



Messages to Shareholders

MESSAGE TO SHAREHOLDERS

MESSAGE FROM THE CHAIRMAN



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47

Board/Committee meetings held in 2011



MICHAEL MCCAIN
President and Chief Executive Officer

85%

of directors on the Board are independent

MAJOR MILESTONES ACHIEVED IN 2011

- Expanded margins in our Meat Products Group
- Commissioned our new scale fresh bakery on time and on budget
- Launched a detailed plan to achieve scale efficiencies in our prepared meats network
- Executed the early closure of two prepared meats plants
- Improved results in our U.K. bakery business
- Reduced costs by standardizing over 1,000 prepared meats products
- Successfully completed 19 SAP implementations
- Increased prepared meats market share through new product innovation
- Gained market share in both the Maple Leaf® and Schneiders® brands

EBITDA Margin Targets

We are targeting significant EBITDA margin expansion now and through 2015 through continued earnings growth in our base business and completion of our value creation plan.

	2010	2011	2012	2015
Protein EBITDA	6.6%	7.8%	8.5%	12.5%
Bakery EBITDA	9.3%	8.7%	11.5%	12.5%
Total EBITDA	7.2%	8.0%	9.5%	12.5%

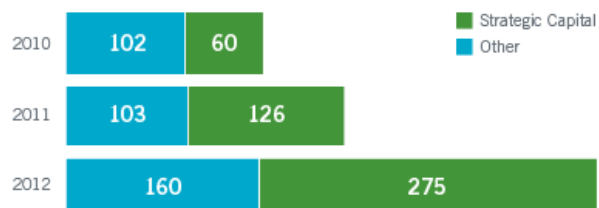
Summary Financial Highlights

	2011	2010
Sales	\$ 4,893.6M	\$ 4,968.1M
Return on net assets ("RONA")	10.0%	8.6%
Adjusted operating earnings	\$ 259.0M	\$ 214.5M
Adjusted earnings per share	\$ 1.01	\$ 0.73
Operating cash flow from continuing operations	\$ 244.8M	\$ 285.2M
Capital expenditures	\$ 229.2M	\$ 162.3M
Debt to EBITDA ratio	2.5x	2.5x
Share price performance relative to S&P Food Index	(19.0)%	(16.4)%

Phasing of Capital

(In millions of Canadian dollars)

Significant capital investment in 2012 will support consolidation and expansion of existing plants, construction of new facilities, and continued SAP implementation.





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We are confident that this strategy will deliver significant improvements in profitability and the best return for our investors.

Dear Fellow Shareholders:

The last twelve months has been a period marked by change and a high level of Board activity and engagement.

In May, we experienced the loss of Wallace McCain after his valiant battle with pancreatic cancer. Wallace was one of Canada's most eminent entrepreneurs, and he had a profound impact on Maple Leaf Foods and everyone who knew him. He brought a unique blend of penetrating insights, experience and humility during his sixteen years as Chairman. Words cannot convey the magnitude of his contribution to Maple Leaf Foods or how deeply he is missed by his fellow directors, Management and employees.

There were two material governance events this year. The first was the execution of an agreement with McCain Capital, which owns 31.3% of the Company's shares, to provide them proportionate representation on the Board. The second was securing approval by shareholders to adopt a shareholder rights plan, which will ensure all shareholders participate in any transaction in which control of the Company is acquired or increased.

In October, the Board approved a capital investment of \$560 million to establish a low cost, highly competitive prepared meats network, the single largest investment in our Company's history. This decision was made after an intensive review and recommendation by a working group of five independent directors, including two new directors. This working group stress-tested management assumptions, the risks and the return on investment. We are confident that this strategy will deliver significant improvements in profitability and the best return for our investors, and we are diligently tracking progress, recognizing our collective accountability as a Board and Management team to deliver results.

We continue to add to the breadth and experience of the Board with the addition of new independent directors. At the 2012 Annual General Meeting a slate of directors will be presented to shareholders that will reflect some departures and continuing Board renewal. At that time I will also be relinquishing my role as Chairman, which I assumed upon Wallace's death, and retiring from the Board. It has been a very rewarding experience for me. I firmly believe that this Company is following a path that will reward its shareholders in both the near and longer term, and strengthen its position as one of Canada's great food companies.

Maple Leaf has a Board that is united in its confidence in the Company's strategic direction and path to create significant value. We have a governance structure that recognizes and protects the rights of all shareholders, and a Board that brings a combination of broad experience, historical knowledge and new perspectives to its responsibilities. I am honoured to have worked alongside these dedicated directors and to have participated in the growth of a great business.

Sincerely,

PURDY CRAWFORD
Chairman

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