MAPLE LEAF FOODS INC.

Interim Management's Discussion and Analysis

For the First Quarter Ended

March 31, 2014

Management's Discussion and Analysis

For the first quarter ended March 31, 2014

April 30, 2014

FINANCIAL OVERVIEW

Maple Leaf Foods Inc. ("the Company") sales from continuing operations[(i)] of $711.3 million for the first quarter was an increase of 3.2% from last year, or 2.1% after adjusting for the impacts of foreign exchange, primarily due to higher pricing and a higher value sales mix.

Adjusted Operating Earnings[(i)(ii)] for the first quarter was a loss of $29.9 million compared to a loss of $27.9 million last year, as higher costs related to the network transformation and margin compression in the prepared meats business were largely offset by improved market conditions in primary pork processing and hog production.

Net loss from continuing operations[(i)] for the first quarter was $124.6 million (a loss of $0.89 per basic share attributable to common shareholders) compared to a loss of $30.6 million (a loss of $0.22 per basic share attributable to common shareholders) last year. Net loss from continuing operations included $114.7 million ($0.54 per basic share attributable to common shareholders) of pre-tax interest and other financing costs compared to $16.1 million ($0.07 per basic share attributable to common shareholders) last year. The increase was due to additional financing costs of $98.4 million related to the repayment of the Company's long-term notes payable in April 2014, including a $78.7 million early repayment premium to lenders, $10.1 million in financing costs, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings related to the settlement of interest rate swaps that are no longer designated as hedging instruments. Net loss from continuing operations also included $8.6 million ($0.05 per basic share attributable to common shareholders) of pre-tax expenses related to the modification of a long-term incentive compensation plan (2013: $nil), which was a decision made as a result of the planned sale of Canada Bread Company, Limited ("Canada Bread"), recorded in selling, general and administrative costs. Net loss from continuing operations also included $21.8 million ($0.12 per basic share attributable to common shareholders) of pre-tax expenses related to restructuring and other related costs (2013: $37.0 million, or $0.20 per basic share attributable to common shareholders).

Adjusted Earnings per Share[(i)(iii)] in the first quarter of 2014 and 2013 was a loss of $0.24.

Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Please refer to the section entitled Reconciliation of Non-IFRS Financial Measures at the end of this Management Discussion and Analysis on page 14 for a description and reconciliation of all non-IFRS financial measures.

Notes:

(i) *2013 figures have been restated for the classification of the animal by-products recycling operations ("Rothsay") and the Bakery Products Group as discontinued operations. Please refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings from continuing operations adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 14.*

(iii) *Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate ongoing financial operating results. It is defined as basic earnings per share from continuing operations attributable to common shareholders, and is adjusted for all items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 14.*

OPERATING REVIEW

The following table summarizes sales by business segment:

($ thousands) *(Unaudited)*	First Quarter **2014**	First Quarter 2013
Meat Products Group	**$ 705,399**	$ 678,066
Agribusiness Group(i)	**5,948**	11,287
Total Sales(ii)	**$ 711,347**	$ 689,353

(i) *2013 Agribusiness Group figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Figures exclude the results from the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

The following table summarizes Adjusted Operating Earnings by business segment:

($ thousands) *(Unaudited)*	First Quarter **2014**	First Quarter 2013
Meat Products Group	**$ (27,447)**	$ (10,452)
Agribusiness Group(i)	**(346)**	(12,926)
Protein Group	**$ (27,793)**	$ (23,378)
Non-Allocated Costs in Adjusted Operating Earnings(ii)	**(2,135)**	(4,474)
Adjusted Operating Earnings(iii)	**$ (29,928)**	$ (27,852)

(i) *2013 Agribusiness Group figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Non-allocated costs comprise expenses not separately identifiable to business segment groups, and do not form part of the measures used by the Company when assessing the segments' operating results. Non-allocated costs for 2013 have been re-stated on a comparable basis.*

(iii) *Figures exclude the results from the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

Meat Products Group

Includes value-added prepared meats, lunch kits; and fresh pork, poultry and turkey products sold to retail, foodservice, industrial, and convenience channels. Includes leading Canadian brands such as Maple Leaf®, Schneiders® and many leading sub-brands.

Meat Products Group sales for the first quarter increased 4.0% to $705.4 million, or 3.0% after adjusting for the impact of foreign exchange. Prepared meats sales increased due to higher volumes, the benefit of price increases implemented during the third quarter of 2013, and a higher-value sales mix. In primary processing, higher pricing for fresh pork and increased volumes in fresh poultry more than offset lower fresh pork volumes.

Adjusted Operating Earnings for the first quarter declined to a loss of $27.4 million compared to a loss of $10.5 million last year, as lower earnings in the prepared meats business were only partly offset by improved results in primary processing.

The prepared meats business continued to execute its strategy to establish a low cost supply chain by consolidating its manufacturing network, including commissioning activities at its plant in Saskatoon, Saskatchewan and the new Heritage plant in Hamilton, Ontario. As a result, transitional costs of approximately $23 million were incurred during the first quarter. Last year, transitional costs were approximately $8 million during the same period, and largely related to incremental resources to support the transformation project. Transitional costs increased significantly year-over-year as start-up activities ramped up and duplicative overhead costs were added to the network. During April 2014, the Company closed its legacy Hamilton, Ontario wiener facility and transferred production to the new Heritage facility. The closures of the remaining four legacy facilities are expected to take place during the fourth quarter of 2014.

Margins in the prepared meats business were compressed by sharply higher raw material and inflationary costs that were not fully offset by pricing. Pork input prices increased significantly from last year due to outbreaks of disease in hog production herds in the U.S. that has significantly increased the price of live hogs in response to a decline in hog supply. The weakening Canadian dollar also contributed to higher input costs. To manage these higher costs, the Company is implementing price increases in the second quarter of 2014.

Growth in branded retail packaged meats volumes compared to last year partly offset the factors described above.

Earnings in the fresh pork business increased due to higher primary pork processing margins and increased labour and yield efficiencies. These benefits were partly offset by lower export margins, primarily in the Japanese market, and lower volumes. Earnings in fresh poultry were relatively consistent with the prior year, as higher volumes and lower selling, general and administrative costs were offset by unfavourable operational variances, in part caused by the unusually cold winter in Ontario, Canada.

Agribusiness Group

Includes Canadian hog production operations.

Agribusiness Group sales for the first quarter declined by 47.3% to $5.9 million compared to $11.3 million last year, due to lower hog volumes sold to third parties and reduced pricing on toll feed sales.

Adjusted Operating Earnings in the first quarter improved to a loss of $0.3 million compared to a loss of $12.9 million last year, primarily due to higher market prices for hogs, net of hedging activities, and lower feed costs.

Non-allocated Costs

The amount included in Adjusted Operating Earnings and not allocated to segmented operating earnings is an expense of $2.1 million for the first quarter of 2014 (2013: expense of $4.5 million). The 2014 amount and a portion of the 2013 amount ($3.0 million) are related to corporate costs that are not allocated to any reportable segment. Non-allocated amounts that are excluded from the computation of Adjusted Operating Earnings are comprised of a $40.3 million gain due to changes in the fair value of biological assets (2013: loss of $5.3 million), a $36.5 million unrealized loss on commodity futures contracts (2013: loss of $5.0 million), and a $8.6 million expense related to the modification of a long-term incentive compensation plan (2013: $nil) as described in Note 22 of the 2014 first quarter unaudited condensed consolidated interim financial statements.

The changes in the fair value of biological assets and unrealized (gains) losses on commodity futures contracts have been excluded from Adjusted Operating Earnings as the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The long-term incentive plan expense is excluded from Adjusted Operating Earnings as this modification was a decision made as a result of the planned sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.

DISCONTINUED OPERATIONS

Discontinued operations in the first quarter of 2014 pertain to the Company's 90.0% interest in Canada Bread Company, Limited, which forms the Bakery Products Group. Discontinued operations in the first quarter of 2013 were restated to include the Bakery Products Group, as well as the Rothsay and Olivieri businesses that were sold during the fourth quarter of 2013.

Sales from discontinued operations for the first quarter declined $84.2 million to $342.8 million from $427.0 million, of which $80.2 million relates to the divestitures of the Rothsay and Olivieri businesses in the fourth quarter of 2013. Excluding these divestitures, Bakery Product Group sales decreased by 1.1%, or 2.4% after adjusting for discontinued categories in the U.K. and the impact of currency translation on sales in the U.S. and U.K.

Net earnings from discontinued operations decreased $23.3 million to a loss of $7.4 million from earnings of $15.9 million last year, of which $14.8 million relates to the Rothsay and Olivieri businesses, which were sold during the fourth quarter of 2013. Excluding these divestitures, net earnings from discontinued operations in the Bakery Products Group decreased $8.5 million to a loss of $6.8 million from earnings of $1.7 million last year. On a pre-tax basis, $31.0 million of the decline relates to transaction costs incurred in 2014 associated with the planned sale of Canada Bread. This decline was partly offset by a benefit of $8.5 million due to lower restructuring costs as the Ontario bakery consolidation was largely completed during 2013, and $6.5 million of lower depreciation, as no depreciation was taken after the assets were classified as held-for-sale following the announcement of the planned sale. Improvements in operations contributed a further $4.2 million, as lower overhead costs in the fresh bakery business, driven by the closure of a bakery in Toronto, Ontario during the second quarter of 2013, were only partly offset by higher selling, general and administrative costs. Lower input prices for wheat were offset by the impact of a weaker Canadian dollar on U.S. dollar denominated raw material costs, and higher inflationary costs. Higher other income contributed an additional $4.4 million, due to a legal settlement and gains on sale of investment properties in 2014, compared to an impairment loss on assets held for sale in the U.K. bakery business last year. Higher income taxes accounted for $1.2 million of the decrease. Although the Bakery Products Group reported a pre-tax loss, it reported an income tax expense, as the transaction costs associated with the planned sale of Canada Bread were subject to a lower rate of tax recovery than the tax rate applicable to its operating income.

PROPOSED SALE OF CANADA BREAD

On February 12, 2014, the Company announced that Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") had agreed to acquire all of the issued and outstanding common shares of Canada Bread, a 90.0% owned subsidiary, by way of a statutory arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). Under the terms of the Arrangement, Grupo Bimbo has agreed to acquire each common share of Canada Bread for $72.00 per share in cash. The Company expects to receive net proceeds of approximately $1.65 billion for its 90.0% interest in Canada Bread. The Company is not able to estimate the ultimate gain on disposition given the uncertainty surrounding the timing of the close of this proposed transaction.

On March 17, 2014, the proposed transaction received approval from the Canadian Competition Bureau to proceed. On March 24, 2014, the proposed transaction received clearance from the U.S. Department of Justice under the Hart-Scott-Rodino Act to proceed.

The arrangement was approved by the shareholders of Canada Bread at a special meeting held in April 2014. Subject to Investment Canada approval, the proposed transaction is expected to close in the second quarter of 2014.

GROSS MARGIN

Gross margin in the first quarter was $47.9 million (6.7% of sales) compared to $39.5 million (5.7% of sales) last year. The increase in gross margin as a percentage of sales is largely attributable to increased margins in the hog production business, due to higher market prices for hogs and lower feed costs. Also contributing to improved margins were higher primary pork processing margins, and a $45.6 million increase in the fair value of biological assets, driven entirely by the increase in market value of hog production livestock. Partly offsetting these improvements were lower margins in the prepared meats business, largely attributable to higher transitional costs related to the network transformation projects, and higher raw material and inflationary costs not offset by pricing. Also partly offsetting margin improvement was a $31.5 million decrease in the fair value of unrealized mark-to-market commodity contracts, due largely to forward sales of hogs at prices lower than the current market.

The changes in the fair value of biological assets and unrealized gains or losses on commodity futures contracts have been excluded from Adjusted Operating Earnings as the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In the first quarter of 2014, selling, general and administrative expenses increased by 6.5% to $82.7 million (11.6% of sales) compared to $77.6 million (11.3% of sales) last year. The increase was driven by a $8.6 million expense related to the modification of a long-term incentive compensation plan, as described in Note 22 of the 2014 first quarter unaudited condensed consolidated interim financial statements. The long-term incentive plan expense is excluded from Adjusted Operating Earnings as this modification was a decision made as a result of the planned sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business. Excluding this amount, selling, general and administrative expenses represented 10.4% of sales. The decrease as a percentage of sales from last year was driven by lower defined benefit pension expense, as a result of lower net interest expense from higher funding levels.

OTHER INCOME (EXPENSE)

Other income for the first quarter of 2014 was $1.3 million (2013: income of $43.3 million) and primarily consisted of a $0.8 million property tax rebate and a gain on the sale of an investment property of $0.4 million. Other income in 2013 primarily consisted of a gain on sale of the Company's potato processing business of $45.4 million. Certain items in other income are excluded from the calculation of Adjusted EBITDA(i) and Adjusted Earnings per Share as they are not considered representative of ongoing operational activities of the business. Other income used in the calculation of Adjusted Earnings per Share for the first quarter of 2014 is $0.8 million (2013: loss of $0.3 million) which largely consists of a property tax rebate.

RESTRUCTURING AND OTHER RELATED COSTS

	Three months ended March 31,	
	2014	2013
		(Restated)
MEAT PRODUCTS GROUP		
Management structure changes		
Severance	**$ 355**	$ 912
Site closing and other costs	**(32)**	–
	$ 323	$ 912
Strategic value creation initiatives		
Severance	**$ (1,384)**	$ 25,365
Site closing and other costs	**(4)**	658
Asset impairment and accelerated depreciation	**6,022**	7,892
Retention	**6,515**	–
	$ 11,149	$ 33,915
Plant closure		
Severance	**$ –**	$ 103
Pension	**–**	283
	$ –	$ 386
Total Meat Products Group	**$ 11,472**	$ 35,213
NON-ALLOCATED		
Management structure changes		
Severance	**$ 421**	$ 1,745
	$ 421	$ 1,745
Organizational structure changes		
Severance	**$ 9,873**	$ –
	$ 9,873	$ –
Total non-allocated	**$ 10,294**	$ 1,745
Total restructuring and other related costs	**$ 21,766**	$ 36,958

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management Structure Changes

The Company has recorded restructuring and other related costs pertaining to organizational delayering and changes to its management structure.

Strategic Value Creation Initiatives

The Company's Meat Products Group has recorded restructuring costs related to changes in its manufacturing and distribution network as part of implementing the Value Creation Plan. During the first quarter of 2013, the Company recorded a significant amount of severance expense, as it determined that there was a sufficient level of planning and execution related to the Value Creation Plan to recognize these charges. Retention costs are also being recognized each period until the related plant closures occur.

(i) *Adjusted EBITDA is calculated as earnings from operations before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. Please refer to the section entitled Non-IFRS Financial Measures on page 14.*

Plant Closure

The Company's Meat Products Group has recorded restructuring costs related to the closure of a plant located in Ayr, Ontario.

Organizational Structure Changes

The Company has recorded restructuring and other related costs related to expected changes in corporate and management structure that will be required following the sale of Canada Bread, as further described in Note 20 of the 2014 first quarter unaudited condensed consolidated interim financial statements.

Impairment

There were no impairments or reversals of impairments recorded through restructuring and other related costs for the three months ended March 31, 2014 or March 31, 2013.

INTEREST EXPENSE AND OTHER FINANCING COSTS

Interest expense and other financing costs for the first quarter of 2014 was $114.7 million compared to $16.1 million last year. The increase was due to financing costs of $98.4 million, which was comprised of a $78.7 million early repayment premium to lenders, $10.1 million in financing fees, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings related to the settlement of interest rate swaps that are no longer designated as hedging instruments. As at March 31, 2014, 52.7% of indebtedness was fixed and not exposed to fluctuations in market interest rates, compared to 68.3% in the previous year. The decrease in the percentage of fixed indebtedness is due to the Company entering into variable interest rate swaps with a notional amount of $260.0 million in the fourth quarter of 2013.

INCOME TAXES

The Company's income tax expense relating to continuing operations for the first quarter of 2014 resulted in an effective tax rate of 26.2%, (2013: 35.2%). The lower effective tax rate in 2014 is primarily the result of the lower rates of tax applicable to the gains on the sales of the potato processing operations in 2013, and the proportion of earnings and losses in different tax jurisdictions. For 2014, the effective tax rates used in the computation of Adjusted Earnings per Share are 25.8% (2013: 25.8%) on restructuring charges and 26.9% (2013: 10.8%) on items not considered representative of ongoing operations. The higher tax rate on items not considered representative of ongoing operations is due to similar reasons as stated above.

ACQUISITIONS AND DIVESTITURES

Acquisitions and divestitures relating to continuing operations are as follows:

In the third quarter of 2013, the Company sold certain assets within its Ontario turkey agricultural operations for net proceeds of $47.1 million, resulting in a pre-tax gain of $9.7 million.

During the third quarter of 2013, the Company sold the final assets of a poultry farm and related production quota in Brooks, Alberta, originally purchased on February 1, 2012, and immediately classified it as assets held for sale. The Company purchased the operations and production quotas for a cash purchase price of $31.1 million. The acquisition was accounted for as a business combination. In 2012, the Company sold $8.0 million of the production quotas which resulted in a pre-tax gain of $0.5 million. In the second quarter of 2013, the Company sold assets for proceeds of $8.3 million. In the third quarter of 2013, the Company sold the remaining assets for proceeds of $12.9 million, which resulted in a 2013 pre-tax loss of $nil.

During the third quarter of 2013, the Company sold an investment property located in Aurora, Ontario, for $1.8 million, which resulted in a pre-tax gain of $1.0 million.

During the second quarter of 2013, the Company sold an investment property located in Ayr, Ontario, for $2.0 million, which resulted in a pre-tax gain of $0.2 million.

On January 4, 2013, the Company sold all the assets related to its Lethbridge, Alberta, potato processing facility to Cavendish Farms Corporation for net proceeds of $58.1 million resulting in a pre-tax gain of $45.4 million ($38.7 million after-tax) recorded in other income.

Acquisitions and divestitures relating to discontinued operations are as follows:

During the first quarter of 2014, the Company sold a fresh bakery in Toronto, Ontario that was closed in June 2013 for gross proceeds of $6.4 million, resulting in a pre-tax gain of $1.7 million.

During the fourth quarter of 2013, the Company sold substantially all of the net assets of its Olivieri fresh pasta business to Catelli Foods Corporation for net proceeds of $115.8 million, which resulted in a pre-tax gain of $78.9 million.

During the fourth quarter of 2013, the Company sold substantially all of the net assets of its Rothsay business to Darling International Inc. for net proceeds of $628.5 million, which resulted in a pre-tax gain of $526.5 million.

During the fourth quarter of 2013, the Company sold a fresh bakery in Toronto, Ontario that was closed in the first quarter of 2012 for gross proceeds of $12.4 million, resulting in a pre-tax gain of $11.4 million.

CAPITAL RESOURCES

The food industry segments in which the Company operates are generally characterized by high sales volume and rapid turnover of inventories and accounts receivable. In general, accounts receivable and inventories are readily convertible into cash. Investment in working capital is affected by fluctuations in the prices of raw materials and seasonal and other market-related fluctuations. For example, although an increase or decrease in pork or grain commodity prices may not affect margins, the pricing change can have a material effect on investment in working capital (primarily inventory and accounts receivable). The Company has in the past consistently generated a strong base level of operating cash flow, even in periods of higher commodity prices and restructuring of its operations. These operating cash flows provide a base of underlying liquidity that the Company supplements with credit facilities to provide longer-term funding and to finance fluctuations in working capital levels.

During the three months ended March 31, 2014, the Company amended its existing revolving credit facility to include additional shorter term financing. This facility now includes a revolving component with an availability of $1,050.0 million and a non-revolving component of $330.0 million. The non-revolving component expires on the earlier of March 31, 2015 and the closing of the Canada Bread sale. The revolving component will be reduced to $200.0 million upon closing of the Canada Bread sale and will expire on March 31, 2015. This facility bears interest at rates based on Banker's acceptance and prime rates for Canadian dollar loans, and U.S. prime rate and LIBOR for U.S. dollar loans. As at March 31, 2014, the Company had drawn $673.9 million on this facility, including letters of credit of $118.9 million. The facility is intended to meet the Company's funding requirements for general corporate purposes, and to provide appropriate levels of liquidity.

The following table summarizes the Company's debt and available and drawn credit facilities as at March 31:

($ millions)	**2014**	2013
Credit facilities, including AR securitization		
Maple Leaf Foods Inc.	**$ 1,491.2**	$ 1,174.8
Subsidiaries	**121.2**	110.5
Total available	**$ 1,612.4**	$ 1,285.3
Drawn amount		
Maple Leaf Foods Inc.	**$ 646.2**	$ 712.5
Subsidiaries	**60.9**	57.2
Letters of credit	**132.9**	124.2
Total drawn	**$ 840.0**	$ 893.9
% drawn	**52.1%**	69.5%

($ millions)	**2014**	2013
Other Debt		
Maple Leaf Foods Inc.	**$ 789.6**	$ 712.6
Subsidiaries	**2.9**	3.5
Total	**$ 792.5**	$ 716.1

On March 14, 2014, Maple Leaf gave notice of redemption on $706.0 million of senior notes ("the Notes"). In connection therewith, the Company recognized an early repayment premium of $78.7 million and expensed deferred financing charges of $2.5 million. Subsequent to the notice, it was determined that the Company's leverage ratio at March 31, 2014 would have exceeded the maximum level prescribed by the terms of the Notes; however, as described in Note 27 of the 2014 first quarter unaudited condensed consolidated interim financial statements, the Company issued a notice of redemption prior to the end of the quarter. As a result of the notice, all debt has been categorized as current on the balance sheet. These notes were subsequently repaid on April 14, 2014. As at March 31, 2014, the Company's Net Debt[i] to Adjusted EBITDA[ii] ratio was 5.5x.

To access competitively priced financing, and to further diversify its funding sources, the Company operates accounts receivable securitization facilities, under which it has sold certain accounts receivable, with very limited recourse, to an entity owned by an international financial institution with a long-term AA- debt rating. The receivables are sold at a discount to face value based on prevailing money market rates. At the end of the first quarter of 2014, the Company had $168.9 million (2013: $274.4 million) of trade accounts receivable excluding discontinued operations serviced under these facilities. In return for the sale of these receivables, the Company received cash of $59.7 million (2013: $155.1 million) and notes receivable in the amount of $109.2 million (2013: $119.2 million). Due to the timing of receipts and disbursements, the Company may, from time to time, record a receivable or payable related to the securitization facility, and as at March 31, 2014, this net payable amounted to $31.5 million (2013: $0.4 million net receivable). Excluding discontinued operations the maximum cash advance available to the Company under this program is $110.0 million.

These securitization facilities are subject to certain restrictions, including the maintenance of certain covenants. The Company was in compliance with all of the requirements of these securitization facilities during the first quarter of 2014. These facilities were accounted for as an off-balance sheet transaction under International Financial Reporting Standards ("IFRS"). If these facilities were terminated, the Company would recognize the securitized amounts on the consolidated balance sheet and consider alternative financing if required.

The weighted average term of the Company's debt is 1.1 years. Where cost effective to do so, the Company may finance automobiles, manufacturing equipment, computers and office equipment with operating or other lease facilities.

CAPITAL EXPENDITURES

Capital expenditures for the first quarter were $78.8 million compared to $76.1 million in 2013. Excluding discontinued operations, capital expenditures were $68.6 million in 2014 compared to $67.2 million last year. Spending on the prepared meats network transformation project, which was related to construction of the new Heritage facility in Hamilton, Ontario, was slightly higher than last year and was partly offset by lower base capital spending.

CASH FLOW AND FINANCING

Net Debt was $728.9 million at the end of the first quarter of 2014, compared to $451.7 million as at December 31, 2013, and $1,204.6 million at the end of the first quarter of 2013. The increase in debt for the quarter is largely due to a higher investment in working capital, the recognition of an early repayment premium as a result of the redemption of the Company's notes payable, and the investment in property and equipment during the quarter.

Cash Flow from Operating Activities

Cash required by operations for the quarter was $68.3 million compared to a $2.4 million in the first quarter of 2013, primarily due to a higher investment in working capital.

Cash Flow from Financing Activities

Cash provided by financing activities was $273.4 million for the quarter compared to $36.8 million in the first quarter of 2013, driven by increased borrowings.

Cash Flow from Investing Activities

Cash used in investing activities was $92.5 million for the quarter compared to $17.7 million in the first quarter of 2013, as lower proceeds from assets held for sale were only partly offset by lower cash spending on capital expenditures.

(i) *Net Debt, a non-IFRS measure, is calculated as long-term debt and bank indebtedness, less cash and cash equivalents. Management believes this measure is useful in assessing the amount of financial leverage employed. Please refer to the section entitled Non-IFRS Financial Measures on page 14.*

(ii) *The 12-month trailing Adjusted EBITDA figure used in the Net Debt to EBITDA calculation includes results from the Bakery Products Group, as the transaction to sell this business had not been completed as at March 31, 2014.*

Credit Risk

Credit risk refers to the risk of losses due to failure of the Company's customers and counterparties to meet their payment obligations.

In the normal course of business, the Company is exposed to credit risk from its customers, substantially all of which are in the retail, foodservice, industrial, and convenience channels. The Company performs ongoing credit evaluations of new and existing customers' financial conditions and reviews the collectibility of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. As at March 31, 2014, approximately $nil million (2013: $0.2 million) of the Company's accounts receivable were greater than 60 days past due. The Company maintains an allowance for doubtful accounts relating to specific losses estimated on individual exposures. As at March 31, 2014, the Company has recorded an allowance for doubtful accounts of $0.1 million (2013: $nil). There are no significant impaired accounts receivable that have not been provided for in the allowance for doubtful accounts. The Company believes that the allowance for doubtful accounts sufficiently covers any credit risk related to past due or impaired accounts receivable balances.

Management believes concentrations of credit risk with respect to accounts receivable is limited due to the generally high credit quality of the Company's major customers, the large number and geographic dispersion of smaller customers, and the operation of the accounts receivable securitization facility as mentioned previously. The Company does, however, conduct a significant amount of business with a small number of large grocery retailers. The Company's two largest customers comprised approximately 21.0% (2013: 10.8% to one customer) of consolidated sales.

The Company is exposed to credit risk on its notes receivable from a financial institution that holds an equity interest in an unconsolidated structured entity as described in Note 26 of the 2013 annual consolidated financial statements. Management believes that this credit risk is limited by the long-term AA- debt rating held by the counterparty. The Company is exposed to credit risk on its cash and cash equivalents (comprising primarily of deposits and short-term placements with Canadian chartered banks) and non-exchange-traded derivative contracts. The Company mitigates this credit risk by only dealing with counterparties that are major international financial institutions with long-term debt ratings of A or higher. The Company's maximum exposure to credit risk at the balance sheet date consisted primarily of the carrying value of non-derivative financial assets and non-exchange-traded derivatives with positive fair values.

CHANGE IN FAIR VALUE OF NON-DESIGNATED INTEREST RATE SWAPS

In the first quarter of 2014, the Company recorded a gain of $1.1 million due to changes in the fair value of interest rate swaps. In the first quarter of 2013, the Company recorded a gain of $0.6 million due to changes in the fair value of interest rate swaps.

On March 14, 2014, the Company issued a notice of repayment for all outstanding U.S. and Canadian denominated notes payable, with a repayment date of April 14, 2014. On the original issuance of the U.S. denominated debt, and in order to hedge against the foreign exchange risk associated with the issuance of U.S. denominated debt, the Company entered into cross-currency interest rate swaps. The cross-currency swaps converted the U.S. denominated fixed-rate notes, into a fixed-rate Canadian denominated notes, and were accounted for as cash flow hedges.

As a result of the decision to accelerate the repayment of all outstanding notes the Company has terminated the cross-currency swaps maturing in 2021, hedge accounting on all of the cross-currency interest rate swaps have been discontinued. This has resulted in a reclassification of $9.6 million from accumulated other comprehensive income, to interest expense and other financing costs, during the three months ended March 31, 2014. The remaining cross-currency swaps due to expire in 2014 were terminated in April 2014 for a payment of $29.6 million.

SUBSEQUENT EVENTS

On April 7, 2014, the Company terminated its cross-currency interest rate swaps maturing in December 2014 for a payment made of $29.6 million.

On April 14, 2014, the Company repaid notes payable for an amount of US$360.5 million (CAD$395.2 million) and CAD$400.0 million, including US$318.0 million (CAD$348.6 million) and CAD$354.5 million of principal, US$36.7 million (CAD$40.2 million) and CAD$37.6 million of early repayment premium, and US$5.8 million (CAD$6.4 million) and CAD$7.9 million of accrued interest.

SHARE CAPITAL

As at April 22, 2014, there were 140,339,189 common shares issued and outstanding.

OTHER MATTERS

On April 30, 2014, the Company declared a dividend of $0.04 per share payable June 30, 2014 to shareholders of record at the close of business on June 6, 2014. Unless indicated otherwise by the Company in writing on or before the time the dividend is paid, the dividend will be considered an Eligible Dividend for the purposes of the "Enhanced Dividend Tax Credit System".

SUMMARY OF QUARTERLY RESULTS

The following is a summary of unaudited quarterly financial information (in thousands of dollars except per share information):

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Sales[(ii)]	**2014**	**$ 711,347**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	689,353	759,265	757,848	748,311	2,954,777
	2012	741,760	792,553	779,356	761,391	3,075,060
Net earnings (loss) from continuing operations[(ii)]	**2014**	**$(124,606)**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	(30,644)	(38,366)	(24,474)	(47,942)	(141,425)
	2012[(iii)]	(19,793)	(16,738)	(12,183)	17,300	(31,414)
Net earnings (loss)[(i)]	**2014**	**$ (131,994)**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	(14,742)	9	15,521	511,375	512,163
	2012[(iii)]	(5,775)	25,988	26,043	50,306	96,562
Earnings (loss) per share from continuing operations[(ii)]						
Basic[(i)(iv)]	**2014**	**$ (0.89)**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
	2012[(iii)]	(0.14)	(0.12)	(0.09)	0.12	(0.23)
Diluted[(i)(iv)]	**2014**	**$ (0.89)**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
	2012[(iii)]	(0.14)	(0.12)	(0.09)	0.12	(0.23)
Adjusted EPS[(i)(iv)(v)]	**2014**	**$ (0.24)**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	(0.24)	(0.25)	(0.19)	(0.41)	(1.08)
	2012[(iii)]	(0.07)	(0.06)	(0.02)	0.10	(0.05)
Earnings (loss) per share[(ii)]						
Basic[(i)(iv)]	**2014**	**$ (0.95)**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	(0.11)	(0.02)	0.09	3.58	3.55
	2012[(iii)]	(0.04)	0.17	0.17	0.35	0.64
Diluted[(i)(iv)]	**2014**	**$ (0.95)**	**$ –**	**$ –**	**$ –**	**$ –**
	2013	(0.11)	(0.02)	0.09	3.58	3.55
	2012[(iii)]	(0.04)	0.17	0.17	0.34	0.64

(i) *Net earnings, earnings per share and Adjusted Earnings per Share are based on amounts attributable to common shareholders.*

(ii) *2013 and 2012 figures have been restated for the classification of the Rothsay business and The Bakery Products Group as discontinued operations. Refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(iii) *2012 figures have been restated for the impact of adopting the revised International Accounting Standard 19 Employee Benefits ("IAS 19"). Refer to Note 32 of the Company's 2013 audited annual consolidated financial statements.*

(iv) *May not add due to rounding.*

(v) *Refer to Non-IFRS Financial Measures starting on page 14.*

Quarterly sales in 2014 were affected by the following significant items:

- results from discontinued operations;
- higher volumes in the prepared meats, fresh poultry, and hog production businesses;

- lower volumes in the fresh pork business;
- the benefit of a price increase implemented in prepared meats during the third quarter of 2013;
- a higher value sales mix in the prepared meats business;
- favourable commodity prices for fresh pork;
- a weaker Canadian dollar relative to the U.S. dollar, which benefited fresh pork exports;
- lower hog volumes to external parties in the hog production business; and
- lower pricing on toll feed sales in the hog production business.

Quarterly net earnings in 2014 were affected by the following significant items:

- results from discontinued operations;
- transitional costs at the prepared meats business related to executing its network transformation strategy;
- margin compression at the prepared meats business due to higher raw material, other input, and inflationary costs that were not offset by pricing;
- higher volumes in the prepared meats business;
- improved primary pork processing margins and increased labour and yield efficiencies in the fresh pork business;
- lower export margins, primarily to the Japanese market, in the fresh pork business;
- higher market prices for hogs, partly offset by hedging positions in the hog production business;
- lower feed costs in the hog production business;
- changes in fair value of non-designated interest rate swaps, biological assets, and (gains) losses on commodity futures contracts;
- other financing costs;
- restructuring and other related costs;
- a $8.6 million modification of a long-term incentive plan, which was a decision made as a result of the planned sale of Canada Bread; and
- recognition of legal and other professional fees associated with acquisitions and divestitures.

Quarterly sales in 2013 were affected by the following significant items:

- results from discontinued operations;
- lower sales volume in the prepared meats business in the first quarter, that improved for the remainder of the year;
- lower sales volumes in the fresh pork business;
- price increases implemented during 2013 at the prepared meats business;
- favourable sales mix in the prepared meats business;
- divestiture of the Company's potato processing facility in the first quarter of 2013;
- impact of a weaker Japanese yen on fresh pork export sales;
- higher market pricing for pork products; and divestiture of the Company's poultry agricultural operations in the third quarter of 2013.

Quarterly net earnings in 2013 were affected by the following significant items:

- results from discontinued operations;
- gains on sales of the Company's Rothsay and Olivieri businesses in the fourth quarter of 2013;
- adverse market conditions that reduced margins in primary pork and poultry processing, and hog production;

- price increases implemented during 2013 at the prepared meats business;
- higher raw material and inflationary costs in the prepared meats business;
- lower sales volume in the prepared meats business in the first quarter, that improved for the remainder of the year;
- lower sales volumes in the fresh pork business;
- lower export margins, primarily to the Japanese market, in the fresh pork business;
- transitional costs associated with implementing the prepared meats strategy, including manufacturing and distribution inefficiencies associated with operating parallel legacy facilities scheduled to close in 2014;
- lower contributions from hedging programs in the hog production business;
- changes in fair value of non-designated interest rate swaps, biological assets and gains/losses on commodity futures contracts;
- lower selling, general and administrative expenses;
- restructuring and other related costs;
- divestiture of the Company's potato processing facility during the first quarter of 2013;
- divestiture of the Company's Rothsay business during the fourth quarter of 2013;
- impairment on poultry quota assets that were sold in the second quarter of 2013;
- sale of a poultry farm and related production quotas in the third quarter of 2013;
- sale of the turkey agricultural operations in the third quarter of 2013;
- gain related to the de-designation of interest rate swaps from a hedge accounting relationship in the third quarter of 2013;
- gain due to a pension curtailment related to the discontinued operations of the Rothsay business in the third quarter of 2013;
- recoveries from insurance claims;
- sale of an investment property in Aurora, Ontario in the third quarter of 2013;
- recognition of legal and other professional fees associated with acquisitions and divestitures.

For an explanation and analysis of quarterly results, refer to the Company's Management's Discussion and Analysis for each of the respective quarterly periods filed on SEDAR and which are also available on the Company's website at www.mapleleaffoods.com.

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

The Company applied, for the first time beginning on January 1, 2014, certain standards and amendments. As required by IAS 34 *Interim Financial Reporting* and IAS 8 *Accounting Policies, Change in Accounting Estimates and Errors*, the nature and the effect of these changes are disclosed below:

Financial Assets and Liabilities

Beginning on January 1, 2014, the Company adopted the amendments to IAS 32 *Financial Instruments: Presentation* on a retrospective basis with restatement. The amendments to IAS 32 clarify when an entity has a legally enforceable right to offset, as well as clarify, when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The impact of the adoption of the amendments to IAS 32 did not have a material impact on the Company's condensed consolidated financial statements.

Levies

Beginning January 1, 2014, the Company adopted International Financial Reporting Interpretations Committee ("IFRIC") 21 *Levies* on a retrospective basis with restatement. This IFRIC is applicable to all levies other than outflows, that are within the scope of other standards, fines, or penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payments, as identified by the relevant legislation, occurs. The impact of the adoption of IFRIC 21 did not have a material impact on the Company's condensed consolidated financial statements.

Novation of Derivatives and Continuation of Hedge Accounting

Beginning January 1, 2014, the Company adopted IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* (Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*). The amendments added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when novation that was not contemplated in the original hedging documentation meets specific criteria. The impact of the adoption of the amendments to IAS 39 did not have a material impact on the Company's condensed consolidated financial statements.

Recent Accounting Pronouncements

Employee Benefits

In November 2013, the IASB published amendments to IAS 19 *Employee Benefits*. The effective date for these amendments is annual periods beginning on or after July 1, 2014. These amendments are to be applied retrospectively. IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments to IAS 19 provide a practical expedient for simplifying the accounting in certain situations. If the amount of contribution is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service costs in the period in which the service is rendered, instead of allocating the contributions to the period's service. The Company intends to adopt the amendments to IAS 19 in its consolidated financial statements for the annual period beginning January 1, 2015. The extent of the impact of the adoption of amendments to IAS 19 has not yet been determined.

Annual Improvements to IFRS (2010 – 2012) and (2011 – 2013) Cycles

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. Amendments were made to clarify items including the definition of vesting conditions in IFRS 2 *Share-Based Payment*, disclosure on the aggregation of *operating segments* in IFRS 8 *Operating Segments*, measurement of short-term receivables and payables under IFRS 13 *Fair Value Measurement*, definition of related party in IAS 24 *Related Party Disclosures*, and other amendments. Special transitional requirements have been set for certain of these amendments. Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014, earlier application is permitted. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2015. The extent of the impact of adoption of the amendments has not yet been determined.

Financial Instruments – Recognition and Measurement

In November 2009, the IASB issued IFRS 9 *Financial Instruments* (IFRS 9 (2009)) and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9 (2010)). IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additional changes relating to financial liabilities. In November 2013, the IASB published amendments to IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments*: Disclosures, and IAS 39 Financial Instruments: *Disclosures* (collectively, IFRS 9 (2013)) to include a new general hedge accounting model and allow the adoption of the treatment of fair value changes due to a Company's own credit risk on financial liabilities designated at fair value through profit or loss. Special transitional requirements have been set for the application of the new general hedging model. This amendment removes the January 1, 2015, effective date. In February 2014, the IASB tentatively decided that the mandatory effective date for these amendments to be January 1, 2018. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual periods beginning January 1, 2018. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting during the period beginning on January 1, 2014 and ended on March 31, 2014 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

On January 1, 2014, the Company adopted the Committee of Sponsoring Organizations new internal control framework ("COSO 2013"), which did not have a material impact on the Company's internal controls over financial reporting and disclosure controls and procedures.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, and Net Debt. Management believes that these non-IFRS measures provide useful information to investors in measuring the financial performance of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS.

Adjusted Operating Earnings

Adjusted Operating Earnings, a non-IFRS measure, is used by Management to evaluate financial operating results. It is defined as earnings before income taxes from continuing operations adjusted for items that are not considered representative of ongoing operational activities of the business and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The table below provides a reconciliation of net earnings as reported under IFRS in the unaudited consolidated interim statements of earnings to Adjusted Operating Income for the three and nine months ended, as indicated below. Management believes that this basis is the most appropriate on which to evaluate operating results, as they are representative of the ongoing operations of the Company.

	Three months ended March 31, 2014			
($ thousands) *(Unaudited)*	**Meat Products Group**	**Agribusiness Group**[i]	**Unallocated costs**	**Consolidated**
Net earnings (loss) from continuing operations				**$ (124,606)**
Income taxes				**(44,193)**
Earnings (loss) before income taxes from continuing operations				**$ (168,799)**
Interest expense and other financing costs				**114,711**
Change in the fair value of non-designated interest rate swaps				**(1,110)**
Other (income) expense	**(526)**	**(291)**	**(476)**	**(1,293)**
Restructuring and other related costs	**11,472**	**–**	**10,294**	**21,766**
Earnings (loss) from Continuing Operations	**$ (27,447)**	**$ (346)**	**$ (6,932)**	**$ (34,725)**
Decrease (increase) in fair value of biological assets[ii]	**–**	**–**	**(40,306)**	**(40,306)**
Unrealized (gains) / loss on commodity futures contracts[iii]	**–**	**–**	**36,503**	**36,503**
Modification of long-term incentive plan[iv]	**–**	**–**	**8,600**	**8,600**
Adjusted Operating Earnings[v]	**$ (27,447)**	**$ (346)**	**$ (2,135)**	**$ (29,928)**

(i) *Figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Refer to Note 6 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets*

(iii) *Unrealized gains/losses on commodity futures contracts are reported within cost of goods sold on the Company's 2014 first quarter unaudited condensed consolidated interim financial statements*

(iv) *Modification of long-term incentive plan are reported within selling, general and administrative expenses on the Company's 2014 first quarter unaudited condensed consolidated interim financial statements*

(v) *Figures exclude the results from The Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

	Three months ended March 31, 2013			
($ thousands) *(Unaudited)*	Meat Products Group	Agribusiness Group[i]	Unallocated costs	Consolidated
Net earnings (loss) from continuing operations				$ (30,644)
Income taxes				(16,674)
Earnings (loss) before income taxes from continuing operations				$ (47,318)
Interest expense				16,103
Change in the fair value of non-designated interest rate swaps				(617)
Other (income) expense	(43,393)	889	(793)	(43,297)
Restructuring and other related costs	35,213	–	1,745	36,958
Earnings (loss) from Continuing Operations	$ (10,452)	$ (12,926)	$ (14,793)	$ (38,171)
Decrease (increase) in fair value of biological assets[ii]	–	–	5,278	5,278
Unrealized (gains) / losses on commodity futures contracts[iii]	–	–	5,041	5,041
Adjusted Operating Earnings[iv]	$ (10,452)	$ (12,926)	$ (4,474)	$ (27,852)

(i) *Figures exclude the results of the Rothsay business, which is reported as discontinued operations. Refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Refer to Note 6 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets*

(iii) *Unrealized gains/losses on commodity futures contracts are reported within cost of goods sold on the Company's 2014 first quarter unaudited condensed consolidated interim financial statements*

(iv) *Figures exclude the results from The Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

ADJUSTED EARNINGS PER SHARE

Adjusted Earnings per Share, a non-IFRS measure, is used by Management to evaluate ongoing financial operating results. It is defined as basic earnings per share from continuing operations attributable to common shareholders, and is adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The table below provides a reconciliation of basic earnings per share from continuing operations as reported under IFRS in the unaudited consolidated interim statements of earnings to Adjusted Earnings per Share for the three and nine months ended, as indicated below. Management believes this basis is the most appropriate on which to evaluate financial results as they are representative of the ongoing operations of the Company.

($ per Share)	Three months ended March 31,	
(Unaudited)	**2014**	2013[i]
Basic earnings (loss) per share from continuing operations	**$ (0.89)**	$ (0.22)
Restructuring and other related costs[ii]	**0.12**	0.20
Items included in other income not considered representative of on-going operations[iii]	**–**	(0.27)
Change in the fair value of non-designated interest rate swaps[iv]	**(0.01)**	–
Change in the fair value of unrealized losses on commodity futures contracts[iv]	**0.19**	0.03
Change in the fair value of biological assets[iv]	**(0.21)**	0.03
Other financing costs[v]	**0.51**	–
Modification of long-term incentive plan[vi]	**0.05**	–
Adjusted Earnings per Share[vii]	**$ (0.24)**	$ (0.24)

(i) *2013 figures have been restated for the classification of the Rothsay business and the Bakery group as discontinued operations. Refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Includes per share impact of restructuring and other related costs, net of tax and non-controlling interest.*

(iii) *Includes gains/losses associated with non-operational activities, including gains/losses related to restructuring activities, business combinations, discontinued operations, assets held for sale, and hedge ineffectiveness recognized in earnings, all net of tax.*

(iv) *Includes per share impact of the change in fair value of non-designated interest rate swaps, unrealized (gains) losses on commodity futures contracts and the change in fair value of biological assets, net of tax.*

(v) *Includes a $78.7 million early repayment premium to lenders, $10.1 million in financing costs, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings related to the settlement of interest rate swaps that are no longer designated as hedging instruments*

(vi) *Relates to a $8.6 million modification of a long-term incentive compensation plan, which was a decision made as a result of the planned sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

(vii) *May not add due to rounding.*

Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization

Adjusted EBITDA is calculated as earnings from operations before interest and income taxes plus depreciation and intangible asset amortization, adjusted for items that are not considered representative of ongoing operational activities of the business, and items where the economic impact of the transactions will be reflected in earnings in future periods when the underlying asset is sold or transferred. The following table provides a reconciliation of net earnings as reported under IFRS in the unaudited consolidated interim statements of earnings to Adjusted EBITDA for the three months ended, as indicated below. Management believes Adjusted EBITDA is useful in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

	Three months ended March 31,	
($ thousands)	**2014**	2013(i)
Net earnings (loss) from continuing operations	**$ (124,606)**	$ (30,644)
Income taxes	**(44,193)**	(16,674)
Earnings (loss) before income taxes from continuing operations	**$ (168,799)**	$ (47,318)
Interest expense and other financing costs	**114,711**	16,103
Items included in other income not representative of on-going operations(ii)	**(543)**	(43,606)
Restructuring and other related costs	**21,766**	36,958
Change in the fair value of non-designated interest rate swaps, biological assets and unrealized (gains) losses on commodity futures contracts	**(4,913)**	9,701
Modification of long-term incentive plan(iii)	**8,600**	
Depreciation and amortization	**21,501**	18,348
Adjusted EBITDA	**$ (7,677)**	$ (9,814)

(i) *2013 figures have been restated for the classification of the Rothsay business and the Bakery Group as discontinued operations. Refer to Note 20 of the Company's 2014 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Includes gains/losses associated with non-operational activities, including gains/losses related to restructuring activities, business combinations, discontinued operations, and assets held for sale.*

(iii) *Relates to a $8.6 million modification of a long-term incentive compensation plan, which was a decision made as a result of the planned sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

Net Debt

The following table reconciles Net Debt used in net debt to EBITDA ratios reflected on page 8 to amounts reported under IFRS in the 2014 first quarter unaudited consolidated interim balance sheets as at the periods indicated below. The Company calculates Net Debt as long-term debt and bank indebtedness, less cash and cash equivalents. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands) *(Unaudited)*	**As at March 31, 2014**	As at December 31, 2013	As at March 31, 2013
Bank indebtedness	**$ –**	$ 4,408	$ 33,491
Current portion of long-term debt(i)	**1,334,965**	209,780	6,823
Current portion of long-term debt included in liabilities associated with assets held for sale(ii)	**554**	–	–
Long-term debt	**6,232**	744,212	1,256,708
Long-term debt included in liabilities associated with assets held for sale(ii)	**2,051**	–	–
Sub total	**$ 1,343,802**	$ 958,400	$ 1,297,022
Cash and cash equivalents	**(470,783)**	(506,670)	(92,438)
Cash and cash equivalents included in assets held for sale(ii)	**(144,096)**	–	–
Net Debt	**$ 728,923**	$ 451,730	$ 1,204,584

(i) *Includes $76.1 million of the $78.7 million early repayment premium paid in April 2014; the remaining $2.6 million is reflected in accounts payable and accruals on the March 31, 2014 consolidated balance sheet*

(ii) *Refer to Note 7 of the 2014 first quarter unaudited condensed consolidated interim financial statements.*

FORWARD-LOOKING STATEMENTS

This document contains, and the Company's oral and written public communications often contain, "forward-looking information" within the meaning of applicable securities law. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which the Company operates, as well as beliefs and assumptions made by the Management of the Company. Such statements include, but are not limited to, statements with respect to objectives and goals, in addition to statements with respect to 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 expected timing of the completion of the sale of shares of Canada Bread to Grupo Bimbo (there can be no assurances that any transaction will be completed); the anticipated benefits, timing, actions, costs, and investments associated with the Plan; expectations regarding Net Debt to EBITDA ratios during the implementation of the Plan; expectations regarding the use of derivatives, futures and options; expectations regarding improving efficiencies; the expected use of cash balances; source of funds for ongoing business requirements; capital investments and debt repayment; expectations regarding acquisitions and divestitures; the timing of new plant openings and old plant closures, job losses and LEED® certification; expectations regarding the impact of new accounting standards; expectations regarding sufficiency of the allowance for uncollectible accounts; and expectations regarding pension plan performance and future pension plan liabilities and contributions. Words such as "expect", "anticipate", "intend", "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 and risks and uncertainties that are difficult to predict.

In addition, these statements and expectations concerning the performance of the Company's business in general are 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, the 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 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, implied, or forecasted by forward-looking information include, among other things:

- risks associated with the pending acquisition of Canada Bread by Grupo Bimbo;
- risks associated with implementing and executing the Plan;
- risks associated with the availability of capital and the Company's outstanding indebtedness;
- risks associated with changes in the Company's systems and processes;
- risks posed by food contamination, consumer liability, and product recalls;
- risks associated with acquisitions, divestitures, and capital expansion projects;
- impact on pension expense and funding requirements of fluctuations in the market prices of fixed income and equity securities and changes in interest rates;
- cyclical nature of the cost and supply of hogs and the competitive nature of the pork market generally;
- risks related to the health status of livestock;
- impact of a pandemic on the Company's operations;
- the Company's exposure to currency exchange risks;

- ability of the Company to hedge against the effect of commodity price changes through the use of commodity futures and options;
- impact of changes in the market value of the biological assets and hedging instruments;
- impact of international events on commodity prices and the free flow of goods;
- risks posed by compliance with extensive government regulation;
- risks posed by litigation;
- impact of changes in consumer tastes and buying patterns;
- impact of extensive environmental regulation and potential environmental liabilities;
- risks associated with a consolidating retail environment;
- risks posed by competition;
- 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;
- risks associated with the Company's independent distributors;
- risks associated with pricing the Company's products;
- risks associated with managing the Company's supply chain; and
- 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 discussed in more detail under the heading "Risk Factors" presented previously in this document. The reader should review such section in detail. Some of the forward-looking information may be considered to be financial outlooks for purposes of applicable securities legislation including, but not limited to, statements concerning future EBITDA margins; capital expenditures; cash costs; and non-cash restructuring charges. These financial outlooks are presented to allow the Company to benchmark the results of the Plan. These financial outlooks may not be appropriate for other purposes and readers should not assume they will be achieved. The Company does not intend to, 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 Annual Information Form, will be available on SEDAR at www.sedar.com. Maple Leaf Foods Inc. is a leading Canadian value added meat, meals, and bakery company, committed to delivering quality food products to consumers around the world. Headquartered in Toronto, Canada, the Company employs approximately 18,000 people at its operations in Canada, the U.S., Europe, and Asia.

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