
forward thinking



Maple Leaf Foods Inc.
ANNUAL REPORT 2009

at a glance

Maple Leaf Foods is Canada's largest meat, meals and bakery company, with three of the top Canadian retail brands as well as leading market positions in North American frozen par-baked bread and specialty bakery products in the United Kingdom.

Maple Leaf Foods Inc. operates three core businesses:

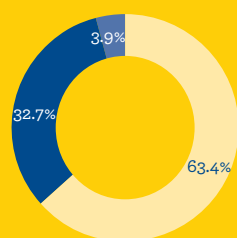
Our **Meat Products Group** comprises two leading Canadian brands in fresh and prepared meats, *Maple Leaf* and *Schneiders*, as well as *Maple Leaf Prime Naturally* and a variety of household brands. Product lines include packaged meats, ready-to-cook and ready-to-serve meal products and value-added fresh pork, poultry and turkey. We market these products primarily in Canada, the U.S., Mexico and Japan.

The North American and U.K. operations of Maple Leaf's **Bakery Products Group** also have leading brands and market shares. The fresh bakery business owns *Dempster's*, the No. 1 national brand of fresh bread, and produces nutritious fresh bakery products such as whole wheat, organic and multi-grain breads, rolls and artisan breads. We also own *Olivieri Foods*, which is Canada's largest maker – and leading brand – of fresh pasta and sauce products. The frozen bakery business is a major North American

producer and distributor of frozen unbaked, par-baked and fully baked bread products for retail and foodservice customers. Our U.K. operations is one of Britain's leading specialty bakeries, producing bagels, croissants, in-store bakery products and artisan breads.

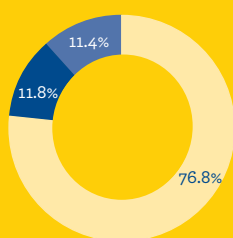
Our **Agribusiness Group** provides raw material and essential services to Maple Leaf's fresh and prepared meats facilities. This includes raising hogs to support approximately 20% of our fresh pork processing requirements. Maple Leaf is also one of Canada's largest recyclers of animal by-products into value-added products such as animal feeds and amino-acid supplements, and is a significant producer of clean-burning commercial biofuels.

Maple Leaf Foods has 23,500 employees worldwide and operates approximately 90 facilities in North America and the United Kingdom.



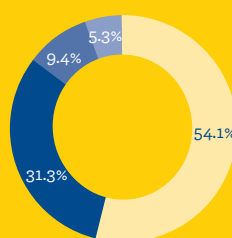
SALES BY GROUP

- 63.4% MEAT PRODUCTS
- 32.7% BAKERY PRODUCTS
- 3.9% AGRIBUSINESS



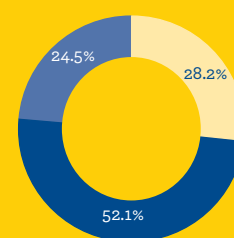
DOMESTIC VS. INTERNATIONAL SALES

- 76.8% DOMESTIC
- 11.8% U.S.
- 11.4% OTHER INTERNATIONAL



TOTAL ASSETS BY GROUP

- 54.1% MEAT PRODUCTS
- 31.3% BAKERY PRODUCTS
- 9.4% AGRIBUSINESS
- 5.3% NON-ALLOCATED



OPERATING EARNINGS BEFORE ONE TIME RECALL COSTS, RESTRUCTURING COSTS AND OTHER RELATED COSTS

- 28.2% MEAT PRODUCTS
- 52.1% BAKERY PRODUCTS
- 24.5% AGRIBUSINESS
- (4.8)% NON-ALLOCATED

forward thinking

Our goal is to deliver EBITDA margins of 10% to 12%, consistent with our peers in the global consumer packaged goods industry. We deliver these returns today in our bakery group. We will achieve them in our meat and meals businesses.

Over the past three years, we have restructured our meat operations to not only reduce the impact of commodity markets but also build scale efficiencies. That is enabling us to focus more of our resources on producing higher-margin branded food products that meet the evolving needs of our customers and consumers.

We are building on Maple Leaf's considerable strengths – dominant brands, leading market shares, innovative products and geographic scale in our core categories and markets – to deliver excellent value to shareholders, driven by clear, forward-thinking strategies that leverage our strengths.

financial highlights

For years ended December 31

(In millions of Canadian dollars, except share information)

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------|--------|--------|--------|-------|
| CONSOLIDATED RESULTS | | | | | |
| Sales | 5,222 | 5,243 | 5,210 | 5,325 | 5,555 |
| Adjusted operating earnings ⁽ⁱ⁾ | 196 | 128 | 199 | 173 | 201 |
| Net earnings (loss) from continuing operations | 52 | (37) | (23) | (20) | 65 |
| Net earnings (loss), as reported ⁽ⁱⁱ⁾ | 52 | (37) | 195 | 5 | 94 |
| Return on assets employed ⁽ⁱⁱⁱ⁾ | 5.9% | 3.4% | 6.7% | 5.6% | 7.0% |
| FINANCIAL POSITION | | | | | |
| Net assets employed ^(iv) | 2,416 | 2,348 | 2,267 | 2,479 | 2,047 |
| Shareholders' equity | 1,189 | 1,143 | 1,149 | 994 | 999 |
| Net borrowings | 1,016 | 1,023 | 855 | 1,213 | 1,063 |
| PER SHARE | | | | | |
| Net earnings (loss) from continuing operations | 0.40 | (0.29) | (0.18) | (0.16) | 0.52 |
| Adjusted net earnings from continuing operations ⁽ⁱ⁾ | 0.57 | 0.29 | 0.51 | 0.38 | 0.59 |
| Net earnings (loss), as reported ⁽ⁱⁱ⁾ | 0.40 | (0.29) | 1.53 | 0.04 | 0.74 |
| Dividends | 0.16 | 0.16 | 0.16 | 0.16 | 0.16 |
| Book value | 8.69 | 8.84 | 8.87 | 7.82 | 7.82 |
| NUMBER OF SHARES (MILLIONS) | | | | | |
| Weighted average | 129.8 | 126.7 | 127.3 | 127.5 | 126.8 |
| Outstanding at December 31 | 136.8 | 129.3 | 129.6 | 127.1 | 127.7 |

⁽ⁱ⁾ Refer to non-GAAP measures on page 2 of Management's Discussion & Analysis for definition.

⁽ⁱⁱ⁾ Includes results of discontinued operations.

⁽ⁱⁱⁱ⁾ After tax, but before interest, calculated on average month-end net assets employed. Excludes one-time direct product recall costs, restructuring and other related costs.

^(iv) Total assets, less cash, future tax assets and non-interest bearing liabilities.

segmented operating results

Protein Group

(In millions of Canadian dollars)

| | 2009 | 2008 | % Change |
|--|-------|-------|----------|
| MEAT PRODUCTS GROUP | | | |
| Sales | 3,310 | 3,304 | 0% |
| Adjusted Operating Earnings ⁽¹⁾ | 55 | 29 | 88% |
| Total Assets | 1,653 | 1,675 | (1)% |
| AGRIBUSINESS GROUP | | | |
| Sales | 206 | 233 | (12)% |
| Adjusted Operating Earnings ⁽¹⁾ | 48 | 30 | 59% |
| Total Assets | 287 | 302 | (5)% |
| TOTAL PROTEIN GROUP | | | |
| Sales | 3,516 | 3,537 | (1)% |
| Adjusted Operating Earnings ⁽¹⁾ | 103 | 60 | 74% |
| Total Assets | 1,940 | 1,977 | (2)% |

Protein Group: The Meat Products Group comprises value-added packaged meats; chilled meal entrees and lunch kits; and value-added fresh pork, poultry and turkey products. The Agribusiness Group operations include hog production and animal by-products recycling.

Bakery Products Group

(In millions of Canadian dollars)

| | 2009 | 2008 | % Change |
|--|-------|-------|----------|
| TOTAL BAKERY PRODUCTS GROUP | | | |
| Sales | 1,705 | 1,706 | 0% |
| Adjusted Operating Earnings ⁽¹⁾ | 102 | 83 | 23% |
| Total Assets | 955 | 1,004 | (5)% |

The Bakery Products Group is comprised of Maple Leaf's 89.8% ownership in Canada Bread Company, Limited ("Canada Bread"), a producer of fresh and frozen value-added bakery products, and specialty pasta and sauces.

⁽¹⁾ Earnings from continuing operations before one-time direct product recall, restructuring and other related costs and other income (expense).





listening

Driving higher levels of growth is one of our core objectives, and innovation is one of the primary ways to achieve this goal.

Our customers and consumers look to us for a steady stream of new ideas, whether it's by broadening existing categories, developing new ones, or finding more effective packaging solutions. That's why we launched ThinkFOOD! in early 2009 as the hub of our creativity and innovation. As the foremost food innovation centre in Canada, the facility is designed to drive collaboration between our product developers and customers and to sharpen our consumer insights. In the first nine months of operation, ThinkFOOD! held over 65 customer sessions and supported more than 40 new product launches.

Great new ideas all emanate from listening to the consumer. We're continually reaching out to learn what more we can do - or do better. We comb the world for food trends and successful products and then look for the best opportunities to adapt these to our own markets. In 2009, we launched over 100 new product innovations. Some of the best included Dempster's Oven Fresh, an artisan-quality fresh bread, ready to finish, bake and serve; a new line of seasoned and ready-to-cook Maple Leaf Prime® fresh chicken products; and Maple Leaf Prime® Gourmet ready-to-bake fresh chicken and pork entrees. We're listening!

Photo: Maple Leaf Prime® Seasoned Flattened Chicken with Wild Garlic & Herbs and Garlic Bread with Asiago Cheese prepared with Dempster's Oven Fresh baguette (for recipe visit mapleleaf.com).



Leading

We are transforming Maple Leaf from a structure of independently operated businesses to a more integrated organizational model.

Our goal is to combine the resilience, creativity and accountability of entrepreneurship at the operating level with the expertise that world-class leaders can bring to functions that are common across our businesses – food safety, marketing, human resources, finance, logistics, manufacturing

and Six Sigma. We added additional breadth to our leadership talent this year by recruiting three senior executives to lead food safety, marketing and logistics, who bring global best practices to their areas of responsibility. They will drive key parts of our strategic agenda: to become a food safety leader; building our strength in consumer packaged foods innovation and marketing; and achieve greater efficiency and cost reductions across our supply chain.

Photo: left to right: John Placko, Director of Culinary Excellence, Maple Leaf Foods; Geoff Craig, SVP Marketing & Innovation, Consumer Foods; Kate Galbraith, Director of Marketing, Consumer Foods; Stephen Graham, Chief Marketing Officer, Maple Leaf Foods.



investing

One of our best opportunities to create value for Maple Leaf shareholders is to take costs out of our supply chain.

In the past 15 years, we've acquired more than 30 companies, and we have a major opportunity to achieve greater efficiencies by concentrating these operations in fewer, larger-scale plants. We can achieve cost reductions by streamlining and investing in our prepared meats and bakery businesses, such as our new Ontario bakery to be commissioned in 2011. We're also investing in efficiency by rolling out SAP as our integrated operating systems platform to give us faster, richer data on Maple Leaf's business performance. These transformational initiatives will involve a substantial investment and result in Maple Leaf becoming an even stronger competitor.

Photo: Joe Childs, Distribution Fork Lift Lead Hand, Viceroy frozen bakery plant

message from
the chairman



“The Board of Directors unanimously supports our strategic priorities. They commit us to delivering higher levels of growth consistent with other consumer packaged goods companies.”

G. WALLACE F. MCCAIN, CHAIRMAN

Dear Fellow Shareholders:

It will be 15 years ago this year that McCain Capital along with Ontario Teacher’s Pension Plan Board acquired Maple Leaf Foods. Under a visionary management team and the governance of your Board, we have built Maple Leaf into one of Canada’s largest food companies, with three of the top consumer brands in Canada, leading market shares and a significant presence in the U.S. and U.K. frozen and specialty bakery markets.

We have withstood and mitigated the impact of the rise in the Canadian dollar. We managed through a tragic crisis and are resolute in our commitment to become a global food safety leader. With our business stabilized, our strategic agenda is back on track. This company can and will deliver more.

The Board of Directors unanimously supports our strategic priorities – they are well defined and achievable. They include taking significant costs and complexity out of our plant networks and systems, and making some major investments. They commit us to delivering higher levels of growth consistent with other consumer packaged goods companies. The result will be substantial earnings growth that builds off the foundational work of the past 15 years.

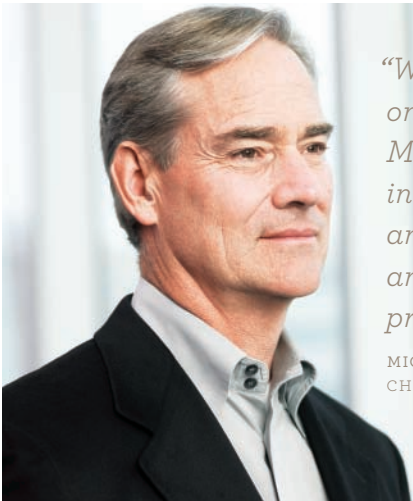
On behalf of the Board of Directors, we couldn’t be more supportive or confident in our plan to deliver this value. Maple Leaf is a great company, in a great industry.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. McCain', written in a cursive style.

G. WALLACE F. MCCAIN, C.C., CHAIRMAN

message to
shareholders



“We’re once again clearly focused on our transformational agenda. Maple Leaf will be a global leader in food safety, with world-class scale and systems across our network and a growing pipeline of exciting product innovations.”

MICHAEL H. McCAIN, PRESIDENT AND CHIEF EXECUTIVE OFFICER



“The restructuring of our hog operations and the benefits we’ve achieved shows that we can successfully manage complex change projects. That experience will serve us well as we invest for scale efficiencies and growth across our other businesses.”

J. SCOTT McCAIN, PRESIDENT AND CHIEF OPERATING OFFICER, AGRIBUSINESS GROUP



“We’re committed to being our customers’ most innovative partner. Maple Leaf has tremendous scale, resources and insight that we can leverage to help them reach their business goals – and our own.”

RICHARD A. LAN, CHIEF OPERATING OFFICER, FOOD GROUP



“Maple Leaf has strengthened its balance sheet and is well positioned to drive significant incremental value from our businesses by reinvesting in our future.”

MICHAEL H. VELS, EXECUTIVE VICE-PRESIDENT AND CHIEF FINANCIAL OFFICER



To My Fellow Shareholders:

We have our footing again! We entered 2009 with an imperative to restore financial stability and deal responsibly with the effects of a debilitating and tragic product recall in late 2008. While not fully complete, the recovery is on track and we are looking forward to accomplishing our most important short-term goal – achieving the full earnings potential of the business!

There is work yet to do, but we have an excellent foundation to build from and a clear path forward. We are confident that a rewarding outcome lies ahead.

The food industry, and specifically protein and bakery, is stable and profitable. Fuelled by high levels of product innovation, it can deliver excellent, consistent growth. Maple Leaf is one of Canada's largest food companies and owns three of the top national brands. We have leading market positions in most of our categories. And our brand, product and customer diversity provides a strong and balanced business portfolio. These are powerful levers to generate shareholder returns well above our historical levels, which we have a well-defined plan to achieve.

We also have a strong shared interest with investors. Our management team, together with McCain Capital Corporation, owns well over 30% of the outstanding shares so our financial futures are closely tied to value creation at Maple Leaf Foods. We are a team that expects to win, and there is a great deal of earnings horsepower in this company that we can and will deliver.

FINANCIAL HIGHLIGHTS:

- Sales were \$5.2 billion; consistent with last year
- Adjusted operating earnings increased 53% to \$196 million*
- Adjusted earnings per share from continuing

- operations increased 98% to \$0.57
- Operating cash flow from continuing operations decreased 54% to \$89 million
- Capital expenditures of \$163 million decreased 21% from last year
- Return on net assets was 5.9% compared to 3.4% in 2008
- Our debt to EBITDA ratio at year end was 2.9x compared to 3.4x at the end of 2008 and well within our internal target range of 2.5x to 3.5x
- Share price at year-end was \$11.67, which underperformed the 2009 S&P Food index by 10%

** Adjusted operating earnings is a measure of performance that excludes one-time direct product recall, restructuring and other related costs and other income (expense)*

OUR BAKERY PRODUCTS GROUP – A GROWING GLOBAL BUSINESS

Maple Leaf operates in two different sectors of the food industry – meat and meals, and bakery. In the bakery industry, through more than 19 acquisitions in the past 15 years, we have established ourselves as Canada's largest fresh bakery, the leading specialty bakery in the U.K., and one of the largest frozen bakery companies in the U.S. Overall, the Bakery business generates stable and healthy returns. Our trailing three-year EBITDA margins were 10% on average, consistent with premium North America bakery companies. We are very satisfied with our performance in this business.

Maple Leaf's fresh bakery business, which operates exclusively in Canada, is heavily weighted towards whole wheat, whole grain and higher nutrition products, all of which are faster-growing areas of the bread market. We also own the premium brand in fresh bakery - Dempster's - as well as leading regional brands. We span the country with bakeries and distribution depots that enable us to deliver fresh bread to all major population centres within hours. We have leading market shares and high capacity utilization at our facilities. In sum, this is an excellent business, with lots of opportunity for sales and margin growth.

Our North American frozen bakery operations provide frozen, partially or fully-baked artisan and premium breads and rolls to retail and foodservice customers. While this is a more fragmented industry, we have healthy market shares in the retail par-baked market. We have increased profitability through capital investments that reduce our costs and by focusing our plants and resources to meet the needs of more strategic customers. Premium and artisan breads are one of the highest growth segments of the bakery industry, and we plan to grow this business through investment and/or acquisitions.

While the smallest operation in the Bakery Products Group, our fresh pasta and sauce business is on a growth trajectory. We have merged this business with our fresh sandwich operations as a new 'Food to Go' business. Our goal is to become a leading provider of fresh, nutritious convenience foods to Canadian retail and convenience channels. We are also identifying opportunities to capitalize on the strength of the Olivieri® brand by expanding it from pasta and sauces to other fresh prepared food categories.

Our U.K. bakery business has been affected by the deep recession in the U.K. and softer demand for premium bakery products. That said, this business produced high earnings growth rates in the past and will again. We have made large investments in plant infrastructure to reduce costs and improve production efficiencies. During 2010, we will increase our spend on marketing and brand building to reinforce our leadership in bagels, specialty hearth breads and morning goods, such as croissants and pastries.

We have leading market positions in most of our categories. Our brand, product and customer diversity provides a strong and balanced business portfolio. These are powerful levers to generate shareholder returns well above our historical levels.

A VERY SUCCESSFUL RESTRUCTURING OF OUR PROTEIN OPERATIONS

The meat and meals side of our business has had a much more challenged earnings track record, as the five-year chart on the next page shows. The rise in the Canadian dollar since 2003 impaired our hog production and pork processing businesses and made them increasingly uncompetitive in global markets. Responding to this, we acted decisively. Over the past three years, we have restructured these businesses, which have the most exposure to commodity and

Here is a snapshot of our financial results in the Bakery Products Group:

Bakery Products Group

(In millions of Canadian dollars)

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|-----------|-----------|-----------|-----------|-----------|
| TOTAL BAKERY PRODUCTS GROUP | | | | | |
| Sales | \$1,705.1 | \$1,705.9 | \$1,510.6 | \$1,333.7 | \$1,226.0 |
| Adjusted Operating Earnings ⁽¹⁾ | 102.2 | 83.0 | 119.3 | 100.9 | 101.3 |
| Total Assets | 955.5 | 1,003.7 | 823.1 | 810.9 | 694.5 |

⁽¹⁾ Earnings from continuing operations before one-time direct product recall, restructuring and other related costs and other income (expense).

currency swings to focus on more stable, higher-margin prepared meats and meals. This included reducing annual hog production from partial ownership of almost 2 million hogs to approximately 890,000, winding down or selling our global trading businesses, closing three fresh pork plants and consolidating production into our world-class plant in Brandon, Manitoba.

Our recovery is on track and we look forward to accomplishing our most important short-term goal – achieving the full earnings potential of the business.

Today, these operations are highly competitive and serve as an integrated supply chain to our branded consumer packaged foods business. This has been a very complex restructuring, but what we set out to accomplish in late 2006 is essentially done. The stronger Canadian dollar had impacted our business by an estimated \$100 million or more per year. Through this restructuring of our protein operations, we have recovered these losses.

We would be in a very different place today if not for the major sliced meats recall in August of 2008, which not only had tragic consequences, but also cost our company over \$100 million in direct and indirect costs.

During 2009, our focus was to rebuild margins and volumes in our packaged meats business. We have made good progress, with Maple Leaf brand sales recovering to within 10-15% of pre-recall levels. Unfortunately, the residual impact on our financial performance has masked some very material benefits from the restructuring. Fully restoring this business will be the most material driver of near-term earnings growth and we are committed to achieving this in 2010.

Our Agribusiness Group operations provide front and back-end support to our meat processing businesses. At the front end, we have reduced our hog production to provide approximately 20% of our raw materials required to support our Brandon plant. Our cost of raising hogs is now highly competitive with U.S. production costs. While these operations will always be exposed to currency and commodity shifts, they represent a relatively small part of our business portfolio and ensure a supply of high-quality pork to our packaged meat operations. Our rendering operations process by-products from food processing into 100% reusable products, including feed supplements, fertilizer and biofuels. This business continues to be very stable and profitable and provides an essential service to our food processing operations.

OUR STRATEGIC FOCUS:

Our goal is to generate EBITDA margins consistent with our peer group in the consumer packaged food sector, which are typically in the range of 10% to 12%. Our Bakery Products Group is in this zone, our Meat Products Group is not. How will we bridge the gap?

Here is a snapshot of our financial results in the Meat Products Group:

Meat Products Group

(In millions of Canadian dollars)

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|-----------|-----------|-----------|-----------|-----------|
| Sales | \$3,310.4 | \$3,303.7 | \$3,458.1 | \$3,745.7 | \$4,102.4 |
| Adjusted Operating Earnings ⁽ⁱ⁾ | 55.4 | 29.5 | 94.1 | 74.4 | 59.9 |
| Total Assets | 1,653.4 | 1,675.0 | 1,560.2 | 1,551.5 | 1,550.4 |

⁽ⁱ⁾ Earnings from continuing operations before one-time direct product recall, restructuring and other related costs and other income (expense).

Our Strategic Focus:

1. Become a global food safety leader
2. Reduce our supply chain and systems costs
3. Drive organic growth
4. Build world-class functional leadership

Beyond our near-term goal of fully restoring our packaged meats business, we have four areas of strategic focus:

- Become a global food safety leader
- Reduce our supply chain and systems costs
- Drive organic growth
- Build world-class functional leadership

1. BECOME A GLOBAL FOOD SAFETY LEADER

Investing in food safety has always been the right thing to do, to protect consumers and reduce risk.

We are moving even further ahead by implementing a three-year food safety plan that not only encompasses every aspect of our food production but sets global standards of excellence for ourselves and our suppliers. Here is some of what we delivered in 2009:

- Completed a detailed food safety audit of all our food production plants
- Implemented over 200 new standard operating procedures at the Bartor Road facility alone, where the product recall occurred

- Doubled the level of testing for food-borne bacteria to over 123,000 tests in 2009
- Invested \$12.5 million in food safety enhancements
- Trained people across our prepared meats plants in our new food safety procedures and requirements
- Incorporated proven antimicrobials in our prepared meats products
- Held our first annual Food Safety Symposium, including industry, government and scientific experts
- Established a Food Safety Advisory Council to provide expert counsel on global best practices
- Continued to achieve Global Food Safety Initiative (GFSI) certification at our frozen bakery operations

In 2010, we will continue the implementation of our three year plan, and increase our investment in processes, equipment and people to elevate our practices even further. To benchmark our progress, we will begin to implement GFSI certification at our prepared meats and meals plants, with a goal to have all plants certified by 2012.

2. INCREASE EFFICIENCY AND LOWER COSTS

In the past 15 years, we have acquired over 30 companies, and in the process established leading market shares in all our core categories. There is significant opportunity to benefit from these leading market shares by achieving greater efficiencies in our production and distribution network. We have largely delivered this in our fresh pork operations, consolidating four facilities into one double-shifted plant. In our value-added meats, meals and bakery businesses, we have 23 prepared meat plants and 22 fresh bakeries, respectively, inherited from the many acquisitions we have made in these businesses.

Here is a snapshot of our financial results in the Agribusiness Group:

Agribusiness Group

(In millions of Canadian dollars)

| | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|---------|---------|---------|---------|---------|
| Sales | \$206.1 | \$233.0 | \$241.0 | \$245.4 | \$800.8 |
| Adjusted Operating Earnings ⁽ⁱ⁾ | 48.0 | 30.1 | (6.6) | (2.5) | 101.9 |
| Total Assets | 287.1 | 301.6 | 303.0 | 702.5 | 639.6 |

⁽ⁱ⁾ Earnings from continuing operations before one-time direct product recall, restructuring and other related costs and other income (expense).

We plan to make significant capital investments over the next several years to establish a smaller number of large-scale plants that can compete on a cost basis with the best in North America. We announced the first of these initiatives in early 2010, with a planned capital investment of approximately \$100 million to construct a new bakery in southwestern Ontario. We expect to commission this new facility by late 2011. It will be by far the largest and most efficient bakery in Canada and

Powerful consumer trends such as health and wellness, demographic shifts and convenience are driving higher levels of growth in our markets.

among the leading bakeries in North America. We believe this is a sound strategic investment: the returns from investing in infrastructure improvements are excellent and far more predictable than acquisitions or high-risk growth initiatives.

The other major platform for increasing efficiency is implementing SAP as our new integrated systems platform. SAP powers most of the leading global consumer packaged food companies, providing rich and immediate information on business performance that enables better insights and operating improvements. During 2009, we established the footprint and rolled out the system in corporate functions and several smaller businesses or areas of the business. This phased-in approach is enabling us to obtain critical learning before we launch in our larger businesses and ultimately in our customer-facing functions. Following this strategy, we have completed eight successful implementations by the end of February 2010. In 2010, we are beginning to install the SAP system in both our fresh and prepared meats and fresh bakery operations. We expect to fully implement SAP across our manufacturing and distribution facilities by 2012.

3. DRIVING ORGANIC GROWTH

Outstanding consumer food companies deliver strong rates of organic growth, powered by great brands and a constant flow of innovative new products. We have

launched important initiatives to accelerate growth that are transforming our culture and approach to the market.

First, we commissioned ThinkFOOD!, a \$12 million food innovation centre. ThinkFOOD! brings together our product development teams and customers in a world-class facility that includes retail and food service product development kitchens, demonstration areas, sensory labs and training facilities. In its first nine months of operation we hosted over 65 customer sessions at ThinkFOOD!, delivered over one dozen training workshops and ideation sessions with our people and supported the launch of over 40 new products.

To fuel innovation we are escalating our global intelligence activities by identifying new products and categories that can be rapidly adapted to our home markets. Powerful consumer trends such as health and wellness, demographic shifts, and convenience are driving higher levels of growth. In 2010, we will be launching a variety of exciting new products and programs that build our leadership in these and other areas.

Also last year, working with senior sales leaders across the company, we moved from planning to implementation of a new framework for developing deeper, more strategic customer relationships. Maple Leaf's scale, market knowledge and product diversity are tremendous assets that can deliver major benefits to our customers. We are harnessing these assets more effectively by developing heightened understanding of our customer strategies and better mobilizing our people, plants and financial resources to support their business goals. For Maple Leaf, developing more strategic, less transactional customer relationships means efficient utilization of our resources, which in turn drives sales and margin growth.

4. BUILD WORLD-CLASS FUNCTIONAL LEADERSHIP

In addition to our business strategies, we are formatively changing the structure of Maple Leaf by moving from a number of independently operated businesses to a more integrated organizational model. We are establishing strong functional leadership that brings global best practices to functions that are common across our businesses, including food safety, logistics, manufacturing, marketing, finance, human resources and Six Sigma. Some are already in place,

while others are new to the organization.

We made significant progress in 2009, beginning with the appointment of Dr. Randall Huffman as our new Chief Food Safety Officer. One of the foremost food safety experts in North America, Randy is leading our commitment to becoming a global food safety leader. William Kaldis later joined us in the new role of Vice-President, Logistics. Bill has over 20 years experience leading supply and manufacturing networks, applying technologies and expertise to increase efficiencies and reduce costs. In early 2010, Stephen Graham joined Maple Leaf as our Chief Marketing Officer. Stephen has international experience transforming companies into customer driven, growth focused organizations. This role is critical to driving our growth agenda.

INVESTING IN OUR PEOPLE AND COMMUNITIES

One of our core values is to Do What's Right. This goes to the heart of our relationship with our people and our communities. Starting with workplace safety, 2009 was our ninth consecutive year of continuous improvement in reportable injury frequency, with overall improvement of nearly 18% across all Maple Leaf operations. Leading the list was our Laval bakery, with over 150,000 hours logged without a reportable injury. Our Burlington and Lagimodiere meat plants both received the CEO Gold Award for operating 1,000,000 hours without a lost time injury – an amazing result! We are committed to being an industry leader in workplace safety.

The thrust of our community outreach is leveraging our skills and capabilities as a food company to help people in need. In 2009, we donated nearly \$4 million, including cash and in-kind food products, to food banks and social service organizations. Working with Food Banks Canada, we provided a nutritious meal to over 100,000 needy Canadians during the December holiday season. We launched a new partnership with Wellspring, Canada's largest cancer support group, by funding a new kitchen at the Sunnybrook Expansion project where patients and their families can learn about healthy food preparation. Through the efforts of our employees, we supported community and international efforts to Kenya and Haiti, providing food relief where it is needed most. These are snapshots of a great many activities that reflect an ongoing commitment

to deeply connect with our people and communities through actions that make a difference.

On the sustainability front, for the third year we will be reporting our 2009 carbon inventory to the Carbon Disclosure Project, a non-government organization that acts on behalf of more than 500 institutional investors holding more than \$64 trillion in assets under management to collect high quality information on climate change. We have also measured the quantities of waste we generate at a representative snapshot of our manufacturing facilities to determine how much of it is diverted from landfill. Our studies show that 93% of the waste generated in our manufacturing facilities is diverted from landfill, with much of it recycled into such beneficial uses as animal feed, cosmetics or biodiesel. There is much more we can and must do to reduce our environmental footprint. A detailed three-year strategy has been prepared that defines targets for the five areas where we can have most impact – energy, greenhouse gas reduction, solid waste reduction, water conservation and packaging. We expect to implement this plan starting this year.

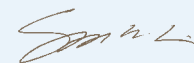
LOOKING AHEAD

Maple Leaf has all the right fundamentals and strategic focus to deliver sustained earnings growth, consistent with other global branded food companies, and we plan to deliver these returns. Our business performance is recovering and we demonstrated substantial traction in implementing our strategic agenda. The blueprint is clearer than ever; the commitment of thousands of passionate people more intense than ever. Together, we will deliver.

Sincerely,



Richard A. Lan
*Chief Operating Officer,
Food Group*



J. Scott McCain
*President and
Chief Operating Officer,
Agribusiness Group*



Michael H. Vels
*Executive Vice-President and
Chief Financial Officer*



Michael H. McCain
*President and
Chief Executive Officer*

did you know?

WE EMPLOY

23,500
people

Ours is a values-based and action-oriented culture that is rich in leadership development and continuous improvement.

WE LAUNCH MORE THAN

100
new
products

each year in a continual effort to revitalize product categories or create new ones.

90+

We operate 90+ facilities globally.

Maple Leaf Foods is one of Canada's largest consumer packaged food companies with sales across North America, the United Kingdom and Asia.

100 years

Maple Leaf Foods can trace its roots back over 100 years through the amalgamation of some of Canada's premier food companies.

we
have

3

OF THE
TOP CANADIAN
BRANDS



Our new website, www.mapleleaf.com, is fully interactive, offering expert tips, techniques and recipes.

corporate information

CAPITAL STOCK

The Company's authorized capital consists of an unlimited number of voting common shares, an unlimited number of non-voting common shares and an unlimited number of preferred shares issuable in series. At December 31, 2009, 114,774,802 voting shares and 22,000,000 non-voting shares were issued and outstanding, for a total of 136,774,802 outstanding shares. There were 785 shareholders of record of which 748 were registered in Canada, holding 98.7% of the issued voting shares. All of the issued non-voting shares are held by Ontario Teachers' Pension Plan. These non-voting shares may be converted into voting shares at any time.

OWNERSHIP

The Company's major shareholders are McCain Capital Corporation holding 43,212,890 voting shares representing 31.6% of the total issued and outstanding shares and Ontario Teachers' Pension Plan holding 26,213,155 voting shares and 22,000,000 non-voting shares representing 35.3% of the total issued and outstanding shares. The remainder of the issued and outstanding shares are publicly held.

CORPORATE OFFICE

Maple Leaf Foods Inc.
30 St. Clair Avenue West, Suite 1500
Toronto, Ontario, Canada M4V 3A2
Tel: 416.926.2000 Fax: 416.926.2018
Website: www.mapleleaf.com

ANNUAL MEETING

The annual meeting of shareholders of Maple Leaf Foods Inc. will be held on Thursday, April 29, 2010 at 11:00 a.m. at the Toronto Board of Trade, 1 First Canadian Place, 77 Adelaide Street West, Toronto, Ontario, Canada.

DIVIDENDS

The declaration and payment of quarterly dividends are made at the discretion of the Board of Directors. Anticipated payment dates in 2010: March 31, June 30, September 30 and December 31.

SHAREHOLDER INQUIRIES

Inquiries regarding dividends, change of address, transfer requirements or lost certificates should be directed to the Company's transfer agent:

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario, Canada M5J 2Y1
Tel: 514.982.7555
or 1.800.564.6253 (toll-free North America)
or service@computershare.com

COMPANY INFORMATION

For public and investment analysis inquiries, please contact our Senior Vice-President, Communications at 416.926.2000.

For copies of annual and quarterly reports, annual information form and other disclosure documents, please contact our Senior Vice-President, Transactions & Administration and Corporate Secretary at 416.926.2000.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario, Canada M5J 2Y1
Tel: 514.982.7555
or 1.800.564.6253 (toll-free North America)
or service@computershare.com

AUDITORS

KPMG LLP
Toronto, Ontario

STOCK EXCHANGE LISTINGS AND STOCK SYMBOL

The Company's voting common shares are listed on The Toronto Stock Exchange and trade under the symbol "MFI".

RAPPORT ANNUEL

Si vous désirez recevoir un exemplaire de la version française de ce rapport, veuillez écrire à l'adresse suivante : Secrétaire de la société, Les Aliments Maple Leaf Inc., 30 St. Clair Avenue West, Toronto, Ontario M4V 3A2.



Maple Leaf Foods Inc.
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Toronto, Ontario, Canada M4V 3A2
www.mapleleaf.com



Mixed Sources
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forests and other controlled sources
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