MAPLE LEAF FOODS INC.

ANNUAL INFORMATION FORM

March 20, 2008

MAPLE LEAF FOODS INC.

ANNUAL INFORMATION FORM

March 20, 2008

TABLE OF CONTENTS

MAPLE LEAF FOODS INC.

ANNUAL INFORMATION FORM

Unless otherwise indicated, the information in this Annual Information Form is given as of December 31, 2007 and all amounts are in Canadian dollars. Unless the context otherwise requires, references herein to “Maple Leaf Foods” or the “Company” are to Maple Leaf Foods Inc. and its consolidated subsidiaries.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains and the Company’s oral and written public communications often contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about the industries in which Maple Leaf Foods operates, and beliefs and assumptions made by the management of the Company. Such statements include, but are not limited to, statements with respect to our objectives and goals, our restructuring plans and expected costs, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. Words such as “expect,” “anticipate,” “intend,” “attempt,” “may,” “will”, “plan,” “believe,” “seek,” “estimate,” and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve assumptions and risks and uncertainties that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. The Company does not intend and the Company disclaims any obligation to update any forward-looking statements, whether written or oral, or whether as a result of new information, future events or otherwise except as required by law.

These forward-looking statements are based on a variety of factors and assumptions including, but not limited to: the condition of the Canadian and United States economies; the rate of appreciation of the Canadian dollar versus the United States dollar and Japanese yen; the availability and saleability of livestock, raw materials, energy and supplies; product pricing; the competitive environment and related market conditions; improvement of operating efficiencies; continued access to capital; the cost of compliance with environmental and health standards; adverse results from ongoing litigation; no unexpected actions of domestic and foreign governments; and, the general assumption that none of the risks identified below or referenced elsewhere in this document materialize. These assumptions have been derived from information currently available to the Company including information obtained by the Company from third-party industry analysts.

Actual results may differ materially from those predicted by such forward-looking statements. While the Company does not know what impact any of these differences may have, its business, results of operations, financial condition and the market price of its securities may be materially adversely affected. Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by forward-looking statements include, among other things:

- the cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the risks associated with implementing and executing the protein business transformation;
- the risks associated with changes in the Company’s shared systems and processes;
- the risks posed by food contamination, consumer liability and product recalls;
- the risks related to the health status of livestock;
- the Company’s exposure to currency exchange risks;
- the ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- the impact of international events on commodity prices and the free flow of goods;
- the risks posed by compliance with extensive government regulation and legal matters;
- the impact of extensive environmental regulation and potential environmental liabilities;
- the risks associated with a consolidating retail environment;
- the risks associated with the Company’s outstanding indebtedness;
- the impact of a pandemic on the Company’s operations;
- the impact of changes in consumer trends, tastes and dietary habits; and
- the risks associated with complying with differing employment laws and practices globally and the potential for work stoppages due to non-renewal of collective agreements.

The Company cautions you that the foregoing list of factors is not exclusive. These factors are discussed in more detail under the heading "Risk Factors" in the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2007, which the Company has filed with the Canadian securities regulators and which is available on SEDAR at www.sedar.com. You should review such section in detail.

OVERVIEW OF THE BUSINESS

Maple Leaf Foods is a leading Canadian food processing company with revenues of approximately $5.2 billion in fiscal 2007. The Company's business is divided into three operating and reportable segments: the Meat Products Group, the Agribusiness Group, and the Bakery Products Group. The combination of the Meat Products Group and the Agribusiness Group comprises the Protein Group, which is involved in producing and marketing animal protein-based products.

The Meat Products Group comprises value-added processed packaged meats, chilled meal entrees and lunch kits; value-added pork, poultry and turkey products; and, global meat sales. Meat products are sold under the Company's premium brands as well as through private label, food service and industrial channels. Under the restructuring of the Company's operations commenced in 2006 (described on page 3 under the heading Three Year History), the Meat Products Group operating divisions Maple Leaf Fresh Foods, Maple Leaf Consumer Foods and Maple Leaf Global Foods were combined and operate as one unit.

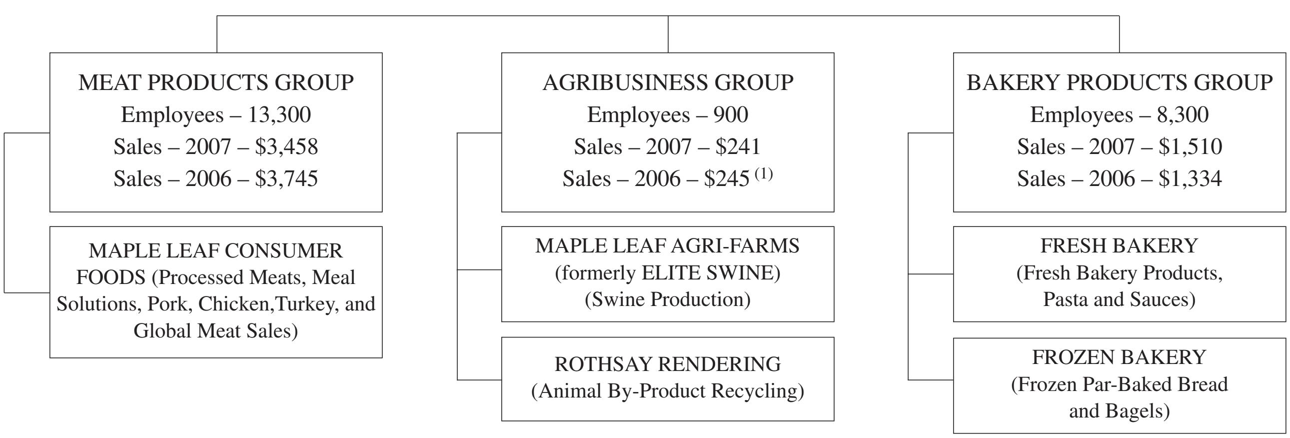
The Agribusiness Group supplies the Company with livestock and poultry feeds, manages hog production and recycles a wide variety of animal and poultry by-products, including bones, trim, fat, offal and feathers, into a broad range of commercial tallow and protein products and biodiesel. The Agribusiness Group consists of the two operating groups, Maple Leaf Agri-Farms (formerly Elite Swine Inc.) and Rothsay Rendering.

The Bakery Products Group is comprised of Maple Leaf Foods' 88.0% indirect ownership (as at March 20, 2008) in Canada Bread Company, Limited ("Canada Bread"), a leading manufacturer and marketer of value-added flour-based products including fresh bread in Canada, frozen partially baked ("par-baked") bread in the United States and Canada, specialty bakery products including fresh pasta and sauces, prepared sandwiches and snack cakes in Canada, and bagels, croissants and other specialty baked goods in the United Kingdom. The Bakery Products Group consists of the two operating groups, the Fresh Bakery Group and the Frozen Bakery Group.

During 2007, the Company sold its Maple Leaf Animal Nutrition business. See "General Development of the Business – Three Year History".

Organizational Structure

The following chart summarizes the Company's current organizational structure by operating segment as at December 31, 2007 (sales figures are in millions):



The foregoing Organization Structure changed during 2007 due to the restructuring of the Meat Products and Agribusiness Groups. See "General Development of the Business – Three Year History".

(1) The Agribusiness Group's sales for 2006 were restated to exclude the figures from the Maple Leaf Animal Nutrition business sold by the Company in 2007.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

During the year ended December 31, 2007, the Company continued to focus on improving its operating efficiencies, improving its sales mix by increasing the proportion of value-added and higher margin products, and increasing its market share through acquisitions and capital expansions. Although several segments of the Company's operations performed very well in 2007, this was overshadowed by the financial performance of the protein value chain operations, which were significantly impacted by the rise in the Canadian dollar against the U.S. dollar and the Japanese yen over the last four years. The hog production and fresh pork operations are most adversely impacted by this change in currency as the value of hogs is pegged to the U.S. dollar and fresh pork products compete on a relative price basis with U.S.-based competitors. The weaker results from these operations more than offset a very strong contribution from the Company's consumer foods and bakery businesses.

In 2006, in response to poor financial performance of the protein value chain operations resulting from the impact of the rise in the Canadian dollar against the U.S. dollar and the Japanese yen, the Company completed a comprehensive strategic review of its protein-related businesses and operations with the objective of maximizing the profitability of its meat businesses and recovering the loss in competitiveness due to adverse currency movements. In October 2006, the Company announced a redirection of strategy to reorganize its protein operations to focus on growth in higher margin, value-added meats and meals businesses where the Company has brand and market leadership (the "Transformation Strategy"). This was intended to mitigate the significant impact of currency fluctuations and increasing global competition in the hog and fresh pork areas of the business, where the Company has relatively little control or pricing power. Significant components of the strategy include:

1. simplifying the organization by the consolidation of six operating units into one;
2. focusing the organization by the sale of non-core business units;
3. lowering exposure to currency and commodity market fluctuations by downsizing the pork supply chain to quantities consumed in the Company's value -added meat and meals operations; and,
4. increasing margins and growth by directing meat into value-added channels.

As implementation of the strategy began in late 2006 and is expected to take three years to complete, the 2007 results reflect implementation of certain portions of the strategy. In 2007, in conjunction with the strategic review of its protein businesses, the Company began a process to standardize core operational and financial processes and supporting systems across the Company as a foundation to establish a multi-functional shared service organization expected to provide lower cost, value-added services for all the Company's business operations.

During 2007, in addition to significant internal change activities related to execution of its strategy, the Company was materially affected by unprecedented increases in the price of key inputs to its manufacturing operations, including wheat, corn, other grains and fuel costs. Management believes that these impacts, which must be offset by increasing the prices of the Company's products or reducing costs, reinforce the new strategy including downsizing or exiting from product categories in which the Company has limited pricing power, or is unduly exposed to commodity and currency effects.

In 2007, the management of Maple Leaf Consumer Foods, Maple Leaf Fresh Foods and Maple Leaf Global Foods was combined under single management as set out in the Transformation Strategy.

The acquisitions, dispositions, capital expansions and conditions that have influenced the general development of the business in each of the operating segments over the last three fiscal years are discussed below.

Meat Products Group

In 2004, the Company acquired Schneider Foods and in the last three years, the Meat Products Group has developed through the integration of Schneider Foods with the Company's other meat and value-added meats and meals operations and by the combination of all its meats and meals business into one single operating unit in furtherance of the Transformation Strategy. In 2005, Schneider Foods, a wholly-owned subsidiary of the Company that is a national producer of value-added processed meat products, integrated the value-added meat products operations of its subsidiary, Mitchell's Gourmet Foods Inc., with its own value-added meat products operations. As well, starting in 2005, Maple Leaf Consumer Foods started combining its operations with Schneider Foods and the combination has progressed well with the systems integration underway, and is expected to be substantially completed in 2008. The integration of the management teams, sales forces and other functions has been completed.

In 2005, the Company began reporting the results of operations of its subsidiary, Cold Springs Farm Limited ("Cold Springs Farm"), an integrated turkey producer and processor, on a consolidated basis and in August 2006 acquired an additional 17% of Cold Springs Farm for $5 million in cash, thereby increasing its ownership stake to 66%. In August 2007, the Company purchased an additional interest in Cold Springs Farm for $5.0 million in cash, thereby increasing its ownership stake to 83%. The Company is obligated to acquire the remaining shares of Cold Springs Farm in the third quarter of 2008 for $5.0 million. In May 2005, the Company purchased the remaining 32% interest in Cappola Food Inc., a subsidiary of Schneider Foods, for a net purchase price of approximately $3.6 million.

In 2005, the Company combined all of its pork and poultry operations, previously operated separately as Maple Leaf Poultry and Maple Leaf Pork, into one division of the Company named Maple Leaf Fresh Foods. This division included all the fresh pork and poultry processing operations of Mitchell's Gourmet Foods Inc., Cold Spring Farms, and Schneider Foods. On March 31, 2007, the Company completed two transactions to sell its small Convenience and Seafood trading businesses in Germany, as those businesses were not aligned with the Company's new protein strategy. These sales did not have a material impact on the Company's ongoing earnings or cash flows.

In 2007, management of Maple Leaf Consumer Foods, Maple Leaf Fresh Foods and Maple Leaf Global Foods was combined under single management as set out in the Transformation Strategy.

In the area of value-added meats and meals manufacturing, the Company continues to rationalize and make efficiency improvements. In 2006, the Company acquired a new 185,000 square foot facility in Brampton, Ontario for the production of a new line of refrigerated, branded meal solution products. These products were launched in the first quarter of 2007 under the *Maple Leaf Simply Fresh*® brand name. The Company has closed a red meat facility in Etobicoke, Ontario and consolidated the products previously made there into the Brampton facility. It has also announced consolidation and upgrades of its Western distribution network. Construction of a new distribution centre in Saskatoon is under way.

The Transformation Strategy for pork production is to downsize pork supply to the quantities consumed in value-added meats and meals options. The Company had seven pork plants in 2006. Once the strategy is fully implemented in 2009, the Company will have only one plant operating on a double shift basis processing approximately 4.3 million hogs annually. Accordingly, in 2006, the Company announced that its existing plant in Saskatoon, Saskatchewan would be closed rather than be replaced with a new plant as had been announced in 2005. The Company also divested its interest in a Quebec based primary pork processor in late 2006.

The Company closed two pork plants in Saskatoon and Winnipeg in the second and fourth quarters of 2007 and a poultry primary processing facility in Atlantic Canada in the second quarter of 2007, in conformance with the refocused strategy outlined above. The Company also double-shifted the front-end processing at Brandon in early September 2007, reaching its target of 75,000 hogs per week during the fourth quarter. Management intends to invest further capital in the Brandon facility to expand and double-shift the back-end "cut" operations, and invest in further processing ham operations in Winnipeg.

Agribusiness Group

In 2007, the Company continued restructuring of its hog production business to establish 100% ownership of its sow and nursery barns in Manitoba while significantly reducing its total hogs under management. Moving to a smaller, vertically integrated business model where Maple Leaf Foods owns 100% of certain assets in the protein value chain is expected to allow Maple Leaf Foods to lower overhead costs, exert more control over operating improvements at these barns, and reduce its exposure to the hog market. Maple Leaf Foods had effective ownership of approximately 20% of the hogs it processed in 2007, compared to 20% in 2006 and 2005.

An element of the Company's new protein strategy is to restructure the Manitoba hog production operations towards wholly-owned balanced operations concentrated in proximity to the Brandon primary processing plant, reducing both the total number of hogs produced and the cost and complexity of the existing operations. This goal was materially achieved in Manitoba in 2007, and during 2008 and 2009 management will focus on further reducing costs in this business.

In January 2008, the Company sold most of its Ontario hog production operations and almost all of its hog production investments in Alberta. This, combined with progress in restructuring its operations in Manitoba, represents a significant milestone in the Company's strategic plans. This marks the substantial completion of the Company's exit from Alberta and Ontario hog production operations and the concentration of its production assets into Manitoba. A majority of the balance of the hog inventory in Ontario and Alberta will be marketed in the first and second quarters of 2008. As a result, after the first quarter of 2008, the annualized number of finished pigs produced by the Company is expected to reduce to approximately 750,000 hogs compared to 1.3 million produced in 2007. At the end of 2007, the Company effectively owned 20% of the hogs that it processed in its facilities.

On July 20, 2007, the Company completed the sale of its animal nutrition business to Nutreco Holding BV for gross proceeds of $524.8 million. Including the impact of a $20.7 million goodwill impairment charge related to the retained operations of the animal nutrition business and a $5.1 million tax benefit required to be recorded in earnings from continuing operations in the second quarter and the impact of final closing adjustments, the after-tax adjusted gain on the sale of the business was $204.0 million. The sale included feed milling operations in Canada and the U.S., feed mills in Ontario acquired with the acquisition of a controlling interest in Cold Springs Farm, a multi-species research farm located in Burford, Ontario, dry pet food operations, a grain trading operation in the U.S. and operations in Eastern Canada for the production of hatching eggs, hatching of broiler and leghorn chicks and the growing of chickens and turkeys. The Company retained ownership of two feed mills in western Canada to service the Company's internal needs for hog feed. Proceeds from the sale of the animal nutrition business were used to pay down long-term debt, strengthening the Company's balance sheet to support future expansion of core business lines and potential acquisitions.

Through its acquisition of a controlling interest in Cold Springs Farm in 2006, the Company acquired a hog production operation, a feed mill and two grain elevators that support the multi-species feed milling operations in addition to the turkey processing operations which form part of the Meat Products Group. Cold Springs Farm also composts turkey litter collected from its farms, producing natural fertilizer for sale in bulk and bagged forms.

Bakery Products Group

Over the past three years, Canada Bread has made a number of acquisitions to expand the global market for its products, and undertaken capital expansions at plants and locations.

In 2006, Canada Bread made three acquisitions in the United Kingdom. On March 24, 2006, it acquired the assets and operations of the Harvestime specialty bakery product plant in Walsall, England; for £1.0 million ($2.0 million). On November 27, 2006, Canada Bread, purchased two bakeries, The French Croissant Company Limited, a croissant bakery, and Avance (U.K.) Limited, a specialty bakery products manufacturer, for a total of £ 29.2 million ($64.0 million). It made a further acquisition in the United Kingdom on August 17, 2007 by purchasing the assets and operations of La Fornaia Ltd., a leading United Kingdom producer of an extensive range of quality, specialty and handcrafted breads for a total consideration of £18.9 million ($40.3 million). With these acquisitions and additional capital expansions, the United Kingdom operation has grown to now comprise eight plants producing a variety of breads including bagels, croissants and other specialties.

On October 2, 2006, the Company transferred its 50% interest in Royal Touch Foods Inc. ("Royal Touch"), a pre-packaged sandwich supplier based in Etobicoke, Ontario, to Canada Bread. Also in 2006, Canada Bread purchased the remaining 50% interest in Royal Touch from an unrelated third party at a net cost for the third party purchased shares of approximately $4.0 million.

On February 26, 2007, Canada Bread made one acquisition in Quebec being the assets and operations of Patisserie Chevalier Inc., a producer of single-portion snack cake products in Quebec, for a total cost of $8.2 million.

On January 29, 2008, Canada Bread closed the acquisition of Aliments Martel Inc. ("Martel"), a privately held Quebec-based manufacturer and distributor of sandwiches, meals and sweet goods. Canada Bread paid an initial purchase price of $42 million and in addition, may pay an earn-out of up to $23 million based on financial performance of the acquired business over the next three years.

In early 2008, Canada Bread announced its plan to close its Toronto bagel manufacturing facility, which should be completed in the third quarter of 2008. This strategic closure will allow the Company to better balance its North American production network to provide the best possible service to its North American customers.

DESCRIPTION OF THE BUSINESS

General

Maple Leaf Foods believes that its portfolio of food assets and selling channels provides the Company with a diversified revenue stream. The Meat Products Group, the Agribusiness Group and Bakery Products Group are complementary. While the primary processing operations in the Meat Products Group are somewhat cyclical, the consumer foods operations of the Meat Products Group and the operations of the Bakery Products Group are not. As a result, the results of the non-cyclical operations provide an offset to the results of the cyclical operations. Furthermore, the markets and customers of the Meat Products Group and the Bakery Products Group are similar, allowing for the sharing of management and professional expertise. The Transformation Strategy for the protein businesses described under "General Development of the Business – Three Year History" above is expected to substantially reduce the amount of hog production and primary pork processing.

Prior to the announced change in strategy in 2006, Maple Leaf Foods used a business model premised on the "vertical coordination" of its Meat Products Group and Agribusiness Group. This model of "vertical coordination" is different from the Company's new business model of "vertical integration". As part of the old "vertical coordination" strategy, the Company did not own 100% of all of the production assets used in the "protein value chain" but rather took minority ownership interests in, or entered into partnerships or contracts with, producers and provided them with genetics, animal nutrition, production management services and links to processing and marketing.

To advance the "vertical integration" model, the Company has sought to restructure its hog production business to establish 100% ownership of its sow and nursery operation in Manitoba, while significantly reducing its total hogs under management. To achieve this goal, the Company is in the process of exiting the hog production business in Ontario and Alberta. This more "vertically integrated" business model for hog production is expected to allow Maple Leaf Foods to lower overhead costs, exert more control over operating improvements at these barns, and reduce its exposure to the hog market.

The Company's customers are located in over 50 countries worldwide. While domestic sales in Canada represent the majority of the Company's revenues, a significant portion of the Company's sales are derived from international markets such as sales to the United States, the United Kingdom and Japan. Maple Leaf Foods' customers include retail and food service stores, livestock producers and other food processors. No single customer accounted for more than 15% of Maple Leaf Foods' consolidated revenues for the year ended December 31, 2007. Maple Leaf Foods' largest customers typically purchase many different food products from the Company.

The Company has announced plans to establish a food innovation centre in the Meadowvale Business Park in Mississauga, Ontario adjacent to the Company's existing office tower, that is expected to open by early 2009. The Company plans to invest approximately $12 million in the food innovation centre. The food innovation centre is to be home to the Company's product innovation and culinary strategy experts, and is designed to foster collaborative product development across the Company's global bakery and protein businesses. Resources located at the centre will include culinary facilities, a designated foodservice kitchen, sensory and product development areas, teaching facilities, and a global culinary insight and trend library. It is designed to be a central hands-on learning environment for sales, marketing and product development staff to develop and share new food concepts, recipe ideas, and evaluate preparation and display techniques with food service and retail customers. It is also expected to support consumer research and product testing.

MEAT PRODUCTS GROUP

General

In 2007, the three operating divisions in the Meat Products Group (Maple Leaf Consumer Foods, Maple Leaf Fresh Foods and Maple Leaf Global Foods) were combined under the name Maple Leaf Consumer Foods. The Meat Products Group, operating through the Maple Leaf Consumer Foods division, includes the Company's branded and customer-branded value-added prepared meat products; fresh, frozen and branded value-added pork products; fresh, frozen and branded value-added chicken and turkey products; further processed meats and grocery products, and global food marketing, distribution and trading. Meat products are sold under the Company's premium brands as well as through private label, food service and industrial channels. Maple Leaf Consumer Foods also operates an international import and export business through Maple Leaf Global Foods with a network of five offices located in Canada, Mexico, Korea, Japan and Hong Kong primarily as the global selling arm focused on the sale of value-added meats and meals and on serving the needs of the Company's strategic international customers.

As part of the Company's strategy to centralize its primary pork processing operations in Brandon, Manitoba by the end of 2009, it closed its primary pork processing operation in Winnipeg, Manitoba and its secondary processing facility in Etobicoke, Ontario at the end of October, 2007. The closure of the pork processing operations in Saskatoon, Saskatchewan was also completed. The Company also closed its fresh poultry processing operation in Canard, Nova Scotia at the end of April, 2007, due to the age of the facility and insufficient volumes. The Brandon, Manitoba pork processing operation went to a second shift in October, 2007 to support the Company's pork raw material requirements and value-added customers. The plant is on schedule to process approximately 75,000 hogs per week. The Company has announced its intention to sell its primary pork operations in Lethbridge, Alberta and Burlington, Ontario.

In 2006, the Company made significant investments in new facilities in its value-added meats business to support increased capacity and further cost reductions. In particular, the Company purchased a 185,000 square foot facility in Brampton, Ontario to manufacture a new line of refrigerated, branded meal solution products and other products. In 2007, the Company commenced construction of a new distribution centre in Saskatoon, Saskatchewan.

Maple Leaf Consumer Foods, the operating division of the Meat Products Group, produces branded and customer-branded, value-added prepared meat products and other consumer foods including meal solutions. Maple Leaf Consumer Foods has processing plants and distribution centres across Canada with a sales organization across both Canada and the United States.

Principal Products and Markets

Maple Leaf Consumer Foods' products include bacon, hams, wieners, meat snacks, a wide variety of European delicatessen products, processed chicken products such as fully cooked chicken breasts and wings, processed turkey products such as fully cooked turkey breast roasts, specialty sausage and deli products, a complete line of cooked meats, sliced meats, cooked sausage products, frozen entrees, lunch kits, lard and canned meats. In the first quarter of 2007, Maple Leaf Consumer Foods launched a line of refrigerated, branded meal solution products and other products under the name *"Simply Fresh"*. Maple Leaf Consumer Foods introduced a number of new products in 2006 including Schneiders Fully Cooked Sausages and Maple Leaf Grilled Meat Strips. The Maple Leaf Consumer Foods business markets its products to major grocery store chains, independent grocery outlets, and retail and wholesale buying groups. Products are sold primarily in Canada and the United States. In addition, processed meats, pork and poultry products, frozen french fries and other potato products are sold to food service distributors for subsequent sale to restaurants, institutions and other food service establishments. Frozen french fries, potato croquettes and other potato products are sold internationally.

Maple Leaf Consumer Foods' products also include fresh primal and value-added pork cuts, fresh cut-up and whole chicken and turkey products and frozen whole birds and turkey parts. Chickens are sold under the *Prime* brand as a value-added branded line of fresh poultry products, fed with only 100% *NutriPrime*®, a proprietary blend of all vegetable grains, minerals and vitamins, with no animal by-products. Most of the chicken produced is sold in fresh form while turkey is sold in both fresh and frozen formats. Primary customers are retail grocery store chains, the food service industry, institutional buyers and other food processors. There are significant sales of pork products outside of Canada, principally in the United States and Japan. The Company also processes turkey meat into cooked and non-cooked value-added turkey products. The processed value-added turkey products are sold to retailers, distributors and food service companies.

Within its integrated turkey operations, Cold Springs Farm produces eggs from its breeder flock, a majority of which are sold to its hatchery which in turn produces poults. A majority of eggs not used to produce poults are sold in Canada and for export. While some poults produced in the hatchery are transferred to commercial turkey farms owned by Cold Springs Farm, the majority are sold to third parties. Cold Springs Farm also further processes the meat into cooked and non-cooked value-added turkey products. The fresh turkeys, turkey parts and further processed value-added turkey products are sold to retailers, distributors and food service companies.

The trading operations products are sold to customers around the world with an emphasis on Pacific Rim countries. Products imported into Canada are sold to food service distributors and wholesalers as well as directly to retail grocery store chains. In 2007, approximately 97% of the sales of Maple Leaf Consumer Foods arose from products produced by Maple Leaf Foods and its subsidiaries.

Raw Materials

The majority of the hogs procured by Maple Leaf Consumer Foods are sourced through direct contracts with producers with terms from one to five years with varying pricing mechanisms and premiums for livestock with specific quality characteristics. Under the contracts, producers gain access to risk management tools. Poultry processing operations in Canada function within a highly regulated environment where live supply is controlled by marketing boards and other government agencies. All of the Company's live chicken and turkey supply for its processing operation is purchased through supply marketing boards that regulate both the supply and the cost of the Company's primary raw material.

Maple Leaf Consumer Foods' raw material requirements (other than the significant amount of fresh pork and poultry produced in its own plants) are purchased as commodities on the open market, either directly from suppliers or through brokers in Canada or the United States with prices fluctuating based on demand and available supply. As part of the revised protein strategy of the Company, more of Maple Leaf Consumer Foods' raw material will be sourced internally for pork and poultry, but there will still be a requirement for purchases of these raw materials externally as well. A number of finished products are purchased through co-packing agreements with outside suppliers.

Markets and Competition – Meat Products Group

The Meat Products Group holds the number one or number two national market share position in each of its core product segments. While the number of competitors and the degree of competition varies by product and region, the meat industry in Canada is highly competitive, including competition from foreign manufacturers. Major competitors include several multinational food companies, and national and regional manufacturers. The markets for fresh pork are international, and the Company competes with large pork processors located in the United States and throughout the world. The international trading operations compete with other food trading organizations located throughout the world and with international sales organizations that are aligned with food processors. The Company is a significant purchaser of live hogs in Canada and competes with both Canadian and United States processors for hog supply. In the fresh pork and poultry operations, the Company's financial results are influenced by market prices for live chickens and hogs.

The Company is continuing in its efforts to minimize the influence of underlying commodity prices through adding value to its products, and by increasing operating efficiencies in order to improve its competitive position. The Company also attempts to minimize the overall impact of these commodity prices through its balanced portfolio of production and processing operations, as its hog production operations benefit from high hog prices and profits are usually countercyclical to the fresh pork operations. The announced protein strategy change and reduction in the amount of primary pork processing is expected to reduce the level of cyclicality further.

Consumer demand for meat products is seasonal, with demand increasing during the summer months for barbecue products and during the winter months for fully cooked ready-to-serve products. The market for turkey products is seasonal with a higher level of sales of turkey products in the festive seasons (September to December and to a lesser extent, in March and April).

AGRIBUSINESS GROUP

The Agribusiness Group manages and produces live hogs, provides its own hog feeds, and provides a valuable environmental service by recycling a wide variety of animal and poultry by-products, including bones, trim, fat, offal and feathers, into a broad range of commercial tallow and protein products. The Agribusiness Group is divided into two operating divisions: Maple Leaf Agri-Farms (formerly called Elite Swine Inc.) and Rothsay Rendering.

In July 2007, the Company completed the divestiture of its animal nutrition business which used to form part of the Agribusiness Group. Two feed mills in Manitoba, however, were retained as part of the sale to service the Maple Leaf Agri-Farms hog growing operations in Manitoba. Previously, Maple Leaf Agri-Farms held equity investments in numerous hog production assets and businesses and provided hog genetics, nutrition and other related services to these businesses. The Company has sought to build business partnerships with independent hog producers to whom Maple Leaf Agri-Farms provides services. As set out above under the heading "General Development of the Business – Three Year History", the Company has begun the process of restructuring its hog production business to establish 100% ownership of its sow and nursery barns, while significantly reducing its total hogs under management. Moving to a smaller, vertically integrated business model is expected to allow Maple Leaf Foods to lower overhead costs, and exert more control over operating improvements at these barns. In 2007, Maple Leaf Agri-Farms substantially completed the restructuring of its operations in Manitoba, where it generally owns 100% of its hogs raising operations and holds and provides management services to few minority interests. At the end of 2007, the sale of its hog operations in Alberta and Ontario was progressing with most of the assets sold in January, 2008.

On January 14, 2008, the Company completed the purchase of Central By-Products, a by-products recycling business located near London, Ontario, for $18.0 million subject to adjustments.

Raw Materials

The primary raw materials purchased by the Company for its Agribusiness Group are feed ingredients, including grains, vitamins, minerals and protein. These raw materials have historically been readily available and purchased through brokers and directly from primary producers. The price of feed is a primary component of a customer's costs, and periods of significant commodity fluctuations can affect volumes and margins.

The poultry growing operations are allotted chicken, turkey and hatching egg quotas from the various provincial marketing boards. Quota allocations by the boards are variable and are based on supply and demand considerations. Hatching eggs are either produced internally or sourced externally. Most of the poultry feed consumed by these operations is sourced internally.

Maple Leaf Agri-Farms

General

Maple Leaf Agri-Farms is a hog production management company with four production locations in Canada, and with approximately 77,395 sows under management at the end of 2007 (down from 106,000 at the end of 2006). As of January 31, 2008, the total number of sows was 52,700. This reduction in the number of sows under management is part of the planned restructuring of the Company's operations.

Principal Products and Markets

Maple Leaf Agri-Farms produces market hogs which are sold to the Company's pork processing plants. When the restructuring is complete, Maple Leaf Agri-Farms is expected to ship approximately 0.8 to 1 million market hogs per year. Presently, Maple Leaf Agri-Farms also provides a range of services to hog producers including production facility design, facilities construction management, genetics, health and nutrition, production management, transportation, marketing of hogs and employee training. As the restructuring is completed, these services will continue to be internally provided for the hogs under Maple Leaf Agri-Farms ownership and management but will not be externally available to non-controlled or external hog producers.

Raw Materials

Maple Leaf Agri-Farms and its hog producer partners purchase breeding stock, feeds and medication, each of which are readily available at competitive prices. The Company sold its animal nutrition business but retained two feed mills in Manitoba to service the internal animal feed requirements of the Maple Leaf Agri-Farms hog production operations. Hog feed in Alberta and Ontario is sourced from the purchaser of the Company's animal nutrition business. Breeding stock is provided from genetic stock that Maple Leaf Agri-Farms owns.

Rothsay Rendering

General

Maple Leaf Foods' rendering business, operating as Rothsay, is one of the largest animal by-product recycling operations in Canada. In Canada, Rothsay owns six rendering plants which process inedible products and one plant which produces edible products.

In late 2007, the Company completed a review of the role of its Rothsay rendering operations in the Company's new protein business model and decided to retain the business in its entirety, as the business is an integral part of managing the disposition of by-products from its primary processing operations.

Principal Products and Markets

Rothsay's principal products are inedible tallow, protein meals and edible lard. Its principal customers are feed mills and pet food manufacturers for protein meal and soap, and chemical and cosmetic manufacturers for most of the inedible tallow produced. Edible lard is sold through brokers for export and directly to domestic customers in Canada.

Rothsay operates in a highly regulated industry and is required to comply with a wide range of regulations, including environmental standards and regulations relating to the use of raw materials in finished products.

Changes to these regulations can require significant investments to be made in order to comply with them. Regulatory change can also impact decisions of the Company concerning whether or not to pursue a particular market for its finished products.

Rothsay produces biodiesel, a renewable alternative fuel produced from animal fat and recycled cooking oils. In late 2005, the Company opened a biodiesel production facility near Montreal in Ville Ste. Catherine, Quebec. The plant reached commercial levels of production in 2006. Biodiesel is sold primarily to refiners and distributors of diesel fuels in Canada for export to the United States.

Raw Materials

The primary sources of raw materials are from primary and further meat processors, butcher shops, restaurants and grocery store chains. Availability of raw materials is determined by levels of hog, beef and poultry processing in Canada. Approximately 22% of Rothsay's raw material is supplied by Maple Leaf Foods' businesses, primarily the pork and poultry slaughter plants in the Meat Products Group. Rothsay maintains a fleet of approximately 170 specially-equipped vehicles to pick up raw materials for the rendering process and deliver finished products to customers.

Energy is a significant component of Rothsay's costs. Energy price increases cannot necessarily be passed on to finished goods customers as the prices for its finished products are priced on a global basis.

Markets and Competition – Agribusiness Group

The Rothsay business faces competition for raw material supplies from other renderers and competes in the sale of its finished products with both domestic and foreign suppliers and from suppliers of substitute commodities such as vegetable protein and vegetable oils.

The majority of the hogs available for slaughter produced by Maple Leaf Agri-Farms and its pork producer partners are sold to the Company's pork processing plants. Competition comes from large and small pork processors located in Canada and the United States.

Demand for rendered products is not affected by seasonal factors; however, available supplies of beef and poultry raw materials increase during the summer months as a result of increased beef and poultry consumption.

The poultry growing operations sell a significant amount of their output to the Meats Product Group.

BAKERY PRODUCTS GROUP

The Bakery Products Group is comprised of Maple Leaf Foods' 88.0% indirect ownership (as at March 20, 2008) in Canada Bread, which is a leading manufacturer and marketer of value-added flour-based products in its various markets, including fresh bread in Canada, frozen par-baked bread in the United States and Canada, specialty bakery products including fresh pasta and sauces in Canada, and bagels and specialty baked goods in the United Kingdom. The Bakery Products Group complements the operations of the Meat Products Group and the Agribusiness Group by diversifying Maple Leaf Foods' asset portfolio. The Bakery Products Group is divided into two operating divisions: the Fresh Bakery Group and the Frozen Bakery Group.

Bakery Products Group – General

Canada Bread has generally focused on attempting to increase the consumption of flour-based bread, rolls and bagels by creating more varieties and more premium products, while expanding distribution channels to make these products more widely available. The product mix is currently weighted towards premium whole-grain and healthy bakery products.

Canada Bread's customer base in the retail and food service sectors has been consolidating for some time, resulting in larger and more sophisticated customers who demand national solutions and cost effectiveness over a national distribution area. Canada Bread has undertaken strategic acquisitions in the past to build its business including the acquisition of Multi-Marques Inc. in 2001 (Quebec-based fresh bakery), Ben's Bakery in 2002 (Atlantic Canada-based fresh bakery) and Olafson's in 2002 (Western Canada-based bakery). In 2002, Canada Bread purchased Grace Baking, a manufacturer of frozen par-baked artisan bread products which is based in California and that sells products across the Western United States. Grace Baking products allowed the Bakery Products Group to service its frozen bakery customers with a full line of artisan par-baked products. In 2006, Canada Bread made three acquisitions in the United Kingdom: the assets and operations of the Harvestime specialty bakery product plant in Walsall, England; The French Croissant Company Limited, a croissant bakery; and Avance (U.K.) Limited, a specialty bakery products manufacturer. Canada Bread also purchased 100% of the shares of Royal Touch, a manufacturer and distributor of sandwiches in 2006. On February 26, 2007, Canada Bread acquired Patisserie Chevalier Inc. a producer of single-portion snack cake products in Quebec. On August 17, 2007, Canada Bread acquired La Fornaia Ltd., a leading U.K. producer of an extensive range of quality, specialty and handcrafted breads.

All of these acquisitions were targeted to enable Canada Bread to manufacture and distribute its products more broadly (both par-baked and fresh products in Canada; par-baked and specialty products in the United States; and bagels, croissants and specialty products in the United Kingdom) and to expand its product offerings to consumers.

A trend that has affected all companies in the food industry is a growing consumer focus on food safety and healthy diets. Furthermore, consumers appear to be expanding food choices to include more diversity, such as ethnic diversity and bakery products with specialty flavours and toppings. In response, Canada Bread has attempted to ensure that its range of products and food preparation standards are responsive to these trends. Over the past several years, whole grains have become increasingly popular as consumers become more aware of consuming healthier products and including whole grains in their diets. Canada Bread has experienced significant volume growth in the sale of its whole-grain products including *Dempster's® Whole Grains*™ and *Ancient Grains*™ breads. In 2006, Canada Bread launched the *Dempster's Smart*™ *White Bread*, with the flavour profile of white bread but the nutritional profile of whole-grain bread. In 2007, Canada Bread extended the line to include *Dempster's Smart*™ *White Bagels*, *Dempster's Smart*™ *White Tortillas* and *Dempster's Smart*™ *White*

English Muffins. Reinforcing its leadership in the growing higher nutrition market, Canada Bread launched *Dempster's WholeGrains Prebiotik*™, a bread that contains inulin, a unique prebiotic source that promotes digestive health, becoming the first major brand in Canada to offer the benefits of prebiotics.

In November 2006, Canada Bread announced the closure of its bakery in Langley, British Columbia. The decision to close the bakery was based on the need to improve manufacturing efficiencies in Western Canada and was completed in 2007. This closure allowed Canada Bread to consolidate its manufacturing facilities.

In 2007, Canada Bread announced an investment to further expand capacity at its Rotherham bagel facility that is designed to allow the business to pursue further opportunities in the frozen bagel market in the U.K. and Europe. The expansion is substantially complete. The expansion, together with investments in croissant capacity at the French Croissant Company Ltd. and its acquisition of La Fornaia, is expected to position the business to continue its growth in the specialty bakery market.

In 2007, Canada Bread undertook a major warehouse expansion of its Roanoke plant in Virginia, Canada Bread's largest par-baked facility, that will significantly expand its storage capacity and is expected to reduce costs.

In 2007, Canada Bread began a process to standardize core operational and financial processes and supporting systems across Canada Bread and with its parent company, Maple Leaf Foods Inc., with whom it shares management and administrative resources. The standardization process will be a foundation for the establishment of a multi-functional shared service organization expected to provide lower cost, value-added services for all of Canada Bread's business operations.

Maple Leaf Foods provides Canada Bread with certain management services, including treasury, taxation, internal audit, provision of stock awards program, accounting and access to bulk purchasing programs. Pursuant to a Management and Affiliation Agreement entered into in August 1995, Canada Bread paid a management and affiliation fee of $15.8 million to Maple Leaf Foods during 2007 (2006: $8.3 million). The change reflects the increased size of Canada Bread and an increase in the level of services provided by Maple Leaf. During 2007, Canada Bread received certain information system services from Maple Leaf for a cost of $8.0 million (2006: $6.9 million), and certain engineering services for a cost of $0.8 million (2006: $0.8 million).

Fresh Bakery Group

General

The Fresh Bakery Group comprises fresh bakery products and specialty fresh pasta and sauces. The Fresh Bakery Group operates bakeries and facilities producing fresh pasta and sauces across Canada and sandwiches in Ontario. Management of the Fresh Bakery Group is organized into four regions: Ontario, Atlantic Canada, Quebec and Western Canada.

Principal Products and Markets

Canada Bread's primary brands include *Dempster's*®, a leading brand of fresh bread in Ontario and available nationally; *POM*®, a leading brand of fresh breads and rolls in Quebec; *Ben's*®, a leading bakery brand in Atlantic Canada; and *Healthy Way*® and *Olafson's*®, leading brands in Western Canada. Fresh bread and rolls are distributed and sold across Canada and in the Northeastern and Northwestern United States to retail grocery store chains, retail outlets and the food service industry. While Canada Bread manufactures the majority of its branded products, a small selection of products is produced by other manufacturers under co-pack agreements.

The Fresh Bakery Group has a significant network of bakery plants in Canada with approximately 1,300 distributors. Canada Bread has introduced a series of new products to appeal to consumers tastes for specialty and ethnic products including whole grain, flat breads (such as tortillas) and pita bread. In 2006, Canada Bread launched the *Dempster's*® *Smart*™ *White Bread*, with the flavour profile of white bread but the nutritional profile of whole-grain bread. In 2007, Canada Bread extended the line to include *Dempster's Smart*™ *White Bagels*, *Dempster's Smart*™ *White Tortillas* and *Dempster's Smart*™ *White English Muffins*. Reinforcing its leadership in the growing higher nutrition market, Canada Bread launched *Dempster's*

WholeGrains Prebiotik™, a bread that contains inulin, a unique prebiotic source that promotes digestive health, becoming the first major brand in Canada to offer the benefits of prebiotics.

The Fresh Bakery Group manufactures and distributes private label bakery products to major grocery store chains and fast food outlets. Most fresh products have a short shelf life; therefore, effective product distribution is an important element of ensuring high customer satisfaction and minimizing costs associated with product expirations. Manufacturing facilities and distribution centres are located as close as practicable to the market areas being served. Canada Bread's distribution and routing system has been designed to ensure that fresh products are delivered on a timely and cost-efficient basis. Fresh products are generally delivered directly to the retail store, either by Canada Bread employees or by franchisees that own their own distribution routes and equipment.

The Fresh Bakery Group also manufactures fresh pasta and sauces under its *Olivieri*® brand. Canada Bread distributes these products to large retail customers across Canada and in the United States. Pasta and sauces are also manufactured for private label brands.

Through Royal Touch, the Fresh Bakery Group also manufactures and distributes fresh sandwiches to Ontario convenience stores and food service channels.

Raw Materials

The Fresh Bakery operations purchase a range of ingredients and packaging material, the major ingredients being flour, yeast, vegetable oil and sugar. These raw materials are primarily priced on a North American basis (except for sugar, which is priced on a worldwide basis) and have historically been readily available.

The cost of flour, the largest component of product cost, is responsive to changes in wheat prices and quality. Exposures to these price movements exist to the extent that cost changes cannot always be reflected in final selling prices on a timely basis, although raw material costs are a relatively small component of overall product costs. In 2007, the price of wheat reached record high levels that outpaced price increases in Canada Bread's bread products.

Frozen Bakery Group

General

The Frozen Bakery Group consists of Canada Bread Frozen Bakery Ltd. in Canada, Maple Leaf Bakery Inc. in the United States and Maple Leaf Bakery UK Limited in the United Kingdom. Each of Canada Bread Frozen Bakery Ltd., Maple Leaf Bakery Inc. and Maple Leaf Bakery UK Limited are wholly-owned subsidiaries of Canada Bread. Together, Canada Bread Frozen Bakery and Maple Leaf Bakery Inc. are leading North American manufacturers of frozen par-baked bakery products. Par-baked products are baked to approximately 90% of completion, quick-frozen and shipped to retail customers for final baking. The par-baked market is among the fastest growing in the bakery industry. Production of par-baked products is designed to reduce labour, waste and cycle time and improve product freshness for customers. Products include frozen par-baked breads, rolls, baguettes, specialty rye and hearth breads, artisan breads, croissants and specialty sourdough bread. The Frozen Bakery Group operates nine bakeries in North America and eight in the United Kingdom.

Principal Products and Markets

The Frozen Bakery Group serves major retail grocery, food service and club store operators across Canada and the United States. It produces private label products as well as a select range of branded offerings including *California Goldminer*® *Sourdough Bread*, *Grace*™ artisan breads and *Maison Cousin*® crusty breads.

Maple Leaf Bakery UK Limited specializes in the production of bagels and value-added specialty bakery products including soft pretzels and other hand-held snacks, and is one of the United Kingdom's largest producers of bagels, a growing market in both the United Kingdom and Europe. The business also produces specialty bread products for the United Kingdom and European market. Over the past few years, Maple Leaf Bakery UK Limited has grown substantially through a number of acquisitions including the acquisition of the Harvestime operations (specialty and sliced bread products), The French Croissant Company Limited (croissants), Avance (U.K.) Limited (specialty bread products) and La Fornaia (specialty Italian style bakery products).

Raw Materials

The Frozen Bakery operations purchase a range of ingredients and packaging material, the major ingredients being flour, yeast, vegetable oil, sugar and butter. These raw materials are primarily priced on a North American or United Kingdom basis (except for sugar, which is priced on a worldwide basis), independent of European pricing, and have historically been readily available.

The cost of flour, the largest component of product cost, is responsive to changes in wheat prices and quality. Exposures to these price movements exist to the extent that cost changes cannot always be reflected in final selling prices on a timely basis, although raw material costs are a relatively small component of overall product costs. In 2007, the price of wheat reached record high levels that outpaced price increases in Canada Bread's bread products.

Markets and Competition

Markets for fresh bakery products tend to be regional in nature, due to the cost and timeliness of transporting fresh bread. Canada Bread competes with other national, local and regional bakers, as well as the in-store bakeries of large grocery stores. Canada Bread believes it has a competitive advantage in fresh bakery as a result of being one of two bakers with a national production and distribution network. This national network allows it to service its large national customers on a cost effective and timely basis. In pasta and sauces, Canada Bread competes with local and regional Canadian manufacturers and manufacturers in the United States.

Frozen bakery products, due to lower perishability, can be transported more efficiently over longer distances. The Frozen Bakery Group operations compete with other baked goods manufacturers and with retail grocery store chains that have their own in-store frozen dough or "from scratch" bakeries. Sales of certain fresh products such as rolls and *Tenderflake*® baking products are affected by seasonality. Canada Bread's customer base in the retail and food service segments has been consolidating for some time, resulting in larger and more sophisticated customers who demand national solutions and cost effectiveness over a national distribution area. Canada Bread has the capacity to manufacture and distribute its products nationally (in Canada, both par-baked and fresh products; par-baked products in the United States; and bagels, croissants and specialty products in the United Kingdom) and is continually seeking to expand its product offerings to consumers.

FOREIGN OPERATIONS

The Company derives approximately 71% of its revenue from sales in Canada, approximately 14% from sales in the United States and the balance from sales in other global markets, principally Japan, Europe, and Mexico. Maple Leaf Consumer Foods operates an international import and export business through a network of five offices located in Canada, Mexico, Korea, Japan and Hong Kong primarily as the global selling arm focused on the sale of value-added meats and meals and on serving the needs of the Company's strategic international customers. Maple Leaf Consumer Foods markets and trades a number of products including pork products, grain and soy products, pre-cooked meat and poultry products and potato products outside of Canada. Frozen french fries and other potato products are sold internationally and there are significant sales of pork products principally in the United States and Japan. The Company's performance is affected by global market demand and prices, as well as trade barriers.

The Company's Bakery Products Group is one of the largest par-baked manufacturers in North America and England. The Bakery Products Group operates three frozen par-baked plants in the United States, one in Virginia and two in California, and also services the United States market from six plants in Canada. It also operates eight bakery facilities in the United Kingdom, making it one of the largest producers of bagels and specialty bakery products in the country. The Bakery Products Group expanded its United Kingdom operations in 2007, acquiring La Fornaia for £18.9 million ($40.3 million). The Company's Frozen Bakery operations in the United States and its operations in the United Kingdom generated 27.5% (2006: 22.3%) of Canada Bread's total revenue for the fiscal year ended December 31, 2007.

INTANGIBLE PROPERTY – TRADEMARKS AND PATENTS

As a food products company, Maple Leaf Foods relies heavily on brand recognition and loyalty, and places a great deal of emphasis on its established range of trademarks. The Company believes its brands to be recognized by consumers for quality and reliability.

The Company's key trademarks in each of its operating segments are presented below.

Operating Segment	Key Trademarks
Meat Products Group	*Maple Leaf®, Schneiders®, Maple Leaf Prime®, Lunchmate®, Top Dogs®, Shopsy's®, Mitchell's Gourmet Foods®, Hygrade® Maple Leaf Simply Fresh®*
Bakery Products Group	*Dempster's®, POM®, Ben's®, Bon Matin®, Healthy Way®, Olafson's®, McGavins®, Olivieri®, Smart™, WholeGrains™*

Patents and other forms of intellectual property such as industrial designs and copyright are of less importance to the business activities of the Company.

ENVIRONMENTAL MATTERS

Each business of Maple Leaf Foods operates within the framework of an environmental policy entitled "Our Environmental Commitment" that is approved by the Environment, Health and Safety Committee of the Board of Directors. The Company's environmental program is monitored on a regular basis by the Committee, including compliance with regulatory requirements, the use of internal environmental specialists and independent, external environmental analyses. The Company continues to invest in environmental infrastructure related to water, waste and air emissions to ensure that environmental standards continue to be met or exceeded, while implementing procedures to reduce the impact of operations on the environment. Expenditures related to current environmental requirements are not expected to have a material adverse effect on the financial position or earnings of the Company. There can be no assurance, however, that certain events will not occur that will cause expenditures related to the environment to be significant and have a material adverse effect on the Company's financial condition or results of operations. Such events could include, but not be limited to additional environmental regulation or the occurrence of an adverse event at one of the Company's locations.

EMPLOYEE RELATIONS

The Company and its subsidiaries have approximately 23,000 full and part-time employees, which includes salaried and union employees. The Company has more than 110 collective agreements with various unions. These agreements are normally negotiated for varying terms and in any given year a number of these agreements expire and are re-negotiated; most renew without significant issue. However, if a collective agreement covering a significant number of employees or involving certain key employees were to expire, leading to a work stoppage, there can be no assurance that such work stoppage would not have a material adverse effect on the Company's financial condition and results of operations.

Forty-three collective agreements are currently expired or will expire in 2008. Ten of the 43 agreements expire in the last quarter of 2008; negotiations may commence in 2008 but likely will not conclude until 2009. Key collective agreements to be negotiated in 2008 include Meat Products Group: the Winnipeg pork cut plant, the Edmonton and Toronto Poultry agreements, and Canada Bread Fresh: Beauport, Laval offices, Halifax Manufacturing and Olivieri Foods Hamilton Plant.

RISK FACTORS

The Company operates in the food processing and agricultural sectors, and is therefore subject to risks and uncertainties related to these businesses that may have adverse effects on the Company's results of operations and financial condition.

These risks and uncertainties are described under the heading "Risk Factors" in the Company's Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") for the fiscal year ended December 31, 2007 and incorporated by reference herein. The Company has filed the MD&A with the Canadian securities regulators and it is available on SEDAR at www.sedar.com.

CORPORATE STRUCTURE

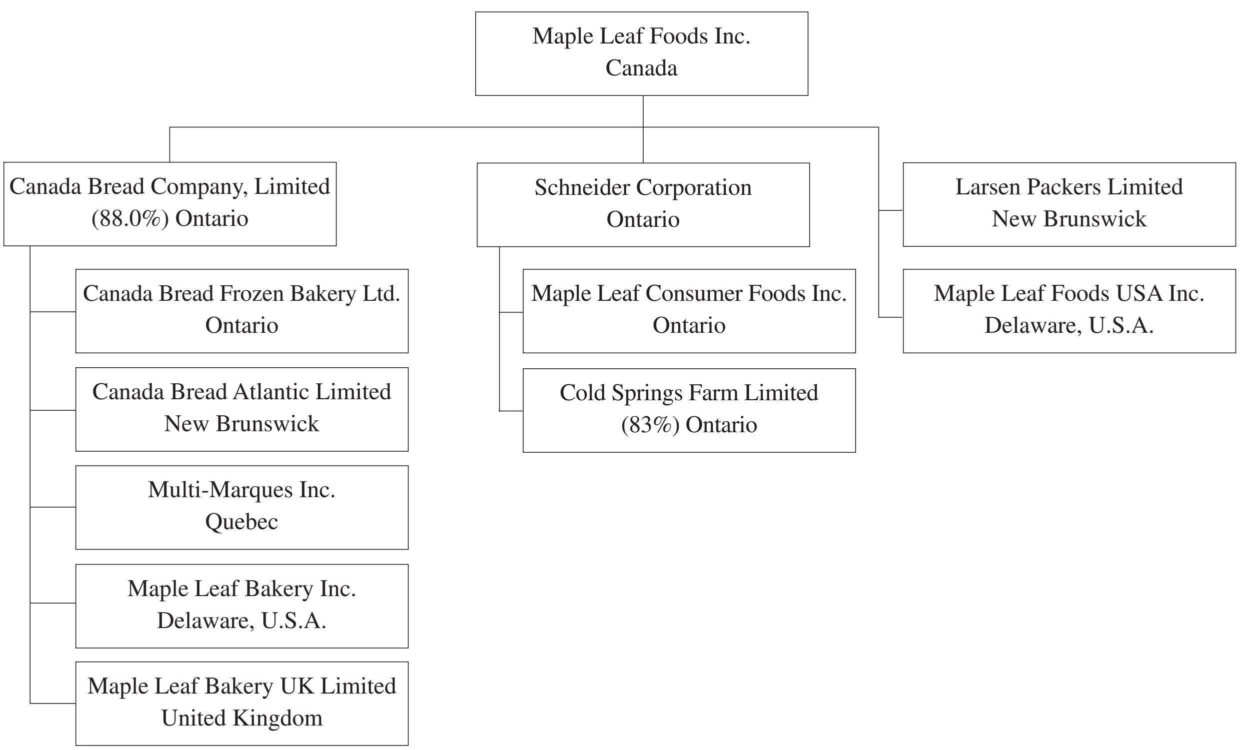
Name, Address and Incorporation

Maple Leaf Foods Inc./Les Aliments Maple Leaf Inc. is incorporated under the Canada Business Corporations Act. It was incorporated on August 13, 1927, although portions of the business originated before 1900. The Company's registered and principal office is located at 30 St. Clair Avenue West, Toronto, Ontario, Canada M4V 3A2.

Intercorporate Relationships

The only operating subsidiaries of the Company whose total assets constitute more than 10% of the consolidated assets of the Company, or whose total consolidated sales and operating revenues exceed 10% of the consolidated sales and operating revenues of the Company, are Canada Bread, Schneider Corporation and its subsidiary, Maple Leaf Consumer Foods Inc. (formerly J.M. Schneider Inc.), each of which was incorporated under the Business Corporations Act (Ontario). As at March 20, 2008, Maple Leaf Foods owned, directly or indirectly, an 88.0% voting and equity interest in Canada Bread and a 100% voting and equity interest in Schneider Corporation and its subsidiaries.

The Company has the following significant operating subsidiaries and affiliates as of December 31, 2007:



Note: All companies are 100% owned, directly or indirectly, unless otherwise indicated. The jurisdiction listed is the jurisdiction of incorporation.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company currently consists of an unlimited number of common shares and an unlimited number of non-voting common shares. On April 28, 2004, the articles of incorporation were amended to change the authorized number of non-voting common shares to an unlimited number. As of February 15, 2008 the issued capital of the Company consisted of 107,600,271 common shares and 22,000,000 non-voting common shares.

Holders of common shares are entitled to one vote at all meetings of shareholders. In addition, holders of common shares are entitled to dividends if, as and when declared by the Board of Directors of the Company and, in the event of the liquidation, dissolution or winding up of its affairs, to a pro rata share of the assets of the Company after payment of all liabilities and obligations of the Company. There are no pre-emptive, conversion or redemption rights attaching to the common shares.

The non-voting common shares (the "non-voting securities") carry rights identical to those of the common shares except as hereinafter described. Except as required by law, the holders of the non-voting securities as a class are not entitled as such to vote at any meeting of the shareholders of the Company. Further, the holders of the non-voting securities are not entitled to vote separately as a class, and are not entitled to dissent, upon a proposal to amend the articles to (a) increase or decrease any maximum number of authorized non-voting securities resulting from a subdivision or consolidation respectively; (b) increase any maximum number of authorized shares of a class or series of a class having rights or privileges equal or superior to the non-voting securities; (c) effect an exchange, reclassification or cancellation of the non-voting securities; or (d) create a new class or series of a class of shares equal or superior to the non-voting securities, unless the holders of non-voting securities are being affected by such amendment in a manner differently from the holders of common shares. The non-voting securities may be converted at any time by the holder or holders thereof into fully-paid common shares on the basis of one common share for one non-voting security. In addition, if, at any time, a current holder of non-voting securities transfers all or a portion of the non-voting securities held by such holder to another person, the shares being transferred shall be automatically converted upon such transfer into fully-paid common shares of the Company on the basis of one common share for each non-voting securities. The conversion will occur simultaneously upon the completion of such transfer, without any further action by the Company or any other person, so that the transferee will be a holder of common shares equal in number to the non-voting securities transferred by the transferor. **The holders of the non-voting securities have no express right to participate in a take-over bid made for the common shares of the Company.** Such holders however, may convert their non-voting securities into common shares and participate in a take-over bid in that manner. These non-voting securities may be considered "restricted security" under National Instrument 51-102, as the common shares of the Company which are publicly traded carry a greater vote per security relative to the non-voting common shares (described above).

The Company has an unsecured revolving debt facility with a principal amount of $870.0 million. The maturity date is May 31, 2011. This facility can be drawn in Canadian dollars, U.S. dollars or British pounds and bears interest based on bankers' acceptance rates for Canadian dollar loans and LIBOR for U.S. dollar and British pound loans. As at December 31, 2007, $136.3 million of the revolving facility was utilized of which $111.3 million was in respect of letters of credit and trade finance.

In addition to the amount drawn on its revolving debt facility, the Company had the following debt securities outstanding as at December 31, 2007: US$140 million 6.3% Notes due 2009, US$75 million 8.5% Notes due 2010, C$115 million 7.7% Notes due 2010, US$207 million 5.2% Notes due 2011, US$98 million 5.6% Notes due 2014, US$7 million 5.8% Notes due 2016, C$105 million 6.1% Notes due 2014 and C$20 million 6.2% Notes due 2016. All of the notes were issued in private placement transactions and are not convertible but may be prepaid in whole or in part. The Company had a note payable in the amount of US$60 million which was repaid on its maturity date in December 2007.

Schneider Corporation has the following debt securities outstanding as at December 31, 2007: C$6.5 million 10.0% Debentures due 2010 and C$47.4 million 7.5% Debentures due 2016. The debentures were issued in private placement transactions and were assumed upon the Company's acquisition of Schneider Corporation. They are not convertible but may be prepaid in whole or in part.

The Company and its subsidiaries had various other debt facilities with banks and other lenders, all of which are not convertible. The interest rates on these facilities range from non-interest bearing to 8.1% and have maturity dates ranging from 2008 to 2012. At December 31, 2007, the total amount drawn pursuant to these facilities was $25.8 million.

DIVIDENDS

The declaration and payment of dividends is at the discretion of the Board of Directors. The Board of Directors intends to maintain a stable dividend and, where appropriate, change the dividend on the basis of the stability of the Company's earnings and stock price appreciation. During each of the fiscal years ended December 31, 2005, 2006 and 2007, the Company declared an aggregate yearly dividend of $0.16 per common share (voting and non-voting) payable quarterly. At present, there is no intention to change the Company's dividend policy; however, that is subject to market conditions.

Certain of the Company's covenants with its lenders restrict the aggregate amount of dividends that can be paid. Specifically, certain covenants place a limit on the amount of dividends, capital distributions and redemptions which the Company may make from a permitted amount, also known as a "specified pool". The specified pool increases over time with increases in earnings and is reduced over time by the amount of any restricted payments which includes dividends. This covenant is not currently an impediment to the amount of dividends being paid, but could conceivably become so depending on market conditions. The Company is also subject to a minimum net worth covenant, which ensures that the Company cannot pay dividends that would cause shareholder equity to decrease below a specified minimum. This covenant is not currently an impediment to the amount of dividends being paid, but is a technical limitation of the maximum amount that the Company can distribute to its shareholders.

MARKET FOR SECURITIES

The Company's common shares are listed on the Toronto Stock Exchange under the stock market symbol "MFI". The following table outlines the price range and trading volume of the common shares for each of the months of the last fiscal year:

Month	High ($)	Low ($)	Volume
December	14.95	12.86	1,588,403
November	14.28	12.60	3,447,213
October	15.19	13.12	3,266,826
September	16.25	14.93	1,483,079
August	16.08	14.01	2,925,664
July	16.67	15.01	3,645,187
June	16.43	14.76	3,062,490
May	16.93	15.18	3,395,191
April	16.50	14.15	3,206,650
March	14.50	13.10	2,935,519
February	14.96	13.22	3,080,859
January	14.85	12.29	1,906,343

DIRECTORS AND OFFICERS

The following table sets forth each director's name and municipality of residence, the year in which he or she became a director, and his or her principal occupation. Directors are elected to hold office until the next annual meeting of the shareholders or until a successor is elected or appointed.

Name and Municipality of Residence	**Director Since**	**Principal Occupation**
Purdy Crawford (2)(4) Toronto, Ontario, Canada	1995	Counsel, Osler, Hoskin & Harcourt LLP *(law firm)*
Jeffrey Gandz (3)(4) London, Ontario, Canada	1999	Professor, Managing Director – Program Design, Richard Ivey School of Business, University of Western Ontario
James F. Hankinson (1)(2) Toronto, Ontario, Canada	1995	President and Chief Executive Officer, Ontario Power Generation *(electricity generation company)*
Robert W. Hiller (1)(3) Waterloo, Ontario, Canada	1995	Corporate Director
Chaviva M. Hosek (2)(3) Toronto, Ontario, Canada	2002	President and Chief Executive Officer The Canadian Institute for Advanced Research *(not-for-profit research institute)*
Donald E. Loadman (1)(3) Vista, California, U.S.A	1995	Corporate Director and Business Consultant
J. Scott McCain Toronto, Ontario, Canada	1995	President and Chief Operating Officer, Agribusiness Group of the Company
G. Wallace F. McCain Toronto, Ontario, Canada	1995	Chairman of the Board of the Company
Michael H. McCain Toronto, Ontario, Canada	1995	President and Chief Executive Officer of the Company
Diane E. McGarry (1)(2) Fripp Island, South Carolina, U.S.A.	2005	Corporate Director
J. Edward Newall (3)(4) Calgary, Alberta, Canada	1997	Chairman, Newall & Associates *(consulting firm)* Chairman Emeritus, NOVA Chemicals
Gordon Ritchie (2)(4) Ottawa, Ontario, Canada	1995	Chairman of Public Affairs, Hill & Knowlton Canada *(government and public relations)*
Robert T. Stewart (1)(4) West Vancouver, B.C., Canada	1995	Corporate Director

Notes:

(1) Member of Audit Committee. Ms. McGarry is the Committee Chairman.

(2) Member of Corporate Governance Committee. Mr. Hankinson is the Committee Chairman.

(3) Member of Environment, Health and Safety Committee. Dr. Gandz is the Committee Chairman.

(4) Member of Human Resources and Compensation Committee. Mr. Ritchie is the Committee Chairman.

During the last five years, all of the previously listed directors have been engaged in their present principal occupation, except for:

- Mr. J.F. Hankinson was President and C.E.O., New Brunswick Power Corporation (1997-2002) and Corporate Director (2002-2005);
- Mr. J.E. Newall was Chairman of the Board of NOVA Chemicals Corporation until his retirement (1999-2007); and
- Ms. Diane E. McGarry was Chief Marketing Officer, Xerox Corporation (2001-2005).

The names, municipalities of residence and principal occupations of the Company's executive officers and executive officers of principal subsidiaries as at March 20, 2008 are as follows:

Name and Municipality of Residence	Position Held with the Company
G. Wallace F. McCain Toronto, Ontario	Chairman of the Board
Michael H. McCain Toronto, Ontario	President and Chief Executive Officer
Richard A. Lan Chatham, New Jersey, U.S.A.	Chief Operating Officer, Food Group, and President and Chief Executive Officer, Canada Bread Company, Limited
J. Scott McCain Toronto, Ontario, Canada	President and Chief Operating Officer, Agribusiness Group
Michael H. Vels Toronto, Ontario, Canada	Executive Vice-President and Chief Financial Officer
J. Nicholas Boland Toronto, Ontario, Canada	Vice-President, Finance Projects
Rocco Cappuccitti Richmond Hill, Ontario, Canada	Senior Vice-President, Transactions & Administration, and Corporate Secretary
Maryanne D. Chantler Mississauga, Ontario, Canada	Vice-President, Purchasing and Supply Chain
Douglas W. Dodds Guelph, Ontario, Canada	Chief Strategy Officer
Kevin P. Golding Guelph, Ontario, Canada	President, Rothsay
Wayne Johnson Pickering, Ontario, Canada	Senior Vice-President and Chief Human Resources Officer
Lynda J. Kuhn Hamilton, Ontario, Canada	Senior Vice-President, Communications & Consumer Affairs
Rory A. McAlpine Oakville, Ontario, Canada	Vice-President, Government & Industry Relations

C. Barry McLean Toronto, Ontario, Canada	President, Canada Bread Fresh Bakery
Natalie M. Marche Toronto, Ontario, Canada	Vice-President and Treasurer
Peter G. Maycock Wedmore, Somerset, England	Managing Director, Maple Leaf Bakery UK Limited
Réal G. Ménard Laval, Quebec, Canada	President, Canada Bread Frozen Bakery
Bruce Y. Miyashita Toronto, Ontario, Canada	Vice-President, Six Sigma
Patrick A. Ressa Mississauga, Ontario, Canada	Chief Information Officer
Deborah K. Simpson Toronto, Ontario, Canada	Vice-President, Finance
Peter C. Smith Oakville, Ontario, Canada	Vice-President, Corporate Engineering
Richard Young Toronto, Ontario, Canada	President, Maple Leaf Consumer Foods

The principal occupations within the last five years of the officers of the Company who have not held their present office for more than five years are as follows: **Mr. J.N. Boland** was Vice-President and Corporate Controller (to 2005) and Vice-President, Finance (2005-2007); **Ms. M.D. Chantler** was Vice-President, Six Sigma, Maple Leaf Consumer Foods (2001-2003), Vice-President, Merger in (2003-2005), Vice-President, Purchasing and Supply Chain (2005-2007); **Mr. D.W. Dodds** was President and Chief Executive Officer, Schneider Corporation (2001-2004) and Chief Strategy Officer, Maple Leaf Foods Inc. (2004-2007); **Mr. W. Johnson** was Vice-President, Human Resources (2001-2003) and Senior Vice-President and Chief Human Resources Officer (2004-2007); **Ms. L.J. Kuhn** was Consultant, Kuhn & Co. Inc. (to 2002) and Vice-President, Public and Investor Relations, Maple Leaf Foods Inc. (2002-2007); **Mr. R. McAlpine** was Deputy Minister of the B.C. Ministry of Agriculture, Food and Fisheries (2002-2005) and Vice-President, Government & Industry Relations, Maple Leaf Foods Inc. (2005-2007); **Mr. C.B. McLean** was Senior Vice-President and General Manager, Fresh Bakery West (to 2002) and President, Canada Bread Fresh Bakery (2002-2007); **Mr. M.H. Vels** was Executive Vice-President, Finance (to 2003) and Executive Vice-President and Chief Financial Officer (2004-2007); **Mr. R.A. Lan** was President and Chief Operating Officer, Bakery Products Group, and President and Chief Executive Officer, Canada Bread Company, Limited (to 2006); **Ms. D.K. Simpson** became Vice-President, Finance of the Company on September 4, 2007. Prior to that, she was with Vincor as Executive Vice-President and Chief Financial Officer (2006-2007) and Director, Corporate Finance (2000-2006). **Mr. R. Ménard** was Senior Vice-President and General Manager Multi-Marques Inc. (2001-2005), Executive Vice-President, Canada Bread Fresh Bakery (2005-2007) and is now President, Canada Bread Frozen Bakery (2007 to date).

Ownership of Voting Securities by Directors and Officers

As at February 29, 2008 the directors and officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 1,281,972 common shares, representing approximately 1.19% of the issued and outstanding voting common shares of the Company. The figure does not include the 41,518,153 common shares (38.5% of all voting shares) of the Company held by McCain Capital Corporation in which the G.W.F. McCain Family, including Mr. G.W.F. McCain, J.S. McCain and M.H. McCain, has a controlling interest.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Within ten years preceding the date of this Annual Information Form:

Mr. Purdy Crawford was Chairman of AT&T Canada when it voluntarily filed for protection under the *Companies Creditors' Arrangement Act (Canada)* in September 2002. Through a series of negotiations with bondholders and other creditors, it emerged from creditor protection under the *Companies Creditors' Arrangement Act (Canada)* and was restructured in April 2003 as Allstream Inc. Mr. Crawford is no longer a director of Allstream.

Mr. Gordon R. Ritchie was a director of Laidlaw Inc. at a time that the company was subject to proceedings under the *Companies Creditors' Arrangement Act (Canada)* and comparable legislation in the United States.

Mr. J. Edward Newall served as a director of Novelis Inc. during 2005 and for a portion of 2006. During 2006, Mr. Newall resigned from the board of directors. In his capacity as a director of Novelis, Mr. Newall was subject to management cease trade orders issued by certain of the Canadian provincial securities administrators against the directors and officers of Novelis by reason of Novelis' default in filing its interim unaudited financial statements for the period ended September 30, 2005. The cease trade orders were issued in December 2005 and precluded Mr. Newall from trading in securities of Novelis until the conditions in the orders were met. The conditions in the orders were met after the first quarter of 2006 and, therefore, the cease trade orders are no longer in effect.

AUDIT COMMITTEE

Composition of Audit Committee

The Audit Committee of Maple Leaf Foods consists of the following directors, each of whom has been a member of the committee since the year set out below.

D.E. McGarry (Chairman since 2007)	2006
J.F. Hankinson	2003
D.E. Loadman	2000
R.W. Hiller	1995
Robert T. Stewart	2006

Each member of the Audit Committee is independent within the meaning of applicable securities legislation and none receives, directly or indirectly, any compensation from the Company other than for service as a member of the Board of Directors and its committees. Each member of the Audit Committee is financially literate as defined under Multilateral Instrument 52-110 – Audit Committees. In considering the criteria for determining financial literacy, the Board of Directors looks at the ability of a director to read and understand a balance sheet, an income statement and a cash flow statement of a company of a complexity comparable to that of the Company.

A copy of the charter of the Audit Committee is attached as Appendix A hereto.

Relevant Education and Experience of Audit Committee Members

J.F. Hankinson

Mr. Hankinson has a Bachelor of Commerce degree from Mount Allison University and a Master of Business Administration from McMaster University. He is also a Chartered Accountant. He is currently the President and CEO of Ontario Power Generation. He was President and COO of Canadian Pacific Limited and was President and CEO of New Brunswick Power Corporation. Mr. Hankinson is past chairman of the Maple Leaf Foods Audit Committee and is chairman of the Audit Committee of CAE Inc.

R.W. Hiller

Mr. Hiller is a Certified Management Accountant (CMA) and has lectured in accounting at the University of Waterloo. His business career has been primarily centered in financial management in the packaged goods/food industry segments. He has served as the Senior Vice President and Chief Financial Officer of General Foods Canada Inc., Vice President and Treasurer of General Foods Corporation and Senior Vice President and Chief Financial Officer of Campbell Soup Company Limited.

D.E. Loadman

Mr. Loadman has a Bachelor of Commerce degree from the University of Manitoba. His experience has been in the consumer packaged goods industry starting in marketing management and including executive management with Procter & Gamble Canada Limited, General Foods Canada (lastly, as President, Grocery Division) and Pillsbury Canada and Pillsbury International (lastly, as Chairman). Mr. Loadman was also (Non-Executive) Chairman of the Board of Ault Foods Canada.

D.E. McGarry

Ms. McGarry has a Bachelor of Science, Business Administration degree from the University of Redlands, CA. Her career includes over 30 years experience with Xerox Corporation including five years in Canada as Chairman, President and Chief Executive Officer from 1993 to 1998. Prior to retiring in 2005, Ms. McGarry held the position of Chief Marketing Officer of Xerox Corporation. Ms. McGarry was a director and audit committee member of Omnova Solutions Inc. (a NYSE listed company) until her retirement in 2007, and has served as a director of Canada Life Financial Corporation.

R.T. Stewart

Mr. Stewart has a Bachelor of Commerce degree in Business Management from McGill University. He had a 40-year career with Scott Paper Limited, retiring in 1995 as Chairman and Chief Executive Officer. He held directorships in a number of large North American companies in various industries including the Royal Bank of Canada, B.C. Gas Inc., Shell Canada Limited and Terasen Inc.

Fees paid to Auditors – KPMG LLP

For the years ended December 31, 2007 and 2006, the fees paid by the Company for the services performed by KPMG LLP are set out in the table below. Annually, the Audit Committee reviews a summary of the services provided by the auditors to the Company and its subsidiaries. In 2004, the Audit Committee established a policy requiring pre-approval of all non-audit services to be rendered by the external auditors. Any engagement of KPMG LLP by the Company for any non-audit services must be approved in advance by the Audit Committee. Between meetings of the Audit Committee, authority for approval is delegated to the Audit Committee Chairman. Approvals under the delegated authority are presented to the full Audit Committee at their next meeting. The policy also prohibits the engagement of KPMG LLP in a number of services that the Audit Committee believes may have the potential to impact KPMG LLP's independence.

In the last two years, KPMG LLP has not provided any of following services to the Company: (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; and (ix) legal services and expert services unrelated to the audit.

Description	**2007**	2006
Audit fees (1)	**$ 2,409,242**	$ 2,461,461
Audit-related fees (2)	**2,081,123**	1,015,725
Tax Fees (3)	**281,920**	245,511
All other fees (4)	**351,003**	127,225
Total Fees	**$ 5,123,288**	$ 3,849,922

Notes:

(1) For the audit of Maple Leaf Foods' annual financial statements (including the audits of subsidiaries).

(2) Audit-related services consisting primarily of audit procedures related to business acquisition and disposition transactions, and audits of financial statements of employee benefit plans that are not reported in (1), including accounting consultations, comfort letters and various agreed upon procedures.

(3) For tax compliance, advice, planning and return preparation services.

(4) For products and services other than the fees reported in (1) to (3). In 2007 and 2006, the fees were for translation services and financial investigations.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is a defendant to certain claims arising in the normal conduct of its business. Management believes that the final resolution of these claims will not have a material adverse effect on the Company's earnings or financial position. The Company is not subject to any material legal or regulatory actions.

CONFLICTS OF INTEREST

To the best of the knowledge of the Company, no director or executive officer of Maple Leaf Foods Inc. has an existing or potential conflict of interest with the Company or any of its subsidiaries.

TRANSFER AGENT AND REGISTRARS

The Company's transfer agent is Computershare Investor Services Inc. with transfer points for the common shares of the Company in Vancouver, British Columbia; Calgary, Alberta; Toronto, Ontario; and, Montreal, Quebec.

INTERESTS OF EXPERTS

The Company's independent auditors, KPMG LLP, have delivered an audit report to the Company concerning the consolidated balance sheets of the Company as at December 31, 2007 and 2006, and the consolidated statements of earnings, comprehensive income, retained earnings and cash flows for the years then ended. KPMG LLP is an independent auditor within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company's common shares, securities authorized for issuance under equity compensation plans and interest of insiders in material transactions, if applicable, will be contained in the Notice of Annual and Special Meeting of Shareholders and Management Proxy Circular to be issued in connection with the Annual and Special Meeting of Shareholders to be held on April 24, 2008. Additional financial information is also provided in the Company's Management Discussion & Analysis and consolidated financial statements for the years ended December 31, 2007 and December 31, 2006 contained in the Company's 2007 Annual Report. Copies of the foregoing documents may be obtained free of charge, upon request, from the Corporate Secretary of Maple Leaf Foods Inc., at 30 St. Clair Avenue West, Suite 1500, Toronto, Ontario M4V 3A2.

The above information and additional information relating to Maple Leaf Foods Inc. is available on SEDAR at www.sedar.com.

APPENDIX "A"

CHARTER OF THE AUDIT COMMITTEE

(THE "COMMITTEE") OF THE BOARD OF DIRECTORS OF MAPLE LEAF FOODS INC. (THE "CORPORATION")

Nature and Scope of the Committee

The Committee is a standing committee appointed by the Board of Directors, established to fulfill applicable public company obligations respecting audit committees and to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities in the following areas: (i) accounting policies and practices, (ii) the integrity of the Company's financial statements, (iii) compliance with legal and regulatory requirements, (iv) the qualifications, independence, and performance of the external auditors, and (v) the performance of the internal audit function.

The Committee Chair and members are members of the Board, appointed to the Committee to provide broad oversight of the financial reporting, risk and control related activities of the Corporation, and are specifically not accountable or responsible for the day-to-day operation or performance of such activities.

Management is responsible for the preparation, presentation and integrity of the financial statements and for maintaining appropriate accounting and financial reporting principles and policies, systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations.

The internal auditor is responsible for monitoring and reporting on the adequacy and effectiveness of the system of internal controls.

The external auditors are responsible for planning and carrying out an audit of the annual consolidated financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles. The external auditors are accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and the Committee shall so instruct the external auditors and the external auditors shall report directly to the Committee.

Except as set out below, the Committee does not have decision-making authority but rather conveys its findings and recommendations to the Board of Directors for consideration and decision by the Board of Directors.

Procedures, Powers and Duties

In addition to the procedures and powers set out in the policy entitled "Composition, Appointment & Practices of Each Committee of the Board of Directors of Maple Leaf Foods Inc.", as amended, or in any resolution of the Board relating to the Committee, the Committee shall have the following procedures, powers and duties:

1. *Composition* – The Committee shall be comprised of a minimum of three members. Each member of the Committee shall be both an "unrelated" director and "independent" director as such terms are defined from time to time under the requirements or guidelines for Audit Committee service under applicable securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading.

   All members of the Committee must be "financially literate" subject to any available exemption in applicable securities laws as that term is defined from time to time under the requirements or guidelines for Audit Committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading or if it is not so defined as that term is interpreted by the Board in its business judgment.

2. *In Camera Meetings* – At least annually, the Committee shall hold in camera meetings with each of the head of the internal audit function and the external auditors to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have unrestricted access to the Committee to bring forward matters requiring its attention.

3. *Professional Assistance* – The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the 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 and will inform the Chair of the Corporate Governance Committee of any such retainer.

4. *Reliance* – Absent actual knowledge or belief to the contrary which shall be promptly reported to the Board, each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by management and the external auditors as to any non-audit services provided by the external auditors to the Corporation and its subsidiaries.

5. *Reporting to the Board* – The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

The Committee will:

1. *Internal controls* – Review and discuss with management, the external auditors and the internal auditors as it deems necessary and exercise oversight with respect to:
   (a) The adequacy and effectiveness of the system of internal accounting and financial controls and the recommendations of management, the external auditors and the internal auditors for the improvement of accounting practices and internal controls;
   (b) Any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and
   (c) Management's compliance with the Corporation's processes, procedures and internal controls.

2. *Regulatory agency reviews* – Review the findings of any examination by regulatory agencies concerning financial matters of the Corporation and make recommendations to the Board related thereto.

3. *Appointment of external auditors* – With respect to the appointment and oversight of the external auditors:
   (a) Make recommendations to the Board on the external auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services of the Corporation to be nominated in the Corporation's proxy circular for appointment or reappointment by shareholders;
   (b) Make a recommendation to the Board for the approval of compensation for the external auditors; and
   (c) Review, evaluate and approve the terms of engagement, performance, audit scope and approach to the conduct of the external auditors with respect to the annual audit.

4. *Independence of external auditors* – Review the independence of the external auditors and make recommendations to the Board on actions the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee:
   (a) Shall actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;

(b) Shall require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Corporation including its subsidiaries, and the external auditors including their affiliates;

(c) Shall review and approve clear policies for hiring by the Corporation of employees or former employees of the current or former external auditors;

(d) May approve policies and procedures for the pre-approval by a Committee member of any non-audit services to be rendered by the external auditors which the external auditors are not otherwise prohibited from providing and which policies and procedures shall include reasonable detail with respect to the services covered, provided that the pre-approval of non-audit services by a Committee member with delegated authority must be presented to the full Committee at its next scheduled meeting. For greater certainty, all non-audit services to be provided to the Corporation or any of its affiliates by the external auditors or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee; and

(e) Shall review and approve the disclosure in the annual information form and management proxy circular of the fees paid in the financial year to the external auditors by category.

5. *Internal auditors* – Review the organizational structure, independence and qualifications of the internal audit department and its resources, the internal audit plans and their implementation.

6. *Internal audit function* – Oversee and monitor the internal audit function including:

   (a) Meeting periodically with the internal auditors to discuss the progress of their activities and any significant findings stemming from internal audits and any difficulties or disputes that arise with management and the adequacy of management's responses in correcting audit-related deficiencies; and

   (b) Reviewing summaries of reports to management prepared by the internal auditors and have available the full reports, communicate with the internal auditors with respect to their reports and recommendations as necessary with respect to the extent to which prior recommendations have been implemented, management's responses to such reports and any other matters that the internal auditor brings to the attention of the Committee.

7. *External audits* – Oversee and monitor external audits, including:

   (a) Reviewing with the external auditors, the internal auditors and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements, the overall audit plans, the responsibilities of management, the internal auditors and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits;

   (b) Discussing with the external auditors any difficulties or disputes that arose with management or the internal auditors during the course of the audit and the adequacy of management's responses in correcting audit-related deficiencies and resolve any outstanding disputes;

   (c) Taking such other reasonable steps as the Committee may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies; and

   (d) Reviewing and resolve any disagreements between management and the external auditors regarding financial reporting or the application of any accounting principles or practice.

8. *Accounting principles and policies* – Oversee, review and discuss, as the Committee deems necessary, with management, the external auditors and the internal auditors, the Corporation's accounting principles and policies, including:

   (a) *Selection* – the appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, changes in the Corporation's accounting principles or practices and the application of particular accounting principles and disclosure practices by management to new transactions or events;

(b) *Significant financial reporting issues* – all significant financial reporting issues and judgments made in connection with the preparation of the financial statements and any "second opinions" sought by management from an independent auditor with respect to the accounting treatment of a particular item;

(c) *Disagreements* – disagreements between management and the external auditors or the internal auditors regarding the application of any accounting principles or practices;

(d) *Material change or proposed change* – any material change or proposed change to the Corporation's accounting principles and practices;

(e) *Changes in regulatory and accounting requirements* – the effect of changes in regulatory and accounting requirements;

(f) *Legal matters, claims and contingencies* – any legal matter, claim or contingency that could have a significant impact on the financial statements, the Corporation's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the financial statements;

(g) *Pro forma or adjusted information* – the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles; and

(h) *Goodwill impairment* – management's determination of goodwill impairment, if any, as required by applicable accounting standards.

9. *Interim financial results* – Prior to the release of any summary of interim financial results, including any associated press release, or the filing of such reports with the applicable regulators, review with the external auditors and management the interim consolidated financial statements and related MD&A and associated press release and approve for release.

10. *Annual audited consolidated financial statements* – Review with the external auditors and management the annual audited consolidated financial statements and related MD&A and associated press release, and report on the results of such review to the full Board prior to the approval and release to shareholders of such results by the Board.

11. *Prospectuses and information circulars* – Review with the external auditors and management, financial information contained in any prospectus or information circular of the Corporation, and make recommendations regarding approval to the Board. The Committee shall also periodically assess the adequacy of the procedures in place for the review of the Corporation's public disclosure of financial information extracted or derived from financial statements and MD&A.

12. *Communications between management, the internal and external auditors* – Provide an open avenue of communication between management, the internal auditors, the external auditors and the Board.

13. *Independent investigations* – Conduct independent investigations into any matters which come under its scope of responsibilities.

14. *Pension plans* – With respect to pension plans:

(a) *Investment objectives, policies and asset investment mix* – Receive the recommendation of the Pension Investment Advisory Committee (of management) investment objectives, policies and asset investment mix and make recommendations to the Board of Directors.

(b) *Engage investment managers* – Receive the recommendation of the Pension Investment Advisory Committee and approve the engagement and termination of investment management suppliers.

(c) *Pension plan performance* – Receive reports from the Pension Investment Advisory Committee on pension fund performance and make reports to the Board.

(d) *SIP&P* – Receive the recommendation of the Pension Investment Advisory Committee and approve the filing of the SIP&P.

(e) *Pension Investment Advisory Committee* – Oversee the activities of the Pension Investment Advisory Committee.

15. *Other reports of the external auditors* – Review and discuss all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors and any other reports which the Committee may require with the external auditors.

16. *Complaints regarding accounting, controls or audit matters* – Establish and monitor procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management and the internal auditors these procedures and any significant complaints received.

17. *Financial risk exposures* – Meet periodically with management to review and discuss the Corporation's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.

18. *Audit committees of material subsidiaries* – Receive and review the minutes of meetings of the audit committees of material subsidiaries of the Corporation.

19. Other delegated matters – Review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial matters.

The Charter

20. *Charter review* – The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Corporate Governance Committee.

21. *Committee performance* – Annually, the Committee shall evaluate its performance with reference to this Charter and the results of its evaluation shall be submitted to the Corporate Governance Committee.

22. *Disclosure of Charter* – The Committee shall ensure that this Charter is disclosed on the Corporation's website and that this Charter is disclosed in the annual information form of the Corporation in accordance with all applicable securities laws or regulatory requirements.

MAPLE LEAF FOODS INC.

30 St. Clair Avenue West
Toronto, Ontario, Canada
M4V 3A2
(416) 926-2000
www.mapleleaf.com