required, and approve the design and administration of compensation policies and practices generally of the Corporation and specifically, compensation policies and practices with respect to senior management (including executive officers) of the Corporation. The Committee meets at least three times per year and as required at the call of the Chairman of the Committee. The Committee reports to the Board on its proceedings.

Executive Compensation Strategy and Competitive Positioning

The objective of the Committee is to provide for a comprehensive compensation strategy that achieves the following results:

1. to attract and retain individuals of superior talent and skill by offering competitive salaries, taking into account the knowledge, skills and experience of individual executives, and the demands and responsibilities of their positions;
2. to motivate superior individual and group performance by including a component of incentive/variable pay compensation which rewards the achievement of financial performance as determined by the Board;
3. to link individual and group performance with shareholder interests and retain top performing, high potential executives; and
4. to encourage retention of key performers for the succession of management of the Corporation.

In arriving at its determination, the Committee has historically utilized formal compensation design and practice assessments and advice from independent sources as well as human resource management specialists within the Corporation. In addition, the Corporation familiarizes itself with the compensation practices of Maple Leaf Foods.

The Corporation has adopted a comprehensive and rigorous performance evaluation methodology for all salaried employees upon which all compensation matters are based. The compensation decisions made by the Committee seek to balance internal compensation equity for employees with external measurements for competitive practices within Canadian companies and subsidiary companies of a comparable size and where competitively appropriate, a larger size, and other North American companies in the consumer products industry. Reference is also made to local market practices for executives outside North America in respect of companies of similar or larger size as compared to the Corporation. In these comparisons, consideration is given to consumer packaged goods companies. In addition to internal and external analyses of compensation levels and programs, the Committee considers in the design of each segment of compensation, the long-term interest of the Corporation and its shareholders, and specifically, financial measures such as earnings before tax. To this end, the Corporation includes incentive/variable pay components within the design of the Corporation's total compensation program for employees.

Recommendations on compensation for the Chief Executive Officer ("CEO") are made to the Committee by the Chairman of the Board. Recommendations on compensation matters, other than matters directly affecting him, are made to the Committee by the CEO. In 2006, the CEO assumed the additional role as Chief Operating Officer, Food Group, Maple Leaf Foods Inc. Compensation decisions regarding the CEO are made by the Board and the Human Resources and Compensation Committee of Maple Leaf Foods Inc. The CEO's compensation is borne partially by Canada Bread Company, Limited and partially by Maple Leaf Foods Inc.

The total compensation program for executive officers consists of four components: a base salary, an annual bonus, a long-term incentive component and benefits in kind. Long-term incentive compensation is awarded to the senior managers of Canada Bread (including the CEO and other named executive officers) by Maple Leaf Foods under the Maple Leaf Foods share option and restricted share unit plans. In establishing salaries, the Committee seeks to establish levels which are competitive with the comparative groups mentioned above. Individual levels, which are established annually, are determined in accordance with the performance of the individual over the preceding performance review period and superior individual performance will be recognized by the Committee.

The following table summarizes all annual compensation earned by Mr. Lan for services as the President and Chief Executive Officer of the Corporation and for services as Chief Operating Officer, Food Group, Maple Leaf Foods Inc.

(in \$US) ⁽⁴⁾	Total			
	2005 to 2007	2007	2006	2005
Cash compensation				
Base salary	1,962,500	775,000	637,500	550,000
Bonus	1,529,187	903,844	143,588	481,755
Total cash compensation	3,491,687	1,678,844	781,088	1,031,755
Equity compensation				
Grant of restricted share units ⁽¹⁾	4,233,447	2,096,709	1,674,472	462,266
Grant of share options ⁽²⁾	269,147	—	—	269,147
Total direct compensation	7,994,281	3,775,553	2,455,560	1,763,168
Pension related to service and compensation ⁽³⁾				
Under defined contribution plans	31,500	9,000	12,000	10,500
Under defined benefit plans	—	—	—	—
Total annual compensation \$ U.S.	8,025,781	3,784,553	2,467,560	1,773,668
Total annual compensation \$ CAD	9,015,044	4,067,567	2,798,444	2,149,034

Notes:

- (1) Details of the units awarded are found in the section below under the heading entitled "Share Option and Share Incentive Plan" on page 12. The restricted share units ("RSUs") have been valued using assumptions and methodology consistent with those used by Maple Leaf Foods for valuing the expense in the financial statements. The assumptions used for accounting purposes are found in Note 16 of the financial statements of Maple Leaf Foods for the year ended December 31, 2007.
- (2) The share options have been valued using the Black-Scholes model and using assumptions consistent with those used by Maple Leaf Foods for valuing the expense in the financial statements. Each of the share options awarded have performance vesting restrictions as described in the Management Information Circulars dated March 2006 and March 2005.
- (3) The amount in the table above represents the contributions by the Corporation to a 401(k) retirement plan maintained by the Corporation. The plan is a defined contribution plan.
- (4) Items of compensation paid or denominated in Canadian dollars (share options and RSUs) were converted to U.S. dollars using the average Canada/U.S. exchange rate for the year.

The normal annual salary adjustment date is July 1st. In establishing annual bonus compensation, the Committee establishes threshold earnings of the Corporation to be achieved the following year. This ensures that shareholders receive an adequate level of performance before executives are rewarded. Specific awards to each executive are then allocated to reflect business performance. Executives employed by the Corporation during only part of the financial year may be entitled to participate in incentive compensation programs in that year, but only on a pre-negotiated basis.

Senior employees of the Corporation are eligible to participate in the Maple Leaf Foods share compensation arrangements and awards have been granted to executives from time to time, based on recommendations by senior management as a tool to motivate executives to enhance the value of the Corporation. In 2006, the Maple Leaf Foods restricted share unit (“RSU”) plan was revised. Under the revised plan, on maturity vested RSUs are distributed in the form of shares purchased by a trust on the TSX. The maturity period under the new plan is three years. The performance vesting formula (based on the Maple Leaf Foods’ total shareholder return versus the S&P Food Index) has remained in place with some modifications. For each RSU granted, one share is awarded on maturity if Maple Leaf Foods performance equals the S&P Food Index. (The S&P Food Index, while not a published index, is maintained by Standard & Poor’s and consists of the food company stocks, approximately 30, that are in the S&P 500 Index, the S&P Midcap 400, and the S&P Smallcap 600). At 75% performance or less, one-half share vest and is awarded. At 125% performance, the maximum, one and a half shares, vest and are awarded.

PERFORMANCE ⁽¹⁾	PERCENT VESTING
75% or below	50%
100%	100% ⁽²⁾
125% or above	150% ⁽²⁾

Notes:

- (1) Performance means Maple Leaf Foods Inc. total shareholder return express as a percentage of the S&P Food Index total shareholder return for the same period.
- (2) Vesting is prorated if performance is between 75% and 100% or 100% and 125%.

The shares vesting are distributed at the end of three years except that 50% of the minimum number vesting will be distributed at the end of 18 months. The number of RSUs granted to each executive, and to all senior managers, is heavily based on individual performance assessments.

The Corporation provides perquisites and benefits, on a standardized basis for executives. The benefits are selected on the basis of cost effectiveness but are not intended to be competitive with those provided by companies of comparable size.

This report is presented by the Governance Committee:

J.F. Petch – Chairman

J.L. Bragg

S.A. Everett

SUMMARY COMPENSATION TABLE

The following tables provide a summary of compensation earned during each of the last three fiscal years by the Corporation's CEO, CFO and the three most highly compensated executive officers for the year ended December 31, 2007 other than the CEO and CFO. The CEO, CFO and other executive officers are referred to collectively as the "Named Executive Officers". In this report, an "executive" or "executive officer" means the Chairman of the Board, the President, the CEO, or Vice-President in charge of a principal business unit, division or function of the Corporation, and any other officers of the Corporation or any subsidiary performing a policy-making function in respect to the Corporation. Specific aspects of the compensation policies and practices of the Corporation are dealt with in further detail in the following tables and the Report on Executive Compensation in the previous section.

Name and Principal Position with Corporation at Year End	Year	Annual Compensation			Long-Term Compensation		
		Salary ⁽¹⁾ (\$)	Bonus ⁽²⁾ (\$)	Other Annual Compensation ⁽³⁾ (\$)	Awards Securities Under Option Granted ⁽⁴⁾ (#)	Payouts All Other LTIP Payouts ⁽¹⁰⁾ (\$)	All Other Compensation (\$)
RICHARD A. LAN ⁽⁵⁾ President and Chief Executive Officer	2007	US\$ 775,000	US\$ 903,844			US\$ 223,560	US\$ 9,000
	2006	US\$ 637,500	US\$ 143,588				US\$ 12,000
	2005	US\$ 550,000	US\$ 481,755		70,000		US\$ 10,500
MICHAEL H. VELS ⁽⁶⁾ Chief Financial Officer	2007	603,846	708,152			240,279	
	2006	575,000	55,802				
	2005	535,000	406,168		70,000		
PETER G. MAYCOCK ⁽⁸⁾ Managing Director Maple Leaf Bakery UK	2007	GBP £153,750	GBP £115,713			GBP £25,665	GBP £7,688
	2006	GBP £141,250	GBP £95,775				GBP £7,063
	2005	GBP £135,900	GBP £70,420		8,000		GBP £6,795
C. BARRY McLEAN ⁽⁹⁾ President, Canada Bread Fresh Bakery	2007	484,987	367,778			153,621	
	2006	457,475	322,779				
	2005	418,125	347,970		35,000		39,765
RÉAL MÉNARD President, Canada Bread Frozen Bakery	2007	343,000	337,250			98,475	
	2006	301,000	128,848				
	2005	289,474	174,559		18,750		

Notes:

- (1) Salary figures represent actual monies paid by the Corporation and its subsidiaries during the year for services rendered to the Corporation and its subsidiaries.
- (2) Bonuses shown for 2007 are those applicable to 2007 under the Corporation's Rewards for Excellence bonus plan. They have been calculated based on 2007 salaries and individual and corporate performance, and are payable in 2008.
- (3) The table does not include the value of perquisites as they are less than \$50,000 and 10% of total annual salary and bonus for each Named Executive Officer.
- (4) Options to purchase voting common shares of Maple Leaf Foods.
- (5) Mr. Lan is based in the U.S. and is paid in U.S. dollars. His 2007 compensation translated into Canadian dollars using the average exchange rate for the year is: salary \$832,955; bonus, \$971,435; LTIP Payouts, \$240,279; and "All Other Compensation", \$9,673. The amounts shown in the table for Mr. Lan in the column entitled "All Other Compensation" are contributions by the Corporation to a 401(k) defined contribution retirement arrangement maintained by the Corporation.
- (6) Mr. Vels has been the Chief Financial Officer of the Corporation since 1997 and is also Chief Financial Officer of Maple Leaf Foods where he is Executive Vice President and Chief Financial Officer (before March 11, 2004, Executive Vice President, Finance). Mr. Vels is paid by Maple Leaf Foods directly. The Corporation reimburses Maple Leaf Foods for management services (including amongst other things, the services of Mr. Vels) through a fee paid under a Management and Affiliation Agreement which was entered into in August 1995. None of Mr. Vels' compensation is paid by or directly reimbursed by the Corporation.
- (8) Mr. Maycock is based and resides in the U.K. and is paid in British pounds sterling. Translated to Canadian dollars using the average exchange rate, his compensation is: salary \$330,356; bonus, \$248,627; LTIP Payouts \$55,146; and contribution to a defined contribution pension plan (shown in "All Other Compensation") is \$16,518.
- (9) The amounts shown under "All Other Compensation" for Mr. McLean are relocation supplement payments, part of a three-year commitment which ended in 2005.
- (10) The long term compensation plan payment represents the market value of shares distributed in 2007 on the maturity of RSUs granted in 2004. Two-thirds of the RSUs granted vested based on the share price performance of Maple Leaf Foods common shares in comparison to the S&P Food Index. The remaining one-third may vest in 2009 depending on performance against the index in the two years ending September 30, 2009.

SHARE OPTION AND SHARE INCENTIVE PLAN

In 2006, Maple Leaf Foods adopted a new share-based incentive compensation plan (the “2006 Plan” or the “RSU Plan”) for its employees and executive officers and employees and executive officers of its subsidiaries (including Canada Bread). The 2006 Plan provides for the grant of a RSU. On maturity, assuming the performance criteria are achieved, participants receive one fully paid share for each vested RSU held. The following table sets out the RSUs awarded to the named executive officers in 2007 under the plan.

LTIP – Awards of Maple Leaf Foods RSUs During the Year Ended December 31, 2007

Name	Restricted Share Units Awarded or Payout ⁽¹⁾ (#)	Performance Period Until Maturation
Lan, R.A.	151,000	December 1, 2010
Vels, M.H.	80,000	December 1, 2010
Maycock, P.	25,000	December 1, 2010
McLean, C.B.	41,000	December 1, 2010
Ménard, R.	32,000	December 1, 2010

Note:

- (1) The RSUs were granted effective October 1, 2007. The closing price of the common shares of Maple Leaf Foods was \$14.93 on September 30, 2007. One quarter (25%) of the units will vest approximately 18 months after grant and another 25% will vest approximately 3 years after grant on the dates indicated in the table above. The remaining RSUs will vest based on the total shareholder return for the Maple Leaf Foods’ shares compared with the total return of the S&P Food Products sub-index (an index of about 30 North American food company stocks) for the period October 1, 2007 to September 30, 2010. If MLF’s total shareholder return equals the S&P Food Index, then the number of shares reported above will vest. If the MLF total shareholder return exceeds the S&P Food Index by 25% or more, an additional 50% of the number of shares listed above will vest.

Aggregate Maple Leaf Foods Stock Option Exercises in 2007 and Financial Year-End Option Values

Name	Securities		Unexercised Options at December 31, 2007 (#)		Value of Unexercised in-the-money Options at December 31, 2007 ⁽¹⁾ (\$)	
	Acquired on Exercise Unexercisable (#)	Aggregate Value Realized (\$)	Exercisable (vested)	Unexercisable (not vested)	Exercisable (vested)	(not vested)
Lan, R.A.	100,000	590,560	433,300	65,000	1,203,551	30,012
Vels, M.H.	60,000	416,600	346,700	65,000	936,075	30,012
Maycock, P.	10,000	70,600	60,200	9,500	158,824	6,888
McLean, C.B.	40,000	249,496	186,700	35,000	423,299	19,188
Ménard, R.	23,300	138,721	38,000	19,950	56,185	12,300

Note:

- (1) The closing price of common shares of Maple Leaf Foods on the Toronto Stock Exchange on the last trading day of the Corporation’s financial year ended December 31, 2007 was \$14.85.

PENSION/RETIREMENT PLANS

The Corporation, either directly or through designated subsidiaries, currently maintains a number of defined benefit and defined contribution pension plans for its employees.

As noted in the footnotes to the Summary Compensation Table, Messrs. Lan and Maycock participate in defined contribution plans of the Corporation. Mr. McLean is a member of the Canada Bread defined benefit pension plan while Mr. Vels belongs to the Maple Leaf Foods defined benefit pension plans. Mr. Ménard has credited years of service under the Multi-Marques Inc. pension plan. Specific information pertaining to each of these pension plans is detailed below:

Canada Bread Salaried, Maple Leaf Foods and Multi-Marques Inc. Pension Arrangements (current formula)

Remuneration	Years of Service				
	15	20	25	30	35
\$125,000	33,059	44,078	55,098	66,117	77,137
\$150,000	40,559	54,078	67,598	81,117	94,637
\$175,000	48,059	64,078	80,098	96,117	112,137
\$200,000	55,559	74,078	92,598	111,117	129,637
\$225,000	63,059	84,078	105,098	126,117	147,137
\$250,000	70,559	94,078	117,598	141,117	164,637
\$300,000	85,559	114,078	142,598	171,117	199,637
\$400,000	115,559	154,078	192,598	231,117	269,637
\$500,000	145,559	194,078	242,598	291,117	339,637
\$600,000	175,559	234,078	292,598	351,117	409,637
\$800,000	235,559	314,078	392,598	471,117	549,637

The preceding table shows the estimated annual retirement income that would be payable if the officer retired as at December 31, 2007 at age 65 under either the Canada Bread or Maple Leaf Foods pension arrangements for salaried employees or under the current benefit formula of the Multi-Marques Inc. pension plan. Remuneration (salary, excluding bonuses and other compensation) is calculated on the average of the best five years' earnings in the last ten years prior to retirement. Full benefits are payable at normal retirement age (age 65) or at age 60, the earliest age at which an officer can retire with an unreduced pension. Benefits are payable over the life of the executive with a guarantee of at least 60 monthly payments. Optional payment schedules of actuarially equivalent payments are available. Mr. McLean has seven (7) years of credited service under the above Canada Bread Salaried Pension Plan and Mr. Vels has 17 years of credited service under the Maple Leaf Foods pension arrangements. Mr. Ménard has five (5) years of service under the current benefit formula of the Multi-Marques Inc. pension plan.

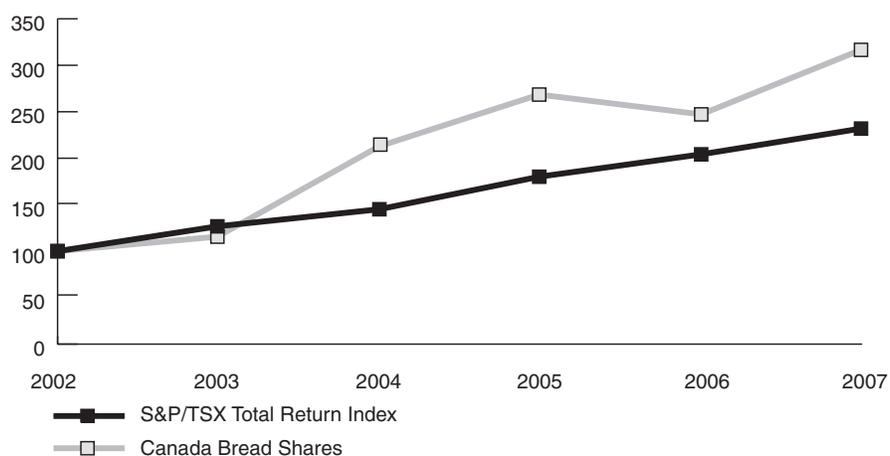
Multi-Marques Inc. Pension Arrangements (prior formula)

Remuneration	Years of Service				
	15	20	25	30	35
\$125,000	33,781	45,041	56,301	67,561	78,822
\$150,000	41,281	55,041	68,801	82,561	96,322
\$175,000	48,781	65,041	81,301	97,561	113,822
\$200,000	56,281	75,041	93,801	112,561	131,322
\$225,000	63,781	85,041	106,301	127,561	148,822
\$250,000	71,281	95,041	118,801	142,561	166,322
\$300,000	86,281	115,041	143,801	172,561	201,322
\$400,000	116,281	155,041	193,801	232,561	271,322
\$500,000	146,281	195,041	243,801	292,561	341,322
\$600,000	176,281	235,041	293,801	352,561	411,322

The preceding chart shows the estimated annual retirement income that would be payable if the executive retired at December 31, 2007 at age 65 under the benefit formula of the Multi-Marques pension arrangements applicable to service before January 1, 2003. The pension earned in respect of a particular year is based on the remuneration for that year. Each year the pension earned to date is increased in line with the increase in the average industrial wage index, to a maximum of 5%. Full benefits are payable at normal retirement age (age 65). Benefits are payable over the life of the executive with a guarantee of at least 60 monthly payments. Optional schedules of actuarially equivalent payments are available. Mr. Ménard has 3.2 years of credited service under the prior benefit formula of the Multi-Marques Inc. Pension Plan.

STOCK PERFORMANCE TABLE

The following chart compares the total cumulative shareholder return of \$100 invested in Canada Bread Common Shares for the period December 31, 2002 to December 31, 2007 with the cumulative total return of the S&P/TSX Total Return Index for the same period. The Corporation's Common Shares closed at \$69.00 on the TSX on December 31, 2007 the last trading day prior to the end of the fiscal year.



Year	2002	2003	2004	2005	2006	2007
S&P/TSX Total Return Index	100.0	126.7	145.1	180.1	204.2	231.9
Canada Bread Shares	100.0	115.6	212.9	268.5	247.2	316.6

Note: Dividends declared on Common Shares of the Corporation are assumed to be reinvested at the closing share price on the payment date. The S&P/TSX Total Return Index includes reinvested dividends.

REPORT ON CORPORATE GOVERNANCE

This Statement of Corporate Governance Practices has been prepared by the Governance Committee of the Board and has been approved by the Board of Directors.

The Board of Directors and management of the Corporation are committed to maintaining a high standard of corporate governance. The Board has responsibility for the overall stewardship of the Corporation and discharges such responsibility by reviewing, discussing and approving the Corporation's strategic planning and organizational structure and supervising management with a view to preserving and enhancing the underlying value of the Corporation. Management of the business within this structure is the responsibility of the Chief Executive Officer and senior management.

The Board has adopted the guidelines and employs practices and procedures related to corporate governance matters, which are summarized below:

BOARD RESPONSIBILITIES

1. Board Mandate

The Board has responsibility for the stewardship of the Corporation and has adopted a formal mandate setting out the Board's stewardship responsibilities, including the Board's responsibilities for the appointment of management, strategic planning, monitoring of financial performance, financial reporting, risk management and oversight of the Corporation's policies and procedures, communications and reporting and compliance. A full copy of the Board's mandate is available on SEDAR (www.sedar.com) and is incorporated by reference into this Management Information Circular.

2. Corporate Strategy

Management is led by the CEO who is responsible for the development of long-term corporate strategy, while the role of the Board is to review, question, validate, and ultimately, after incorporating the Board's suggestions to the proposals of management, to approve the strategies of each division of the Corporation and the Corporation as a whole. The process of strategy development is continuous and evolving and the Board receives periodic updates from management on developments to the Corporation's long-term strategy. On a rotating basis, the Board conducts an in-depth review of each division's operations, competitive positioning and strategy. At the time it reviews the Corporation's annual budget, the Board reviews the Corporation's strategic plans.

The Board also reviews periodic updates of the Corporation's progress on its strategic goals and makes major decisions in the context of the strategic plan.

3. Succession Planning

Management succession planning is an ongoing activity. The Board ensures that succession planning programs are in place, including programs to appoint, train, develop and monitor management.

4. Board Communication with Stakeholders

The Corporation has adopted and follows a Disclosure Policy for the Corporation. The Board, or an appropriate committee of the Board, reviews the content of the Corporation's major communications to shareholders and the investing public, including quarterly and annual reports, management's discussion and analysis, proxy circulars, the annual information form and any prospectuses.

The Board believes management should speak for the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. If communications from stakeholders are made to the Chairman or other individual directors, management is informed and consulted to determine any appropriate response.

5. Corporate Governance

The Governance Committee is responsible for developing and recommending improvements to corporate governance guidelines, policies and mandates for implementation by the Board.

BOARD ORGANIZATION AND MEMBERSHIP

6. Chairman of the Board

The Board has approved and periodically reviews a written position description for the Chairman which sets out the responsibilities and accountabilities of the Chairman which include duties relating to setting Board meeting agendas, chairing Board and shareholder meetings, and, together with the Chairman of the Governance Committee, conducting director and Board assessments.

7. Board Size and Selection of New Director Candidates

The maximum number of directors permitted by the Corporation's Articles is 12 and the minimum number is five. Within that range, the Board is authorized to establish the number of directors.

The Corporation's largest shareholder, Maple Leaf Foods holds 88.0% of the outstanding shares which effectively gives it control of the nomination process. The Chairman of the Board and the Governance Committee and its Chairman, however, have led the process of new director nominations for independent directors in consultation with Maple Leaf Foods. Each member of the Governance Committee is independent directors in consultation with Maple Leaf Foods. Each member of the Governance Committee is independent. Other directors are encouraged to identify potential candidates for nomination.

8. Independence of Directors

Subject to the rights of the majority shareholder, at all times a sufficient number of independent directors are to be nominated to represent the interest of other shareholders. The Board has defined an independent director to mean a director who is not a member of management and is free from any interest, and any business, family or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation.

A director shall not be considered to be independent if the director would not be considered independent under director independence tests for Audit Committee membership under applicable securities laws.¹

The Board annually reviews the report of the Governance Committee on its review of the independence of each of the non-management directors.

The following directors are considered to be "independent":

W.E. Aziz	J.L. Bragg
S.A. Everett	J.F. Petch

The following directors are considered to be "not independent" as they are executive officers of either the Corporation or its 88.0% shareholder, Maple Leaf Foods, which provides management services to the Corporation:

G.W.F. McCain – Chairman of the Board of Maple Leaf Foods
M.H. McCain – Chairman of the Board of the Corporation and CEO of Maple Leaf Foods
J.S. McCain – President and COO, Agribusiness Group, Maple Leaf Foods
R.A. Lan – CEO of the Corporation
M.H. Vels – CFO of the Corporation and Maple Leaf Foods Inc.

9. Term Limits for Directors

The Board values the increased insight into the Corporation and its strategy and operations that directors develop and the increased contribution that directors make over a long period of service. For this reason, the Board has not established fixed term limits as it would have the effect of forcing off the Board directors who have developed these insights. To ensure continued effectiveness of each director, the Board relies on its performance evaluation process.

10. Composition of the Board

Annually, the Governance Committee reviews the competencies, skills and personal qualities of candidates to be considered for nomination to the Board. The objective of this review is to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for the overall stewardship of the Corporation. The Governance Committee takes into account the desirability of maintaining a reasonable diversity of personal characteristics such as age, gender, geographic residence and origin. However, all directors must possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders. They must also have an inquisitive and objective perspective, practical wisdom and mature judgment, outstanding ability in their individual fields of expertise and a willingness to devote necessary time to Board matters.

11. Director Orientation and Education

The Governance Committee is responsible for the orientation and education of new directors as well and the continuing education of existing outside directors. A standard template has not been developed as the skills, knowledge of the Corporation and the industry and background of each new director will in large measure determine the nature and intensity of the orientation and education. The Committee oversees the continuous education of directors on the Corporation's various operational units, functional areas and other areas of interest to the directors. This is accomplished with a program of regular presentations, briefings and plant visits.

¹ Multilateral Instrument 52-110 Audit Committees

BOARD COMMITTEES AND TERMS OF REFERENCE

12. Board Committees

The Board has established two Board committees: (i) the Audit Committee; and (ii) the Governance Committee. This structure may change as the Board considers from time to time which of its responsibilities can best be fulfilled through a detailed review of matters at the committee level. Each committee operates according to a Board-approved written charter outlining its duties and responsibilities. A written set of procedures and policies set out the role of the committee chairman.

The purpose of Board committees is to assist the Board in discharging its responsibilities. Notwithstanding the delegation of responsibilities to a Board committee, the Board is ultimately responsible for matters assigned to each committee for its determination. Except as may be explicitly provided in the charter of the committee or a resolution of the Board, the role of the Board committee is to review and make recommendations to the Board with respect to the approval of matters considered by the committee.

13. Membership of Committees

The Board has determined that each committee shall be composed entirely of independent directors. In addition, all members of the Audit Committee shall be financially literate within the meaning of applicable securities laws.

After receipt of recommendations from the Governance Committee, the Board appoints the members of the committees annually, and as necessary to fill vacancies, and generally appoints the chair of each committee. Members of the committees hold office at the pleasure of the Board.

The Committees' members and year first appointed are as follows:

Audit Committee		Governance Committee	
W.E. Aziz, as Chairman	2005	J.F. Petch, as Chairman	1995
J.L. Bragg, and	1995	J.L. Bragg, and	1995
S.A. Everett	1995	S.A. Everett	1995

14. Committee Mandates

In summary, the responsibilities and functions of each committee is as follows:

Audit Committee

- a) To assist the Board of Directors of the Corporation by reviewing the adequacy and effectiveness of financial and reporting processes including:
 - (i) the systems of internal and financial controls;
 - (ii) the selection of accounting policies and principles;
 - (iii) the preparation and audit of financial reports;
 - (iv) the review of treasury risk management functions;
 - (v) the oversight of the stewardship of the Corporation's pension plan funds and report to the Board; and
 - (vi) the monitoring of certain other financial matters.
- b) To oversee and monitor the appointment, independence and performance of the internal and external auditors.
- c) To establish and monitor procedures for handling of concerns and complaints related to financial matters.
- d) To approve, on behalf of the Board of Directors, certain financial and other matters as delegated by the Board.
- e) To review and make recommendations for approval of annual financial statements, management's discussion and analysis of the financial condition of the Corporation and the results of its operations for release to shareholders.
- f) To review and approve the interim financial statements, management's discussion and analysis of the financial condition of the Corporation and the results of its operations for release to shareholders.
- g) To conduct independent investigations into matters which may come under its scope of responsibilities.

Governance Committee

a) Human Resource Matters

1. To review and to recommend changes with respect to compensation of employees, with a view to ensuring that the necessary policies and processes are in place by which all employees will be fairly and competitively compensated.
2. To evaluate the performance of the Chief Executive Officer (“CEO”) annually, to receive the Chairman’s recommendation for changes to his compensation and to make recommendations to the Board of Directors.
3. To review the CEO’s evaluation of the performance of the other executive officers of the Corporation and its major subsidiaries annually and the CEO’s recommendations with respect to the amount of compensation to be paid to the other executive officers.
4. To assist in ensuring that appropriate human resource development, succession planning and performance evaluation programs are in place and that they are operating effectively.
5. To assist the Board in its responsibilities regarding the benefits under the Corporation’s pension plans and to make recommendations to the Board for amendments.

b) Corporate Governance Matters

1. To assist the Board of Directors, in conjunction with the Chairman, in matters pertaining to the Corporation’s approach to governance issues and disclosures.
2. To assist the Board of Directors, in conjunction with the Chairman, if any, in matters pertaining to the organization and staffing of the Board of Directors, the organization and conduct of Board meetings and to the effectiveness of the Board of Directors in performing and fulfilling its responsibilities.
3. To assist the Board of Directors in matters pertaining to the delegation of responsibilities to Board committees by reviewing periodically the terms of reference for Board committees and making recommendations to the Board of Directors for any amendments deemed necessary or advisable.
4. To assess the independence of individuals nominated for director.
5. To assess the effectiveness of the Board, the committees and the individual members thereof.

c) Environmental Matters

1. To review, on behalf of the Board, the Corporation’s efforts to meet its objective of being a good corporate citizen with respect to the well being of the environment including avoiding nuisance, or damage to the environment.
2. To assist in ensuring (a) that the Corporation has appropriate environmental policies having regard to legislative and regulatory requirements and industry standards in those areas and (b) that the Corporation has and maintains management systems to implement such policies.

d) Product Safety Matters

1. To review, on behalf of the Board, the Corporation’s efforts to ensure the safety of its products including ensuring (a) that the Corporation has appropriate policies having regard to legislative and regulatory requirements and industry standards in those areas and (b) that the Corporation has and maintains management systems to implement such policies.

e) Health And Safety Matters

1. To review, on behalf of the Board, the Corporation’s efforts to meet its objective of protecting employee health and safety, including the health and safety of other persons.
2. To assist in ensuring (a) that the Corporation has appropriate health and safety policies having regard to legislative and regulatory requirements and industry standards in those areas and (b) that the Corporation has and maintains management systems to implement such policies.

BOARD MEETINGS AND MATERIALS

15. Functioning of the Board

The Governance Committee, together with the Chairman of the Board, is responsible for assessing and recommending changes to ensure the Board carries out its objectives effectively and operates independently of management.

16. Meeting Agendas, Materials and Attendance of Non-Directors

Procedures are in place governing the conduct of meetings, including among other things, agendas, distribution of briefing materials and attendance of non-directors at meetings. These procedures are followed to promote informed and effective consideration of the matters on the agenda. Other senior managers attend each Board meeting to provide information and opinions to assist the directors in their deliberations.

17. *In Camera* Meetings

At the request of any director, and at each regularly scheduled meeting, the independent directors meet in *camera* without management or the non-independent directors present. The Chairman of the Governance Committee acts as Chairman of these meetings. Since the commencement of the last completed fiscal year there have been three (3) *in camera* meetings.

DIRECTOR COMPENSATION AND SHARE OWNERSHIP

18. Director Compensation

The Board has determined that the directors should be compensated in a form and amount which is appropriate and which is customary for comparable companies, having regard for such matters as time commitment, responsibility and trends in director compensation.

The Governance Committee reviews the compensation of the directors annually. The Committee review includes consideration of all forms of compensation that a director receives, directly or indirectly.

BOARD'S RELATIONSHIP WITH MANAGEMENT

19. Board Relationship with Management

Management shall make appropriate use of the Board's skills before decisions are made on key issues. The Governance Committee shall review and assess the Board's relationship with management.

20. Limits to Management Authority

As required by the Corporation's by-laws, the Board has established general authority guidelines that place limits on management's approval authority depending on the nature and size of the proposed transaction. These limits provide for some flexibility within approved budgets but require that transactions outside defined limits be approved by the Board or an appropriate committee.

21. Evaluation of the Chief Executive Officer

The Governance Committee conducts an annual review of the performance of the Chief Executive Officer against goals and objectives that have been established by the Committee and reviews, assesses and recommends the compensation of the Chief Executive Officer to the Board for approval. The results of the review are communicated to the Chief Executive Officer by the Chair of the Governance Committee.

22. Director Access to Management

All directors are to have open access to the Corporation's senior management for relevant information. Individual directors are encouraged to make themselves available for consultations with management outside Board meetings in order to provide specific advice and counsel on subjects where such directors have special knowledge and experience.

DIRECTOR RESPONSIBILITIES AND PERFORMANCE

23. Director Responsibilities

Directors are expected to use their skill and experience to provide oversight to the business of the Corporation. Directors have a duty to act honestly and in good faith with a view to the best interests of the Corporation and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Directors are expected to attend all Board and committee meetings in person (or by telephone). In circumstances where a director is unable to do so, he or she has the opportunity to communicate his or her views that are then shared with the full Board. A summary of the attendance record of each director at Board and committee meetings in 2007 is detailed on page 20.

24. Outside Advisors for Individual Directors

The Board has determined that any director who wishes to engage a non-management advisor to assist on matters involving his or her responsibilities as a director at the expense of the Corporation should review the request with, and obtain the authorization of the Governance Committee. This pre-approval requirement does not limit the authority of the Audit Committee to engage consultants or advisors on matters of financial reporting.

25. Assessment of Board and Individual Director Performance

The Governance Committee periodically assesses the effectiveness of the Board through discussions and surveys. Informally, the performance and contribution of individual directors is assessed by the Governance Committee. The Committee has adopted a formalized program of periodic directors' assessment with a view to improving effectiveness, consisting of a self-assessment by individual directors followed by an interview with the Chairman of the Board and Chairman of the Governance Committee. The overall results and conclusions are shared with the full Board of Directors.

ETHICS AND CONFLICTS OF INTEREST

26. Ethical Behaviour

The Board takes all steps to assure itself of the ethics and integrity of the CEO and the executive officers and ensure that the appropriate "tone-at-the-top" for ethical conduct is established.

27. Code of Business Practice

The Board expects directors, officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Code of Business Conduct which the Corporation together with its parent company, Maple Leaf Foods, adopted in 1999. Each year, every employee is required to reaffirm in writing his or her adherence to the Code of Business Conduct concurrent with his or her performance review. New employees are given a copy of the Code upon joining the Corporation. Copies are available from the Corporation at 10 Four Seasons Place, Toronto, Ontario M9B 6H7 and are also available on SEDAR at www.sedar.com.

An "Ethics Committee" comprised of management personnel for the Corporation and Maple Leaf Foods, reviews and addresses issues of interpretation of the Code raised by employees and proposes changes to the Code. The Ethics Committee reports on its activities to the Governance Committee.

28. Whistle-blower Procedures

The Corporation has set up a whistle-blower hotline named the *EthicsLine*. The *EthicsLine* provides employees an avenue to raise concerns such as fraud, accounting irregularities, kickbacks, product tampering or other issues. The process was designed to reassure complainants that they will be protected from reprisals or victimization when reporting concerns in good faith. All calls are recorded and logged at an independent call centre and the incidents reported are tracked and resolved using the case management system. The Audit Committee reviews reports on the calls and their resolution on a quarterly basis.

29. Conflicts of Interest

In addition to the statutory responsibilities of directors to disclose all actual or potential conflicts of interest and generally to refrain from voting on matters in which the director has a conflict of interest, the director is required to declare his or her interest in the matter to be discussed and shall recuse himself or herself from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

RECORD OF DIRECTOR ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The attendance record of each director at Board and committee meetings in 2007 was as follows:

	Audit Committee	Board	Governance Committee	Total	Attendance Percentage
Number of meetings held	5	7	4	14	
W.E. Aziz	5/5	7/7		12/12	100.0%
J.L. Bragg	3/5	5/7	3/4	11/16	68.8%
S.A. Everett	5/5	7/7	4/4	16/16	100.0%
J.F. Petch		7/7	4/4	11/11	100.0%
R.A. Lan		6/7		6/7	85.7%
G.W.F. McCain		7/7		7/7	100.0%
J.S. McCain		6/7		6/7	85.7%
M.H. McCain		7/7		7/7	100.0%
M.H. Vels		3/3		3/3	100.0%
Attendance	13/15	55/59	11/12	79/86	91.9%
Attendance percentage	86.7%	93.2%	91.7%	91.9%	

OTHER MATTERS

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as at December 31, 2007 with respect to Common Shares authorized for issuance under the Canada Bread Company, Limited Incentive Stock Option Plan.

Equity Compensation Plan Information as at December 31, 2007

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	—	—	303,000
Equity compensation plans not approved by securityholders	—	—	—
Total	—	—	303,000

On January 30, 1985, the directors established an incentive stock option plan for the Corporation (the “Plan”) which was approved by shareholders. The Plan, as amended on February 8, 1995, permits the directors to grant options to full-time employees of the Corporation or its affiliates to purchase the Corporation’s unissued Common Shares. The Plan provides that the option price is based on the average of the ten (10) days’ closing price of the Common Shares on the Toronto Stock Exchange preceding the date of grant. Options under the Plan expire ten years from the date of grant, 270 days following the death of any employee, 90 days following the termination of employment of the optionee or 270 days following the retirement of the optionee under a retirement plan of the Corporation or any affiliated company or such longer period as the directors, in their discretion, determine. The options, at the discretion of the Board may be subject to staged vesting over a period of up to five years.

Options to be issued under the Plan will be exercisable only upon full payment, in cash, of the option price. Any options issued under the Plan are embodied in written instruments containing provisions, among others, relating to anti-dilution. There have been no option grants under this plan since 1995 and there is no present intention to make additional grants.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

Directors’ and officers’ liability insurance has been arranged through the Corporation’s controlling shareholder, Maple Leaf Foods. The Corporation’s share of the annual premium cost for the year ended December 31, 2007 was \$36,754. This amount was not allocated as between officers and directors. The insurance limit under the policy is \$50,000,000 for each loss and each policy year with the Corporation subject to a \$100,000 deductible provision. The directors and officers are not liable for any payment under a deductibility clause or payment of any premium.

INTERESTS OF INSIDERS

Reference should be made to the heading “Voting Securities and Principal Holders Thereof” for details of Maple Leaf Foods’ shareholdings in the Corporation. Messrs. Lan, G.W.F. McCain, J.S. McCain, M.H. McCain and M.H. Vels are directors of the Corporation and are also officers and/or directors of Maple Leaf Foods.

In August 1995, the Corporation entered into a Management and Affiliation Agreement and in October 1995, a Management Services Agreement effective January 1, 1996, with Maple Leaf Foods whereby the Corporation benefits from certain services provided by Maple Leaf Foods. These agreements were reviewed and approved by, a committee composed of independent members of the Board of Directors. Annually, the Audit Committee reviews the charges and budgets for the following year and makes recommendations to the independent members of the Board of Directors. The cost of this service in 2007 was \$15.8 million. The Corporation also receives engineering services in connection with capital expenditure programs and certain information system services from Maple Leaf Foods. In 2007, the cost of the engineering services to the Corporation was \$0.8 million and the cost of the information system services was \$7.9 million.

GENERAL

Except where specifically stated, information contained herein is given as of March 10, 2008.

OTHER BUSINESS

Management of the Corporation is not aware of any matters to come before the meeting other than those referred to in the Notice of Meeting.

RECEIPT OF SHAREHOLDER PROPOSALS FOR NEXT ANNUAL MEETING

Any shareholder who intends to present a proposal at our 2009 Annual Meeting of Shareholders must send the proposal to the Corporation, Attention: Corporate Secretary at 10 Four Seasons Place, Toronto, Ontario M9B 6H7. In order for the proposal to be included in the proxy materials we send to shareholders for that meeting, the proposal must be received by the Corporation no later than February 24, 2009, and must comply with the requirements of Section 99 of the Business Corporations Act (Ontario).

ADDITIONAL INFORMATION

Additional documents, including copies of the most recent Annual Information Form (including any documents incorporated by reference therein) of the Corporation, the Annual Report including the audited financial statements and management's discussion and analysis of the Corporation for its most recently completed financial year, interim financial statements of the Corporation and the Management Information Circular of the Corporation in respect of its most recent Annual Meeting of shareholders, are available upon request from the Secretary, 10 Four Seasons Place, Toronto, Ontario M9B 6H7.

The above information and additional information relating to the Corporation is available on SEDAR at www.sedar.com.

APPROVAL

The contents and the sending of this Management Information Circular have been approved by the directors of the Corporation.

DATED at Toronto, Canada this 19th day of March, 2008.



R. Cappuccitti
Corporate Secretary

