MAPLE LEAF FOODS INC.

Management's Discussion and Analysis
For the First Quarter Ended
March 31, 2015

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April 29, 2015

FINANCIAL OVERVIEW

Maple Leaf Foods Inc. ("the Company") sales from continuing operations of $780.2 million for the first quarter was an increase of 9.7% from last year, or 8.5% after adjusting for the impact of foreign exchange. The increase was primarily a result of higher pricing in the Meat Products Group, partially offset by lower volumes.

Adjusted Operating Earnings[(i)] for the first quarter was $10.4 million compared to a loss of $29.9 million last year. The Meat Products Group benefited from price increases in the prepared meats business and improved export margins in the fresh pork business, which were partially offset by lower volumes in the prepared meats business.

Adjusted Earnings per Share[(ii)] was $0.05 in the first quarter of 2015 compared to a loss of $0.24 last year.

Net loss from continuing operations for the first quarter was $2.8 million (loss of $0.02 per basic share attributable to common shareholders[(iii)]) compared to a loss of $124.6 million (loss of $0.89 per share) last year. This included $10.8 million ($0.06 per share) of pre-tax expenses related to restructuring and other related costs (2014: $21.8 million, or $0.12 per share). The decrease was primarily due to non-recurring finance costs that were incurred last year in relation to the repayment of the Company's outstanding debt and lower selling, general and administrative costs.

Several items are excluded from the discussions of underlying earnings performance as they are not representative of ongoing operational activities. Refer to the section entitled Reconciliation of Non-IFRS Financial Measures at the end of this Management Discussion and Analysis on page 8 for a description and reconciliation of all non-IFRS financial measures.

Notes:

(i) *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 8.*

(ii) *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 on the same basis as Adjusted Operating Earnings. Please refer to the section entitled Non-IFRS Financial Measures on page 8.*

(iii) *Unless otherwise stated, all per share amounts are basic attributable to common shareholders.*

OPERATING REVIEW

The following table summarizes sales by business segment:

($ thousands) *(Unaudited)*	Three Months Ended March 31,	
	2015	2014
Meat Products Group	**$ 776,409**	$ 705,399
Agribusiness Group	**3,839**	5,948
Total Sales[(i)]	**$ 780,248**	$ 711,347

The following table summarizes Adjusted Operating Earnings by business segment:

($ thousands) *(Unaudited)*	Three Months Ended March 31,	
	2015	2014
Meat Products Group	**$ 7,878**	$ (27,447)
Agribusiness Group	**2,532**	(346)
Protein Group	**$ 10,410**	$ (27,793)
Non-Allocated Costs in Adjusted Operating Earnings[(ii)]	**—**	(2,135)
Adjusted Operating Earnings[(i)]	**$ 10,410**	$ (29,928)

(i) *2014 figures exclude the results of the Bakery Products Group, which are reported as discontinued operations. Refer to Note 22 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

(ii) *Non-allocated costs are comprised of 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.*

Meat Products Group

Includes value-added prepared meats, lunch kits and snacks, and fresh pork and poultry products sold under leading Canadian brands such as Maple Leaf®, Schneiders® and many leading regional brands.

Sales in the Meat Products Group for the first quarter increased 10.1% to $776.4 million, or 8.8% after adjusting for the weaker Canadian dollar. The improvement was driven by price increases implemented in the prepared meats business during the second quarter of 2014 in response to higher raw material costs, increased volumes in the fresh pork business and improved sales mix in the fresh poultry business. These were partially offset by lower volumes in the prepared meats business.

Adjusted Operating Earnings for the first quarter increased to $7.9 million compared to a loss of $27.4 million last year, primarily as a result of improved margins. The prepared meats business benefited from price increases and a reduction in transitional costs, partially offset by lower volumes. Transitional costs primarily related to commissioning activities at the new prepared meats facility in Hamilton, the largest in the Company's network, and duplicative overhead costs from legacy plants scheduled to be closed. The reduction in transitional costs was mainly attributable to a decrease in duplicative overhead costs resulting from the closure of three legacy facilities in 2014 and the largest legacy facility in the Company's network on February 27, 2015. Earnings in the fresh pork business improved due to increased export margins, primarily in Japan, and growth in the Canadian retail market, which more than offset a decline in pork processing margins. Earnings in the fresh poultry business increased as a result of improvements in poultry processing margins and operating efficiencies.

Agribusiness Group

Includes Canadian hog production operations that primarily supply the Meat Products Group with livestock as well as toll feed sales.

Agribusiness Group sales for the first quarter declined to $3.8 million compared to $5.9 million last year, due to lower toll feed sales.

Adjusted Operating Earnings in the first quarter increased to $2.5 million compared to a loss of $0.3 million last year as the hog production operations benefited from hog prices, net of hedging activities, which was offset by additional costs incurred relating to the prevention of the Porcine Epidemic Diarrhea ("PED") virus.

Non-allocated Costs

Non-allocated amounts that are excluded from the computation of Adjusted Operating Earnings in the first quarter comprise a $7.3 million loss due to changes in the fair value of biological assets (2014: gain of $40.3 million), and an $11.0 million unrealized gain in the first quarter on futures contracts (2014: loss of $36.5 million). In 2014, an $8.6 million expense related to the modification of a long-term incentive compensation plan was excluded from the computation of Adjusted Operating Earnings, as described in Note 24 of the 2015 first quarter unaudited condensed consolidated interim financial statements.

There is no amount included in Adjusted Operating Earnings for the three months ended March 31, 2015. The 2014 expense of $2.1 million related to corporate costs that were not allocated to any reportable segment.

The changes in the fair value of biological assets and unrealized and realized (gains) losses on futures contracts have been excluded from Adjusted Operating Earnings, as the economic impact of these 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 sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.

DIVESTITURE OF CANADA BREAD AND DISCONTINUED OPERATIONS

On May 23, 2014, Grupo Bimbo, S.A.B. de C.V. of Mexico ("Grupo Bimbo") acquired the 90.0% of issued and outstanding shares of Canada Bread Company, Limited ("Canada Bread") owned by the Company, by way of a statutory plan of arrangement under the Business Corporations Act (Ontario) (the "Arrangement"). The Company received gross proceeds of $1,657.0 million (which included its share of the dividend paid upon closing of the Arrangement) for its 90.0% interest in Canada Bread, resulting in a pre-tax gain of $997.0 million for the year ended December 31, 2014. Upon the sale of the business, the net assets of Canada Bread were derecognized.

The discontinued operations loss in the first quarter of 2015 pertains to additional transaction costs associated with the disposal of the Bakery Products Group in the prior year and incurred in the current year.

There were no sales from discontinued operations in the first quarter of 2015. Sales from discontinued operations in the first quarter of 2014 were $342.8 million relating to Canada Bread.

Net loss from discontinued operations in the first quarter of 2014 was $7.4 million. This included $6.8 million in earnings from Canada Bread and residual expenses relating to the divestiture of Olivieri fresh pasta and sauce business.

For additional information on discontinued operations please see Note 22 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.

GROSS MARGIN

Gross margin in the first quarter was $89.2 million (11.4% of sales) compared to $47.9 million (6.7% of sales) last year. The increase in gross margin as a percentage of sales is largely attributable to margin improvement in the Meat Products Group. This was driven primarily by the price increases implemented in the second quarter of 2014 in the prepared meats business, in response to increased raw material and inflationary costs, and improved volume and export margins in the fresh pork business. Partially offsetting this increase was lower volume in the prepared meats business. Also included in gross margin was a $47.6 million decrease in the fair value of biological assets and a $47.5 million increase in the fair value of unrealized mark-to-market contracts.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSE

For the first quarter of 2015, selling, general and administrative expense decreased by 9.2% to $75.0 million (9.6% of sales) compared to $82.7 million (11.6% of sales) last year. The decrease was largely driven by an $8.6 million expense related to the modification of a long-term incentive compensation plan in the first quarter of 2014, as described in Note 24 of the 2015 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 then planned sale of the Company's interest in Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.

OTHER INCOME (EXPENSE)

Other expense for the first quarter of 2015 was $5.8 million (2014: income of $1.3 million) and included a $5.1 million depreciation charge on assets servicing divested businesses. Other income in the first quarter of 2014 primarily consisted of a $0.8 million property tax rebate and a gain on the sale of an investment property of $0.4 million.

Certain items in other income (expense) 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 (expense) used in the calculation of Adjusted Earnings per Share for the first quarter of 2015 is an expense of $0.2 million (2014: income of $0.8 million).

(i) *Adjusted EBITDA is calculated as earnings from continuing 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 8.*

RESTRUCTURING AND OTHER RELATED COSTS

The following table summarizes restructuring and other related costs for the three months ended March 31:

		2015		2014
MEAT PRODUCTS GROUP				
Management and organizational structure changes				
Severance	**$**	**131**	$	355
Site closing and other costs		**—**		(32)
	$	**131**	$	323
Strategic value creation initiatives				
Severance	**$**	**90**	$	(1,384)
Site closing and other costs		**2,964**		(4)
Asset impairment and accelerated depreciation		**4,237**		6,022
Retention		**1,104**		6,515
	$	**8,395**	$	11,149
Plant closure				
Severance	**$**	**4**	$	—
Total Meat Products Group	**$**	**8,530**	$	11,472
NON-ALLOCATED				
Management and organizational structure changes				
Severance(i)	**$**	**1,556**	$	10,294
Site closing and other costs		**(45)**		—
Pension		**804**		—
Total Non-Allocated	**$**	**2,315**	$	10,294
Total restructuring and other related costs	**$**	**10,845**	$	21,766

(i) *2014 amount includes share based payments as described in Note 24 of the 2015 first quarter unaudited condensed consolidated interim financial statements.*

Amounts in the table above are net of reversals.

A brief description of the projects is as follows:

Management and Organizational Structure Changes

The Company has recorded restructuring and other related costs pertaining to organizational delayering and changes to its management structure, related to the sale of Canada Bread and to other initiatives.

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.

Plant Closure

This category includes plant closures not related to the Company's Strategic Value Creation Initiatives described above. There were no such plant closures in the three months ended March 31, 2015.

Impairment

During the three months ended March 31, 2015 and 2014, the Company did not record any impairments or reversals of impairments of fixed assets through restructuring and other related costs.

INTEREST EXPENSE AND OTHER FINANCING COSTS

Interest expense and other financing costs for the first quarter of 2015 was $1.2 million compared to $114.7 million last year. The decrease was mainly due to nonrecurring financing costs of $98.4 million during the first quarter of 2014 related to the repayment of the Company's outstanding debt in the second quarter of 2014. The financing costs were comprised of a $78.7 million early repayment premium to lenders, $10.1 million of financing fees, and a $9.6 million loss transferred from accumulated other comprehensive income into earnings due to the de-designation of interest rate swaps that are no longer designated as hedging instruments.

INCOME TAXES

The Company’s income tax recoverable relating to continuing operations for the first quarter of 2015 resulted in an effective tax rate of 24.9% (2014: 26.2%). The lower effective rate of taxes recoverable in 2015 is primarily the result of the higher rate of tax recovery applicable to the release from other comprehensive income in 2014. For 2015, the effective tax rates used in the computation of Adjusted Earnings per Share is 25.8% (2014: 25.8%) on restructuring charges and 25.8% (2014: 26.9%) on items not considered representative of ongoing operations. The lower effective tax rate in 2015 on items not considered representative of ongoing operations is due to similar reasons as stated above.

ACQUISITIONS AND DIVESTITURES

There were no acquisitions and divestitures relating to continuing operations during the first quarter of 2015.

Acquisitions and divestitures relating to discontinued operations were as follows:

During the second quarter of 2014, the Company sold 90.0% of the issued and outstanding shares of Canada Bread, resulting in gross proceeds of $1,657.0 million (which includes its share of the dividend paid upon closing of the Arrangement) and a pre-tax gain of $997.0 million for the year ended December 31, 2014.

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

CAPITAL RESOURCES

The consumer packaged meats industry in which the Company operates is generally characterized by high sales volume and high 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 price of raw materials, seasonal and other market-related fluctuations. For example, although an increase or decrease in pork commodity prices may not affect margins, the pricing change can have a material effect on investments 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 and cash on hand to provide longer-term funding and to finance fluctuations in working capital levels.

On February 3, 2015, the Company amended its existing $200.0 million committed credit facility by extending the maturity date of the facility to June 30, 2016 using the same syndicate of Canadian, U.S., and international institutions on similar terms and conditions to the pre-existing facility. The committed facility is unsecured and bears interest based on short-term interest rates. The facility is intended to meet the Company’s funding requirements for general corporate purposes and to provide appropriate levels of liquidity. As at March 31, 2015, the Company had not drawn any loans (2014: $555.0 million) and had drawn letters of credit of $10.5 million (2014: $118.9 million) on this facility.

On August 6, 2014, the Company entered a new uncommitted credit facility for issuing up to a maximum of $120.0 million of letters of credit. As at March 31, 2015, $101.6 million of letters of credit had been issued thereon. These letters of credit have been collateralized with cash, as further described in Note 4 of the Company’s 2015 first quarter unaudited condensed consolidated interim financial statements.

The Company's cash balance as at March 31, 2015, is $427.1 million. The Company has invested in short-term deposits in Canadian financial institutions with long-term debt ratings of A or higher.

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. As at March 31, 2015, the Company had $201.9 million (2014: $168.9 million) of trade accounts receivable serviced under these facilities. In return for the sale of these receivables, the Company will receive cash of $93.1 million (2014: $59.7 million) and notes receivable in the amount of $108.8 million (2014: $109.2 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, 2015, the Company recorded a net receivable of $18.1 million (2014: $31.5 million net payable). The maximum cash advance available to the Company under this program is $110.0 million. These facilities were accounted for as an off-balance sheet transaction under International Financial Reporting Standards (“IFRS”).

The Company's securitization and other credit facilities are subject to certain restrictions, including the maintenance of certain covenants. The Company was in compliance with all of the requirements of these facilities as at March 31, 2015. If these facilities were terminated, the Company would recognize the securitized amounts on the consolidated balance sheet and consider alternative financing if required.

CAPITAL EXPENDITURES

Capital expenditures for the first quarter were $25.9 million compared to $78.8 million, or $68.6 million excluding discontinued operations, in 2014. The decrease compared to 2014 reflects lower spend on the Value Creation Plan as the project nears completion.

CASH FLOW AND FINANCING

Net Cash, a non-IFRS measure as described on page 8, was $416.5 million at the end of the first quarter of 2015, compared to net debt of $728.9 million in 2014, and net cash of $485.8 million as at December 31, 2014. The decrease in cash for the three months ended March 31, 2015 is largely due to a seasonal increase in working capital, investment in property and equipment and a higher quarterly dividend payment.

Cash Flow from Operating Activities

Cash used by operations for the quarter was $34.6 million compared to $68.3 million in the first quarter of 2014. The improvement was primarily due to higher earnings, partially offset by higher investment in working capital and higher cash restructuring payments.

Cash Flow from Financing Activities

Cash used in financing activities was $10.3 million for the quarter compared to cash provided of $273.4 million in the first quarter of 2014. The change is mainly due to higher drawings on the Company's credit facility in the first quarter of 2014 due to the timing of repayment of the Company's senior notes in the second quarter of 2014.

Cash Flow from Investing Activities

Cash used in investing activities was $24.4 million for the quarter compared to $92.5 million in the first quarter of 2014. The decrease was mainly due to lower capital expenditures as the Value Creation Plan nears completion.

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 collectability of its trade accounts receivable and other receivables in order to mitigate any possible credit losses. As at March 31, 2015, an insignificant amount 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, 2015, the Company has recorded an allowance for doubtful accounts of $0.0 million (2014: $0.1 million). There are no significant impaired accounts receivable that have not been provided for in the allowance for doubtful accounts.

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. During the first quarter, the Company’s largest customer comprised approximately 14.5% (2014: 21.0% from two customers) of total sales. No other sales were made to any one customer that represented in excess of 10% of total 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 28 of the 2014 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 2015, the Company recorded a gain of $1.6 million (2014: gain of $1.1 million) due to changes in the fair value of interest rate swaps.

SHARE CAPITAL

As at April 23, 2015, there were 143,076,589 common shares issued and outstanding.

OTHER MATTERS

On April 29, 2015, the Company declared a dividend of $0.08 per share payable June 30, 2015, to shareholders of record at the close of business on June 5, 2015. 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".

On March 23, 2015, the Company announced that the Toronto Stock Exchange ("TSX") accepted a notice filed by the Company to establish a normal course issuer bid ("NCIB") program. The NCIB program commenced on March 25, 2015 and will terminate on March 24, 2016, or on such earlier date as the Company may complete its purchases pursuant to a Notice of Intention filed with the TSX. Under the NCIB program, the Company is authorized to purchase up to 8.65 million of its common shares by way of normal course purchases effected through the facilities of the TSX and/or alternative Canadian trading platforms. Common shares purchased by the Company will be cancelled.

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(iii)
Sales(i)	**2015**	**$**	**780,248 $**	**— $**	**— $**	**— $**	**—**
	2014		711,347	831,790	820,097	794,007	3,157,241
	2013		689,353	759,265	757,848	748,311	2,954,777
Net earnings (loss) from continuing operations(i)	**2015**	**$**	**(2,802) $**	**— $**	**— $**	**— $**	**—**
	2014		(124,606)	(39,544)	(26,671)	(22,992)	(213,813)
	2013		(30,644)	(38,366)	(24,474)	(47,941)	(141,425)
Net earnings (loss)	**2015**	**$**	**(2,861) $**	**— $**	**— $**	**— $**	**—**
	2014		(131,994)	898,855	(26,767)	(28,188)	711,906
	2013		(14,742)	9	15,521	511,375	512,163
Earnings (loss) per share from continuing operations(i)							
Basic(ii)	**2015**	**$**	**(0.02) $**	**— $**	**— $**	**— $**	**—**
	2014		(0.89)	(0.28)	(0.19)	(0.16)	(1.51)
	2013		(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
Diluted(ii)	**2015**	**$**	**(0.02) $**	**— $**	**— $**	**— $**	**—**
	2014		(0.89)	(0.28)	(0.19)	(0.16)	(1.51)
	2013		(0.22)	(0.27)	(0.18)	(0.34)	(1.01)
Adjusted EPS(ii)(iv)	**2015**	**$**	**0.05 $**	**— $**	**— $**	**— $**	**—**
	2014		(0.24)	(0.13)	(0.13)	(0.08)	(0.58)
	2013		(0.24)	(0.25)	(0.19)	(0.41)	(1.08)
Earnings (loss) per share(ii)							
Basic(ii)	**2015**	**$**	**(0.02) $**	**— $**	**— $**	**— $**	**—**
	2014		(0.95)	6.38	(0.19)	(0.20)	5.03
	2013		(0.11)	(0.02)	0.09	3.58	3.55
Diluted(ii)	**2015**	**$**	**(0.02) $**	**— $**	**— $**	**— $**	**—**
	2014		(0.95)	6.38	(0.19)	(0.20)	5.03
	2013		(0.11)	(0.02)	0.09	3.58	3.55

(i) *Figures exclude discontinued operations.*

(ii) *Basic and diluted earnings (loss) per share, earnings (loss) per share from continuing operations and Adjusted Earnings (loss) per Share are based on amounts attributable to common shareholders.*

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

(iv) *Refer to Non-IFRS Financial Measures starting on page 8.*

Quarterly sales in 2015 were affected by the following significant items:

- price increases implemented in the prepared meats business during the second quarter of 2014 in response to higher raw material and inflationary costs;
- increased volumes in the fresh pork business;
- lower volumes in the prepared meats business;

- favourable sales mix in the fresh poultry business;
- a weaker Canadian dollar relative to the U.S. dollar, which benefited fresh pork exports;

Quarterly net earnings from continuing operations in 2015 were affected by the following significant items:

- price increases implemented in the prepared meats business during the second quarter of 2014;
- transitional costs in the prepared meats business related to executing its network transformation strategy;
- higher pork exports;
- decline in primary pork processing margins;
- improved poultry processing margins;
- lower volumes in the prepared meats business;
- lower market prices for hogs, offset by hedging positions in the hog production business;
- higher feed costs in the hog production business;
- changes in fair value of non-designated interest rate swaps, biological assets, and (gains) losses on futures contracts;
- restructuring and other related costs;
- accelerated depreciation of assets used to support divested businesses.

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

- favourable commodity prices for fresh pork;
- price increases implemented in the prepared meats business during the second quarter of 2014 in response to higher raw material and inflationary costs;
- lower volume in the prepared meats, and fresh pork businesses;
- a higher value sales mix in the prepared meats business;
- a weaker Canadian dollar relative to the U.S. dollar, which benefited fresh pork exports; and
- price increases implemented during 2013 in the prepared meats business.

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

- transitional costs in the prepared meats business related to executing its network transformation strategy;
- lower volume in the prepared meats business;
- improved primary pork processing margins and market values for pork by-products and increased labour and yield efficiencies in the fresh pork business;
- higher pork exports;
- 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 futures contracts;
- early redemption financing costs;
- restructuring and other related costs;
- the expense related to a modification of a long-term incentive plan, which was a decision made as a result of the then planned sale of Canada Bread;
- accelerated depreciation of assets used to support divested businesses; and
- impairment of assets.

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

SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards Adopted During the Period

For the first time beginning on January 1, 2015, the Company adopted 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:

Employee Benefits

Beginning on January 1, 2015, the Company adopted the amendments to IAS 19 Employee Benefits retrospectively. The amendments to IAS 19 required contributions from employees or third parties that are linked to service to be attributed to periods of service as a negative benefit. The amendments to IAS 19 provide simplified 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 adoption of the amendments to IAS 19 did not have a material impact on the Company's consolidated financial statements.

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

Beginning on January 1, 2015, the Company adopted various amendments to a total of seven standards including 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. The adoption of these amendments did not have a material impact on the Company's consolidated financial statements.

Accounting Pronouncements Issued But Not Yet Effective

Annual Improvements to IFRS (2012-2014) Cycle

In September 2014, the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvement process. Amendments were made to clarify items including the consistent classification of assets if they are reclassified from held for sale to held for distribution in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and clarification of interim financial statement disclosure requirements regarding offsetting financial assets and liabilities and clarification of whether a servicing contract constitutes continuing involvement for the purposes of disclosures of transferred financial assets that are derecognized under IFRS 7 Financial Instruments: Disclosures. The amendments also include clarification that the currency of the bonds used to estimate the discount rate for pension obligations must be the same as the currency in which the benefits will be paid under IAS 19 Employee Benefits and additional requirements under IAS 34 Interim Financial Reporting that cross-referenced information from the interim financial statements must be available at the same time and on the same terms as the interim financial statements. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Joint Arrangements

In May 2014, IFRS 11 Joint Arrangements was amended to require an acquisition of a joint operation that constitutes a business to be accounted for using the principles of business combinations in IFRS 3 Business Combinations. This amendment applies to both initial and additional interest acquired in the joint operation. The Company intends to adopt the amendments to IFRS 11 in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of amendments to IFRS 11 has not yet been determined.

Consolidated Financial Statements and Investments in Associates and Joint Ventures

In September 2014, IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures were amended to clarify an inconsistency between the two standards relating to the sale or contribution of assets from an investor to its associate or joint venture. The amendment requires that a full gain or loss is recorded if the sold or contributed assets do not constitute a business. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning January 1, 2016. The extent of the impact of the adoption of the amendments have not yet been determined.

Revenue Recognition

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers. IFRS 15 replaces the detailed guidance on revenue recognition requirements that currently exists under IFRS. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers, unless the contracts are within the scope of other IFRSs. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets that are not an output of the Company's ordinary activities. Additional disclosure is required under the standard, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods, and key judgments and estimates. The standard is effective for annual periods beginning on or after January 1, 2017; early application is permitted either following a full retrospective approach or a modified retrospective approach. The modified retrospective approach allows the standard to be applied to existing contracts beginning the initial period of adoption and restatements to the comparative periods are not required. The Company is required to disclose the impact by financial line item as a result of the adoption of the new standard. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning January 1, 2017. The extent of the impact of adoption of IFRS 15 has not yet been determined.

Financial Instruments – Recognition and Measurement

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments with a mandatory effective date of January 1, 2018. The new standard brings together the classification and measurements, impairment and hedge accounting phases of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model. The Company intends to adopt IFRS 9 in its consolidated financial statements for the annual period beginning January 1, 2018. The extent of the impact of the adoption of IFRS 9 has not yet been determined.

The disclosure requirements in IFRS 7 Financial Instruments - Disclosure have also been amended to include the additional disclosure required under IFRS 9. The Company intends to adopt these amendments to IFRS 7 at the same time as adoption of IFRS 9. The extent of the impact of the adoption of the amendments to IFRS 7 has not yet been determined.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the period beginning on January 1, 2015, and ended on March 31, 2015, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

NON-IFRS FINANCIAL MEASURES

The Company uses the following non-IFRS measures: Adjusted Operating Earnings, Adjusted Earnings per Share, Adjusted EBITDA, and Net Cash (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 net earnings (loss) 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 (loss) from continuing operations as reported under IFRS in the unaudited consolidated interim statements of earnings (loss) to Adjusted Operating Earnings for the three 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.

($ thousands) *(Unaudited)*	**Three months ended March 31, 2015**			
	Meat Products Group	**Agribusiness Group**	**Non-allocated costs**	**Consolidated**
Net earnings (loss) from continuing operations				**$ (2,802)**
Income taxes				**(931)**
Earnings (loss) before income taxes from continuing operations				**$ (3,733)**
Interest expense and other financing costs				**1,224**
Other (income) expense	**193**	**3**	**5,641**	**5,837**
Restructuring and other related costs	**8,530**	**—**	**2,315**	**10,845**
Earnings (loss) from continuing operations	**$ 7,878**	**$ 2,532**	**$ 3,763**	**$ 14,173**
Decrease (increase) in fair value of biological assets[(i)]	**—**	**—**	**7,283**	**7,283**
Unrealized (gains) loss on futures contracts[(ii)]	**—**	**—**	**(11,046)**	**(11,046)**
Adjusted Operating Earnings	**$ 7,878**	**$ 2,532**	**$ —**	**$ 10,410**

(i) *Refer to Note 7 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets.*

(ii) *Realized and unrealized gains/losses on futures contracts are reported within cost of goods sold in the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

($ thousands) *(Unaudited)*	Three months ended March 31, 2014			
	Meat Products Group	Agribusiness Group	Non-allocated 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[(i)]	—	—	(40,306)	(40,306)
Unrealized (gains) loss on futures contracts[(ii)]	—	—	36,503	36,503
Modification of long-term incentive plan[(iii)]	—	—	8,600	8,600
Adjusted Operating Earnings[(iv)]	$ (27,447)	$ (346)	$ (2,135)	$ (29,928)

(i) *Refer to Note 7 of the Company's 2015 first quarter unaudited condensed consolidated interim financial statements for further details regarding biological assets.*

(ii) *Realized and unrealized gains/losses on futures contracts are reported within cost of goods sold in the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

(iii) *Modification of long-term incentive plan is reported within selling, general and administrative expenses on the Company's 2015 first quarter unaudited condensed consolidated interim financial statements.*

(iv) *Figures exclude the results of the Bakery Products Group. The Bakery Products Group results are reported as discontinued operations as disclosed in Note 22 of the Company's 2015 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 (loss) per share from continuing operations attributable to common shareholders, and is adjusted on the same basis as Adjusted Operating Earnings. The table below provides a reconciliation of basic earnings (loss) per share from continuing operations as reported under IFRS in the unaudited consolidated interim statements of earnings (loss) to Adjusted Earnings per Share for the three 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) *(Unaudited)*	**Three months ended March 31,**			
		2015		2014
Basic earnings (loss) per share from continuing operations	**$**	**(0.02)**	$	(0.89)
Restructuring and other related costs[(i)]		**0.06**		0.12
Items included in other income not considered representative of ongoing operations[(ii)]		**0.03**		0.00
Change in the fair value of non-designated interest rate swaps[(iii)]		**—**		(0.01)
Change in the fair value of unrealized (gain) loss on futures contracts[(iii)]		**(0.06)**		0.19
Change in the fair value of biological assets[(iii)]		**0.04**		(0.21)
Other financing costs[(iv)]		**—**		0.51
Modification impact to long-term incentive plan[(v)]		**—**		0.05
Adjusted Earnings per Share[(vi)]	**$**	**0.05**	$	(0.24)

(i) *Includes per share impact of restructuring and other related costs, net of tax.*

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

(iii) *Includes per share impact of the change in fair value of non-designated interest rate swaps, unrealized and realized (gains) losses on futures contracts and the change in fair value of biological assets, net of tax. In 2015, the change in fair value of non-designated interest rate swaps is presented as other income.*

(iv) *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.*

(v) *Relates to an $8.6 million modification of long-term incentive compensation plan as a result of the costs being fixed and payments accelerated, which was a decision made conditional on the sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

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

Adjusted Earnings Before Interest, Tax, Depreciation, and Amortization

Adjusted EBITDA is calculated as earnings (loss) from continuing 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 (loss) from continuing operations as reported under IFRS in the unaudited consolidated interim statements of net earnings (loss) 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.

($ thousands) *(Unaudited)*	**Three months ended March 31,**			
		2015		2014
Net earnings (loss) from continuing operations	**$**	**(2,802)**	$	(124,606)
Income taxes		**(931)**		(44,193)
Earnings (loss) before income taxes from continuing operations	**$**	**(3,733)**	$	(168,799)
Interest expense and other financing costs		**1,224**		114,711
Items included in other income not representative of ongoing operations[(i)]		**5,641**		(543)
Restructuring and other related costs		**10,845**		21,766
Change in the fair value of non-designated interest rate swaps, biological assets and unrealized and realized (gains) losses on futures contracts		**(3,763)**		(4,913)
Modification impact to long-term incentive plan[(ii)]		**—**		8,600
Depreciation and amortization		**26,641**		21,501
Adjusted EBITDA	**$**	**36,855**	$	(7,677)

(i) *Includes gains/losses associated with non-operational activities, including gains/losses related to discontinued operations, assets held for sale, and interest income.*

(ii) *Relates to an $8.6 million modification of long-term incentive compensation plan as a result of the costs being fixed and payments accelerated, which was a decision made conditional on the sale of Canada Bread, and is therefore not considered representative of ongoing operational activities of the business.*

Net Cash (Debt)

The following table reconciles Net Cash (Debt) to amounts reported under IFRS in the unaudited consolidated interim balance sheets as at the periods indicated below. The Company calculates Net Cash (Debt) as cash and cash equivalents, less long-term debt and bank indebtedness. Management believes this measure is useful in assessing the amount of financial leverage employed.

($ thousands) *(Unaudited)*		**As at March 31, 2015**		As at March 31, 2014
Current portion of long-term debt(i)	**$**	**(592)**	$	(1,334,965)
Current portion of long-term debt included in liabilities associated with assets held for sale(ii)		**—**		(554)
Long-term debt		**(10,012)**		(6,232)
Long-term debt included in liabilities associated with assets held for sale(ii)		**—**		(2,051)
Sub total	**$**	**(10,604)**	$	(1,343,802)
Cash and cash equivalents	**$**	**427,100**	$	470,783
Cash and cash equivalents included in assets held for sale(ii)		**—**		144,096
Net Cash (Debt)	**$**	**416,496**	$	(728,923)

(i) *2014 figure included $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 8 of the 2015 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 anticipated benefits, timing, actions, costs, and investments associated with the Value Creation 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 old plant closures and job losses; LEED certification; expectations regarding the adoption of new accounting standards and the impact of such adoption on financial position; 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., and Japanese economies; the rate of exchange of the Canadian dollar to the U.S. dollar, and the Japanese yen; the availability and prices of raw materials, energy and supplies; product pricing; the availability of insurance; the competitive environment and related market conditions; improvement of operating efficiencies whether as a result of the Value Creation Plan or otherwise; continued access to capital; the cost of compliance with environmental and health standards; no adverse results from ongoing litigation; no unexpected actions of domestic and foreign governments; and the general assumption that none of the risks identified below or elsewhere in this document will materialize. All of these assumptions have been derived from information currently available to the Company, including information obtained by the Company from third-party sources. These assumptions may prove to be incorrect in whole or in part. In addition, actual results may differ materially from those expressed, implied, or forecasted in such forward-looking information, which reflect the Company's expectations only as of the date hereof.

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

- risks associated with the Company focusing solely on the protein business;
- risks related to the Company's decisions regarding any potential return of capital to shareholders;
- risks associated with implementing and executing the Value Creation Plan;
- risks associated with the availability of capital;
- risks associated with changes in the Company's information 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, the potential for work stoppages due to non-renewal of collective agreements, and recruiting and retaining qualified personnel;
- 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” in the Company's Management Discussion and Analysis for the fiscal year ended December 31, 2014, which is available on SEDAR at www.sedar.com. 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 Value Creation 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 and Management's Discussion and Analysis for the fiscal year ended December 31, 2014 is available on SEDAR at www.sedar.com. Maple Leaf Foods Inc. is a leading Canadian consumer protein company. Headquartered in Mississauga, Canada, the Company employs approximately 12,000 people at its operations in Canada, the U.S., and Asia.

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