



March 28, 2005

Dear Shareholder:

We are pleased to invite you to attend the Annual Meeting of the Shareholders of Canada Bread Company, Limited to be held at the Metro Toronto Convention Centre, North Building, Room 206D, 255 Front Street West, Toronto, Ontario at 1:00 p.m. on Friday, April 29, 2005. 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. As well, a copy of the Annual Report which includes the financial statements for 2004, is enclosed.

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

Encl:





# CANADA BREAD COMPANY, LIMITED

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## 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 **Metro Toronto Convention Centre, North Building, Room 206D, 255 Front Street West, Toronto, Ontario on Friday, April 29th, 2005 at 1:00 p.m.** (Toronto time) for the following purposes:

- (a) to receive the consolidated financial statements for the year ended December 31, 2004, together with the auditors’ report thereon;
- (b) to elect directors;
- (c) to appoint an auditor and authorizing the directors to fix their remuneration; and
- (d) to transacting such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Management Information Circular dated March 17, 2004 provides additional information concerning the matters to be dealt with at the Meeting. A copy of the Annual Report for the year ended December 31, 2004 to be submitted to the meeting is forwarded herewith.

DATED at Toronto this 17th day of March, 2005.

By Order of the Board.

R. Cappuccitti  
Secretary



# CANADA BREAD COMPANY, LIMITED

## MANAGEMENT INFORMATION CIRCULAR

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### 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 **Metro Toronto Convention Centre, North Building, Room 206D, 255 Front Street West, Toronto, Ontario on Friday, April 29, 2005, at 1:00 p.m.** for the purposes set forth in the attached Notice of the Meeting. It is expected that the solicitation will be primarily by mail but may also be solicited personally by officers of the Corporation at nominal cost. The cost of solicitation by management will be borne by the Corporation.

#### 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. 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 instrument in writing executed in the same manner as a proxy and deposited 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 properly executed proxies 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 proxy on any ballot that may be called for but, if no choice is specified, such shares will be voted:**

- (i) for the election of directors;**
- (ii) for the appointment of auditors; 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 17, 2005, the Corporation had 25,416,812 Common Shares outstanding carrying the right to one vote per share. To the best of 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” or “MLF”) which holds directly or indirectly 22,078,415 common shares representing approximately 86.9% 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 21, 2005 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 21, 2005, or persons who are transferees of Common Shares acquired after March 21, 2005 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**

These securityholder materials are being sent to both registered and non-registered shareholders of the securities. 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, Canada Bread (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.

## BUSINESS OF MEETING

### ELECTION OF DIRECTORS

The table below sets out the names of the persons proposed to be nominated 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	CBCL Shares <sup>(1)</sup>	MLF Shares <sup>(1)</sup>
<b>William E. Aziz</b> Ontario, Canada Nominee Age: 48	Managing Partner, BlueTree Advisors <i>(private management advisory firm)</i> <hr/> Mr. Aziz completed an Honours Business Administration degree, Ivey School of Business at the University of Western Ontario in 1979 and received his Ontario C.A. designation in 1982. Mr. Aziz has acted as director or officer of a number of large Canadian companies including Algoma Steel Inc., Doman Industries Limited, Agnew Group Inc., Interlink Freight Systems Inc. and Dylex Limited. Most recently Mr. Aziz acted as an advisor to the Board of Directors and as Interim Chief Financial Officer of Atlas Cold Storage Income Trust.		
<b>John L. Bragg O.C.</b> Nova Scotia, Canada Director Since: 1995 Age: 64	Chairman, President and Co-CEO, Oxford Frozen Foods Limited <i>(food manufacturing)</i> <hr/> Mr. Bragg is a director of Sobey's Inc., Empire Company Limited and the Toronto-Dominion Bank. He has served on the boards of many Canadian companies including Imasco Ltd., Shaw Communications Inc. and Maritime Life Assurance Co. He is President of a number of companies including Bragg Lumber Co., Ltd., and Cherryfield Foods Inc. and Chairman of several Canadian and U.S. companies including Bragg Communications Inc., EastLink Cable Systems, and BioSan Laboratories Inc. Mr. Bragg is an Officer of the Order of Canada and the Chancellor of Mount Allison University. Mr. Bragg is Chairman of the Audit Committee and a member of the Human Resources and Corporate Governance Committee.	12,130	
<b>Sarah A. Everett</b> Quebec, Canada Director Since: 1995 Age: 52	Chairman, Tereve Holdings Ltd. <i>(Bowring chain of retail stores)</i> <hr/> Ms. Everett received her B.A. degree from Queen's University and her M.A. degree from the University of Toronto in 1975. Ms. Everett is Chairman of Tereve Holdings Ltd. operating as "Bowring", a chain of 65 retail stores operating across Canada and established in 1811. She is a director of Royal Canadian Securities Co. Ltd. Ms. Everett is a member of the Audit Committee and the Human Resources and Corporate Governance Committee.	1,600	
<b>Richard A. Lan</b> New Jersey, U.S.A. Director Since: 1995 Age: 50	President and Chief Executive Officer of the Corporation and President and COO, Bakery Products Group, Maple Leaf Foods Inc. <hr/> 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 and Chief Operating Officer of Maple Leaf Foods Inc., Bakery Products 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.	5,000	80,840 <sup>(2)</sup>

Name of Nominee	Principal Occupation and Committee Membership	CBCL Shares <sup>(1)</sup>	MLF Shares <sup>(1)</sup>
<b>G. Wallace F. McCain O.C.</b> Ontario, Canada Director Since: 1995 Age: 74	Chairman, Maple Leaf Foods Inc.  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 director of other associated companies within the McCain Foods Group. Mr. McCain is also a director of the St. Michael's Hospital Board and Brascan Corporation. 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.		300,361 <sup>(2)</sup>
<b>J. Scott McCain</b> Ontario, Canada Director Since: 1995 Age: 48	President and Chief Operating Officer, Agribusiness Group, Maple Leaf Foods Inc.  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.		70,000 <sup>(2)</sup>
<b>Michael H. McCain</b> Ontario, Canada Director Since: 1995 Age: 46	President and Chief Executive Officer, Maple Leaf Foods Inc.  Mr. McCain joined Maple Leaf Foods Inc. in April 1995 after 16 years with McCain Foods Limited in Canada and the United States. Prior to leaving in March 1995, Mr. McCain was the President and Chief Executive Officer of McCain Foods USA Inc. He is the Chairman and director of Canada Bread Company, Limited and a director of McCain Foods Group. He is a past director of the American Frozen Food Institute. Mr. McCain serves on the Board of Trustees of The Hospital for Sick Children.		120,000 <sup>(2)</sup>
<b>Thomas P. Muir</b> Ontario, Canada Director Since: 1995 Age: 49	Executive Vice-President and Chief Development Officer, Maple Leaf Foods Inc.  Prior to joining Maple Leaf Foods in 1995, Mr. Muir was Vice-President and director of RBC Dominion Securities Inc. where he was co-head of the firm's Investment Banking Group. He began his career with Ernst & Ernst (now Ernst & Young) after graduating from the University of Toronto with a Bachelor of Commerce degree. He is a Chartered Accountant and Chartered Business Valuator and a Fellow the Canadian Institute of Chartered Business Valuators.		150,000
<b>John. F. Petch</b> Ontario, Canada Director Since: 1995 Age: 66	Counsel, Osler, Hoskin & Harcourt LLP <i>(barristers and solicitors)</i>  Mr. Petch was Vice-Chair and a senior partner of Osler, Hoskin & Harcourt LLP, prior to January 2004. He continues to act as a personal advisor to senior members of the business community and to Canadian business families. He is a director/officer of various public and private corporations and is Vice-Chair of the Governing Council of the University of Toronto. Mr. Petch is Chairman of the Human Resources and Corporate Governance Committee.	5,000	

(1) As of March 17, 2005, 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 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 86.9% of the shares of Canada Bread Company, Limited. McCain Capital Corporation is the owner of 41,518,153 voting common shares of Maple Leaf Foods representing approximately 32.9% of all issued and outstanding shares (39.8% 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. Scott 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".)

Within ten years preceding the date of this circular Mr. Aziz acted as an officer and director of Agnew Group Inc., a private company which filed an assignment in bankruptcy, and 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. Muir is a director of Country Style Food Services Inc., a private company which was subject to proceedings under the Companies Creditors' Arrangement Act (Canada).

## APPOINTMENT OF AUDITORS

**Unless otherwise directed, proxies in the enclosed form will be voted 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.**

For the years ended December 31, 2004 and 2003, 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.

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	2004 (\$)	2003 (\$)
Audit fees <sup>(1)</sup>	600,213	390,554
Audit-related fees <sup>(2)</sup>	30,000	196,451
Tax fees <sup>(3)</sup>	150,092	852,921
All other fees <sup>(4)</sup>	—	—
Total fees	780,305	1,439,926

Notes:

- (1) For the audit of the Canada Bread Company, Limited 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. The amount for 2003 includes fees paid for tax planning in connection with the December 27, 2002 acquisition of the U.S. and U.K. bakery operations of Maple Leaf Foods.
- (4) For products and services other than the fees reported in (1) to (3).

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## DIRECTORS' AND EXECUTIVE COMPENSATION

### COMPENSATION OF DIRECTORS

Directors of the Corporation received remuneration for their services during the 2004 financial year in an aggregate amount of \$157,250. The compensation paid for service in 2004 to each director consisted of a retainer of \$25,000 per annum plus \$2,000 for each committee on which such director served, with an additional \$500 for the committee chairman. Directors received \$1,500 for each meeting of the Board attended in person and \$750 for any Board meeting held by teleconference. Attendance at committee meetings held on the same day as, or the day before a Board meeting was \$375. The fee for attendance at a committee meeting in person on other days was \$1,000. The Human Resources and Corporate 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.

### REPORT ON EXECUTIVE COMPENSATION

The Human Resources and Corporate Governance Committee (the "Committee") is composed of three directors, all of whom are independent. The Committee consists of John F. Petch (Chairman), John L. Bragg and Sarah A. Everett. It is the responsibility of the Committee to determine and approve, and to monitor and modify as required, 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 four 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 through the prudent use of equity-based compensation; 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 other North American companies in the consumer products industry. Reference is also made to local market practices for executives outside North America. 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 matters, other than matters directly affecting him, are made to the Committee by the Chief Executive Officer ("CEO").

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. In establishing base salaries and salary ranges, the objective of the Committee is to establish levels which are competitive with the comparator groups mentioned above. With respect to the President and CEO, comparisons are also made to similar positions within Maple Leaf Foods. The comparator group used for other executives was a select grouping of Canadian food and consumer products companies. 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.

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.

The normal annual salary adjustment date is July 1st. Mr. Lan requested that his base salary not be adjusted in 2003 due to the adverse conditions at the time including the effects of a strike in the Corporation's fresh bakery operations in Quebec. The increase to base salary in 2004 was the first since July 1, 2002.

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 2004, Maple Leaf Foods redesigned its share incentive plan to provide for awards of both share options and restricted share units ("RSUs"). On maturity, participants under the Maple Leaf Foods Inc. Share Incentive Plan ("2004 Plan") receive one fully paid common share of Maple Leaf Foods Inc. for each vested RSU held. Options vest over three to five years based on the total shareholder return for Maple Leaf Foods Inc. shares compared with the total return of the S&P Food Products sub-index (an index of about 30 North American food company stocks) and have a term of seven years. The RSUs vest over three to five years based on the same performance criteria as the options. The units achieving the performance criteria in the first three years vest at the end of year three while units meeting the performance feature in the years four and five vest at the end of year five. Awards were granted in 2004 under the 2004 Plan subject to regulatory approval and approval at the Maple Leaf Foods shareholders meeting scheduled for April 28, 2005.

The Corporation provides perquisites and benefits, in kind, 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 Human Resources and Corporate Governance Committee whose members are :

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 other than the CEO and CFO for the year ended December 31, 2004. 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 of the Human Resources and Corporate Governance Committee in the previous section.

Name and Principal Position with Corporation at Year End	Year	Annual Compensation			Long-Term Compensation		
		Salary <sup>(1)</sup> (\$)	Bonus <sup>(2)</sup> (\$)	Other Annual Compensation <sup>(3)</sup> (\$)	Awards Securities Under Option Granted <sup>(4)</sup> (#)	Payouts All Other LTIP Payouts (\$)	All Other Compensation (\$)
RICHARD A. LAN <sup>(5)</sup>	2004	US\$ 467,500	US\$ 434,689	US\$ 10,615	55,000		
President and Chief Executive Officer	2003	US\$ 435,000	US\$ 42,891	US\$ 8,000	110,000		
	2002	US\$ 431,538	US\$ 338,756	US\$ 8,000	80,000		
MICHAEL H. VELS <sup>(6)</sup>	2004	476,904	554,547		55,000		
Chief Financial Officer	2003	400,000	172,800		90,000		
	2002	395,104	328,780		70,000		
DOUGLAS J. MACFARLANE <sup>(7)</sup>	2004	311,238	35,368		12,500		
President, Canada Bread Frozen Bakery	2003	287,448	43,055		25,000		
	2002	261,250	193,565		45,000		
PETER G. MAYCOCK <sup>(8)</sup>	2004	GBP £128,824	GBP £101,233	GBP £6,441	12,500		
Managing Director Maple Leaf Bakery UK	2003	GBP £121,678	GBP £70,002	GBP £6,084	25,000		
C. BARRY MCLEAN	2004	396,632	305,684		35,000		96,605 <sup>(9)</sup>
President, Canada Bread Fresh Bakery	2003	361,638	188,407		70,000		92,524 <sup>(9)</sup>
	2002	315,385	224,864		100,000		72,606 <sup>(9)</sup>

### 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 2004 are those applicable to 2004 under the Corporation's Rewards for Excellence bonus plan. They have been calculated based on 2003 salaries and individual and corporate performance, and were paid in 2004.
- (3) The value of perquisites and benefits for each Named Executive Officer is less than the lesser of \$50,000 and 10% of total annual salary and bonus.
- (4) Options for the purchase of shares of Maple Leaf Foods Inc.
- (5) Mr. Lan was President and Chief Operating Officer, Bakery Products Group, Maple Leaf Foods Inc. as well as Chairman of the Corporation for the period to April 30, 2002. At that time, Mr. Lan resigned as Chairman and was appointed President and CEO. The amounts shown in the table above reflect all compensation earned from the Corporation and from Maple Leaf Foods Inc. for the last three years. From January 1, 2002, to December 27, 2002 the Corporation, through cost sharing arrangements, bore 50% of the cost of the remuneration paid to Mr. Lan. Commencing on December 27, with the acquisition of all Maple Leaf Foods' non-Canadian baking operations, the Corporation assumed full responsibility for Mr. Lan's compensation. Mr. Lan is based in the U.S. and is paid in U.S. dollars. The 2004 compensation translated into Canadian dollars is: salary \$608,451; bonus, \$565,748; and other annual compensation, \$13,815. The amounts shown in the table for Mr. Lan in the column entitled "Other Annual Compensation" are contributions to the Maple Leaf Foods USA Inc. 401(k) defined contribution retirement arrangement.
- (6) Mr. Vels has been the Chief Financial Officer of the Corporation since 1997 and is also Chief Financial Officer of Maple Leaf Foods Inc. 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 Inc. 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.
- (7) For the period April 19, 2002 to December 27, 2002 through cost sharing arrangements, 50% of Mr. MacFarlane's compensation was allocated to Maple Leaf Bakery Inc. for management services provided. During that time, Maple Leaf Bakery Inc. was a wholly-owned subsidiary of the Corporation's controlling shareholder. On December 27, 2002, Maple Leaf Bakery Inc. became a subsidiary of the Corporation.
- (8) Mr. Maycock is the Managing Director of Maple Leaf Bakery UK Limited which was acquired by the Corporation on December 27, 2002. He is based and resides in the U.K. and is paid in British pounds sterling. Translated to Canadian dollars, his compensation is: salary \$307,142, bonus \$241,360, and contribution to a defined contribution pension plan (shown in "Other Annual Compensation") is \$15,357.
- (9) The 2004 and 2003 amounts are relocation supplement payments, part of a three-year commitment commencing June 2002. For 2002, Mr. McLean received a relocation allowance for \$29,167, as well as a relocation supplement payment of \$43,439.

## SHARE OPTION AND SHARE INCENTIVE PLAN

In 2004, Maple Leaf Foods adopted a new share based incentive compensation plan for its employees and employees of its subsidiaries, including executive officers replacing the share option plan. The new plan allows for awards of restricted share units (“RSUs”). On maturity, participants receive one fully paid share for each vested RSU held. The following table sets out the RSUs awarded to the named executive officers.

### LTIP – Awards of RSUs During the Year Ended December 31, 2004

Name	Restricted Share Units Awarded (#)	Performance Period Until Maturity or Payout <sup>(1)</sup>	Estimated Future Payout Under Non Securities-Price-Based-Plans		
			Threshold (\$ or #)	Target (\$ or #)	Maximum (\$ or #)
Lan, R.A.	27,500	September 30, 2009			
Vels, M.H.	27,500	September 30, 2009			
MacFarlane, D.J.	6,250	September 30, 2009			
Maycock, P.G.	6,250	September 30, 2009			
McLean, C.B.	17,500	September 30, 2009			

Note:

- (1) The RSUs listed above vest over three to five years based on the total shareholder return for the Corporation’s 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, 2004 to September 30, 2009. The units meeting the performance criteria on or before September 30, 2007 vest at that time. Units meeting the performance criteria in the two years ending on September 30, 2009 vest at that time.

## MAPLE LEAF FOODS SHARE OPTIONS GRANTED IN 2004

### Options for the Purchase of Common Shares of Maple Leaf Foods:

Name	Securities Under Options Granted <sup>(1)</sup> (#)	% of Total Options Granted to Employees in 2004	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options	Expiration Date
				on the Date of Grant (\$/Security)	
Lan, R.A.	55,000	22.5%	\$13.21	\$13.21	September 16, 2011
Vels, M. H.	55,000	3.9% <sup>(2)</sup>	\$13.21	\$13.21	September 16, 2011
MacFarlane, D.J.	12,500	5.1%	\$13.21	\$13.21	September 16, 2011
Maycock, P.G.	12,500	5.1%	\$13.21	\$13.21	September 16, 2011
McLean, C.B.	35,000	14.3%	\$13.21	\$13.21	September 16, 2011

Notes:

- (1) The share options vest over five years based on the total return of the Maple Leaf Foods shares compared with the total return of the S&P Food Products Index. The percentage of total options granted to employees in 2004 refers to employees of the Corporation.
- (2) The percent shown for Mr. Vels is of all options grants by Maple Leaf Foods Inc. under the share incentive plan.

## AGGREGATE MAPLE LEAF FOODS STOCK OPTION EXERCISES IN 2004 AND FINANCIAL YEAR-END OPTION VALUES

### Options for the Purchase of Common Shares of Maple Leaf Foods:

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 2004 (#)		Value of Unexercised in-the-money Options at December 31, 2004 <sup>(1)</sup> (\$)	
			Exercisable (vested)	Unexercisable (not vested)	Exercisable (vested)	Unexercisable (not vested)
Lan, R.A.	—	—	430,133	294,200	1,435,945	755,477
Vels, M.H.	—	—	274,656	249,600	928,026	620,019
MacFarlane, D.J.	—	—	86,500	72,750	279,215	134,825
Maycock, P.G.	—	—	81,851	62,213	227,815	145,955
McLean, C.B.	—	—	106,600	170,900	420,770	346,180

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, 2004 was \$14.97.

## 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, Mr. Lan and Mr. Maycock participate in defined contribution plans. Messrs. MacFarlane and McLean are members of the Canada Bread Salaried Pension Plan. This plan was revised effective January 1, 2000 for executives hired after 1998. Specific information pertaining to each of these pension plans is detailed below:

### Canada Bread Company, Limited Salaried Pension Plan (Revised Formula)

Remuneration	Years of Service				
	15	20	25	30	35
\$125,000	33,318	44,423	55,529	66,635	77,741
\$150,000	40,818	54,423	68,029	81,635	95,241
\$175,000	48,318	64,423	80,529	96,635	112,741
\$200,000	55,818	74,423	93,029	111,635	130,241
\$225,000	63,318	84,423	105,529	126,635	147,741
\$250,000	70,818	94,423	118,029	141,635	165,241
\$300,000	85,818	114,423	143,029	171,635	200,241
\$400,000	115,818	154,423	193,029	231,635	270,241
\$500,000	145,818	194,423	243,029	291,635	340,241

The preceding table shows the estimated annual retirement income that would be payable if the officer retired as at December 31, 2004 at age 65. 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 schedules of actuarially equivalent payments are available. Mr. McLean has four (4) years of credited service and Mr. MacFarlane has five (5) years of credited service under the above Canada Bread Company, Limited Salaried Pension Plan (Revised Formula).

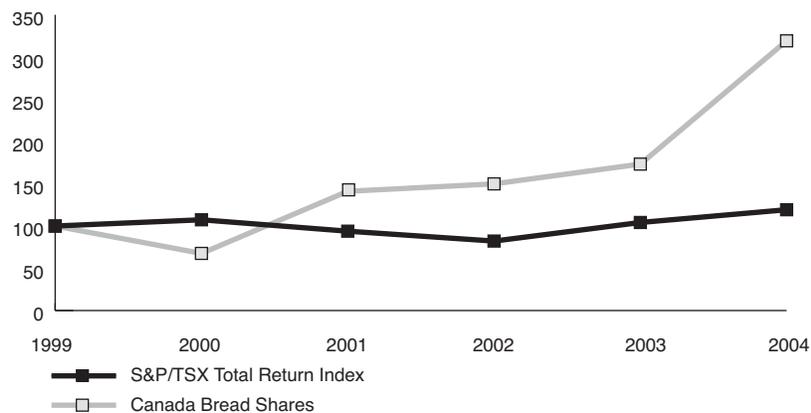
### Canada Bread Company, Limited Salaried and Supplemental Executive Pension Plan (Prior Formula)

Final Average Earnings	Years of Service				
	15	20	25	30	35
\$125,000	37,500	50,000	62,500	75,000	87,500
\$150,000	45,000	60,000	75,000	90,000	105,000
\$175,000	52,500	70,000	87,500	105,000	122,500
\$200,000	60,000	80,000	100,000	120,000	140,000
\$225,000	67,500	90,000	112,500	135,000	157,500
\$250,000	75,000	100,000	125,000	150,000	175,000
\$300,000	90,000	120,000	150,000	180,000	210,000
\$400,000	120,000	160,000	200,000	240,000	280,000
\$500,000	150,000	200,000	250,000	300,000	350,000

The preceding chart shows the estimated maximum annual retirement income that would be payable if the executive retired at December 31, 2004 at Normal Retirement Age at equivalent levels of average annual earnings. Upon retirement, this plan provides lifetime retirement income benefits to certain officers as designated by the Board of Directors, including certain of the Named Executive Officers, of up to 70% of their average annual compensation (defined as base salary during the best 60 consecutive months of employment). Full benefits are payable at age 60. The benefits are payable for the life of the executive, with a guarantee that at least 60 monthly payments will be made. Designated executives are not required to contribute in order to receive benefits. Payments from the plan are in addition to any other entitlement which an employee may be entitled to with respect to the Canada Pension Plan. Mr. MacFarlane has 0.8 years of credited service under this prior plan formula.

## Stock Performance Graph

The following chart compares the total cumulative shareholder return of \$100 invested in Common Shares of the Corporation for the period December 31, 1999 to December 31, 2004 with the cumulative total return of the S&P/TSX Total Return Index for the same period. The Corporation's Common Shares closed at \$47.00 on the TSX on December 31, 2004.



Year	1999	2000	2001	2002	2003	2004
S&P/TSX Total Return Index	100.0	107.4	93.9	82.2	104.2	119.3
Canada Bread Shares	100.0	67.6	141.1	149.9	173.3	319.2

Note: Dividends declared on Common Shares of the Corporation are assumed to be reinvested at the share price on the payment date. The S&P/TSX Total Return Index is the total index return, including reinvested dividends.

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## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

This Statement of Corporate Governance Practices has been prepared by the Human Resources and Corporate Governance Committee (“Corporate Governance Committee”) of the Board and has been approved by the Board of Directors.

### Composition of the Board

The Board consists of nine members. The Corporate Governance Committee has evaluated the relationship between each director and the management of the Corporation and has concluded that more than a majority of directors are “unrelated” directors (i.e. a director who is free from any interest and any business or other relationship which could, or could reasonably be, perceived to materially interfere with the director’s ability to act in the best interests of the Corporation, other than interests arising from shareholding). Approximately 44% of the directors are not related to either the Corporation or to its controlling shareholder, a number which exceeds the approximately 13% of shares held by shareholders other than the controlling shareholder.

### Mandate of the Board of Directors

The Board of Directors is responsible for the supervision of the management of the business and affairs of the Corporation acting with a view to the best interests of the Corporation. Generally, all material matters relating to the business of the Corporation require the prior approval of the Board. The Board’s key responsibilities include the approval of corporate objectives and the oversight of processes for:

- strategic planning;
- the identification and management, to the extent possible, of the principal business risks;
- internal control and management information systems;
- succession planning, including appointing, training and monitoring senior management; and
- maintaining effective communications with shareholders, stakeholders and the public.

### Committees of the Board

The Board of Directors discharges its responsibilities directly and through two committees, the Audit Committee and the Human Resources and Corporate Governance Committee. The committees are made up solely of “unrelated” directors.

### Human Resources and Corporate Governance Committee

The Human Resources and Corporate Governance Committee is responsible for developing and monitoring the Corporation’s systems of compensation and corporate governance including:

- reviewing and developing the Corporation’s compensation policies and processes to endeavour to ensure that employees of the Corporation will be fairly and competitively compensated;
- annually evaluate the performance of the CEO against predetermined goals and criteria and reviewing and approving the amount of compensation to be paid to the CEO;
- annually considering the CEO’s evaluation of the performance of the other executive officers of the Corporation and recommendations with respect to the amount of compensation to be paid to such executive officers;
- assisting the Board of Directors in ensuring that appropriate human resource development, succession planning and performance evaluation programs are in place and are operating effectively;
- periodically reviewing the size, composition and performance of the Board;
- periodically reviewing the committee structure and all committee mandates;
- periodically reviewing the compensation paid to outside directors and proposing amendments to the Board;
- annually proposing the nominee for the Chair and members of each Committee; and
- satisfying itself that structures are in place to ensure effective communication between the Corporation, its stakeholders and the public.

## **Audit Committee**

In 2004, the Human Resources and Corporate Governance Committee commenced a review of the Audit Committee mandate. Together with the Audit Committee itself, the review was completed with the approval of a revised charter by the full Board in March 2005.

The Committee has the mandate to fulfill the applicable public company obligations respecting audit committees and to assist the Board of Directors in fulfilling its oversight responsibilities in the following areas:

- 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) oversee 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 for release to shareholders the interim reports and results of operations.
- g) To conduct independent investigations into matters which may come under its scope of responsibilities.

A copy of the Audit Committee charter is available on the Corporation's March 21, 2005 Annual Information Form which is available from the Secretary of the Corporation, on the Corporation's website and on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Effectiveness of the Board**

The Human Resources and Corporate Governance Committee periodically assesses the effectiveness of the Board through discussions and surveys. Informally, the performance of individual directors is assessed by the Committee. In 2004, the Human Resources and Corporate Governance Committee adopted a more formalized program of 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 Human Resources and Corporate Governance Committee. The overall results and conclusions are shared with the full Board of Directors.

## **Orientation and Education of Directors**

The Human Resources and Corporate Governance Committee is responsible for the orientation and education of new directors as well as 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.

## **Outside Advisors**

The Board has adopted a system which enables any individual director to engage an outside advisor at the expense of the Corporation in appropriate circumstances. While any such engagement is subject to the prior approval of the Human Resources and Corporate Governance Committee, the Audit Committee may retain such special legal, accounting, financial or other consultants and determine their compensation as the Committee may determine to be necessary to carry out the Committee's duties at the Corporation's expense. In the event the Audit Committee does engage expert assistance under this provision, it is required to inform the Chair of the Human Resources and Corporate Governance Committee.

## **Relationship Between the Board and Management**

The Board has a separate person serving as Chairman of the Board and CEO of the Corporation. In addition, the Board of Directors believes that structures are in place which assist the Board in acting independently of management.

The annual schedule of meetings for the Board and its Committees is prepared by the Chairman of the Board, after consultation with the Committee chairs, the CEO and other directors. The Chairman of the Board develops the agendas for Board meetings after consultation with the CEO and management; background information and reports pertaining to meeting agenda items are circulated to the directors in advance whenever practicable.

Directors have open access to senior management of the Corporation as appropriate. The Board also encourages individual directors to provide specific advice and counsel to management regarding matters in respect of which they have special knowledge and experience.

### **Board's Expectations of Management**

The Corporation has written position descriptions for each for the Board, the CEO and each committee, which together with the Corporation by-laws, set out management's authority with respect to matters relating to the business. Management is responsible for the development of operating company and overall corporate strategies on an ongoing basis. The Board expects management to keep strategic plans current by continually reviewing important issues and evaluating the competitiveness and positioning of the Corporation's business. The role of the Board is to ensure that a strategic planning process is in place, to review and approve strategies developed by management, and to monitor management's success in implementing the strategies.

Annually, concurrently with the preparation of the annual operating and capital budget, the Board establishes goals and objectives for the CEO. The Human Resources and Corporate Governance Committee evaluates the CEO's performance against those goals and objectives and reports on its results to the full Board.

### **Shareholder Communications**

Management of the Corporation maintains communications with shareholders, stakeholders and the public on an ongoing basis under the supervision of the Board. Management also represents the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. The Board of Directors, on the advice of the Human Resources and Corporate Governance Committee, adopted a detailed disclosure policy covering internal and external communications to ensure all investors have equal access to information. The Board approves the content of all major communications to shareholders and the investing public, including annual and interim financial statements, management information circulars, annual information forms and prospectuses. The Corporation attempts to consider and respond to all shareholder inquiries. Management provides from time to time, as appropriate, a report to the Board of significant comments which the Corporation receives from shareholders.

### **Frequency of Meetings and Attendance**

The Board schedules five regular meetings, but holds other meetings as necessary. The committees meet as required to fulfill their responsibilities.

A detailed meeting agenda and comprehensive briefing materials are circulated to directors in advance of each meeting. In circumstances where he or she is unable to attend the meeting in person or by telephone, a director has the opportunity discuss the matters with management and other directors in advance and to have his or her views communicated with the Committee or full Board as the case may be. The frequency of committee meetings and average attendance in 2004 was:

	<b>Number of Meetings</b>	<b>Attendance</b>
Board of Directors	8	93%
Audit Committee	4	92%
Human Resources and Corporate Governance Committee	5	93%
For all meetings	17	93%

	<b>Attendance</b>	
J.L. Bragg	14/17	82%
S.A. Everett	17/17	100%
R.A. Lan	8/8	100%
C.J. Mayer	12/12	100%
G.W.F. McCain	8/8	100%
J.S. McCain	7/8	88%
M.H. McCain	8/8	100%
T.P. Muir	6/8	75%
J.F. Petch	12/13	92%

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## OTHER MATTERS

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as at December 31, 2004 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, 2004

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
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 and approved an incentive stock option plan for the Corporation (the “Plan”). 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 or 270 days following the death of any employee or 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.

### DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

Directors’ and officers’ liability insurance has been arranged through the Corporation’s controlling shareholder, Maple Leaf Foods, at an annual premium cost of \$26,381 which was not allocated as between officers and directors. The insurance limit under the policy is \$35,000,000 for each loss and each policy year with the Corporation subject to a \$250,000 deductible provision. The directors and officers are not liable for any payment under a deductibility clause.

### 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 Muir are directors of the Corporation and are also officers and/or directors of Maple Leaf Foods (see “Election of Directors”).

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. The cost of this service in 2004 was \$4.6 million. The Corporation also receives engineering services in connection with capital expenditure programs of \$1.3 million and certain information system services from Maple Leaf Foods the cost of which was \$7.0 million in 2004.

## **GENERAL**

Except where specifically stated, information contained herein, is given as of March 17, 2005.

## **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 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, Etobicoke, Ontario M9B 6H7.

## **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 17th day of March, 2005.

A handwritten signature in black ink, appearing to read 'R. Cappuccitti', written over a horizontal line.

R. Cappuccitti  
Secretary