



March 19, 2004

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 Sheraton Centre Hotel, City Hall Room, 123 Queen Street West, Toronto, Ontario at 10:00 a.m. on Wednesday, May 5, 2004. 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 2003, 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 Trust Company of Canada, 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 **Sheraton Centre Hotel, City Hall Room, 123 Queen Street West, Toronto, Ontario on the 5th day of May 2004 at 10:00 a.m.** (Toronto time) for the following purposes:

- (a) Receiving and considering the Annual Report containing the consolidated financial statements for the year ended December 31, 2003, together with the auditors' report thereon;
- (b) Electing directors;
- (c) Appointing auditors and authorizing the directors to fix their remuneration; and;
- (d) Transacting such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Management Information Circular dated March 19, 2004 provides additional information concerning the matters to be dealt with at the Meeting.

DATED at Toronto this 19th day of March, 2004.

By Order of the Board.

R. Cappuccitti  
Secretary

Notes:

- (1) Holders of common shares registered on the books of the Corporation at the close of business on March 26, 2004 are entitled to Notice of the Meeting.
- (2) The directors have fixed the close of business on March 26, 2004 as the record date for the determination of the shareholders of the Corporation entitled to notice of and to vote at the Meeting and only persons who are registered as holders of common shares on the books of the Corporation at the close of business on March 26, 2004 or persons who are transferees of common shares acquired after March 26, 2004 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.
- (3) The directors have fixed the hour of 4:30 p.m. on the last business day preceding the day of the Meeting or any adjournment thereof, before which time the instrument of proxy to be used at the Meeting must be deposited with the Secretary of the Corporation, c/o Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting.

# 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 **Sheraton Centre Hotel, City Hall Room, 123 Queen Street West, Toronto, Ontario on Wednesday, May 5, 2004, at 10:00 a.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 Trust Company of Canada, 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 16, 2004 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") which holds 21,521,115 common shares representing approximately 85% 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 26, 2004 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 26, 2004, or persons who are transferees of Common Shares acquired after March 26, 2004 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.

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## 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.**

Nominee	Director Since	Principal Occupation	Common Shares Owned, Held or Controlled <sup>(1)</sup>	
			of the Corporation	of Maple Leaf Foods
John L. Bragg <sup>(3)(4)</sup>	1995	President, Oxford Frozen Foods Limited ( <i>food manufacturing</i> )	11,240	
Sarah A. Everett <sup>(3)(4)</sup>	1995	Chairman, Tereve Holdings Ltd. ( <i>Bowring chain of retail stores</i> )	1,200	
Richard A. Lan	1995	President and Chief Executive Officer of the Corporation (since April 30, 2002) and President and COO, Bakery Products Group, Maple Leaf Foods Inc.	5,000	80,735 <sup>(2)</sup>
Charles J. Mayer <sup>(3)</sup>	1997	President, Forest Hills Ranch Ltd. ( <i>mixed farming</i> )	3,750	
J. Scott McCain	1995	President and Chief Operating Officer, Agribusiness Group, Maple Leaf Foods Inc.		70,000 <sup>(2)</sup>
G. Wallace F. McCain	1995	Chairman of the Board, Maple Leaf Foods Inc.		165,000 <sup>(2)</sup>
Michael H. McCain	1995	President and Chief Executive Officer, Maple Leaf Foods Inc.		120,000 <sup>(2)</sup>
Thomas P. Muir	1995	Chief Financial Officer, Maple Leaf Foods Inc.		150,000
John F. Petch <sup>(4)</sup>	1995	Vice-Chairman and Senior Partner, Osler, Hoskin & Harcourt LLP ( <i>barristers and solicitors</i> )	5,000	

- (1) As of March 16, 2004, 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 85% of the shares of Canada Bread Company, Limited. McCain Capital Corporation is the owner of 36,363,514 voting common shares of Maple Leaf Foods representing approximately 32% of all issued and outstanding shares (40% 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".)
- (3) Members of the Audit Committee are Messrs. J.L. Bragg (Chairman), C.J. Mayer and Ms. S.A. Everett, who are appointed annually.
- (4) Members of the Human Resources and Corporate Governance Committee are Messrs. J.F. Petch (Chairman), J.L. Bragg and Ms. S.A. Everett, who are appointed annually.

### 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, 2003 and 2002, 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	2003 (\$)	2002 (\$)
Audit fees <sup>(1)</sup>	390,554	240,000
Audit-related fees <sup>(2)</sup>	196,451	328,025
Tax fees <sup>(3)</sup>	852,921	32,865
All other fees <sup>(4)</sup>	—	—
Total fees	1,439,926	600,890

Notes:

- (1) For the audit of the Canada Bread Company, Limited annual financial statements (including the audits of subsidiaries).
- (2) Audit related services consisted 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 2003 financial year in an aggregate amount of \$189,750. The compensation paid for service in 2003 to each other 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.

In 2002, a Special Committee of independent directors, consisting of John F. Petch as Chairman together with John L. Bragg, Sarah A. Everett and Charles J. Mayer, was appointed to evaluate an offer by Maple Leaf Foods Inc. for the purchase of treasury shares of the Corporation. The Board approved fees for service on the Special Committee of \$1,000 per meeting attended (\$1,250 for the Chairman). There was no retainer paid for service on this committee.

### REPORT ON EXECUTIVE COMPENSATION

The Human Resources and Corporate Governance Committee ("Committee") is composed of three Directors, all of whom are independent. Since December 1995, the Committee has consisted 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.
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 compensation decisions made by the Committee seek to balance internal compensation equity for employees with external measurements for competitive practices within Canadian food and consumer products companies and autonomous Canadian and subsidiary companies of comparable size. 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 three components: a base salary, an annual bonus, and a long-term incentive component. 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 were made to similar positions in a grouping of autonomous and subsidiary companies of a size comparable to the Corporation, given the more particular responsibilities of these executives in a publicly-traded company. 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 strike in the Corporation's fresh bakery operations in Quebec. The summary compensation indicates an increase in the base salary paid in 2003 versus 2002. This reflects the fact that Mr. Lan received an annual salary adjustment effective July 1, 2002.

Options of Maple Leaf Foods 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.

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 and the four most highly compensated executive officers other than the CEO for the year ended December 31, 2003. The CEO 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		All Other 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 (\$)	
R.A. LAN <sup>(5)</sup> 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		
	2001	US\$ 396,860	US\$ 225,645	US\$ 10,500	210,000		
DOUGLAS J. MACFARLANE <sup>(6)</sup> President, Canada Bread Frozen Bakery	2003	287,448	43,055		25,000		
	2002	261,250	193,565		45,000		
	2001	208,269	108,790		22,000		
C. BARRY MCLEAN 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>(10)</sup>
	2001	230,000	116,380		15,000		69,167 <sup>(11)</sup>
RÉAL MÉNARD <sup>(7)</sup> Sr. Vice-President and General Manager, Canada Bread Fresh Quebec	2003	233,978	96,757		20,000		
	2002	218,173	132,975		15,000		
	2001	44,291	75,598		10,000		
PETER G. MAYCOCK <sup>(8)</sup> Managing Director, Maple Leaf Bakery UK	2003	GBP £121,678	GBP £70,002	GBP £6,084	25,000		

### 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 2003 are those applicable to 2003 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 2003 compensation translated into Canadian dollars is: salary, \$609,636; bonus, \$60,110; and other annual compensation, \$11,212. 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) 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.
- (7) Mr. Ménard is an employee of Multi-Marques Inc. The amounts in the table above represent earnings after October 12, 2001, the date Multi-Marques Inc. became a subsidiary of the Corporation. The bonus shown for 2001 represents the full amount for 2001 applicable under the Multi-Marques bonus plan and paid in 2002.
- (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 \$278,436, bonus \$160,186, and contribution to a defined contribution pension plan (shown in "Other Annual Compensation") \$13,922.
- (9) Represents a relocation supplement payment which is part of a three year commitment commencing June 2002.
- (10) The amount shown is a relocation allowance for \$29,167 and a relocation supplement payment of \$43,439 which is part of a three year commitment commencing June 2002.
- (11) Represents a one time employment bonus in the amount of \$50,000 and relocation supplement of \$19,167.

## MAPLE LEAF FOODS SHARE OPTIONS GRANTED IN 2003

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

Name	Securities Under Options Granted	% of Total Options Granted to Employees in 2003	Exercise or Base Price	Market Value of Securities Underlying Options on the Date of Grant	Expiration Date
	(#)		(\$/Security)	(\$/Security)	
Lan, R.A.	110,000	19.1%	\$10.30	\$10.30	August 27, 2010
MacFarlane, D.J.	25,000	4.3%	\$10.30	\$10.30	August 27, 2010
McLean, C.B.	70,000	12.1%	\$10.30	\$10.30	August 27, 2010
Ménard, R.	20,000	3.5%	\$10.30	\$10.30	August 27, 2010
Maycock, P.G.	25,000	4.3%	\$10.30	\$10.30	August 27, 2010

Note: 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 Standard & Poor's Food Products Index. The percentage of total options granted to employees in 2003 refers to employees of the Corporation.

## AGGREGATE MAPLE LEAF FOODS STOCK OPTION EXERCISES IN 2003 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, 2003 (#)		Value of Unexercised in-the-money Options at December 31, 2003 <sup>(1)</sup> (\$)	
			Exercisable (vested)	Unexercisable (not vested)	Exercisable (vested)	Unexercisable (not vested)
Lan, R.A.	—	—	250,333	400,000	92,046	67,954
MacFarlane, D.J.	—	—	43,778	158,222	23,046	16,454
McLean, C.B.	—	—	45,000	180,000	84,800	14,000
Ménard, R.	—	—	6,700	38,300	1,273	4,627
Maycock, P.G.	—	—	50,788	73,426	9,246	9,554

Note<sup>(1)</sup> 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, 2003 was \$10.50.

## 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 1st, 2000 for executives hired after 1998. Mr. Ménard is a member of the pension plan for managers of Multi-Marques Inc.

Specific information pertaining to each of these pension plans is detailed below:

**Canada Bread Company, Limited Salaried Pension Plan (Revised Formula) and Maple Leaf Foods Pension Plan**

Remuneration	Years of Service				
	15	20	25	30	35
\$125,000	33,395	44,526	55,658	66,789	77,921
\$150,000	40,895	54,526	68,158	81,789	95,421
\$175,000	48,395	64,526	80,658	96,789	112,921
\$200,000	55,895	74,526	93,158	111,789	130,421
\$225,000	63,395	84,526	105,658	126,789	147,921
\$250,000	70,895	94,526	118,158	141,789	165,421
\$300,000	85,895	114,526	143,158	171,789	200,421
\$400,000	115,895	154,526	193,158	231,789	270,421
\$500,000	145,895	194,526	243,158	291,789	340,421

The preceding table shows the estimated annual retirement income that would be payable if the officer retired as at December 31, 2003 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 three (3) years of credited service and Mr. MacFarlane has four (4) 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, 2003 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 .8 years of credited service under this prior plan formula.

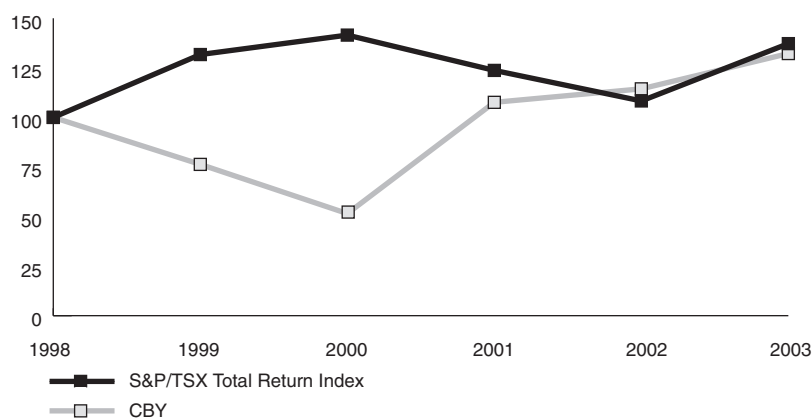
## Multi-Marques Inc. Pension Plan Pension Arrangements

Final Average Earnings	Years of Service				
	15	20	25	30	35
\$125,000	33,981	45,308	56,635	67,962	79,289
\$150,000	41,481	55,308	69,135	82,962	96,789
\$175,000	48,981	65,308	81,635	97,962	114,289
\$200,000	56,481	75,308	94,135	112,962	131,789
\$225,000	63,981	85,308	106,635	127,962	149,289
\$250,000	71,481	95,308	119,135	142,962	166,789
\$300,000	86,481	115,308	144,135	172,962	201,789
\$400,000	116,481	155,308	194,135	232,962	271,789
\$500,000	146,481	195,308	244,135	292,962	341,789

The preceding chart shows the estimated annual retirement income that would be payable if the executive retired at December 31, 2003 at age 65. 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 four (4) years of credited service under the Multi-Marques Inc. Pension Plan.

## 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, 1998 to December 31, 2003 with the cumulative total return of the S&P/TSX Total Return Index for the same period. The Corporation's Common Shares closed at \$25.75 on the TSX on December 31, 2003.



Year	1998	1999	2000	2001	2002	2003
S&P/TSX Total Return Index	100.0	131.7	141.5	123.7	108.3	137.2
CBY	100.0	76.3	51.5	107.6	114.4	132.2

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 15% 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 endeavor 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**

The Audit Committee is primarily responsible for overseeing the integrity of the Corporation's internal controls including:

- reviewing the Corporation's financial statements prior to their approval by the Board;
- establishing the objectives and scope of audits with the auditors of the Corporation;
- reviewing the findings of audits and assessing management's response thereto; and
- approving the fees of the external auditors.

## **Special Committee**

In December 2002, the Board of Directors appointed a special committee (the "Special Committee") to evaluate an offer for the issuance of 4,000,000 equity shares to Maple Leaf Foods Inc. at a price of \$26.50. The \$26.50 price represented a 24% premium to the average closing price for Canada Bread common shares for the 10 days preceding the announcement. The members of the Special Committee were: John F. Petch as Chairman, John L. Bragg, Sarah A. Everett and Charles J. Mayer.

The Special Committee met on three occasions to discuss the equity issue and the Corporation's long term financing requirements. In the end the Special Committee concluded that the issue was in the best interest of the Corporation and negotiated its terms. The shares were issued on January 30, 2003. Proceeds from the financing were used to pay down debt under the Corporation's existing credit facility with Maple Leaf Foods which was entered into for the purchase of the international baking operations of Maple Leaf Foods in December 2002.

## **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 the Human Resources and Corporate Governance Committee. The overall results and conclusions are shared with the full Board of Directors.

## **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. Any such engagement is subject to the prior approval 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**

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.

## 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 six regular meetings, but holds other meetings as necessary. The committees meet as required to fulfill their responsibilities. The frequency of committee meetings and average attendance by directors in 2003 was:

	Number of Meetings	Attendance
Board of Directors	11	95%
Special Committee	3	83%
Audit Committee	5	100%
Human Resources and Corporate Governance Committee	5	100%
For all meetings	24	95%
J.L. Bragg	24	92%
S.A. Everett	24	100%
R.A. Lan	11	91%
C.J. Mayer	19	95%
G.W.F. McCain	11	91%
J.S. McCain	11	91%
M.H. McCain	11	100%
T.P. Muir	11	91%
J.F. Petch	19	100%



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## OTHER MATTERS

### 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 \$24,764 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 2003 was \$6.8 million. The Corporation also receives certain information system services from Maple Leaf Foods the cost of which was \$4.2 million in 2003.

### GENERAL

Except where specifically stated, information contained herein, is given as of March 19, 2004.

### 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 19th day of March, 2004.



R. Cappuccitti  
Secretary