MAPLE LEAF FOODS INC.

ANNUAL INFORMATION FORM

March 21, 2013

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Unless otherwise indicated, the information in this Annual Information Form is given as of December 31, 2012 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 INFORMATION

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities laws. These statements are based on current expectations, estimates, forecasts and projections about the industries in which the Company operates and beliefs and assumptions made by the Management of the Company. Such statements include, but are not limited to, statements with respect to the Company's objectives and goals, as well as statements with respect to its beliefs, plans, objectives, expectations, anticipations, estimates and intentions.

Specific forward-looking information in this document includes, but is not limited to, statements with respect to the anticipated benefits, timing, actions, costs and investments associated with the Company's Value Creation Plan, expectations regarding improving efficiencies, the expected use of cash balances, source of funds for ongoing business requirements including renewal of existing securitization facilities, capital investments and debt repayment, expectations regarding acquisitions and divestitures, and the timing of new plant openings and old plant closures. 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 information. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict.

In addition, the forward-looking information contained in this document is based on a number of factors and assumptions including, but not limited to: the condition of the Canadian, U.S., U.K. and Japanese economies; the rate of exchange of the Canadian dollar to the U.S. dollar, British pound and the Japanese yen; the availability and prices of raw materials, energy and supplies; product pricing; the availability of insurance; the competitive environment and related market conditions; improvement of operating efficiencies whether as a result of the value creation plan or otherwise; continued access to capital; the cost of compliance with environmental and health standards; no 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 elsewhere in this document will materialize. All of these assumptions have been derived from information currently available to the Company including information obtained by the Company from third-party sources. These assumptions may prove to be incorrect in whole or in part. In addition, actual results may differ materially from those expressed, implied or forecasted in such forward-looking information, which reflect the Company's expectations only as of the date hereof.

Factors that could cause actual results or outcomes to differ materially from the results expressed or implied by such forward-looking information include, among other things:

- the risks associated with implementing and executing the Company's Value Creation Plan;
- the risks associated with changes in the Company's systems and processes;
- the risks posed by food contamination, consumer liability and product recalls;
- the risks associated with the Company's outstanding indebtedness;
- the risks associated with acquisitions, divestitures and capital expansion projects;
- the impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- the cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- the risks related to the health status of livestock;
- the impact of a pandemic on the Company's operations;
- 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 changes in the market value of the biological assets and hedging instruments;
- the impact of international events on commodity prices and the free flow of goods;
- the risks posed by compliance with extensive government regulation;
- the risks posed by litigation;
- the impact of changes in consumer tastes and buying patterns;
- the impact of extensive environmental regulation and potential environmental liabilities;
- the risks associated with a consolidating retail environment;
- the risks posed by competition;
- the risks associated with complying with differing employment laws and practices globally, the potential for work stoppages due to non-renewal of collective agreements and recruiting and retaining qualified personnel;
- the risks associated with the Company's independent distributors;
- the risks associated with pricing the Company's products;
- the risks associated with managing the Company's supply chain; and
- the risks associated with failing to identify and manage the strategic risks facing the Company.

The Company cautions the reader that the foregoing list of factors is not exhaustive. These factors are referred to in more detail under the heading "Risk Factors" on page 20 of this document. The reader should review such section and the other documents it references in detail. The Company does not intend, and the Company disclaims any obligation to update any forward-looking information, whether written or oral, or whether as a result of new information, future events or otherwise except as required by law.

Additional information concerning the Company, including the Company's Management Discussion and Analysis, is available on SEDAR at www.sedar.com or at www.mapleleaf.ca.

OVERVIEW OF THE BUSINESS

Maple Leaf Foods is a leading Canadian value-added meats, meals and bakery company with revenues of approximately $4.9 billion in fiscal 2012. 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.

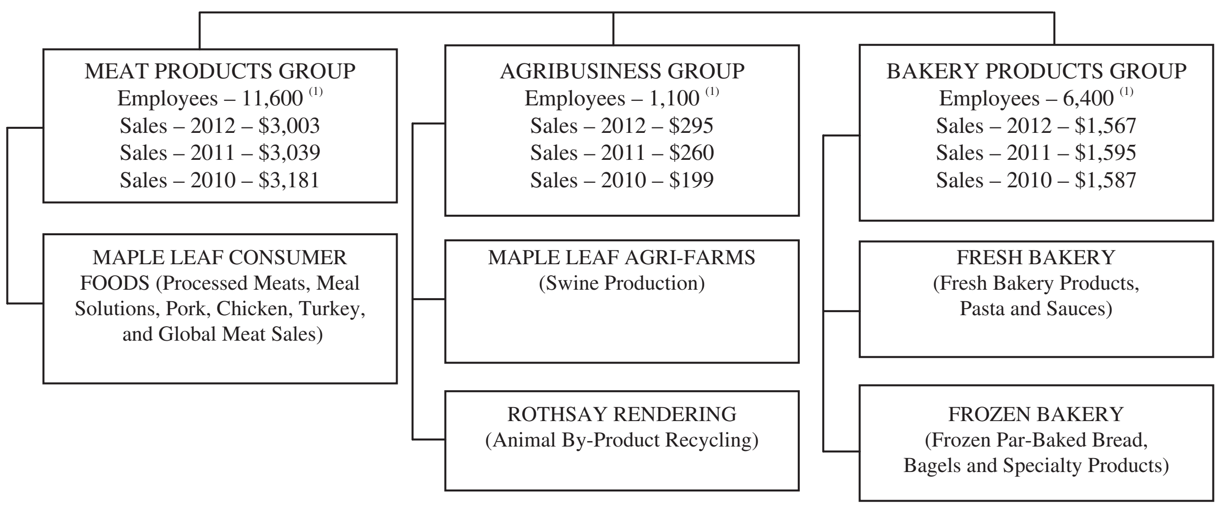
The Meat Products Group, consisting of the Maple Leaf Consumer Foods business unit, comprises value-added prepared meats, lunch kits, and fresh, frozen and value-added pork, chicken and turkey. Meat products are sold under the Company's premium brands as well as through private label, food service and industrial channels.

The Agribusiness Group supplies the Company with hogs for slaughter 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, edible lard and protein products and biodiesel. The Agribusiness Group consists of two operating divisions, Maple Leaf Agri-Farms and Rothsay Rendering.

The Bakery Products Group is comprised of Maple Leaf Foods' 90.0003% ownership (as at March 21, 2013) 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, sweet goods 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 divisions, the Fresh Bakery Group and the Frozen Bakery Group.

Organizational Structure

The following chart summarizes the Company's current organizational structure by operating segment as at December 31, 2012 (sales figures are in millions):



(1) In addition, there are approximately 700 corporate office employees of the Company who are not employed by any particular operating segment.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

For the three years ended December 31, 2012, the Company has been affected by a number of factors, changes and initiatives including:

1. Restructuring of hog production and primary pork processing under a three-year strategy commenced in 2006 which was largely completed in 2009, to refocus the Company's operations on value-added meat, meals and bakery businesses and simplify the organization;

2. Commencement of a comprehensive value creation plan in 2010 designed to increase shareholder value through a number of short- and longer-term initiatives to capitalize on the scale of the Company in the domestic Canadian marketplace, including simplification in product formulations and manufacturing, facility rationalization and plant consolidations and strategic capital investments in new manufacturing capacity and technology;
3. The implementation of an integrated SAP system, to consolidate all of the Company's information technology systems onto a single platform;
4. A product recall in August 2008 of sliced meats produced at the Company's Bartor Road facility in Toronto and subsequent progress in the recovery of volumes and margins in 2009 and 2010; and,
5. The impact of changes in the price of key inputs including wheat, corn and fuel costs and the ability of the Company to adjust prices in response to the changes.

Protein Transformation Strategy (2006–2009)

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 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 included:

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.

Value Creation Plan

In the fall of 2010, the Board of Directors of the Company approved a comprehensive value creation plan aimed at building significant and sustainable shareholder value both in the near and long-term. Details of this plan were announced on October 5, 2010. The value creation plan includes specific and executable steps that were developed through a comprehensive assessment of the Company's operational strengths and competitive gaps.

The Company determined that a productivity gap existed between Maple Leaf Foods and larger U.S. consumer packaged goods companies. Furthermore, the productivity gap was primarily due to the number of sub-scale plants within the prepared meats network that lack the efficiency and improved technology that can be employed in larger facilities. Management concluded that there was significant opportunity to capitalize on the scale of the Company in the domestic Canadian market place by producing its volume in a smaller number of larger facilities, allowing the Company to earn margins consistent with larger U.S. processors. These changes are also designed to protect the Company from a long-term erosion of competitiveness as U.S. competitors seek to enter the Canadian market.

The main components of the value creation plan include:

1. Complexity Reduction – Standardization of sizes and formulations and elimination of lower volume and value products. These changes enable the transfer to large scale facilities.
2. New Ontario Fresh Bakery Plant – The closing of three bakeries in the Greater Toronto Area (two in 2012 and one planned for 2013) and the commissioning of a new, more efficient fresh bakery in Hamilton, Ontario.
3. Optimizing Pricing and Promotions – Margin support through effective pricing, promotions and category management strategies.
4. SAP Implementation – see below.
5. A Simpler, Scale Prepared Meats Supply Network – Redesign of the prepared meats supply chain to achieve savings from enhanced throughput and productivity from larger scale and new technologies; improved product yield, reduced waste and better packaging; lower total overhead and reduced labour; and, reduced shipping costs. These savings are expected to be achieved from:
    - Rationalizing Prepared Meats Network – By the end of 2014, the Company expects to have closed eight smaller prepared meats facilities, expanded three existing plants and built one new facility in Hamilton, Ontario. Two of the eight plants were closed in 2011, while the remaining six are expected to be closed in 2013 and 2014.
    - Investing in Leading Edge Technologies – Enabled by a reduced number of larger more efficient plants, install better processing and packing technology.
    - Increasing Productivity and Distribution Efficiencies – Consolidation of five distribution centres into two large distribution centres by the end of 2014. The western distribution centre located in Saskatoon, Saskatchewan is complete while a new facility currently under construction in the Township of Puslinch, Ontario is expected to be operating as the single eastern hub by 2014.

SAP Implementation (2009)

In 2008, the Company began an initiative to consolidate all of its information technology systems onto a single platform in order to standardize processes, reduce costs and enable a shared services platform. Management selected SAP software as its new platform, began implementation in January 2009 and has since taken a rapid, yet carefully designed, approach to implementation. Since the first installation in March 2009, the Company has completed 67 SAP "go-live" installations affecting nearly all business units as at the end of 2012. Successful execution has been enabled by changing existing businesses to standardized SAP processes, significant limitation of any software modifications and rigorous master data controls. SAP has brought new capabilities to most of the Company's operations, setting the foundation for better analytics and further efficiency gains.

Product Recalls (2008–2009)

The Company was negatively impacted in 2008 by the product recall of sliced meats produced at its Bartor Road facility in Toronto, Ontario and in February and August of 2009 by the product recall of wieners produced at its Hamilton, Ontario plant. The latter two recalls were precautionary and did not have a significant impact. In 2009, the Company also delayed certain strategic initiatives to focus on the recovery of the prepared meats business as a result of these recalls. For a detailed description of the August 2008 and the 2009 product recalls and related recovery, see the description contained under "General Development of the Business – Three-Year History – Meat Products Group" below.

Pricing and Currency Changes

In 2010 and 2011, prices of many commodities (most importantly, live hogs, live chicken, fresh pork, wheat, corn and crude oil) rose and remained high in 2012. This pressured margins for Maple Leaf Foods and the food industry. To manage the impact of these higher costs, management implemented price increases across its products, although at times these increases were outpaced by the rise in raw material costs. The Company also implemented several cost containment and operational improvements initiatives, and in certain instances purchased commodities on a forward fixed-price basis to manage fluctuations in commodity prices. Nonetheless, earnings during these years were impacted by the lag between the effective date of the price increases and the rise in raw material costs.

In 2010 and 2011, the Canadian dollar strengthened and in 2012 maintained parity on average relative to the U.S. dollar. In general, a stronger Canadian dollar compresses margins in the Company's primary pork processing operations, and to a lesser extent in the rendering operations, as sales values for export products are reduced. With the completion of the sale of the primary processing facility in Burlington, Ontario, which processed approximately two million hogs annually, the Company's exposure to currency-affected exports has been significantly but not fully reduced.

Conversely, a stronger Canadian dollar decreases the cost of raw materials and ingredients in the domestic prepared meats and fresh bakery businesses. The branded packaged goods businesses are able over time to react to changes in input costs through pricing, cost reduction or investment in value-added products. However, over the longer term, a stronger Canadian dollar also reduces the relative competitiveness of the domestic Canadian packaged goods operation, as imports of goods from the U.S. become more competitive. The Company is implementing a strategy to reduce costs and improve productivity in order to compete more effectively with large U.S. food companies. Overall for 2012, currency rate changes did not have a material net impact on earnings relative to 2011.

The specific 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 pursuit of the value creation plan described above, the Company is implementing short and long-term initiatives aimed at building significant and sustainable shareholder value. The longer term initiatives include plant consolidations and strategic capital investments in new manufacturing capacity and technology. In total the Company plans to invest approximately $560 million in the value creation plan. This includes construction of a new $395 million 402,000 square foot prepared meats facility in Hamilton, Ontario with construction commenced in 2012. The Company's plants in North Battleford, Saskatchewan, Kitchener, Ontario, Hamilton, Ontario, Toronto, Ontario, Moncton, New Brunswick and a small facility in Winnipeg, Manitoba are expected to close by the end of 2014 as production is consolidated into three existing plants and the one new facility in Hamilton, Ontario. The Company also intends to simplify its distribution network by consolidating four distribution centres into two. Construction of a new, purpose-built facility in Guelph, Ontario to service eastern Canada commenced in early 2012 and commissioning is expected in the first half of 2013. Five distribution centres including ones in Moncton, New Brunswick, Burlington, Ontario and Kitchener, Ontario are expected to be closed by 2014. An existing facility in Saskatoon, Saskatchewan now serves as the western Canadian hub as the Coquitlam, British Columbia facility was closed in 2012.

In 2011 and 2012, the Company made progress on the prepared meats manufacturing network transformation under the value creation plan, closing two small, sub-scale prepared meats facilities in Berwick, Nova Scotia and Surrey, British Columbia. The Berwick facility was sold on May 13, 2011. In September 2011, the Surrey facility was closed and sold for proceeds of $10.5 million. Production was transferred to other facilities. These changes have increased the Company's operating efficiencies and lowered costs.

A component of the Transformation Strategy for pork production was to downsize pork supply to the quantities consumed by the Company in its value-added meats and meals operations. In November 2010, the Company completed the sale of its Burlington, Ontario pork plant. The Company discontinued processing hogs at its multi-purpose plant in Berwick, Nova Scotia in March 2010. In total, the Company has downsized its number of pork processing plants from seven in 2006 to two as of late 2010 which number remains the same. In 2012, the Brandon, Manitoba and Lethbridge, Alberta plants processed an aggregate of approximately 88,000 hogs per week.

In May 2012, the Company ceased production at and closed its Ayr, Ontario poultry processing plant, consolidating its production in the Company's Mississauga and Brantford facilities. To support the production transfers, investments totaling approximately $6.5 million were made in Mississauga and Brantford.

Also in February 2012, the Company purchased the operations of a poultry farm in Alberta that included a chicken quota for a total purchase price of $31.1 million. Subsequently, $8.0 million of the chicken quota was sold. This farm's chicken production is processed in the Company's Edmonton processing plant.

In November 2011 and August 2012, the packaging area of the Company's Lagimodiere processing plant in Winnipeg, Manitoba was damaged by fire. The cost of the repairs was covered by insurance and the plant is again running at full capacity.

In December 2012, the Company announced its agreement to sell its Lethbridge, Alberta potato processing facility to Cavendish Farms, an affiliate of J.D. Irving Ltd. The transaction closed in early January, 2013 and the Company realized proceeds of approximately $57.8 million from the sale which was used to pay down debt.

August 2008 Product Recall

In August 2008, the Company voluntarily recalled all products produced since January 1, 2008 at its Bartor Road facility in Toronto, Ontario because of a concern that these products may be contaminated with *Listeria monocytogenes.* In the end, the *Listeria* strain identified in Maple Leaf products was linked to 57 cases of illness including 23 deaths where Listeriosis was a contributing factor. While there was no evidence of *Listeria* contamination in products beyond two of the eight production lines at the facility, the Company recalled all products produced at the facility to ensure that all precautionary steps were being followed to protect consumers. The Bartor Road facility was closed for sanitization, comprehensive environmental testing and verification, and the completion of comprehensive pre-operation inspections by the CFIA. The plant reopened later in 2008.

In March 2009, the courts approved a settlement agreement between the Company and the plaintiffs in class action lawsuits related to this product recall. The settlement provided that the Company would pay $25 million, increasing by up to $2 million, to the extent that claims and costs may exceed $25 million, in full and final settlement of all claims. The class counsel has appointed an independent administrator who is administering the compensation to be paid from the settlement amount under the supervision of the courts. The settlement amount was fully funded by the Company's liability insurance. In October 2011, the Company received notice that the additional $2 million was required. The payment was made by the Company's insurer. In February 2012, after final approvals for the distribution were given by the courts, the settlement proceeds were distributed by the independent administrator to claimants.

The disruption caused to the Company's prepared meat business by the recall continued for a number of years. While volumes and pricing are no longer impacted, the recall has resulted in a number of operational and structural changes that continue to the present.

In 2009, the Company created its Food Safety Advisory Council, a team of independent experts, to increase the Company's access to global knowledge and expertise in the areas of food safety practices, microbiology, technology and public health. The Food Safety Advisory Council carried out three key missions in its first year: (i) it performed ongoing critical reviews of the Company's food safety strategy that included recommendations on additions or modifications to advance its food safety programs; (ii) it provided insights into any global emerging food safety risks; and, (iii) it provided guidance on the Company's employee training and education programs with respect to food safety.

In 2009, the Company also adopted new testing and sanitation processes where required, and moved to use antimicrobial ingredients in a majority of ready-to-eat meat products, to reduce the risk of food-borne pathogens. In 2010, the Company continued to reformulate ready-to-eat meat products with bacterial growth inhibitors, enhanced its plant sanitation programs including sanitation effectiveness audits, attained certification to the British Retail Consortium Global Standards for Food Safety in 53 meat and bakery manufacturing sites by the end of 2012, and implemented training programs to increase knowledge and responsibility for food safety excellence across the Company.

Pricing

In 2010, 2011 and 2012, prices were increased across the prepared meats businesses to recoup cost increases and protect margins as during those years the prices of many commodities that influence cost of production in the Company's business continued to increase, which pressured margins for Maple Leaf Foods and the food industry. Commodities or products used by the Company that increased in price included live hogs, live chicken, fresh pork, wheat, corn and crude oil. The Company has implemented price increases across the majority of the Company's products, to offset cost increases although at times these increases were outpaced by the rise in raw material costs.

Agribusiness Group

Continuing the strategy established in prior years, in 2010 the Company continued to streamline its operations to reduce costs and wound down a number of Manitoba hog production operations.

As a result of these changes and prior to acquisitions, in 2012 the number of finished hogs produced by the Company was approximately 800,000. This compares with 745,000 in 2011 and 815,000 in 2010. The Company effectively owned 17.5% of the hogs that it processed in its facilities. In 2011 and 2010, the Company effectively owned 16.2% and 13.6% respectively of the hogs that it processed in its facilities. The percentage prior to 2011 was lower as the Company continued to process hogs through its Burlington plant until it was sold in November 2010.

On December 14, 2012, the Company acquired specific assets and assumed certain liabilities of The Puratone Corporation and its subsidiaries (collectively "Puratone"), which were privately held entities engaged in hog production. The purchase price was $44.5 million. Puratone is located in southern Manitoba, with a sow base of 25,000 producing approximately 500,000 market hogs annually. The assets of Paradigm Farms Ltd. ("Paradigm"), a company separately owned but managed by Puratone, were also purchased on November 27, 2012 for $2.2 million. Including these acquisitions, the number of market hogs produced annually is now approximately 1.3 million and represents approximately 28.4% of the hogs processed in the Company's hog processing plants.

In July 2011, the Company sold its 60% interest in PBO Industrial Disposal, a small Newfoundland waste disposal business, for proceeds of $1.1 million.

Overall, in 2012 the Company's hog production was negatively affected by lower market prices and higher feed costs. Sales increased in 2012 due to higher toll feed sales and increased biodiesel sales volumes. That sales growth was partly offset by lower average selling prices for biodiesel and rendered by–products.

Bakery Products Group

In 2010, the Company increased its ownership of Canada Bread by acquiring a total of 56,700 shares through purchases on the Toronto Stock Exchange at an average price of $47.43 per share for an aggregate consideration of $2.7 million. This raised the Company's ownership to its current level of 22,875,215 common shares (90.0003%) of Canada Bread.

Construction of the large scale bakery facility in Hamilton, Ontario commenced in August 2010 and the plant officially opened on September 28, 2011. The investment required to build the new plant was approximately $100 million, with an additional $25 million restructuring charge for decommissioning and employee severance payments. The plant began to produce bakery products in July 2011 and was commissioned and operational by its official opening in September, 2011. The Company completed the transfer of production from two existing bakeries, one by the end of 2011 and the second in the first quarter of 2012, both of which plants were then closed. A third bakery is expected to close in the second quarter of 2013.

In 2010, the Company optimized its United Kingdom bakery operations by transferring a croissant production line to its Maidstone, United Kingdom bakery, a move that consolidated the majority of croissant production into one site and reduced manufacturing costs. A small production facility in Cumbria, UK was sold in April 2011.

In early 2010, the Company sold the sweet goods operation of its Aliments Martel subsidiary and in December, 2010 sold the Quebec City meals plant owned by Aliments Martel Inc. On February 18, 2011, the remainder of the combined Aliments Martel and Royal Touch Foods sandwich and convenience store distribution operation was sold for $8.0 million subject to adjustments. The Company retained one manufacturing plant which was leased to the purchaser on a short-term basis. Management has listed the property for sale.

In February 2011, Canada Bread re-launched its New York Bakery brand in the U.K. to support market growth in the bagel category, which led to significant increases in volumes and improved margins. The benefits were largely offset by significant advertising and promotion expenses associated with the re-launch.

In March 2011, Canada Bread closed its frozen bakery facility in Laval, Quebec. Production was consolidated at Canada Bread's other frozen bakery facilities. The regional sales offices in Laval will be maintained.

In March 2011, Canada Bread announced the investment of approximately $11 million in its Edmonton, Alberta bakery to support increased tortilla production. The construction was completed and the line commissioned in September 2011.

Also in March 2011, Canada Bread announced its plan to close its fresh bakery facility in Delta, British Columbia in November 2011, with production to be consolidated in the Langley, British Columbia and Edmonton, Alberta fresh bakery plants and outsourcing a small amount of production. The closure of the Delta plant was completed in the fourth quarter of 2011.

In May 2011, the Park Royal, London, UK bakery was closed and production from the Park Royal and Cumbria plants was consolidated into the Maidstone and Walsall bakeries. In the fourth quarter of 2011, Canada Bread announced that it would be closing the Walsall bakery in early 2012 as part of the transition to optimize the manufacturing of morning goods and specialty bakery products. Restructuring and other related costs of $24.2 million were incurred by the U.K. bakery business related to the closure of the Walsall, Cumbria and Park Royal plants. These costs include severance of $4.0 million, lease cancelation charges of $7.8 million, asset write downs and accelerated depreciation of $11.7 million and other costs of $0.7 million. The Walsall bakery ceased production and effectively closed in March 2012 after transferring production of specialty breads to the Premier Park, U.K. site.

In September 2011, Canada Bread acquired the business of Humber Valley Bakery, a small fresh bakery in Newfoundland and Labrador, for $0.6 million with the value assigned to intangibles and customer relationships. The business's production was incorporated into Canada Bread's existing facilities.

In January 2013, Canada Bread announced its plan to close a bakery in Grand Falls, New Brunswick and a small Adrian's bakery in Edmonton, Alberta to reduce overheads, allow rationalization of lower margin products and consolidate production into more efficient facilities. The Grand Falls bakery and the Edmonton bakery are expected to be closed in the first half of 2013. The Company expects to incur approximately $6.3 million before tax in restructuring costs, of which approximately $4.2 million are cash costs.

The pasta business experienced supply chain issues during the year that resulted in lower volumes and higher operational costs. Earnings were also negatively impacted by higher raw material and other input costs, unfavourable sales mix, increased promotional spending and an inventory adjustment during the first quarter of 2012.

Wheat, dairy and fuel constitute significant input costs to the Company's bakery operations. Wheat prices, which had risen significantly in 2010 and early 2011, remained largely at the same levels in 2012. The Company continues to utilize forward contracts hedging as part of its strategy to provide some protection against the effects of higher wheat costs. Price increases were implemented across all bakery operations throughout 2011 and forward contracts were utilized to provide some protection against the effects of higher wheat costs; however, the Company was not able to fully recover or hedge against all cost increases during the year. The stronger Canadian dollar in 2011 partly offset the effect of higher wheat prices in the Canadian operations. Dairy products, in particular butter and cheese, also continued to be expensive after significant increases in 2011. The Bakery Products Group as a whole benefited from both the full year impact of 2011 price increases and pricing implemented during 2012. In the fresh bakery business, earnings increased due to a combination of price increases implemented during 2011 and positive hedging activities that reduced raw material costs in 2012. Improved earnings in the North American frozen bakery operations was due to higher pricing and volumes, as well as positive hedging activities that lowered raw material costs, partly offset by higher inflationary costs.

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 the 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 value creation plan described in "General Development of the Business – Three Year History" above is intended to simplify the Company's operations by reducing complexity and costs and by leveraging scale and technology.

The Company's customers are located in approximately 25 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, and other food processors. No single customer accounted for more than 15% of Maple Leaf Foods' consolidated revenues for the year ended December 31, 2012. Maple Leaf Foods' largest customers typically purchase many different food products from the Company.

MEAT PRODUCTS GROUP

General

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, chicken and turkey; further processed meats and grocery products; and, global food marketing and distribution. Meat products are sold under the Company's premium brands such as Maple Leaf® and Schneider® as well as through private label, food service and industrial channels. Maple Leaf Consumer Foods also operates an international export business through a network of four offices located in Canada, Korea, Japan and Hong Kong that is focused on the sale of chilled and frozen pork and value-added meats and meals and on serving the needs of the Company's strategic international customers.

Maple Leaf Consumer Foods has processing plants and distribution centres across Canada with a sales organization across both Canada and the United States.

In the second quarter of 2010, the Meat Products Group introduced *Maple Leaf Natural Selections*™, a line of sliced meats with all natural ingredients. In 2011, the Natural Selections platform was expanded to other product categories (bacon, ham and wieners) and in April 2011, the Company introduced Schneider's Country Natural™ products (bacon, hot dogs, sliced meats and ham) as part of its continuing efforts to increase its sales in value-added products. In 2012, the Company introduced the Mina™ halal chicken products and the Schneiders® Lunchmate® + fruit products. It also introduced Prime Naturally® Portions chicken, Schneider's Country Naturals chicken strips, nuggets and wings, Country Naturals lunch kits, smoked and fresh sausage, Maple Leaf Natural Selections shaved meats and meat strips, and Maple Leaf Portions Pack bacon. It also sold its Collection Artisan® trademarks but will exclusively produce the products for the purchaser until the end of 2014 at the earliest.

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, lunch kits, lard and canned meats. Maple Leaf Consumer Foods produces and markets a broad line of value-added meats and meals under a variety of brand names such as Maple Leaf, Schneider, Shopsy's, Hygrade and other names, as well as supplying private label brands. Maple Leaf Consumer Foods 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 are sold to food service distributors for subsequent sale to restaurants, institutions and other food service establishments.

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 *Maple Leaf Prime®* and *Maple Leaf Prime Naturally®* brands as a value-added branded line of fresh poultry products. Turkey is sold under the *Maple Leaf Prime®* and *Cold Springs Farm®* brands. 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 uncooked value-added turkey products. The processed value-added turkey products are sold to retailers, distributors and food service companies.

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. Most of Maple Leaf Consumer Foods' raw materials for further processing are sourced internally for pork and poultry, but there still is 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. The raw materials necessary for the operation of the Company's Meat Products Group are readily available.

Markets and Competition – Meat Products Group

The Meat Products Group currently 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 and includes 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 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 sale of the Burlington plant with the consequential reduction in the amount of primary pork processing has reduced 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, including providing its own hog feed, 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, protein products, and biodiesel. The Agribusiness Group is divided into two operating divisions: Maple Leaf Agri-Farms (formerly called Elite Swine) and Rothsay Rendering.

Maple Leaf Agri-Farms

General

Maple Leaf Agri-Farms is a hog production operation with approximately 200 production locations in Manitoba and Saskatchewan, with approximately 58,500 sows under management at the end of 2012 (an increase of 25,000 over 2011 due to the acquisition of the assets of The Puratone Corporation, whereas the 2011 number of hogs was reduced by 1,000 from 2010 and 2009). The Company owns all of the sow barns which it manages and owns a number of nursery barns where weanlings are converted to feeder pigs. The Company grows additional weanlings in nursery barns leased by Maple Leaf Agri-Farms. Most of the feeder pigs are converted to market hogs in third-party owned and operated finishing barns under contracts of up to five years. The Company also owns five feed mills in Manitoba which produce approximately 500,000 tonnes of animal feed annually, primarily used to feed the Company's hogs.

In 2012, prior to the acquisition of Puratone and Paradigm, the Company produced approximately 800,000 hogs compared to 745,000 in 2011 and 815,000 in 2010. The reduction in market hogs in 2011 is consistent with the 2009 restructuring of the Company's protein operations. Not counting the increased number of hogs from the acquisitions of Puratone and Paradigm which closed near the end of 2012, improvements in production resulted in an increase in hogs in 2012. The acquisitions of Puratone and Paradigm added an additional 500,000 market hogs to the Company's annual production. During 2012, prior to the acquisition of Puratone and Paradigm, the Company effectively owned 17.5% of the hogs that it processed in its hog slaughter facilities, a number that will increase to approximately 28.4% with the acquisitions completed in 2012.

Principal Products and Markets

Maple Leaf Agri-Farms' market hogs are sold to the Company's pork processing plant in Brandon, Manitoba.

Raw Materials

Maple Leaf Agri-Farms purchases breeding stock, feeds and medication, each of which is readily available at competitive prices. The Company owns five feed mills in Manitoba which are used primarily to service the internal animal feed requirements of the Maple Leaf Agri-Farms hog operations. The mills purchase grains and pre-mixes to manufacture finished feed rations, both of which are readily available.

Rothsay Rendering

General

Maple Leaf Foods' rendering business, operating as Rothsay, is one of the largest animal by-product recovery and recycling operations in Canada. In Canada, Rothsay owns six rendering plants which process inedible products, of which one plant also produces edible products. Rothsay also owns and operates a biodiesel plant which processes animal fat and used cooking oils into a diesel fuel substitute.

Commencing in 2010, Rothsay's entire Ontario and Quebec truck fleet ran on Rothsay biodiesel; the total number of vehicles in the environmentally sustainable fleet is now 128. The Moorefield, Ontario and Montreal, Quebec fleets are fuelled by an annual minimum of five per cent (5%) biodiesel produced at Rothsay's Montreal facility. In September 2010, Rothsay Biodiesel entered into a strategic partnership with a major distillate distributor within Canada to deliver blended biodiesel to the Company's fleets in Ontario.

Principal Products and Markets

Rothsay's principal products are inedible tallow, protein meals, edible lard and biodiesel. Its principal customers for these products include feed mills, pet food manufacturers, oleo chemical companies, food service distributors (edible lard) and petroleum companies (biodiesel). The majority of Rothsay's product sales are destined and consumed domestically with additional sales of tallow and biodiesel to international customers.

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 the changes. 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 a Company-owned biodiesel production facility near Montreal in Ville Ste. Catherine, Quebec. Biodiesel is sold primarily to refiners and distributors of diesel fuels in Canada or for export to international markets and is used in Rothsay's own internal truck fleet as noted above.

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 21% of Rothsay's raw material is supplied by Maple Leaf Consumer Foods' businesses, primarily the pork and poultry slaughter plants in the Meat Products Group. Rothsay maintains a fleet of 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 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, by-product and biomass conversion companies 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. Rothsay also faces competition for customers from other biodiesel manufacturers domestically and internationally.

The hogs produced by Maple Leaf Agri-Farms are sold to the Company's pork plants for processing. Maple Leaf Agri-Farms faces competition from other hog production systems for nursery and finishing barn spaces.

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.

BAKERY PRODUCTS GROUP

The Bakery Products Group is comprised of Maple Leaf Foods' 90.0003% ownership (as at March 21, 2013) 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 is focused on increasing 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 breads and healthy bakery products.

Canada Bread's customer base in the retail and food service sectors has been consolidating, 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.

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 growth in the sale of its whole-grain products, including *Dempster's® Whole Grains*™ and *Ancient Grains*™ breads, Dempster's Smooth Grains bread and *Boulange Des Campagnards*™ line of products. Canada Bread has continued to introduce new and varied products to satisfy consumer demands for healthy and ethnically diverse products such as breads made with 16 whole grains under the *Dempster's Smart*® and *POM*® brands; Dempster's rye breads;

Dempster's corn tortillas; and a variety of thin bagels, thin buns and pita products under the Dempster's, POM and Ben's® brands. Under a licensing agreement, the Company has also launched *Cadbury® Snack Cakes* in Eastern Canada, expanding the Company's sweet goods offerings in the region. *Cadbury® Mr. Big®* snack cakes were introduced in 2010 and the *Cadbury Crème Egg®* snack cakes were introduced in 2011. The *Cadbury®* products are produced under license with Mondelez International®.

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, sweet goods and meals. Management of the Fresh Bakery Group is organized into five commercial business teams by major customer and/or region.

Principal Products and Markets

Canada Bread's primary brands include *Dempster's®*, the leading brand of fresh bread in Canada; *POM®*, a leading brand of fresh breads and rolls in Quebec; *Ben's®*, a leading bakery brand in Atlantic Canada; and *McGavins®* , a leading brand in Western Canada. Fresh bread and rolls are distributed and sold primarily across Canada and also 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 network of bakery plants in Canada with approximately 965 franchisee distributors. Canada Bread manufactures and distributes a full line of fresh bread and rolls and specialty bakery products and also snack cakes and sweet goods. The Company has introduced many new products appealing to consumers tastes for specialty and ethnic products including whole grain, flat breads (such as tortillas), pita bread, garlic bread and also many product offerings with enhanced health and nutritional value such as whole grains, multi-grains, fiber and omega 3 oils. The Fresh Bakery Group also 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.

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 the raw material 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.

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 Ltd. 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 and food service customers for final baking. Production of par-baked products is designed to reduce in-store 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, sourdough bread and an assortment of scones, pastry shells, turnovers and fruit bites. The Frozen Bakery Group operates four bakeries in Canada, three in the United States and at March 2012, three bakeries 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, *Maison Cousin®* crusty breads and *Tenderflake®* frozen pie/pastry shells.

Maple Leaf Bakery UK Limited specializes in the production of bagels and value-added specialty bakery products including croissants, ciabatta and other morning goods products, and is the United Kingdom's largest producer of bagels, a growing market in both the United Kingdom and Europe, and ambient croissants. 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 (which have been closed), The French Croissant Company Limited (croissants), Avance (UK) Limited (specialty bread products) and La Fornaia Limited (specialty Italian style bakery products).

The Frozen Bakery Group distributes its products through a network of third-party brokers and freight carriers. While a small portion of the products is distributed by direct store delivery, the great majority are shipped to the customers' central warehouses or the customers' third-party logistics suppliers.

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 for North American production are primarily priced on a North American basis (except for sugar, which is priced on a worldwide basis), independent of European pricing, and have historically been readily available. Ingredients for UK operations are sourced locally.

The cost of flour, the largest component of raw material 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.

Markets and Competition – Bakery Products Group

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. The market for fresh pasta and sauces is less regional as the products can be shipped longer distances economically. There are many small and medium sized competitors in the fresh pasta and sauce market place.

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 use frozen dough or bake “from scratch” in their stores. 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. In both North America and the United Kingdom, the Company has a number of small- to medium-sized competitors in its principal product lines.

FOREIGN OPERATIONS

The Company derives approximately 77% of its revenue from sales in Canada, approximately 11% from sales in the United States and the balance from sales in other global markets, principally the United Kingdom, Japan, Europe, Korea and Mexico. Maple Leaf Consumer Foods operates an international export business through a network of offices located in Canada, Korea, Japan and Hong Kong that is focused on the sale of chilled and frozen pork and value-added meats and meals and on serving the needs of the Company’s strategic international customers. Maple Leaf Consumer Foods markets a number of products including pork products, pre-cooked meat and poultry products outside of Canada. There are significant sales of pork products in the United States, Japan, Korea and Mexico. The Company’s performance is affected by global market demand, prices, foreign exchange fluctuations as well as trade barriers.

The Company’s Bakery Products Group is one of the largest par-baked manufacturers in North America and the United Kingdom. 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 four plants in Canada. It also operates three bakery facilities in the United Kingdom at March 2013, making it the largest producer of bagels and specialty bakery products in the country. Sales in the United States and the United Kingdom generated 22.9% (2011 – 23.5%; 2010 – 24.4%) of the total revenue of the Bakery Products Group for the fiscal year ended December 31, 2012.

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 are 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™, Maple Leaf Prime Naturally®, LunchMate®, Top Dogs®, Shopsy's®, Mitchell's Gourmet Foods®, Hygrade®, Maple Leaf Natural Selections™, Larsen®, Maple Leaf Simply Savour™, Schneiders Country Naturals™, Cappola™, Holiday®, Ready Crisp®, Klik® "Kam"®*
Bakery Products Group	*Dempster's®, POM®, Ben's®, Bon Matin®, Healthy Way®, Olafson's®, McGavins®, Olivieri®, Villaggio®, Tenderflake®, Home Bakery®, Grainhouse™, Smart™, WholeGrains™, Oven Fresh™, BodyWise®, Chevalier™, Chevalier Obsession®, Boulange des Campagnards™*

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. In particular, the policy requires the Company to include environmental matters in its strategic planning, monitor environmental performance, educate its employees on environmental protection principles, seek ways to continually improve discharges to land, water and air, reduce waste and conserve resources, meet or exceed environmental laws and regulations, and work with communities in which we operate to ensure that management and employees are sensitive and responsive to local environmental concerns. The Company's environmental program is monitored on a regular basis by the Committee, and involves the monitoring of compliance by the Company with regulatory requirements, and the use of internal environmental specialists and independent, external environmental experts. 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. The Company is also developing a formal environmental sustainability strategy that will focus on key areas such as energy, water and manufacturing waste reduction, greenhouse gas management and sustainable packaging. The Company works in partnership with various levels of government to obtain all environmental permits for the various projects in its Transformation Strategy agenda and assure a high level of environmental protection for future plant operations. It keeps the community informed about progress on new plant operations such as its new bakery and meat processing plant in Hamilton, Ontario through regular community open houses. 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

As of December 31, 2012, the Company employed approximately 19,800 people, of which about 12,800 were covered by some 87 collective agreements. These agreements are normally negotiated for varying terms, and in any given year, a number of these agreements expire and are renegotiated; 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.

Twenty-seven (27) collective agreements have expired or will expire in 2013. Negotiations are currently ongoing in respect of seven (7) of these agreements. Key collective agreements to be negotiated in 2013 include: the Maple Leaf Consumer Foods's poultry plant in Toronto, Ontario; two (2) Fresh Bakery plants in Hamilton, Ontario; the Olivieri Pasta plant in Delta, British Columbia, and the Frozen Bakery plant in Oxnard, California.

RISK FACTORS

The Company operates in the food processing and agricultural business, 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, 2012 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

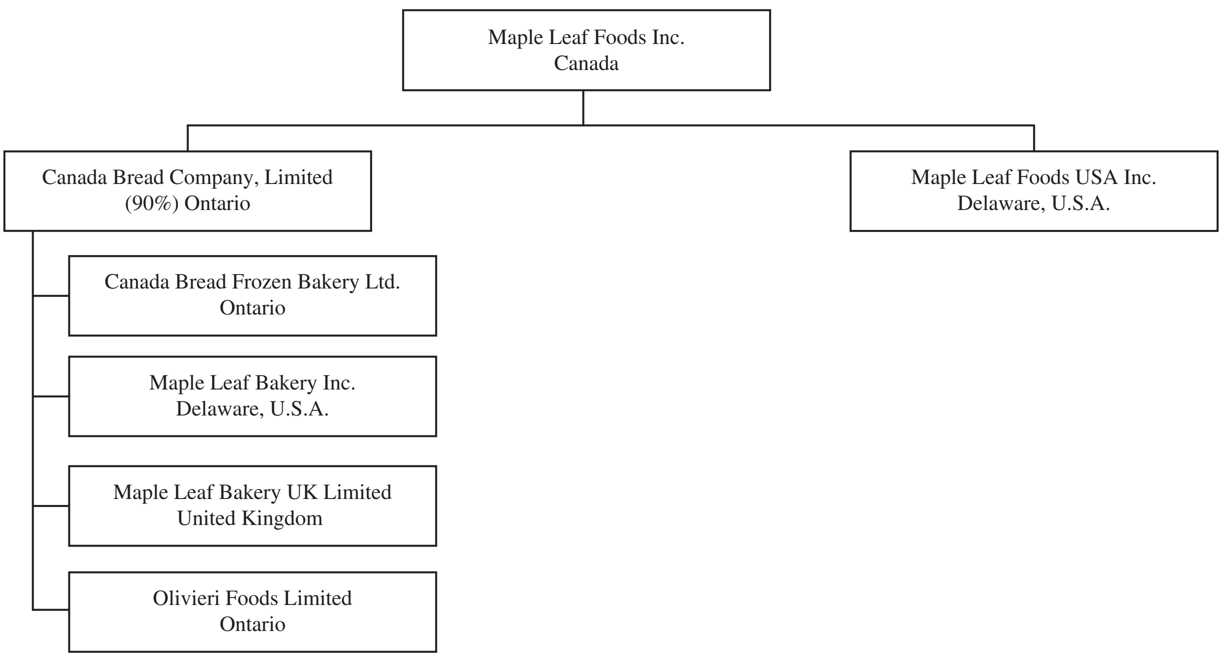
Maple Leaf Foods Inc./Les Aliments Maple Leaf Inc. is incorporated under the *Canada Business Corporations Act.* It was incorporated on August 13, 1927, although portions of the business originated before 1900. The Company's registered and principal office is located at 30 St. Clair Avenue West, Suite 1500, Toronto, Ontario, Canada M4V 3A2.

Intercorporate Relationships

As at December 31, 2012, the only operating subsidiary of the Company whose total assets constituted more than 10% of the consolidated assets of the Company, or whose total consolidated sales and operating revenues exceeded 10% of the consolidated sales and operating revenues of the Company, was Canada Bread which is a corporation existing under the Business Corporations Act (Ontario). As at March 21, 2013 Maple Leaf Foods owned, directly or indirectly, a 90.0003% voting and equity interest in Canada Bread and its subsidiaries.

The Company had the following significant operating subsidiaries and affiliates as of December 31, 2012:

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



DESCRIPTION OF CAPITAL STRUCTURE

The authorized share capital of the Company currently consists of an unlimited number of common shares, an unlimited number of non-voting common shares and an unlimited number of preferred shares issuable in series. As of March 21, 2013 the issued capital of the Company consisted of 140,059,789 common shares. There are no non-voting common shares and no preferred shares issued and outstanding.

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.

On July 28, 2011, the Board of Directors of the Company approved and adopted a shareholder rights plan agreement. The shareholder rights plan agreement was subsequently amended and restated on December 5, 2011 (as amended and restated, the "rights plan"). The rights plan is designed to allow the Board of Directors of the Company and its shareholders sufficient time to consider fully any transaction involving the acquisition or proposed acquisition of 20 per cent or more of the outstanding common shares of the Company. In particular, the rights plan allows the Board of Directors of the Company time to consider all alternatives to such a transaction and to ensure the fair treatment of shareholders should any such transaction be initiated. The rights plan was not adopted in response to any actual or anticipated transaction. One right has been issued with respect to each common share of Maple Leaf Foods issued and outstanding as of the close of business on July 27, 2011. Should an acquisition or proposed acquisition of 20 per cent or more of the outstanding common shares of the Company occur or be announced, under certain circumstances each right would, upon exercise, entitle a rights holder, other than the acquiring person and related persons, to purchase common shares of Maple Leaf Foods at a 50 percent discount to the market price at the time. The rights plan was approved by the shareholders of the Company at a special meeting held on December 14, 2011 and accepted by the Toronto Stock Exchange on December 21, 2011. The text of the rights plan is available on www.sedar.com.

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 security. 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 securities" under National Instrument 51-102 – Continuous Disclosure Obligations, 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 preferred shares are issuable in one or more series. As of the date hereof, no series of preferred shares has been created and no preferred shares have been issued. Each series of preferred shares is to rank equally with any other series of preferred shares in respect of redemption, the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary. Each series of preferred shares shall have priority over the common shares, the non-voting common shares and any other class of shares of the Company ranking junior to the preferred shares with respect to redemption, the payment of dividends, the return of capital and the distribution of assets in the event of the liquidation, dissolution or winding up of the Company. The preferred shares of any series may also be given such preferences, not inconsistent with the general provisions of the class, over the common shares, the non-voting common shares and over any other class of shares of the Company ranking junior to the preferred shares, as may be determined by the Board of Directors of the Company. The holders of each series of preferred shares shall be entitled to receive cumulative dividends as and when declared by the Board of Directors of the Company at a rate per share per annum as determined by the Board of Directors of the Company, acting in good faith, provided such rate per annum does not exceed by more than 2% the yield to maturity of an unsecured bond with a comparable credit rating issued by a "comparable issuer" on the date the rights, privileges, restrictions and conditions attaching to the shares of such series of preferred shares are determined or such other date as close as practicable to such date, such bond having the same or as close as possible term to maturity as is equal to the period until the series of preferred shares are first redeemable in whole or in part. A "comparable issuer" refers to an issuer selected by the Board of Directors of the Company as being comparable to the Company in terms of industry focus and whose outstanding unsecured long-term debt securities have a comparable credit rating (being a credit rating that is the same or that is the closest as possible to the credit rating of the outstanding long-term debt securities of the Company). No series of preferred shares shall be convertible into any other class of shares of the Company. Each series of preferred shares shall be redeemable by the Company on such terms as determined by the Board of Directors. Holders of preferred shares shall not be entitled to receive notice of, to attend or to vote at any shareholders' meeting of the Company except as provided by law, or upon an event of default by the Company where the Board of Directors has not declared the whole dividend on the particular series of preferred shares in any period and in that event, such holders shall be entitled to receive notice of, to attend and to vote at the shareholders' meetings (with one vote for each share held), which voting rights shall cease upon payment by the Company of the dividend to which holders are entitled. Whenever a share of any series of preferred shares is to be issued, the total number of such series of preferred shares to be issued shall be limited such that the aggregate value of all preferred shares of all series issued and outstanding, including the value of the preferred shares of such series to be issued (based on the issuance price per share of each preferred share) shall not exceed 25% of the market capitalization of the common shares (the aggregate value of the common shares and non-voting common shares issued and outstanding calculated based on the volume weighted average trading price of the common shares on the Toronto Stock Exchange for the five (5) trading days immediately preceding 5:00 p.m. on the date on which the Board of Directors determines the issuance price per share of the series of preferred shares to be issued). **The holders of preferred shares may not have an express right to participate in a take-over bid made for the common shares of the Company.**

The Company has a committed unsecured revolving debt facility with a principal amount of $1,050.0 million. The maturity date is May 16, 2016. This facility can be drawn in Canadian dollars, U.S. dollars and bears interest based on bankers' acceptance rates for Canadian dollar loans and LIBOR for U.S. dollar. As at December 31, 2012, $660.8 million of the revolving debt facility had been utilized in the form of prime loans, overdraft loans, 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, 2012: US$98 million 5.6% Notes due 2014, CAD$105 million 6.1% Notes due 2014, CAD$75 million 6.1% Notes due 2015, CAD$15 million 5.8% Notes due 2015, CAD$7 million 4.9% Notes due 2015, CAD$20 million 6.2% Notes due 2016, US$7 million 5.8% Notes due 2016, CAD$26.3 million 7.5% Debentures due 2016, CAD$30 million 5.9% Notes due 2020, CAD$102.5 million 5.9% Notes due 2021 and US$213 million 5.2% Notes due 2021. 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 and its subsidiaries have 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 7.5% and have maturity dates ranging from 2012 to 2028. As at December 31, 2012, the total amount drawn pursuant to these facilities was $43.9 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, 2010, 2011 and 2012, the Company declared an aggregate yearly dividend of $0.16 per common share payable quarterly. At present, there is no intention to change the Company's dividend policy; however, that is subject to market conditions. It is currently anticipated that the full amount of the dividends to be paid in 2013 will be considered eligible dividends for the purposes of the "Enhanced Dividend Tax Credit System".

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 month of the last fiscal year.

Month (2012)	**High**	**Low**	**Volume Traded**
December	$12.00	$10.93	1,467,423
November	$11.28	$10.76	1,722,903
October	$11.13	$10.46	2,083,207
September	$11.55	$10.81	2,963,561
August	$11.39	$10.10	2,359,251
July	$11.81	$ 9.88	2,161,786
June	$12.06	$11.01	2,932,270
May	$12.97	$11.28	4,405,941
April	$13.00	$11.89	2,043,160
March	$12.23	$11.02	2,232,610
February	$11.31	$10.58	1,380,824
January	$11.09	$10.44	1,545,388

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. The information is given as at March 21, 2013 as follows:

Name and Municipality of Residence	Director Since	Principal Occupation
W. Geoffrey Beattie (2) (4) Toronto, Ontario, Canada	2008	Deputy Chairman Thomson Reuters Corporation *(media and financial data company)*
Gregory A. Boland (2) (4) Toronto, Ontario, Canada	2011	President & CEO, West Face Capital Inc. *(investment company)*
John L. Bragg (1) (3) Collingwood, Cumberland County, Nova Scotia, Canada	2008	Chairman, President and Co-CEO, Oxford Frozen Foods Limited *(food manufacturing company)*
David L. Emerson (2) (3) Vancouver, British Columbia, Canada	2012	Chairman, Emerson Services Ltd. *(privately held professional services company)*
Jeffrey Gandz (2) (3) London, Ontario, Canada	1999	Professor, Managing Director – Program Design Richard Ivey School of Business, University of Western Ontario *(business school)*
Claude R. Lamoureux (1) (4) Toronto, Ontario, Canada	2008	Corporate Director
J. Scott McCain Toronto, Ontario, Canada	1995	President and Chief Operating Officer, Agribusiness Group of the Company
Michael H. McCain Toronto, Ontario, Canada	1995	President & Chief Executive Officer of the Company
Diane E. McGarry (1) (3) Fripp Island, South Carolina, U.S.A.	2005	Corporate Director
James P. Olson (1) (4) Winston-Salem, North Carolina, U.S.A.	2011	Corporate Director

Notes:
(1) Member of Audit Committee. Ms. McGarry is the Committee Chairman.
(2) Member of Corporate Governance Committee. Dr. Gandz is the Committee Chairman.
(3) Member of Environment, Health and Safety Committee. Mr. Bragg is the Committee Chairman.
(4) Member of Human Resources and Compensation Committee. Mr. Olson 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. Beattie was President and Chief Executive Officer of The Woodbridge Company Limited (privately held investment company) (to 2012); and
- Mr. G.A. Boland managed portfolios for Enterprise Capital Management, Toronto (to 2007).

The names, municipalities of residence and principal occupations of the Company's executive officers and executive officers of principal subsidiaries as at March 21, 2013 are as follows:

Name and Municipality of Residence	Position Held with the Company
Michael H. McCain Toronto, Ontario, Canada	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 Palgrave, Ontario, Canada	Executive Vice-President and Chief Financial Officer
J. Nicholas Boland Toronto, Ontario, Canada	Vice-President, Investor Relations
Kenneth G. Campbell Guelph, Ontario, Canada	Senior Vice President, Manufacturing
Rocco Cappuccitti Richmond Hill, Ontario, Canada	Senior Vice-President, Transactions & Administration, and Corporate Secretary
Leslie P. Dakens Toronto, Ontario, Canada	Senior Vice President and Chief Human Resources Officer
Douglas W. Dodds Guelph, Ontario, Canada	Chief Strategy Officer
Kevin P. Golding Guelph, Ontario, Canada	President, Rothsay and President, Maple Leaf Agri-Farms
Stephen D. Graham Toronto, Ontario, Canada	Chief Marketing Officer
Glen L. Gratton Grande Pointe, Manitoba, Canada	Vice-President, Maple Leaf Agri-Farms
Randall D. Huffman Toronto, Ontario, Canada	Chief Food Safety Officer and Senior Vice President, Quality and Six Sigma
E. Jeffrey Hutchinson Ashaway, Rhode Island, U.S.A.	Chief Information Officer
Bill Kaldis North York, Ontario, Canada	Senior Vice-President, Logistics
Lynda J. Kuhn Acton, Ontario, Canada	Senior Vice-President, Communications
Gary Maksymetz Carlisle, Ontario, Canada	President, Maple Leaf Consumer Foods
Rory A. McAlpine Oakville, Ontario, Canada	Vice-President, Government & Industry Relations
C. Barry McLean Toronto, Ontario, Canada	President, Canada Bread Fresh Bakery

Name and Municipality of Residence	Position Held with the Company
Daniel J. Curtin Laval, Quebec, Canada	President, Canada Bread Frozen Bakery
Peter Baker London, England	Managing Director, Maple Leaf Bakery UK
Maryanne D. Chantler Mississauga, Ontario, Canada	President, Canada Bread Fresh Prepared Foods
Deborah K. Simpson Toronto, Ontario, Canada	President, Maple Leaf Business Services
Peter C. Smith Vancouver, British Columbia, Canada	Vice-President, Corporate Engineering
Richard Young Mississauga, Ontario, Canada	Executive Vice-President, Transformation, Maple Leaf Consumer Foods

The principal occupations within the last five years of the executive officers of the Company who have not held their present office for more than five years are as follows: **Mr. P. Baker** was Chief Executive Officer, PB Services, a consultancy business (2007–2008); **Mr. J.N. Boland** was Vice President, Finance Projects (2007-2011); **Mr. K.G. Campbell** was Chief Supply Chain Officer, Molson Coors Canada (2003-2009) and an independent business consultant (2009-2011); **Ms. M.D. Chantler** was Vice-President, Purchasing and Supply Chain (2005-2009), Senior Vice President and General Manager, Ontario, Canada Bread Fresh Bakery (2009-2011) and Senior Vice President, Six Sigma (2011-2012); **Mr. D.J. Curtin** was Senior Vice President Sales North America, Maple Leaf Bakery (2008-2012) and Vice President Sales and Marketing, Papa Charlie's (2006-2008); **Mr. L.P. Dakens** was the owner of Pineridge Consulting Inc. (2008–2011) and the Vice President, People, Canadian National Railway (to 2008); **Mr. S.D. Graham** was Chairman and CEO, The Graham Group (2008–2009) and Executive Vice-President Corporate Marketing & Convergence Officer, Rogers Communications (2006–2008); **Dr. R. Huffman** was Vice-President, Scientific Affairs, American Meat Institute (AMI) Foundation (to 2008) and President of the AMI Foundation (2007-2008); **Mr. E. J. Hutchinson** was Chief Information Officer, Danone/Dannon (2006–2009); **Mr. B. Kaldis** was Executive Vice-President, Supply Chain, KIK Custom Products (2006–2008) and Vice President, Logistics of the Company (2009-2011); **Ms. L.J. Kuhn** was Senior Vice-President, Communications and Corporate Affairs, Maple Leaf Foods (2008–2010) and Vice-President, Investor and Public Relations, Maple Leaf Foods (to 2008); **Mr. G. Maksymetz** was Executive Vice-President, Maple Leaf Consumer Foods (2004–2010); **Ms. D.K. Simpson** was Vice President, Finance (2007–2011) and Senior Vice President, Finance (2011-2013); **Mr. R. Young** was President, Maple Leaf Consumer Foods (to 2010).

Ownership of Voting Securities by Directors and Executive Officers

As at March 21, 2013 the directors and executive officers of the Company, as a group, beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly, an aggregate of 2,974,477 common shares, representing approximately 2% of the issued and outstanding common shares of the Company. The figure does not include the 45,998,783 common shares (32.84% of all common shares) of the Company reported to be held by McCain Capital Inc., which the Company understands is beneficially owned and controlled by Mr. M.H. McCain. This figure also does not include the 15,894,413 common shares (11.35% of all common shares) of the Company over which West Face Capital Inc. is reported to exercise control or direction, of which Mr. Boland, a director, is President and Chief Executive Officer.

AUDIT COMMITTEE

Composition of the 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 (Chair since 2007)	2006
J.L. Bragg	2009
C.R. Lamoureux	2009
J.P. Olson	2011

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 National 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.L. Bragg

Mr. Bragg has combined Bachelor of Commerce and Bachelor of Education degrees from Mount Allison University, and founded Oxford Frozen Foods in 1968 and Bragg Communications in 1970. Mr. Bragg is the President, Chairman and Co-Chief Executive Officer of Oxford Frozen Foods, has served on the boards of numerous public companies and in addition to sitting on the Board of Directors of the Company he also serves as a director of The Toronto-Dominion Bank and Moosehead Breweries Limited. Mr. Bragg serves as a member of the Audit Committee of The Toronto-Dominion Bank and served as a member of the Audit Committee of Canada Bread.

C.R. Lamoureux

Mr. Lamoureux is an actuary by profession and a Fellow of the Canadian Institute of Actuaries. He served as Chief Executive Officer of the Ontario Teachers' Pension Plan, a public sector pension fund, until his retirement in 2007. Mr. Lamoureux joined Teachers' from Metropolitan Life, where he worked in their New York and Ottawa offices. He serves on the boards of Atrium Innovations Inc., Industrial Alliance Insurance and Financial Services Inc. and the Board of Directors and Audit Committee of Xstrata plc. Mr. Lamoureux also served on the Consultative Advisory Group of the International Auditing and Assurance Standards Board.

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.

J.P. Olson

Mr. Olson has 35 years' experience in the food and beverage industry including 17 years in senior executive roles for major global food and beverage manufacturers. He is the retired Senior Vice President, Operations of PepsiCo International, a global food and beverage manufacturer. From 2002 to 2006, he held this position for PepsiCo's Europe, Middle East and Africa division and was responsible for all manufacturing, distribution, purchasing and engineering of this division. From 1999 to 2002, he served as Vice President, Operations of Ernest & Julio Gallo Winery, the largest global wine production company, where he was responsible for all vineyards, procurement, production, bottling and distribution operations. Additionally, from 1990 to 1992 Mr. Olson served as Vice President of Operations for Frito-Lay Canada.

Fees paid to Auditors – KPMG LLP

The fees paid by the Company for the services performed by KPMG LLP for the years ended December 31, 2012 and 2011 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 the 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	2012	2011
Audit fees (1)	$1,742,280	$2,479,968
Audit-related fees (2)	409,386	569,117
Tax fees (3)	234,217	550,318
All other fees (4)	256,051	—
Total fees	$2,641,934	$3,599,403

Notes:

(1) The audit of annual and review of the quarterly financial statements of Maple Leaf Foods (including the audits of subsidiaries and review of the quarterlies).

(2) Audit-related services consisting primarily of audit procedures for compliance and business purposes including audits of financial statements of employee pension benefit plans that are not reported under "Audit Fees", specified procedures for regulatory, governmental and contractual programs, accounting consultations, translation service and other matters.

(3) For transfer pricing, domestic and international tax planning and compliance and indirect tax services.

(4) For products and services other than the fees reported in (1) to (3).

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 other than as set out below.

As a result of the product recall in August 2008, several class action lawsuits were filed against the Company on behalf of persons that consumed or purchased for consumption products that were subject to the recall due to possible contamination with *Listeria monocytogenes*. On December 18, 2008, the Company reached a settlement agreement with the plaintiffs of these class action lawsuits. In March and April 2009, the settlement was approved by the courts in Ontario, Saskatchewan and Quebec. The settlement amount is $25 million, increasing by up to $2 million to the extent claims and costs may exceed $25 million. An independent claims administrator appointed by class counsel and operating under the supervision of the court administered the compensation paid from the settlement amount. The Company and the class counsel are of the opinion that settlement of the class action is fair, reasonable and in the best interests of the class. The settlement amount is fully funded by the Company's liability insurers. In October 2011, the Company received notice that the additional $2 million was required bringing the total to $27.0 million in accordance with the agreement. In February 2012, following approval by the courts, the settlement funds were distributed to the individuals and entities who had filed valid claims against the Company. In total, individuals received 94% of the claims filed and the provincial health authorities received 85% of the claims filed.

CONFLICTS OF INTEREST

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

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the best of the knowledge of the Company, other than the West Face Agreement and the Governance Agreement described under "Material Contracts" below, no director or executive officer of the Company, nor any person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class of securities of the Company, nor any associate or affiliate of the foregoing persons or companies, has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect 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, 2012 and 2011, and the consolidated statements of earnings, comprehensive loss, changes in total equity and cash flows for the years ended December 31, 2012 and 2011. KPMG LLP is an independent auditor with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada.

MATERIAL CONTRACTS

The following are the only material contracts of the Company, other than those contracts entered into in the ordinary course of business, entered into in the last fiscal year or entered into before the last fiscal year but on or after January 1, 2003 and that remain in effect:

(a) a registration rights agreement between the Company and Ontario Teachers' Pension Plan Board dated as of November 23, 2010 in connection with the secondary offering of those shares of the Company held by Ontario Teachers' Pension Plan Board (as amended by a letter agreement dated November 29, 2010);

(b) an Underwriting Agreement among the Company, Ontario Teachers' Pension Plan Board, BMO Nesbitt Burns Inc. and TD Securities Inc. dated as of November 29, 2010 respecting the secondary offering of those shares of the Company held by Ontario Teachers' Pension Plan Board;

(c) a settlement agreement between the Company, West Face Capital Inc. and various affiliated entities (collectively, "West Face") of West Face Capital Inc. dated February 2, 2011 (the "West Face Agreement"). Among other provisions, the West Face Agreement provides that:

 (i) Mr. Gregory A. Boland, the CEO of West Face, be appointed to the Board of Directors, the Human Resources and Compensation Committee and the Corporate Governance Committee (which appointments were effective February 23, 2011, the date of the Board of Directors' first meeting following the signing of the West Face Agreement);

 (ii) West Face agreed to withdraw its requisition for a shareholders meeting and cease solicitation activities;

 (iii) The Company agreed to nominate the then-current members of the Board of Directors, plus Mr. Boland and one new independent director for election at the 2011 annual meeting of shareholders;

 (iv) If Mr. Boland (or, in certain circumstances, an alternate person nominated by West Face Capital) is not nominated to the Board of Directors in 2012, provided West Face continues to own at least 7.5% of the outstanding shares of the Company, West Face will no longer be subject to restrictions on its solicitation activities; and

 (v) The Board of Directors will reduce the number of directors to be nominated for election at the 2012 annual meeting of the shareholders, from 14 to 10 or 12. In the latter case, four of the incumbent directors will not be re-nominated and the Board of Directors will nominate two new independent directors.

(d) a governance agreement dated July 28, 2011 with McCain Capital Corporation ("MCC"), which at that time held approximately 31.3% of the Company's issued and outstanding shares, and Mr. Michael H. McCain, the Company's President and Chief Executive Officer (the "Governance Agreement"), precipitated by a proposed reorganization transaction involving MCC's interest in the Company that was concluded on December 2, 2011. The Governance Agreement provided:

 (i) That MCC, and following completion of the reorganization, Mr. McCain, will have the right to nominate that number of directors of the Company that is proportionate to its or his ownership interest in the Company. Accordingly, based on the current Board size of 13, Mr. McCain is entitled to nominate four directors.

(ii) All other directors on the Board, other than one director who is affiliated with West Face, will, except in certain circumstances, be directors independent of management, Mr. McCain, MCC and West Face.

(iii) The Company would take no actions to defer or impede the reorganization of MCC's interest in the Company and the transfer of its entire interest in the Company to Mr. McCain.

(iv) MCC, and following the completion of the reorganization, Mr. McCain would vote in favour of the shareholder rights plan adopted by the Board of Directors on July 28, 2011.

(e) a shareholder rights plan agreement between the Company and Computershare Investor Services Inc. as rights agent dated as of July 28, 2011 which was amended and restated on December 5, 2011.

Copies of these documents are available on SEDAR at www.sedar.com.

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 May 2, 2013. Additional financial information is also provided in the Company's Management Discussion & Analysis and consolidated financial statements for the fiscal year ended December 31, 2012. 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 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 Corporation'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 for consideration and decision by the Board.

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.
    (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.