

Canada Bread Company, Limited

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Annual Meeting of the shareholders (the "Meeting") of Canada Bread Company, Limited (the "Corporation") will be held in the Upper Canada Room of the Royal York Hotel, 100 Front Street West, Toronto, Ontario on the 4th day of May, 2000 at 10:00 o'clock in the forenoon (Toronto time) for the following purposes:

- (a) Receiving and considering the Annual Report containing the Report of the Board of Directors and consolidated financial statements of the Corporation comprised of Balance Sheets as at December 31, 1999 and December 31, 1998, Statements of Earnings and Retained Earnings and Changes in Financial Position for the years then ended, together with the auditors' report thereon;
- (b) Electing directors;
- (c) Appointing auditors and authorizing the directors to fix their remuneration;
- (d) To transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Management Information Circular dated February 29th, 2000 provides additional information concerning the matters to be dealt with at the Meeting. As a substantial representation of the holders of common shares is required, if you are not able to be present personally, kindly date, sign and return the form of proxy accompanying this notice in the envelope provided for that purpose.

DATED at Toronto this 29th day of February, 2000.

BY ORDER OF THE BOARD

L.J. PALKO
Vice-President, Finance and Secretary-Treasurer

NOTES:

- (1) Holders of common shares registered on the books of the Corporation at the close of business on March 28, 2000 are entitled to notice of the Meeting.
- (2) The directors have fixed the close of business on March 28, 2000 as the record date for the determination of the shareholders of the Corporation entitled to notice of and to vote at the Meeting and only persons who are registered as holders of common shares on the books of the Corporation at the close of business on March 28, 2000 or persons who are transferees of common shares acquired after March 28, 2000 and who produce properly endorsed certificates for such common shares or otherwise establish ownership thereof and demand, not later than ten (10) days before the Meeting, that the Secretary of the Corporation include their names in the list of shareholders, are entitled to vote at the Meeting.
- (3) The directors have fixed the hour of 4:30 in the afternoon on the last business day preceding the day of the Meeting or any adjournment thereof, before which time the instrument of proxy to be used at the Meeting must be deposited with the Secretary of the Corporation, c/o Montreal Trust Company of Canada, 151 Front Street West, 8th Floor, Toronto, Ontario, provided that a proxy may be delivered to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time for voting.

Canada Bread Company, Limited

MANAGEMENT INFORMATION CIRCULAR AS OF FEBRUARY 29, 2000

SOLICITATION OF PROXIES

THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY MANAGEMENT OF CANADA BREAD COMPANY, LIMITED (THE "CORPORATION") OF PROXIES TO BE USED AT the Annual Meeting of shareholders of the Corporation (the "Meeting") to be held in the Upper Canada Room of the Royal York Hotel, 100 Front Street West, Toronto, Ontario, on Thursday, the 4th day of May, 2000, at 10:00 A.M. for the purposes set forth in the attached notice of the Meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by officers of the Corporation at nominal cost. The cost of solicitation by management will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors of the Corporation. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE CORPORATION, TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO** either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Corporation, c/o Montreal Trust Company of Canada, 151 Front Street West, 8th Floor, Toronto, Ontario, for receipt on or before 4:30 P.M. the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or delivering it to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy should be executed by the shareholder or his attorney duly authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized.

In addition to any other manner permitted by law, a proxy may be revoked before it is exercised by instrument in writing executed in the same manner as a proxy and deposited with the Secretary of the Corporation at the address shown above at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or with the Chairman of the Meeting on the day of such Meeting or any adjournment thereof and upon either of such deposits the proxy is revoked.

VOTING OF PROXIES

The persons named in the enclosed form of proxy for use at the Meeting will vote or withhold from voting the common shares in the capital of the Corporation (the "Common Shares") in respect of which they are appointed in accordance with the direction of the holders of Common Shares appointing them on any ballot requested or required by law. **IN THE ABSENCE OF SUCH DIRECTION, THE SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL, EXCEPT WHERE PROHIBITED BY LAW, BE VOTED FOR THE ELECTION OF DIRECTORS, AND THE APPOINTMENT OF AUDITORS AS STATED UNDER THESE HEADINGS IN THIS MANAGEMENT INFORMATION CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of matters identified in the notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date hereof, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. **HOWEVER, IF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS WHICH ARE NOT NOW KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE SUCH MEETING, THE SHARES REPRESENTED BY THE PROXIES HEREBY SOLICITED WILL BE VOTED THEREON IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSON OR PERSONS VOTING SUCH PROXIES.**

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As at February 29, 2000 the Corporation had outstanding 21,416,807 Common Shares carrying the right to one vote per share. To the best of the knowledge of the directors and officers of the Corporation,

the only person who beneficially owns directly or indirectly or exercises control or direction over more than ten percent (10%) of the votes attaching to the Common Shares is Maple Leaf Foods Inc. (“Maple Leaf Foods”) which holds 14,633,315 common shares representing approximately 68% of the issued and outstanding Common Shares. The registered office of Maple Leaf Foods is Suite 1500, 30 St. Clair Avenue West, Toronto, Ontario M4V 3A2.

The directors have fixed the close of business on March 28, 2000 as the record date for the purposes of determining shareholders entitled to receive notice of and to vote at the Meeting. Accordingly, only persons who are holders of Common Shares of record at the close of business on March 28, 2000, or persons who are transferees of Common Shares acquired after March 28, 2000 and who produce properly endorsed certificates for such Common Shares or otherwise establish ownership thereof and demand, not later than ten (10) days before the Meeting, that the Secretary of the Corporation include their names in the list of shareholders, are entitled to vote at the Meeting.

ELECTION OF DIRECTORS

The Board of Directors presently consists of 10 directors, to be elected annually. **THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY (UNLESS OTHERWISE INSTRUCTED) INTEND TO VOTE FOR THE ELECTION OF THE NOMINEES WHOSE NAMES ARE SET FORTH BELOW.** Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee at their discretion. Each director elected will hold office until the next annual meeting or until his successor is elected or appointed (unless his office is earlier vacated) in accordance with the by-laws of the Corporation.

The following table and notes thereto state the names of all persons proposed to be nominated for election as directors, all other positions and offices with the Corporation now held by them, their principal occupations or employments, at the present and, to the extent required by law, during the preceding five years, the year in which they became directors of the Corporation, and the approximate number of Common Shares of the Corporation and Maple Leaf Foods beneficially owned, directly or indirectly, or controlled or directed by each of them as of February 29, 2000.

	<u>Became Director</u>	<u>Common Shares Beneficially Owned, Controlled or Directed</u>
JOHN L. BRAGG is President, Oxford Frozen Foods Limited (food manufacturing)	1995	Notes 1 and 2
ROGER M. DICKHOUT is President and Chief Executive Officer of the Corporation	1999	
SARAH A. EVERETT is Chairman of Tereve Holdings Ltd. (Bowring chain of retail stores)	1995	Note 1
RICHARD A. LAN is Chairman of the Board of the Corporation and President, Chief Operating Officer, Maple Leaf Foods Bakery Group	1995	Note 2
CHARLES J. MAYER is Chairman of the Manitoba Crop Insurance Board (Public Sector Insurer)	1997	Note 1
J. SCOTT McCAIN is President and Chief Operating Officer, Maple Leaf Foods Agri-Business Group	1995	Note 2
G. WALLACE F. McCAIN is Chairman of the Board, Maple Leaf Foods Inc.	1995	Note 2
MICHAEL H. McCAIN, is President and Chief Executive Officer, Maple Leaf Foods Inc.	1995	Note 2
THOMAS P. MUIR is Executive Vice-President and Chief Financial Officer, Maple Leaf Foods Inc.	1995	Note 2
JOHN F. PETCH is Vice-Chairman and a Senior Partner, Osler, Hoskin & Harcourt LLP (Barristers and Solicitors)	1995	Notes 1 and 2

- (1) As of February 29, 2000, the following directors beneficially owned, directly or indirectly, or exercised control or direction over the number of common shares of the Corporation indicated in brackets after their names: J.F. Petch (2,000), J.L. Bragg (6,500), S.A. Everett (1,200) and C.J. Mayer (1,100).
- (2) As of February 29, 2000, the following directors beneficially owned, directly or indirectly, or exercised control or direction over the number of common shares of Maple Leaf Foods indicated in brackets after their names: M.H. McCain (40,000),

J. Scott McCain (10,000), J.F. Petch (2,000), J.L. Bragg (199,700), R.A. Lan (510) and T.P. Muir (100,000); Maple Leaf Foods holds approximately 68% of the shares of Canada Bread Company, Limited; McCain Capital Corporation is the owner of 31,509,146 voting common shares of Maple Leaf Foods, representing approximately 33.2% of all issued and outstanding shares of Maple Leaf Foods. The majority of the shares of McCain Capital Corporation are owned by members of the G. Wallace F. McCain family; R.A. Lan is also a shareholder of McCain Capital Corporation (reference is made to the heading "Voting Securities and Principal Holders Thereof").

- (3) Members of the Audit Committee are Messrs. J.L. Bragg (Chairman), C.J. Mayer and Ms. S.A. Everett, who are appointed annually.
- (4) Members of the Human Resources and Corporate Governance Committee are Messrs. J.F. Petch (Chairman), J.L. Bragg and Ms. S.A. Everett, who are appointed annually.
- (5) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

EXECUTIVE COMPENSATION

A. COMPENSATION OF DIRECTORS

Directors of the Corporation received remuneration for their services during the 1999 financial year in an aggregate amount of \$121,000. Each outside director received a retainer of \$18,000 per annum and fees of \$750 per Board Meeting attended and \$300 for participating in each Board teleconference meeting. Directors serving on Committees received a retainer of \$1,000 per annum (the Chair of each Committee received \$1,500); such Committee members also received \$750 for each Committee meeting attended. The Human Resources and Corporate Governance Committee has recommended that a portion of the annual retainer be used to purchase common shares of the Company. Directors who are officers of the Corporation or a subsidiary company or Maple Leaf Foods do not receive fees. Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending Board or Committee meetings.

B. REPORT ON EXECUTIVE COMPENSATION

The Human Resources and Corporate Governance Committee ("Committee") is composed of three Directors all of whom are independent. Since December 1995, the Committee has consisted of John F. Petch (Chairman), Sarah A. Everett and John L. Bragg. It is the responsibility of the Committee to determine and approve, and to monitor and modify as required, the design and administration of compensation policies and practices generally of the Corporation and specifically, compensation policies and practices with respect to senior management (including executive officers) of the Corporation. The Committee meets at least four times per year and as required at the call of the Chairman of the Committee. The Committee reports to the Board on its proceedings.

Executive Compensation Strategy and Competitive Positioning

The objective of the Compensation Committee is to provide for a comprehensive compensation strategy that achieves the following results:

1. To attract and retain individuals of superior talent and skill by offering competitive salaries, taking into account the knowledge, skills and experience of individual executives, and the demands and responsibilities of their positions.
2. To motivate superior individual and group performance by including a component of incentive/variable pay compensation which rewards the achievement of specific indices of financial performance as determined by the Board.
3. To link individual and group performance with shareholder interests and retain top performing, high potential executives through the prudent use of equity-based compensation.
4. To encourage retention of key performers for the succession of management of the Corporation.

In arriving at its determination, the Committee has historically utilized formal compensation design and practice assessments and advice from independent sources as well as human resource management specialists within the Corporation. In addition, the Corporation uses the process of familiarizing itself with the compensation practices of Maple Leaf Foods.

The compensation decisions made by the Committee seek to balance internal compensation equity for employees with external measurements for competitive practices within Canadian food and consumer products companies and autonomous Canadian and subsidiary companies of comparable size. In addition

to internal and external analyses of compensation levels and programs, the Committee considers in the design of each segment of compensation, the long-term interest of the Corporation and its shareholders, and specifically, financial measures such as earnings, and return on net assets. To this end, the Corporation includes incentive/variable pay components within the design of the Corporation's total compensation program for employees. Recommendations on compensation matters, other than matters directly affecting him, are made to the Committee by the Chief Executive Officer.

The total compensation program for executive officers consists of three components: a base salary, an annual bonus, and a long-term incentive component. In establishing base salaries and salary ranges, the objective of the Committee is to establish levels which are competitive with the comparator groups mentioned above. With respect to the President and CEO, comparisons were made to similar positions in a grouping of autonomous and subsidiary companies of a size comparable to the Corporation, given the more particular responsibilities of these executives in a publicly-traded company. The comparator group used for other executives was a select grouping of Canadian food and consumer products companies. Individual levels, which are established annually, are determined in accordance with the performance of the individual over the preceding performance review period and superior individual performance will be recognized by the Committee.

In establishing annual bonus compensation, the Committee establishes threshold earnings and Return on Net Assets (RONA) of the Corporation to be achieved the following year. This ensures that shareholders receive an adequate level of return before executives are rewarded. Specific awards to each executive are then allocated to reflect both business and overall personal performance. Executives employed by the Corporation during only part of the financial year may be entitled to participate in incentive compensation programs in that year, but only on a pre-negotiated basis.

In determining the compensation of the CEO of the Corporation, substantially similar criteria as mentioned previously were used. Apart from a comparative analysis of the CEO's position with similar positions in autonomous and subsidiary companies of similar size, the Committee took into account the growth of the Corporation and its financial results during the period.

The Corporation, has in the past, utilized incentive stock options to provide executive and management linkage to long-term financial success of the Corporation. Options of the Corporation and Maple Leaf Foods have been granted to executives from time to time, based on recommendations by senior management and the Committee as a tool to motivate executives to enhance the value of the Corporation.

The Corporation provides perquisites and benefits, in kind, on a standardized basis for executives. The benefits are selected on the basis of cost effectiveness and are intended to be competitive with those provided by companies of comparable size.

The following tables provide a summary of compensation earned during each of the last three fiscal years by the Corporation's Chief Executive Officer and the four most highly compensated executive officers other than the Chief Executive Officer for the year ended. The Chief Executive Officer and other executive officers are referred to collectively as the "Named Executive Officers". In this report, an "executive" or "executive officer" means the Chairman of the Board, the President, the Chief Executive Officer, any President or Vice-President in charge of a principal business unit, division or function of the Corporation, and any other officers of the Corporation or any subsidiary performing a policy-making function in respect to the Corporation. Specific aspects of the compensation policies and practices of the Corporation are dealt with in further detail in the following tables and subsequent report of the Human Resources and Corporate Governance Committee.

Summary Compensation Table

Name and Principal Position	Annual Compensation					Long Term Awards (\$)
	Year	Salary (1) (\$)	Bonus (3) (\$)	Other Annual Compensation (2) (\$)	All Other Compensation (\$)	
Roger M. Dickhout President & C.E.O	1999	350,000	138,736			
	1998	—	—			
	1997	—	—			
Donald A. Bradd Executive Vice-President, Operations	1999	220,000	33,725			
	1998	200,000	10,850			
	1997	187,200	81,751			
Alan G. Sellery Sr. Vice-President, and General Manager Fresh West	1999	210,000	—			
	1998	—	—			
	1997	—	—			
Carl T. Sparkes (4) Sr. Vice-President, and General Manager Fresh Central	1999	186,400	21,622		30,986 (4)	
	1998	159,875	7,994		36,364 (4)	
	1997	156,500	28,659		42,308 (4)	
Douglas J. MacFarlane (7) Sr. Vice-President, Marketing	1999	145,400	35,255			
	1998	—	—			
	1997	—	—			

- (1) Salary figures represent actual monies paid by the Corporation and its subsidiaries during the year for services rendered to the Corporation and its subsidiaries.
- (2) The value of perquisites and benefits for each Named Executive Officer is less than the lesser of \$50,000 and 10% of total annual salary and bonus.
- (3) Bonuses have been calculated for 1999 based on 1999 salaries and corporate performance, and were paid in 2000.
- (4) Represents a declining relocation supplement to be paid until 2000 for Mr. Sparkes.
- (5) Bonuses shown for 1999 are those applicable to 1999 under the Corporation's Rewards for Excellence bonus plan. For the 1999, 1998 and 1997 years, the Corporations' parent, Maple Leaf Foods, established a plan under which it granted share options in exchange for cash bonus entitlements under the bonus plan to approximately 65 executives of Maple Leaf Foods and its subsidiaries including the Named Executive Officers. The executives were given the discretion to waive all or a portion of the share options and instead collect the cash bonus under the Rewards for Excellence plan. The exercise price of the options is market price (\$14.00 for 1999, \$11.94 for 1998 and \$15.49 for 1997) and for purposes of the exchange the options were valued at \$4.59 for 1999 (\$3.84 for 1998 and \$5.14 for 1997) which is a 20% discount to the value of the option using the Black-Scholes model. The options received vested on March 15, 2000 for 1999 bonus (March 15, 1999 for 1998 bonus and March 15, 1998 for 1997 bonus.) The number of share options granted in respect of the 1999 bonus were; Mr. Sellery (13,167) and in respect of the 1998 bonus, Mr. Sparkes (5,576).
- (6) No Long-Term Awards were issued by the Corporation in 1999, however, certain Long-Term Awards were issued by Maple Leaf Foods.
- (7) Mr. MacFarlane joined the Company on March 8, 1999.

MAPLE LEAF FOODS SHARE OPTIONS GRANTED IN 1999

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in 1999	Exercised or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
<i>Options for the Purchase of Common Shares of Maple Leaf Foods:</i>					
D.A. Bradd	20,000	7.43%	12.52	12.52	June 22, 2006
R.M. Dickhout	40,000	14.87%	12.52	12.52	June 22, 2006
D.J. MacFarlane	5,000	1.86%	12.52	12.52	June 22, 2006
D.J. MacFarlane	80,000	29.74%	12.57	12.57	March 5, 2006
A.G. Sellery	15,000	5.58%	12.52	12.52	June 22, 2006
C.T. Sparkes	20,000	7.43%	12.52	12.52	June 22, 2006

Note: The share options expiring on June 22, 2006 vest over five years based on the total return of the Maple Leaf Foods Inc. shares compared with the total return of the Standard & Poor's food group. The options expiring on March 5, 2006 vest over five years based on the Maple Leaf Foods share price reaching eleven price hurdles from \$14.00 to \$24.00 and reached

targets for the Return on Net Assets of Canada Bread Company, Limited. The percentage of total options granted to employees in 1999 refers to employees of the Corporation.

AGGREGATE MAPLE LEAF FOODS STOCK OPTION EXERCISES DURING THE 1999 FINANCIAL YEAR AND 1999 FINANCIAL YEAR END OPTION VALUES

Name	Securities Acquired On Exercise	Aggregate Value Realized	Unexercised Options at December 31, 1999 (#)		Value of Unexercised in-the-money Options at December 31, 1999 (\$)	
			Exercisable (vested)	Unexercisable (not vested)	Exercisable (vested)	Unexercisable (not vested)
<i>Option for the Purchase of Common Shares of Maple Leaf Foods:</i>						
D.A. Bradd	NIL	NIL	4,633	38,400	3,782	54,706
R.M. Dickhout	NIL	NIL	7,260	242,740	NIL	476,844
D.J. MacFarlane	NIL	NIL	NIL	85,000	NIL	121,800
A.G. Sellery	NIL	NIL	5,455	134,545	NIL	209,886
C.T. Sparkes	NIL	NIL	9,576	38,400	NIL	54,706

Note: The closing price of common shares of Maple Leaf Foods on The Toronto Stock Exchange on the last trading day of the Corporation's financial year ended December 31, 1999 was \$14.00.

PENSION/RETIREMENT PLANS

The Corporation, either directly or through designated subsidiaries, currently maintains a number of defined benefit and defined contribution pension plans for its employees.

Messrs. Bradd, MacFarlane and Sparkes are members of the Canada Bread Salaried Pension Plan. Specific information pertaining to the Pension Plan is detailed below.

Canada Bread Company, Limited Salaried and Supplemental Executive Pension Plan:

Final Average Earnings	Years of Service				
	15	20	25	30	35
\$100,000	\$ 30,000	\$ 40,000	\$ 50,000	\$ 60,000	\$ 70,000
150,000	45,000	60,000	75,000	90,000	105,000
200,000	60,000	80,000	100,000	120,000	140,000
250,000	75,000	100,000	125,000	150,000	175,000
300,000	90,000	120,000	150,000	180,000	210,000
400,000	120,000	160,000	200,000	240,000	280,000
500,000	150,000	200,000	250,000	300,000	350,000

The preceding chart shows the estimated maximum annual retirement income that would be payable if the executive retired at December 31, 1999 at Normal Retirement Age at equivalent levels of average annual earnings. Upon retirement, this plan provides lifetime retirement income benefits to certain officers as designated by the Board of Directors, including certain of the Named Executive Officers, of up to 70% of their average annual compensation (defined as base salary during the best 60 consecutive months of employment). Full benefits are payable at age 60. The benefits are payable for the life of the executive, with a guarantee that at least 60 monthly payments will be made. Designated executives are not required to contribute in order to receive benefits. Payments from the plan are in addition to any other entitlement which an employee may be entitled to with respect to the Canada Pension Plan. Under a reciprocal arrangement with Maple Leaf Foods, Mr. Bradd has credited service of 23 years.

Messrs. Dickhout and Sellery are members of the Maple Leaf Foods Pension Plan. Specific information pertaining to the Maple Leaf Foods Pension Plan is detailed below:

Maple Leaf Foods Pension Plan

Remuneration	Years of Service				
	15	20	25	30	35
\$125,000	\$ 33,552	\$ 44,736	\$ 55,920	\$ 67,104	\$ 78,288
150,000	41,052	54,736	68,420	82,104	95,788
175,000	48,552	64,736	80,920	97,104	113,288
200,000	56,052	74,736	93,420	112,104	130,788
225,000	63,552	84,736	105,920	127,104	148,288
250,000	71,052	94,736	118,420	142,104	165,788
300,000	86,052	114,736	143,420	172,104	200,788
400,000	116,052	154,736	193,420	232,104	270,788
500,000	146,052	194,736	243,420	292,104	340,788

The preceding table shows the estimated annual retirement income that would be payable if the officer retired as at December 31, 1999 at age 65. Remuneration (salary, excluding bonuses and other compensation) is calculated on the average of the best five years' earnings in the last ten years prior to retirement. Full benefits are payable at normal retirement age (age 65) or at age 60, the earliest age at which an officer can retire with an unreduced pension. Benefits are payable over the life of the executive with a guarantee of at least 60 monthly payments. Optional schedules of actuarially equivalent payments are available.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

This Statement of Corporate Governance Practices has been prepared by the Human Resources and Corporate Governance Committee (“Corporate Governance Committee”) of the Board and has been approved by the Board of Directors.

Composition of the Board

The Board consists of ten members. The Corporate Governance Committee has evaluated the relationship between each director and the management of the Corporation and has concluded that more than a majority of directors are “unrelated” directors (i.e. a director who is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially, interfere with the director’s ability to act in the best interests of the Corporation, other than interests arising from shareholding). Approximately 30% of the directors qualify as directors who are not related to either the Corporation or to Maple Leaf Foods Inc., the significant shareholder. Accordingly, the Board believes that it is composed of a number of directors which substantially reflects the proportionate investment in the Corporation by shareholders other than the significant shareholder.

Mandate of the Board of Directors

The Board of Directors is responsible for the supervision of the management of the business and affairs of the Corporation acting with a view to the best interests of the Corporation. Generally, all material matters relating to the business of the Corporation require the prior approval of the Board. The Board’s key responsibilities include the approval of corporate objectives and the oversight of processes for:

- strategic planning;
- the identification and management, to the extent possible, of the principal business risks;
- internal control and management information systems;
- succession planning; and
- maintaining effective communications with shareholders, stakeholders, and the public.

Committees of the Board

The Board of Directors discharges its responsibilities directly and through its committees, namely the Audit Committee and the Human Resources and Corporate Governance Committee. Only outside directors (i.e. directors who are not officers or employees of the Corporation or of any of its affiliates) are members of the committees of the Board and a majority of members of each of these committees are “unrelated” directors.

Human Resources and Corporate Governance Committee

The Human Resources and Corporate Governance Committee is responsible for developing and monitoring the Corporation’s systems of compensation and corporate governance including:

- reviewing and developing the Corporation’s compensation policies and processes to endeavour to ensure that employees of the Corporation will be fairly and competitively compensated;
- annually evaluate the performance of the Chief Executive Officer against predetermined goals and criteria and reviewing and approving the amount of compensation to be paid to the Chief Executive Officer;
- annually considering the Chief Executive Officer’s evaluation of the performance of the other executive officers of the Corporation and recommendations with respect to the amount of compensation to be paid to such executive officers;
- assisting the Board of Directors in ensuring that appropriate human resource development, succession planning and performance evaluation programmes are in place and are operating effectively;
- periodically reviewing the size, composition and performance of the Board;
- periodically reviewing the committee structure and all committee mandates;
- annually proposing the nominee for the Chair and members of each Committee; and
- satisfying itself that structures are in place to ensure effective communication between the Corporation, its stakeholders and the public.

Audit Committee

The Audit Committee is primarily responsible for overseeing the integrity of the Corporation’s internal controls including:

- reviewing the Corporation’s financial statements prior to their approval by the Board;
- establishing the objectives and scope of audits with the auditors of the Corporation;
- reviewing the findings of audits and assessing management’s response thereto; and
- approving the fees of the external auditors.

Relationship Between the Board and Management

The Board has a separate person serving as Chairman of the Board and Chief Executive Officer of the Corporation. In addition, the Board of Directors believes that structures are in place which assist the Board in acting independently of management.

The annual schedule of meetings for the Board and its Committees is prepared by the Chairman of the Board, after consultation with the Committee chairs, the CEO and other directors. The Chairman of the Board develops the agendas for Board meetings after consultation with the CEO and management; background information and reports pertaining to meeting agenda items are circulated to the directors in advance whenever practicable.

Directors have open access to senior management of the Corporation as appropriate. The Board also encourages individual directors to provide specific advice and counsel to management regarding matters in respect of which they have special knowledge and experience.

Board’s Expectations of Management

Management is responsible for the development of operating company and overall corporate strategies on an ongoing basis. The Board expects management to keep strategic plans current by continually reviewing important issues and evaluating the competitiveness and positioning of the Corporation’s business. The role of the Board is to ensure that a strategic planning process is in place, to

review and approve strategies developed by management, and to monitor management's success in implementing the strategies.

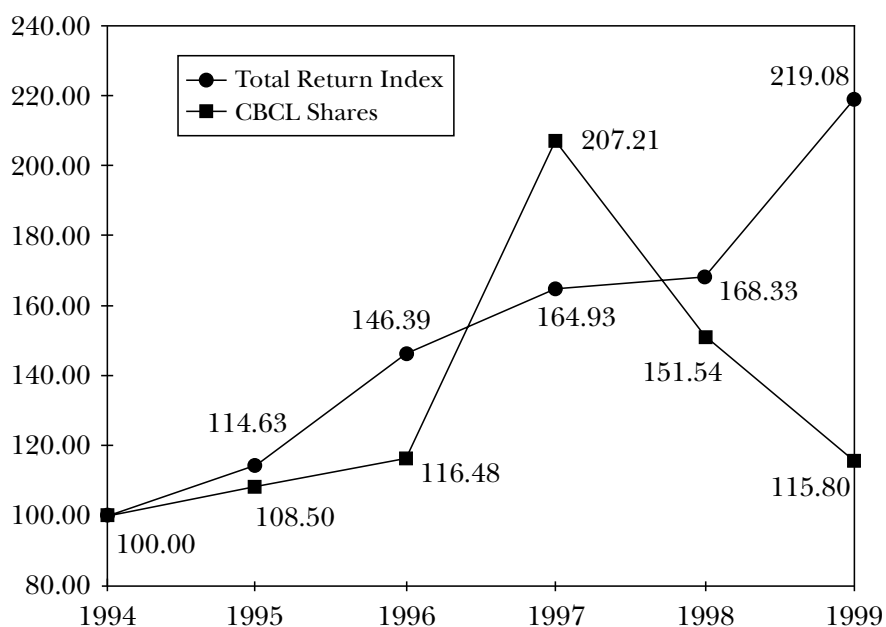
Shareholder Communications

Management of the Corporation maintains communications with shareholders, stakeholders and the public on an ongoing basis under the supervision of the Board. Management also represents the Corporation in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. The Board approves the content of all major communications to shareholders and the investing public, including annual and interim financial statements, management proxy circulars, annual information forms and prospectuses. The Corporation attempts to consider and respond to all shareholder inquiries. Management provides from time to time, as appropriate, a report to the Board of significant comments which the Corporation receives from shareholders.

Stock Performance Graph

The following chart compares the total cumulative shareholder return for \$100 invested in Common Shares of the Corporation on December 31, 1994 with the cumulative total return of the TSE 300 Stock Index for the five most recently completed financial years.

Note: Dividends declared on Common Shares of the Corporation are assumed to be reinvested at the share price on the payment date. The TSE 300 Index is the total index return, including dividends reinvested.



DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Directors' and officers' liability insurance has been arranged through the Corporation's controlling shareholder, Maple Leaf Foods, at an annual premium cost of \$18,000 which was not allocated as between officers and directors. The insurance limit under the policy is \$35,000,000 for each loss and each policy year with the Corporation subject to a \$250,000 deductible provision. The directors and officers are not liable for any payment under a deductibility clause.

INTERESTS OF INSIDERS

Reference should be made to the heading "Voting Securities and Principal Holders Thereof" for details of Maple Leaf Foods' shareholdings in the Corporation. Messrs. R.A. Lan, G.W.F. McCain, J.S. McCain, M.H. McCain, and T.P. Muir are directors of the Corporation and are also officers and/or directors of Maple Leaf Foods (see "Election of Directors").

In August 1995, the Company entered into a Management and Affiliation Agreement and in October 1995, the Company entered into a Management Services Agreement effective January 1, 1996, with Maple Leaf Foods whereby the Company benefits from certain services provided by Maple Leaf Foods. This agreement was reviewed and approved by a committee composed of independent members of the Board of Directors. The cost of this service in 1999 was \$3,154,000.

APPOINTMENT OF AUDITORS

UNLESS OTHERWISE DIRECTED, PROXIES IN THE ENCLOSED FORM WILL BE VOTED TO APPOINT KPMG LLP, Chartered Accountants, Toronto, as auditors of the Corporation to hold office until the next annual meeting of shareholders and to authorize the directors to fix their remuneration.

GENERAL

Except where specifically stated, information contained herein, is given as of February 29, 2000.

APPROVAL

The contents and the sending of this Management Information Circular have been approved by the directors of the Corporation.

DATED at Toronto, this 29th day of February, 2000.

L.J. PALKO
*Vice-President, Finance and
Secretary-Treasurer*



PROXY

PROXY, solicited by Management for the Annual Meeting of Shareholders of Canada Bread Company, Limited to be held May 4, 2000.

The undersigned hereby appoints Richard A. Lan, or failing him, Michael H. McCain or failing both of the foregoing, G. Wallace F. McCain or instead of any of them, as proxy, with power of substitution, to attend, act and vote for and on behalf of the undersigned at the Annual Meeting of Shareholders (the "Meeting") of Canada Bread Company, Limited (the "Corporation") to be held on the 4th day of May, 2000, and at any adjournment or adjournments thereof, and without limiting the general authorization and power hereby given, the persons named above are specifically directed to vote as follows:

- (a) **FOR** **WITHHOLD FROM VOTING FOR** the election of the nominees for directors set forth under the heading "Election of Directors" in the accompanying Management Information Circular.
- (b) **FOR** **WITHHOLD FROM VOTING FOR** the appointment of the auditors of the Corporation and authorizing the directors to fix their remuneration.
- (c) at the discretion of the nominee in respect of amendments to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting and any adjournment thereof.

The undersigned hereby revokes the power conferred on any other person by any other instrument of proxy bearing a date earlier to this instrument of proxy to attend, act and vote at the said Meeting or any adjournment or adjournments thereof.

DATED this day of , 2000.

.....
Signature of shareholder

Notes:

- (1) The common shares represented by this proxy will be voted, or withheld from being voted, in accordance with the instructions noted hereon, on any ballots requested or required by law. **THIS PROXY CONFERS AUTHORITY FOR THE ABOVE NAMED TO VOTE IN HIS DISCRETION WITH RESPECT TO AMENDMENTS OR VARIATIONS TO THE MATTERS IDENTIFIED IN THE NOTICE OF THE MEETING ACCOMPANYING THIS PROXY OR OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING.**
- (2) In the absence of any specification above, this proxy will be voted for the election of the persons nominated as directors in the accompanying Management Information Circular, for the appointment of KPMG LLP Chartered Accountants, as auditors of the Corporation at such remuneration as the directors may fix.
- (3) **EACH SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM AT THE MEETING OTHER THAN THE PERSONS SPECIFIED ABOVE.** Such right may be exercised by inserting, in the blank space provided, the name of the person to be appointed who need not be a shareholder of the Corporation. Reference is made to the heading "Appointment and Revocation of Proxies" in the accompanying Management Information Circular.
- (4) Please sign exactly as your name appears on this proxy and date the proxy. If this proxy is not dated, it is deemed to bear the date on which it is mailed by the persons making the solicitation. If the shareholder is a corporation, this proxy must be executed by an officer or attorney thereof duly authorized. When signing as attorney, executor, administrator, trustee, corporate officer, etc., indicate full title as such.

Canada Bread Company, Limited

In accordance with National Policy Statement No. 41/Shareholder Communication, beneficial shareholders may elect annually to have their name added to an issuers supplemental mailing list in order to receive interim financial statements. If you are interested in receiving such statements, please complete and return this form to Montreal Trust Company.

NAME: _____

ADDRESS: _____

SIGNATURE: _____

I certify that I am a beneficial shareholder.

CUSIP NO. 134920 10 7

**MONTREAL TRUST COMPANY OF CANADA
STOCK TRANSFER DEPARTMENT
151 FRONT STREET WEST, 8TH FLOOR
TORONTO, ONTARIO
M5J 2N1**