



Annual Meeting

April 24, 2008

Glen Gould Studio, Toronto

Remarks to Shareholders:

Michael H. McCain, President and Chief Executive Officer

Michael H. Vels, Chief Financial officer

Maple Leaf Foods Inc.

“Thank you. It’s a privilege to be here with you today. I know that many of you have traveled some distance to be here and on behalf of the Board, thank you for making the effort. To others joining us on the web cast we also appreciate your ‘virtual’ presence. And to our many employees who are either here today or tuned in back at the office, a special welcome as well. What I have to say here today is a reflection of your hard work and many achievements. I hope everyone will find our remarks both informative and candid.

The theme of this year’s Annual Report and Annual Meeting is “Recipe for Success.” We are pursuing a vision of being a globally admired meat, meals and bakery company. We have a recipe for success. It involves building on our core strengths in brand marketing and innovation, backed up by world class plants and distribution capabilities. Supported by the passion of 23,000 employees globally who share our vision, we know we are well on our way.

But, these are stunningly challenging and unique times. Several weeks ago, the Globe and Mail headline described “The New Global Menace - Food Inflation”. We have seen social unrest worldwide as countries and populations come to grips with the realization that, as Goldman Sachs’ chief commodity analyst described, this represents “the beginning of a structural increase in food prices, much as has occurred in the energy and metals markets”.

So, I stand before our shareholders here today with a most difficult challenge. The world is embroiled with absorbing the implications of the simple truth that food will be considerably more expensive well into the future. At the same time, Maple Leaf Foods is in the middle of a deep structural change of migrating from a commodity portfolio to a new consumer packaged goods business model.

Indeed, your management team sees opportunity and substantial rewards to those who share in our vision, yet it is equally easy to see monumental challenge and risk. My ambition today is to help you see why we are imbued with optimism.

Here are the reasons why:

- 1) Market changes that are driving current rates of food inflation are transient, and we have all the skills and tools to manage through this over time.
- 2) We have faced the reality of structural change created by currency, have an achievable plan to recover from its effects, and are well on our way to getting that done.
- 3) We have a vision of the future which is exciting and rewarding on many dimensions, and
- 4) We have the foundations of great people, brands, assets and discipline to execute.

History rewards those who see the positive when others see negative; who believe when others are cynical, and who charge forward when others are retreating. A friend of mine recently described two types of investors: traders and builders. The largest investors in Maple Leaf Foods and your management team are clearly builders, not traders in this business, and while there are many “sub-plots” along the way, this story will be written of a journey building a great company.

Before I get into the details of our operating results and what’s ahead, I would like to turn the meeting over to Michael Vels, our Chief Financial Officer, who will provide you with an overview of our financial results in 2007 and the first quarter results for this year.

Financial Results (Mike Vels)

Thank you Michael, I am very pleased to be with everyone today, and proud to report that we achieved a great deal at Maple Leaf Foods in 2007. It was a year where we met or exceeded all of our business objectives, which is all the more impressive given the challenges that we faced.

2007 Results

Sales for the year were \$5.2 billion, a slight decline from the previous year, mostly due to business lines that were sold or discontinued, mostly offset by the benefit of price increases and acquisitions.

Our Meat Group contributed 66% of every sales dollar, with Bakery contributing 29% and Agribusiness 5%.

Domestic versus international sales remained much the same as the prior year at 72% domestic, 15% U.S. and 14% to other countries.

As outlined in our financial reports, we focus on results from continuing operations and before restructuring costs. As such, our numbers, which are reported in Canadian dollars, exclude results from the feed business that was sold in 2007, and before the cost of restructuring the business.

Adjusted operating earnings for the year rose 15% to just under \$200 million, which was a very strong result considering the considerable change that we are experiencing both inside and outside the Company.

Adjusted earnings from operations from our Bakery businesses, which includes our fresh and frozen bakery, fresh pasta and UK operations, rose 16% to \$117 million compared to \$101 million last year, as we benefited from acquisitions and price increases that offset rising flour and other input costs. We are particularly pleased with the early progress in our frozen bakery operations, as it continues to increase operating efficiencies and underlying profitability, and also by continued strong performance in our

UK bakery business as we successfully integrated their 2006 and 2007 acquisitions.

In our Meat Group, which includes our fresh pork and poultry and further processed meat and meals operations, adjusted operating earnings increased 21% to over \$90 million. This was largely the effect of improved commodity market conditions and better execution in core operations. Although a positive result, our 2007 earnings have yet to reflect the benefit of our restructuring activities that we expect to yield results commencing later in 2008 and in 2009.

Our Agribusiness Group results, comprised of hog production and rendering operations, declined significantly to a loss of \$8 million compared to a loss of \$2 million in 2006, due to a combination of rapidly rising feed costs, lower hog prices and higher mortality rates that affected the North American industry. These losses were somewhat mitigated by good results in our rendering and biodiesel businesses.

As a result of our strong operating earnings improvement, we ended the year with adjusted earnings per share of \$0.51, an increase of 34% from 2006.

As Michael mentioned, we are the midst of a significant business transformation, and as such we will continue to incur restructuring costs through to the end of 2009. At this time, we expect company-wide restructuring costs to range from \$275 to \$325 million between the years 2006 and 2009, of which \$190 million has already been recorded. This forecast includes cash costs of up to \$110 million. The range of these costs depends on two things: first, whether we sell or close facilities that are no longer part of the core business, and second, new initiatives that will arise as we progress through the three years.

Capital expenditures in 2007 rose 52% to \$237 million, supporting our strategy to increase scale in our plants and reduce costs. These projects included adding capacity in our UK bagel operations to drive growth in the specialty bakery market. We constructed new warehousing facilities at our Roanoke, West Virginia bakery and in Western Canada. We invested in a major expansion of our Brandon pork processing plant to support a double-shift operation, and in equipment and facilities to grow our further processed meats and meals business. In 2008 we expect our capital program to increase by 18% to approximately \$280 million as we support strategic projects to reduce costs, add capacity and expand margins.

Operating cash flow from continuing operations last year rose 14% to \$123 million, and return on net assets was 6.7% compared to 5.6% a year ago. Your management team fully recognizes that this return on net assets is below expectations and below the weighted average cost of capital. This is our most important metric and the genesis of our transformational efforts to recover losses from the currency shift and implement a more stable business model that can consistently earn returns above the cost of capital.

We closed the 2007 books with an extremely strong balance sheet – benefiting from the sale of our animal nutrition business that contributed proceeds of \$525 million. Our debt to EBITDA ratio was 2.2 times, below our target range of 3 to 3.5 times. While we have benefited from short-term debt and interest reduction, and have a balance sheet that provides us with the flexibility to make the needed changes, we expect that as our cash flow responds to our strategic initiatives, we will have significant debt capacity.

Once we have completed our protein reorganization, we will seek to reinvest in our core business growth inside and outside Canada. Our significant access to cash and our strong lender relationships will support acquisitions that will fuel both geographic and product diversification.

First Quarter 2008

As we enter 2008, it is important for investors to recognize what we said at the end of 2007, knowing full well we were heading into a period of having to absorb, and then pass along the enormous impact of food inflation. There are short-term challenges of matching the timing of cost increases with the pricing required to pass these costs on in the market place.

Such was the case in first quarter of 2008. While our underlying protein performance was good, we experienced significant negatives primarily in two areas – hog production and bakery, both of which felt the brunt of the unprecedented run-up in grain prices. We were also affected by currency as the Canadian dollar increased in value, negatively impacting earnings by approximately \$5.5 million.

Sales in the first quarter were \$1.2 billion compared to \$1.3 billion last year. Operating earnings before restructuring and other related costs declined 34% to \$33 million from \$50 million last year. Earnings were roughly flat in our Meat Products Group; declined 44% in Bakery, and also decreased in Agribusiness.

The net result was adjusted earnings per share for the quarter of \$0.04 compared to \$0.12 last year.

In our Meat Products Group, both consumer packaged meats and primary pork processing margins expanded in the quarter which, combined with early benefits from the repositioning of our protein operations, drove improvements in the underlying results. Offsetting this was the impact of currency and weaker markets in poultry processing. The decline in our Agribusiness earnings reflects the pressure that the hog production industry is under. Canadian producers have been further disadvantaged by the strong Canadian dollar.

North American producers have suffered losses in the range of \$35-55 per hog, and industry conditions resulted in an \$18 million increase in losses in our hog production operations in the first quarter. Mitigating this substantial loss was the one-time benefit of a government income stabilization program for Canadian hog producers, and stronger results from rendering and biodiesel operations.

In our Bakery Products Group, unprecedented and rapid increases in wheat prices are virtually the entire story. With the explosion in wheat prices beginning in the third quarter of 2007, our challenge has been to keep pace with this in our pricing, which tends to occur in periodic pricing events and not on a week-to-week basis. As a result, margin compression in the first quarter due to wheat markets drove almost all of the variance from last year. We implemented additional price increases in March 2008, and may require additional increases later this year. Improvements in our own cost efficiencies and some stabilization of wheat prices as new supplies come to market should partly offset these impacts.

Turning to capital investments, we spent \$46 million in the first quarter, supporting our active program to increase the scale and efficiency of our factories. Cash flow from operations was \$18 million versus cash used in operations of \$10 million in the prior year. This \$28 million improvement was predominantly due to a decreased investment in working capital.

We are also investing in a new comprehensive systems architecture that will allow us to implement standardized business processes worldwide across Maple Leaf. This initiative, which will deliver substantial cost reductions and other benefits, will require an estimated total capital and operating investment of approximately \$170 million over the next three to four years, we expect this will result in a positive return on investment. Initial costs and other consulting expenses charged to earnings during the first quarter were \$6 million.

So to summarize the quarter, while higher grain prices are creating difficult market conditions, we believe they are entirely manageable over time, although they will add some short-term volatility. Our underlying operations, particularly the value-added meats and bakery businesses, are very well positioned and early wins in the Company's protein restructuring are building a solid base for higher earnings. We will be providing more information during our investor conference call this afternoon. Thank you and back to you Michael.

As a shareholder, there are likely two relevant questions you are interested in. First, what is underpinning this grain cost increase, and second, what makes us so confident in our ability to pass them on?

There are several macro-economic factors driving the global re-pricing of commodities.

Here are examples which span every agricultural sector: corn, wheat, soybeans, crude oil, and rice to name a few. We have seen price spikes in virtually all commodities except one – live hogs. I will circle back later to discuss why this is so.

There are three primary factors driving food inflation: biofuels; world demand for grains and meat; and short supplies.

While the jury may still be out on the benefit of food-for-fuel in society, there is no doubt government policy favors this trend continuing and it is driving up food costs around the world.

Ethanol production has risen by 200% in the past 5 years and now consumes nearly 18% of the US corn crop. This is not expected to change anytime soon. Maple Leaf's investment in bio-diesel is actually on the

opposite side of this debate, as we use recycled inputs of inedible tallow and grease and do not rely on a virgin feedstock like corn.

A combination of factors underpins continued growth in demand for grains globally. First, the per capita income growth in developing countries is leading a shift towards higher caloric intake and more meat consumption which requires more grain to feed the livestock. In China, for example, per capita meat consumption has increased an average of 6% annually and doubles every twelve years!

Second, the low US dollar has driven exports globally in both grains and meat. In the past three years, wheat, corn and soy exports from the US increased 14%, while pork exports increased 44%.

Lastly, grain supplies have rarely been tighter. Global agricultural land growth has largely been flat, and insufficient to supply the increased demand. Projections on worldwide wheat stock are at a 26-year low at just 18% of annual US consumption.

All of this translates to more expensive food well into the future. While we could consume much of this meeting just on this topic, suffice to say that in North America we have the tools and ability to adjust. Food here and in the rest of the developed world continues to represent a relatively small part of overall spending. The bigger story resides in places where that isn't the case. Just under 1 billion people live on less than \$1 per day in this world. For them, the impact of "food for fuel" is a survival issue, and governments worldwide are going to have to address this or face dire consequences.

At Maple Leaf...we have no choice but to pass on these inflationary pressures through the price of our products. We are constantly seeking ways to enhance productivity to offset as much as possible, but this tide is just too great and price change is the only outcome.

We are quite skilled at doing this, we have the brands and market leadership to draw upon, and our customers are reasonable and supportive business partners who have no expectations that we can or should absorb cost changes of this magnitude. The price change process relies on prolific communications, making sure the marketplace understands the clear and factual need for change. It requires some lead time, and in specific cases or channels there are short term contractual commitments that need to cycle through.

Raising prices with consumers is a separate consideration. While there is always the specter that consumers will stop buying or materially change their purchasing patterns at higher levels, our experience is that purchasing patterns don't change in any material way other than on a temporary basis – measured in months. Why? Because once new “consumer value” propositions are restored, habitual patterns resume. Of course this time could be different given the magnitude of the changes, but we don't think so, and the early evidence supports this.

Hog production is a very different circumstance. We don't control the prices for hogs, and the double hit of rising feed grain costs has actually met with flat or declining hog prices. That is why the losses the North American hog production industry is currently absorbing are so large, and in fact are virtually unsustainable. It will change; it is just a question of when.

The supply of live hogs in the United States today is running 12% higher than a year ago, which is pressuring processing capacity and the markets ability to absorb the meat. However, herds will liquidate, we are seeing sign of that now, and prices for meat will rise along with every other commodity. The futures market is telling us this will begin to occur this fall. At that stage our priority will be to make sure we are ready to manage

rising meat prices, particularly as they affect raw material costs in our processed meat business.

Maple Leaf Foods does not provide earnings guidance. . . . However, investors should know that we fully expect high grain costs to continue to affect us as we “pass through” pricing. In the case of bread, the March price increases take effect in the second quarter, but flour costs are likely to be near record high levels in Q2. It won’t be until mid-year and the new crop of wheat when we expect to achieve equilibrium again. In the case of hogs, we are simultaneously reducing our exposure to livestock through our restructuring, and the liquidation of herds should improve hog pricing within nine to twelve months as the futures market suggests.

In contrast to commodity market influences, our business transformation and related structural changes driven by the currency shift are much more material to us!

Through our protein reorganization, Maple Leaf Foods remains on track to realize incremental annualized earnings of over \$100 million by the end of 2009. The majority of these improvements are driven by cost reduction activities and a shift in business mix well within our control. In addition, we will grow earnings through other value creation initiatives across our company well above the \$100 million. From these changes, there is no doubt Maple Leaf Foods will emerge as a stronger company that is better equipped to handle macro-economic volatility in currency and commodity markets and achieve increased earnings consistency. We are excited about our future and confident in our ability to deliver the financial returns we expect.

Creating Shareholder Value

Before highlighting these strategic initiatives, I would like to take a moment to discuss our company's share price and our view of shareholder value creation.

As stock markets around the world rose and fell last year, Maple Leaf Foods' shares rose 20% – outperforming the TSX Composite Index and the Standard & Poor's Food Index.

More recently, our stock has been impacted by the general market downturn, compounded by concern over the impact of commodity price increases on the food industry. In fact, we have seen our trailing earnings multiple decline, which our peer group has not seen to a large extent. We believe the market has also discounted our stock due to the uncertainty that change inevitably brings to predictable earnings.

Does this bother me as a very large shareholder? Well, like you I would prefer to see a higher stock price. But I believe we have readily achievable upside – first, by delivering on the significant earnings improvement through our transformation and second, by seeing our earnings multiple aligned with our new peer group of consumer packaged food companies. Currently we are trading at 7.4 times our trailing 12 months EBITDA, a significant discount to our new peer group who are valued in the area of 9.2 times trailing earnings. For those investors who are patient, who value longer horizons, and have confidence in our ability to do what we say we will do, we believe Maple Leaf shares represent an excellent opportunity. We are confident that the benefits of our actions will be reflected in our share price in the right time.

The Path to Value Creation

The path to value creation for Maple Leaf Foods is very clear to us, and we are executing on the plans to get us there.

By 2010 Maple Leaf will be a focused, consumer packaged food company, with significantly higher earnings. Here are some highlights of this transformation – both what has been achieved and what is yet to come. I will focus on three themes:

- 1) Refocusing our protein business model
- 2) Increasing scale and efficiency across our supply chains
- 3) Driving innovation and market growth

1. Refocusing Our Protein Business Model

Since we began implementing a new business model in our protein operations last year, we have:

- sold our animal nutrition business
- closed four sub-scale plants
- combined the meat business into one single organization, and
- largely restructured our hog production operations

When we are done we will have reduced the hogs we raise by 50% and the fresh pork we produce by over 40%. By the end of 2009, we will have consolidated six pork processing plants into one and established a tightly integrated protein business, with our fresh pork operations supplying raw materials for our higher margin value-added meat and meals businesses. In the next year and a half we will sell or exit our remaining non-core pork operations, which together process about 2.5 million hogs annually, and complete the sale of our non-core hog production operations. Lots accomplished and we are well down the path to completion.

2. Increase Scale and Efficiency Across Our Supply Chains

Realizing our financial goal is also predicated on maximizing scale and efficiency across our operations. As you have heard, we are driving this agenda through significantly increasing our capital program.

This includes double-shifting the Brandon pork plant to create one source of low cost, high quality pork to supply our value added meats and meals businesses. I can't fully express how proud I am of the team that is managing the seamless execution of this complex start-up,

We are also shaving costs and investing strategically across our Bakery businesses. There are significant gains to be made from increasing capacity utilization in our North American frozen bakery operations, which have been challenged by a fragmented industry structure and high costs. Through taking out excess capacity and more efficiently using our assets, we are starting to realize underlying improvements in this business also.

The consolidation of our protein operations into one business also simplifies the organization dramatically and supports the implementation of standardized business processes and systems across Maple Leaf. By transitioning to a shared service model, where support functions in payroll, accounting and other common services will be centrally delivered, we will also significantly reduce our administration costs.

3. Drive Innovation and Market Growth

Of course long-term success also requires a strong focus on innovation and market growth.

Innovation creates new categories and revitalizes existing ones – with new products typically delivering higher growth rates and up to 50% higher margins. Supporting this, we are also increasing our investment and

recruitment in areas such as product development and marketing, attracting great new talent to the organization.

Fortunately, we are building on a strong foundation of brands, innovative products and marketing. We enjoy market leading positions across all major products categories and have brand leadership through household names such as Maple Leaf, Dempster's and Schneider's. We have three of the top 25 brands in Canada and are # 3 in Canadian packaged goods branded retail sales.

Realizing our transformation requires a step-change in our penetration of higher value segments of the food market. This growth will largely come from innovation in the near term, and fuelled by acquisitions in the mid to longer term. Our goal this year is to launch more than 120 new products, and that is no small achievement!

One of the most exciting projects underway to drive innovation is construction of the new ThinkFood! innovation centre at our Mississauga campus. Scheduled for completion in early 2009, we will bring our product development people together to share their ideas and talents and collaborate in this world class facility. The ThinkFood centre will enable us to track global trends in the food industry, connect with global culinary leaders, and better engage with our customers in product development customized to meet their needs. If all goes as planned we look forward to hosting our Annual Meeting there next year!

Ten years ago Maple Leaf was a processed meat and sliced bread company. Today higher nutrition and specialty breads, chilled meals, sandwiches and pasta represent a significant portion of our sales and an even greater share of our earnings. And while traditional products still provide a consistent and important earnings stream, we have made huge strides in diversifying our businesses into higher growth markets.

Take the refrigerated meals segment, for example. Three years ago, we ventured into this rapidly growing market in a serious way with the launch of our Fully Cooked Roasts. We now lead this category across Canada – with products ranging from chicken strips, fully cooked bacon and sandwiches to full meal entrees.

In late 2007 we acquired Martel, a large Canadian sandwich manufacturer to step-change our leadership and growth in this \$170 million market, which is ripe for innovation. Our plan is to go well beyond egg salad – using our extraordinary strength in product development, distribution and customer relationships to bring freshness and excitement to the sandwich category.

Internationally, we expect to further expand our operations in the United Kingdom and into mainland Europe, building on the success we've enjoyed in our U.K. bakery business. Over the past two years, we have quadrupled its size through acquisitions and organic growth. Today, we can benefit from leading market positions in several bakery categories including bagels, croissants, artisan breads, and in-store bakery, supported by eight bakeries across England.

Of course, I would be remiss if I didn't take a moment to speak about our most important asset at Maple Leaf Foods – people. Our company would not have ended 2007 in such a strong position were it not for the hard work, dedication and innovative thinking of our 23,000 people who span the world.

On behalf of the company's senior management and the Board of Directors, I would like to thank each of our employees for all you accomplished last year. It was not easy, but you pulled together as a team and got results

despite an extremely difficult operating environment. I am proud to work alongside each and every one of you.

I am also proud of the fact that we have maintained our focus on our culture and the development of a world class organization through these difficult times of change. Here are two examples...

In 2007, Maple Leaf Foods was recognized as one of Canada's 10 Most Admired Corporate Cultures. We have long strived to build a focused, innovative, action-packed and non-political environment, where great people get challenged to perform and grow more than they could anywhere else. We have a work environment where people feel respected and encouraged to voice their opinions and are guided by shared values and the disciplines of Six Sigma. This recognition is validation that we are on the right track.

Additionally, Maple Leaf conducts an annual employee survey called "Maple Leaf Listens". Our most recent results are just in and here are some highlights. Our overall engagement score was at the 81st percentile in the North American database, up significantly from a year ago. Noteworthy responses include: 81% reported that "Overall, I am extremely satisfied with Maple Leaf Foods as a place to work," and 80% that "Maple Leaf Foods has an outstanding future," and 90% that "They like the job that they do".

In periods of change, a focus on people is imperative! We feel pretty good about the feedback we are getting.

By 2010, Maple Leaf will have completed its transformation to a higher margin consumer packaged food company. Our goal remains to deliver a return on net assets of 11.5% and earnings per share growth of 15%. We

believe these targets will be achieved through the value creation activities now underway.

Once completed we will be in an extremely strong position to leverage our excellent balance sheet and drive top line growth through global acquisitions in the consumer packaged food sector. With a continued focus on attracting and developing talented people who are intellectually fearless, creative, dedicated, and passionate about food, we will achieve our goals and vision.

As Winston Churchill said, "It's not enough we do our best, sometimes we have to do what's required." Maple Leaf is taking the steps to build a company that our people can take pride in, and that our shareholders will be rewarded by.

Thank you for your attention. I would now be pleased to answer any questions you may have.