Saputo

Management Proxy Circular

June 7, 2011

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VOTING INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by the Management of SAPUTO INC. (the "Company") of proxies which will be used to vote at the Annual and Special Meeting (the "Meeting") of the holders of common shares of the Company (the "Common Shares") to be held on August 2, 2011, at the time and place and for the purposes set forth in the foregoing Notice and at any adjournment thereof.

The solicitation of proxies will be made primarily by mail. However, the Management of the Company may solicit proxies at a nominal cost by telephone, telecopier or by personal interview. The Company will reimburse brokers and other persons holding shares for others for their reasonable expenses for sending proxy material to beneficial owners in order to obtain voting instructions. The Company will bear all expenses in connection with the solicitation of proxies.

Appointment of Proxy Holders

The persons whose names are printed on the enclosed form of proxy are directors and executive officers of the Company. **Every holder of Common Shares has the right to appoint a person (who need not be a shareholder), other than those whose names are printed on the form of proxy, to act on his or her behalf at the Meeting. To exercise this right, the holder of Common Shares must insert his or her nominee's name in the blank space provided for such purpose in the form of proxy or prepare another proxy in proper form.**

Voting by Proxy

The persons whose names are printed on the enclosed form of proxy will vote all the shares in respect of which they are appointed to act in accordance with the instructions indicated on the form of proxy. **If the form of proxy does not provide for any instructions, these persons will vote in favour of the proposals made by the Management of the Company.**

Every proxy given to any of the persons named in the form of proxy confers discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to any other matter that may properly come before the Meeting.

In order to be voted at the Meeting, a proxy must be received by the Secretary of the Company at least 48 hours prior to the Meeting.

Revocation of Proxies

A proxy may be revoked at any time by the person giving it, to the extent that it has not already been exercised. A proxy may be revoked by filing a written notice with the Secretary of the Company, provided this notice is received no later than the business day preceding the Meeting. The powers of the proxy holders may also be revoked if the holder of Common Shares attends the Meeting in person and so requests by depositing such written notice with the Chairman of the Meeting.

Non-Registered Shareholders

Shareholders who do not hold their shares in their own name, also known as non-registered holders or beneficial holders (the "Beneficial Holders"), should note that only registered holders or the persons they appoint as their proxies are authorized to attend and vote at the Meeting or any adjournment thereof.

If the Common Shares appear in an account statement sent to a shareholder by an intermediary, such as, among others, brokers, banks, trust companies and trustees or administrators of self administered RRSPs, RRIFs, RESPs and similar plans, or are registered in the name of a clearing agency of which the intermediary is a participant, such Common Shares are most probably not registered in the name of the shareholder. **As a result, each Beneficial Holder must ensure that their voting instructions are communicated to the appropriate person well before the Meeting or any adjournment thereof.**

Pursuant to National Instrument 54-101 "Communication with Beneficial Owners of Securities of a Reporting Issuer", brokers and other intermediaries are required to request voting instructions from Beneficial Holders prior to shareholder meetings. Brokers and other intermediaries have their own procedures for sending materials and their own guidelines for the return of documents; Beneficial Holders should follow these instructions carefully if the voting rights carried by their Common Shares are to be cast at the Meeting. In Canada, very often, brokers now use service companies such as Broadridge Financial Solutions Inc., formerly ADP Investor Communications ("Broadridge"), or Computershare Investor Services ("Computershare") to forward meeting materials to non-registered holders and to obtain their clients' instructions. Beneficial Holders who receive a voting instruction form from Broadridge or Computershare may not use the said form to vote directly at the Meeting. If you have questions on how to exercise voting rights carried by Common Shares held through a broker or other intermediary, please contact the broker or intermediary directly.

Although a Beneficial Holder will not be recognized at the Meeting for the purpose of directly exercising the voting rights carried by the Common Shares registered in the name of his broker (or a representative thereof), he or she may attend the Meeting as proxy for the registered holder and, in such capacity, exercise the voting rights carried by such Common Shares.

Unless otherwise indicated, in this Circular, the form of proxy and the notice of Meeting attached hereto, shareholders shall mean registered holders.

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Common Shares are the only securities of the share capital of the Company which carry voting rights. As of May 26, 2011, the Company had 203,835,956 Common Shares outstanding. Each Common Share entitles its holder to one vote.

Only holders of Common Shares of record at 5:00 p.m. on June 17, 2011 will be entitled to receive the Notice. They will also be entitled to vote at the Meeting and at any adjournment thereof, unless their Common Shares have been transferred and the transferee has produced properly endorsed certificate(s) representing the transferred Common Shares or has otherwise established ownership of the transferred Common Shares and has requested, at least 10 days before the Meeting, that such transferee's name be duly entered on the list of shareholders of the Company, in which case the transferee shall exercise the voting rights attached to the Common Shares.

To the knowledge of the Company's directors and executive officers, on May 26, 2011, the only persons or companies who or which owned of record or beneficially, directly or indirectly, or exercised control or direction over 10% or more of the issued and outstanding Common Shares were the following:

Name	Type of Ownership	Number of Common Shares	Percentage of Class
Gestion Jolina Inc.(1)	of record	69,879,924(2)	34.28

(1) Gestion Jolina Inc. is a holding company controlled by Mr. Emanuele (Lino) Saputo.

(2) Includes 3,023,256 Common Shares held by Jolina Capital Inc., the sole shareholder of Gestion Jolina Inc.

ELECTION OF DIRECTORS

For fiscal 2012, Management proposes that the Board of Directors be composed of eleven (11) members as one member, Mr. Louis A. Tanguay, has advised the Company that he does not intend to renew his mandate as director. The Board does not wish to replace Mr. Tanguay at this time and Management therefore proposes that the other eleven (11) current members of the Board of Directors be re-elected as directors at the Meeting. **Except where the authority to vote in favour of the directors is withheld, the persons whose names are printed on the form of proxy intend to vote FOR the election of the eleven (11) nominees whose names are set forth in the following table.** The vote for each director will be conducted on an individual basis. All nominees are currently directors of the Company and have established their eligibility and willingness to serve as directors if elected to office. Each director elected will hold office until the next annual meeting or until that director's successor is duly elected, unless the office is vacated earlier in accordance with the relevant provisions of applicable laws.

The following table sets forth, for each person nominated by Management for election as a director, his or her name, place of residence, the year in which he or she first became a director, his or her principal occupation, his or her independence with respect to the Company, his or her biography, his or her presence on the Board of Directors of other public companies, the committees of the Board of the Company on which he or she serves, if any, the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised and the number of options and Deferred Share Units ("DSU") owned, the whole as of May 26, 2011.

EMANUELE (LINO) SAPUTO[1]
Chairman of the Board of the Company
Québec, Canada

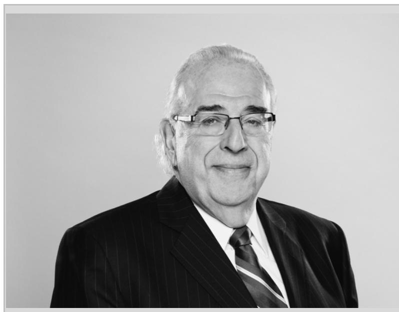
Director since 1992
Non-independent
Holdings: 69,879,924 Common Shares[2]

Emanuele (Lino) Saputo founded the Company with his parents in 1954. He became Chairman of the Board and President of the Company in 1969. In 1997, following the initial public offering of the Company, he was named Chairman of the Board and Chief Executive Officer and remained in this position until March 2004, following which he remained Chairman of the Board. Mr. Saputo serves on the Board of Directors of Transforce Inc.

LINO A. SAPUTO, JR.
President and Chief Executive Officer
and Vice Chairman of the Board of the Company
Québec, Canada

Director since 2001
Non-independent
Holdings: 67,297 Common Shares

Lino A. Saputo, Jr. joined the Company in 1988 as Administrative Assistant. In 1993, he became Vice President, Operations and, in 1998, Executive Vice President, Operations. From July 2001 to January 2004, he was President and Chief Operating Officer of the Company's Dairy Products Division (USA). In March 2004, he was appointed to the position of President and Chief Executive Officer. Mr. Saputo serves on the Board of Directors of Transcontinental Inc.



ANDRÉ BÉRARD
Corporate Director
Québec, Canada

Director since 1997
Independent
Holdings: 32,250 Common Shares, 4,000 Options[3] and 45,231 DSU[4]

Lead Director of the Board and Chairman of the Corporate Governance and Human Resources Committee of the Company

Over the past 40 years, Mr. Bérard held various positions within a Canadian Chartered Bank, including that of Chairman of the Board and Chief Executive Officer. Mr. Bérard serves on the Board of Directors of BCE Inc., BMTC Group Inc., Bombardier Inc. and Transforce Inc.

LUCIEN BOUCHARD
Senior Partner, Davies Ward Phillips & Vineberg LLP
Québec, Canada

Director since 2004
Independent
Holdings: 30,409 DSU[4]

Member of the Corporate Governance and Human Resources Committee of the Company

Lucien Bouchard was Premier of the Province of Québec from January 1996 to March 2001. Prior to that, Mr. Bouchard was Canada's Ambassador to France, successively Secretary of State, Minister of the Environment under the Federal Government, Leader of the Official Opposition in the House of Commons, and practiced law for 22 years. Since April 6, 2001, he has been a Senior Partner with Davies Ward Phillips & Vineberg LLP. Mr. Bouchard serves on the Board of Directors of BMTC Group Inc., Transcontinental Inc. and Transforce Inc.

PIERRE BOURGIE
President and Chief Executive Officer, Société Financière Bourgie (1996) Inc. (a diversified investment company)
Québec, Canada

Director since 1997
Independent
Holdings: 946,000 Common Shares, 4,000 Options[3] and 13,835 DSU[4]

Member of the Corporate Governance and Human Resources Committee of the Company

Pierre Bourgie has been, since 1996, President and Chief Executive Officer of Société Financière Bourgie (1996) Inc. and President of Ipso Facto, a real estate financing limited partnership. Mr. Bourgie also serves on the Board of Directors of Quincaillerie Richelieu Inc.

FRANK A. DOTTORI[5]
Managing Director, GreenField Ethanol's Cellulosic Ethanol division
(an ethanol and industrial alcohol manufacturer and distributor)
Québec, Canada

Director since 2003
Independent
Holdings: 2,575 Common Shares, 2,000 Options[3] and 30,886 DSU[4]

Member of the Audit Committee of the Company

Frank A. Dottori was, until January 26, 2006, President and Chief Executive Officer of Tembec Inc., a forest products company which he co-founded. In May 2006, he became the President of Fadco Consulting Inc. and, on March 7, 2008, he was named Managing Director of GreenField Ethanol's Cellulosic Ethanol division. He has also served as Governor of the Montreal Stock Exchange. Mr. Dottori serves on the Board of Directors of Capital BLF Inc.

ANTHONY M. FATA
President, Sager Food Products Inc. (a food products manufacturing and distribution company)
Québec, Canada

Director since 2008
Independent
Holdings: 6,000 Common Shares and 9,669 DSU[(4)]

Member of the Audit Committee of the Company

Anthony M. Fata was, until 1999, Executive Director of Investment Banking for a wholly-owned subsidiary of a Canadian Chartered Bank. In this position, he was actively involved in various equity and debt issues, as well as numerous merger and acquisition transactions. In 1999, he became Vice-President of sales and marketing of Sager Food Products Inc. He was appointed President of this company in November 2004. Mr. Fata is a member of the Quebec Bar.

JEAN GAULIN
Corporate Director
California, USA

Director since 2003
Independent
Holdings: 57,400 Common Shares, 2,000 Options[(3)] and 2,531 DSU[(4)]

Member of the Corporate Governance and Human Resources Committee of the Company

Jean Gaulin was Chairman of the Board of Ultramar Diamond Shamrock Corporation from January 1, 2000 to January 1, 2002. He was also President and Chief Executive Officer of this corporation from January 1, 1999 to January 1, 2002. In 1996, following the merger of Ultramar Corporation and Diamond Shamrock Inc., he was named Vice-Chairman of the Board, President and Chief Operating Officer of Ultramar Diamond Shamrock. Mr. Gaulin serves on the Board of Directors of National Bank of Canada and Rona Inc.

TONY METI
President, G.D.N.P. Consulting Services, Inc. (a consulting company)
Québec, Canada

Director since 2008
Independent
Holdings: 400 Common Shares and 10,629 DSU[(4)]

Member of the Audit Committee of the Company

Tony Meti held various executive positions within Canadian Chartered Banks over the past 30 years, including Senior Vice-President, Commercial Banking and International from 2002 to 2007 and Senior Vice-President, Commercial, North America, from 2000 to 2002. Since 2007, he has been President of G.D.N.P. Consulting Services, Inc. Mr. Meti serves on the Board of Directors of ADF Group Inc.

CATERINA MONTICCIOLO, CA
President of Julvest Capital Inc. (a holding company)
Québec, Canada

Director since 1997
Independent
Holdings: 238,000 Common Shares, 4,000 Options(3) and 17,946 DSU(4)

Caterina Monticciolo is a chartered accountant and President of Julvest Capital Inc. From January 1995 to October 1996, she served as Manager for Administrative Services for Saputo Inc. From 1990 to 1994, she served as an auditor and tax consultant for Samson Bélair Deloitte & Touche.

PATRICIA SAPUTO, CA, ICD.D
Chief Financial Officer of Placements Italcan Inc. (a diversified investment company)
Québec, Canada

Director since 1999
Independent
Holdings: 2,000 Common Shares, 4,000 Options(3) and 18,268 DSU(4)

Patricia Saputo is a chartered accountant who worked in accounting and estate tax planning from 1991 to 1998 with Samson Bélair Deloitte & Touche. Since 1998, she has been the controller of Placements Italcan Inc. and, as of 2002, she became its Chief Financial Officer. Mrs. Saputo is also President of Pasa Holdings Inc., an investment holding company.

(1) Mr. Emanuele (Lino) Saputo is a director of Arbec Forest Products Inc. (formerly Uniforêt Inc.), which filed for protection under the Companies' Creditors Arrangement Act on April 17, 2001. In May 2003, Uniforêt Inc. entered into a plan of arrangement with its creditors. In February 2004, it completed the implementation of this plan.

(2) The shares are held by Jolina Capital Inc. and Gestion Jolina Inc., both of which are holding companies controlled by Mr. Emanuele (Lino) Saputo. See "Voting Shares and Principal Holders of Voting Shares".

(3) Effective in fiscal 2005, the options granted to the outside directors of the Company were replaced by DSU. The options shown in the table were granted before April 1, 2004. For more detailed information, see "Deferred Share Unit Plan for Directors" and "Securities Authorized for Issuance Under Equity Compensation Plans".

(4) The DSU shown in the table represent the annual grants of DSU, the DSU granted with respect to the director's compensation and the equivalents of dividends on Common Shares.

(5) Mr. Frank A. Dottori was a director of Gestion Papiers Gaspésia Inc. and its subsidiary, Papiers Gaspésia Inc., until October 29, 2003. On January 30, 2004, Papiers Gaspésia Inc. and Papiers Gaspésia Limited Partnership filed for protection under the Companies' Creditors Arrangement Act. On July 4, 2005, the plan of arrangement submitted by Papiers Gaspésia Inc. and Papiers Gaspésia Limited Partnership to their creditors was homologated by the Court and is being implemented since then.

During the last five years, all of the above nominees have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, except for: Mr. Frank A. Dottori who is President of Fadco Consulting Inc. and who became managing director of GreenField Ethanol's Cellulosic Ethanol division (an ethanol and industrial alcohol manufacturer and distributor) on March 7, 2008; and Mr. Tony Meti who, until April 2007, was Senior Vice-President, Commercial Banking and International at a Canadian Chartered Bank.

Information as to shares, options and DSU beneficially owned by each nominee, or over which each exercised control or direction, as of May 26, 2011, has been furnished by the nominees individually.

COMPENSATION OF DIRECTORS

The Company's compensation policy for non-employee directors aims to attract and retain qualified individuals, taking into consideration the risks and responsibilities as directors. The Corporate Governance and Human Resources Committee (the "Corporate Governance Committee") is responsible for reviewing annually the compensation policy regarding directors of the Company. In this regard, the Corporate Governance Committee reviews general compensation surveys and compensation policies of major Canadian public companies similar in size to the Company. For fiscal 2011, the Corporate Governance Committee also compared, with the support of PCI-Perrault Consulting Inc., an independent compensation consulting firm, its director compensation practices with those of the Canadian Comparative Group (as hereinafter defined). Reference is made to page 22 of this Circular under the heading "Executive Compensation Policy" for details on the Comparative Group (as hereinafter defined). Based on this annual review, certain elements of the compensation policy for the Company's directors were determined to be below the average of the compensation offered by the corporations in the Canadian Comparative Group to their directors. The Corporate Governance Committee therefore recommended to the Board of Directors to increase certain elements of compensation in order to bring their compensation closer to the third quartile of the compensation offered by the corporations in the Canadian Comparative Group to their directors.

During fiscal 2011, each director who was not a salaried officer or an employee of the Company was paid an annual fee of $55,000 (except for the Lead Director who was paid an annual fee of $80,000) and a further attendance fee of $1,500 for each meeting of the Board of Directors. The Chairman of the Corporate Governance Committee was paid an annual fee of $7,500 and the other members of such committee received an annual fee of $3,000. The Chairman of the Audit Committee was paid an annual fee of $10,000 and the other members of such committee received an annual fee of $4,500. All members of the committees received an attendance fee of $1,500 for each committee meeting.

For fiscal 2011, each director who was not a salaried officer or employee of the Company was allocated an annual total of 2,000 DSU granted on a quarterly basis pursuant to the Company's DSU plan (the "DSU Plan") in consideration for his or her services as director of the Company. The Chairman of the Audit Committee and the Lead Director were granted an additional 1,000 DSU (See "Deferred Share Unit Plan for Directors"). Mr. Emanuele (Lino) Saputo received $500,000 from the Company for his services as Chairman of the Board of Directors in fiscal 2011.

Deferred Share Unit Plan for Directors

On April 22, 2004, the Board of Directors adopted the DSU Plan for directors, which replaced the grant of options. A DSU is a fully-vested phantom share of the Company with the same value as one Common Share, but does not qualify as a share of the Company and therefore, does not confer rights normally granted to shareholders. Each DSU entitles directors to receive a cash payment for the value of the DSU they hold on the last business day of the calendar year, following the calendar year in which they cease to be members of the Board of Directors, unless they choose an earlier date upon ceasing to be members of the Board. The DSU Plan provides directors with an ongoing stake in the Company in line with the value of the Common Shares for the duration of their mandate.

Furthermore, on April 22, 2004, following the recommendations of the Corporate Governance Committee, the Board of Directors adopted a new ownership policy pursuant to which all directors of the Company shall, at all times, while directors, own a number of shares and/or DSU having a total market value of at least $150,000, calculated on April 1st of each year. Each director was required to comply with this new policy by March 31, 2007 or within three (3) years following his/her appointment as a director of the Company. Pursuant to the DSU Plan, each director who does not meet the minimum value of $150,000 must receive his or her entire compensation in DSU. As of June 7, 2011, all directors complied with the minimum ownership requirement.

Director Summary Compensation Table

The following table provides a summary of compensation earned during the fiscal year ended March 31, 2011 as fees, share-based and option-based awards or otherwise by each of the directors:

Name (1)	Fees Earned (2) ($)	Share-Based Awards (3) ($)	Option-Based Awards ($)	Non-Equity Incentive Plan Compensation ($)	Pension Value ($)	All Other Compensation ($)	Total ($)
Emanuele (Lino) Saputo	500,000	-	-	-	-	-	500,000
André Bérard	105,069	138,608	-	-	-	-	243,677
Lucien Bouchard	75,269	92,523	-	-	-	-	167,792
Pierre Bourgie	70,000	82,578	-	-	-	-	152,578
Frank A. Dottori	75,253	92,856	-	-	-	-	168,109
Anthony M. Fata	78,285	79,239	-	-	-	-	157,524
Jean Gaulin	148,930 (4)	1,620 (5)	-	-	-	-	150,550
Tony Meti	78,285	79,853	-	-	-	-	158,138
Caterina Monticciolo	63,133	84,666	-	-	-	-	147,799
Patricia Saputo	62,500	85,415	-	-	-	-	147,915
Louis A. Tanguay	83,841	135,994	-	-	-	-	219,835
Total	1,340,565	873,352	-	-	-	-	2,213,917

(1) Mr. Lino A. Saputo, Jr. is an executive officer of the Company and does not receive any compensation for his services as a director. His compensation as President and Chief Executive Officer is disclosed in the "NEO Summary Compensation Table".

(2) During fiscal 2011, the annual fee payable to directors was $55,000 (except for the Lead Director who was paid $80,000). The Chairman of the Corporate Governance Committee was paid an annual fee of $7,500 and the other members of such committee received an annual fee of $3,000. The Chairman of the Audit Committee was paid an annual fee of $10,000 and the other members of such committee received an annual fee of $4,500. Attendance fees for the Board of Directors and committee meetings were $1,500 per meeting. Fees earned are paid on a quarterly basis, in cash or in the form of DSU, as per the compensation policy and the DSU Plan.

(3) In addition to fees earned, directors also received in fiscal 2011 an annual grant of 2,000 DSU, payable on a quarterly basis, except for the Lead Director and the Chairman of the Audit Committee, who received an additional 1,000 DSU. Amounts reflect the grant date fair value of DSU as per the DSU Plan. Additional DSU are accumulated as notional equivalents of dividends on Common Shares.

(4) Because of his status as a US resident, Mr. Gaulin received in cash the equivalent of the DSU's annual grant.

(5) This amount represents the value of the additional DSU accumulated this fiscal year by Mr. Gaulin as notional equivalents of dividends on Common Shares with regards to prior years' DSU.

Outstanding Share-Based and Option-Based Awards

The following table presents, for each director, all the share-based and option-based awards outstanding at the end of fiscal year 2011:

Outstanding Share-Based Awards and Option-Based Awards

	Option-Based Awards [2]					Share-Based Awards [4]	
Name [1]	**Award Date**	**Number of Common Shares Underlying Unexercised Options (#)**	**Option Exercise Price ($/Share)**	**Option Expiry Date**	**Value of Unexercised In-The-Money Options [3] ($)**	**Number of Shares or Units that Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards that Have Not Vested ($)**
Emanuele (Lino) Saputo	–	–	–	–	–	–	–
André Bérard	04/01/2002 04/01/2003	2,000 2,000	15.175 11.250	04/01/2012 04/01/2013	122,190	–	–
Lucien Bouchard	–	–	–	–	–	–	–
Pierre Bourgie	04/01/2002 04/01/2003	2,000 2,000	15.175 11.250	04/01/2012 04/01/2013	122,190	–	–
Frank A. Dottori	06/10/2003	2,000	13.770	06/10/2013	59,980	–	–
Anthony M. Fata	–	–	–	–	–	–	–
Jean Gaulin	04/25/2003	2,000	12.000	04/25/2013	63,520	–	–
Tony Meti	–	–	–	–	–	–	–
Caterina Monticciolo	04/01/2002 04/01/2003	2,000 2,000	15.175 11.250	04/01/2012 04/01/2013	122,190	–	–
Patricia Saputo	04/01/2002 04/01/2003	2,000 2,000	15.175 11.250	04/01/2012 04/01/2013	122,190	–	–
Louis A. Tanguay	–	–	–	–	–	–	–

(1) Mr. Lino A. Saputo, Jr. is an executive officer of the Company and does not receive any compensation for his services as a director. Outstanding share-based and option-based awards for Mr. Saputo, Jr. are disclosed in the table "Outstanding Share-Based Awards and Option-Based Awards" for named executive officers.

(2) Effective in fiscal 2005, the options granted to the outside directors of the Company were replaced by DSU.

(3) This value corresponds to the difference between the closing price of the Common Shares on the TSX on March 31, 2011 ($43.76) and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the Common Shares on the dates the options are exercised (see “Long-Term Incentive Plan (Options)”).

(4) DSU are vested upon award (see “Deferred Share Unit Plan for Directors”).

Grants Under Incentive Plans – Value Vested or Earned During the Financial Year

Since April 1, 2004, no options were granted to outside directors of the Company, as they were replaced by DSU grants. All options that were granted to outside directors before April 1, 2004 have vested in fiscal years prior to fiscal 2011. Therefore, no value was vested or earned during fiscal 2011.

ATTENDANCE TO BOARD OF DIRECTORS AND COMMITTEE MEETINGS

The following table provides the number of meetings of the Board of Directors and its committees held during the fiscal year ended March 31, 2011 and the attendance record. During the year, there were 5 meetings of the Board of Directors, 7 meetings of the Audit Committee and 6 meetings of the Corporate Governance Committee. There was a 96.7% attendance rate for the Board of Directors' meetings, a 96.4% attendance rate for the Audit Committee meetings and a 91.6% attendance rate for the Corporate Governance Committee meetings.

Summary of Attendance of Directors

Director	**Board**	**Audit Committee**	**Corporate Governance Committee**
Emanuele (Lino) Saputo	5 of 5	–	–
Lino A. Saputo, Jr.	5 of 5	–	–
André Bérard	5 of 5	–	6 of 6
Lucien Bouchard	5 of 5	–	6 of 6
Pierre Bourgie	4 of 5	–	4 of 6
Frank A. Dottori	4 of 5	6 of 7	–
Anthony M. Fata	5 of 5	7 of 7	–
Jean Gaulin	5 of 5	–	6 of 6
Tony Meti	5 of 5	7 of 7	–
Caterina Monticciolo	5 of 5	–	–
Patricia Saputo	5 of 5	–	–
Louis A. Tanguay	5 of 5	7 of 7	–

REPORT ON CORPORATE GOVERNANCE AND PRACTICES

The Board of Directors believes that good corporate governance practices are important and has delegated to the Corporate Governance Committee the responsibility of reviewing the Company's corporate governance practices and making recommendations to the Board of Directors with respect thereto.

The Company's principal shareholder is its founder, who holds in the aggregate, directly or indirectly, or exercises control or direction over shares representing 34.28% of all of the outstanding Common Shares, as disclosed previously in this Circular. The Board of Directors believes that the value of the principal shareholder's equity stake in the Company ensures that his interests are aligned with those of the other shareholders of the Company. The Board of Directors believes that the Company's existing corporate governance practices are appropriate to its circumstances and effective, and that there are in place appropriate structures, procedures and practices to ensure board efficiency, board independence from Management and fair representation of the investment of minority shareholders of the Company.

The Company discloses below its corporate governance practices by addressing the governance practices of National Instrument 58-101 "Disclosure of Corporate Governance Practices" adopted by the Canada Securities Administrators. The Company follows the evolution of corporate governance practices and guidelines in Canada. The Corporate Governance Committee and the Board will pursue their review of Saputo's corporate governance practices and, if appropriate, will implement changes to improve them.

CORPORATE GOVERNANCE INITIATIVES

Amongst its various corporate governance initiatives, the Company has adopted: (i) a *Code of Ethics* for directors, officers and employees; (ii) position descriptions for the President and Chief Executive Officer, the Chairman, the committee Chairs and the Lead Director; (iii) a selection process for new directors; (iv) a whistle blowing policy; (v) an assessment process for the President and Chief Executive Officer, the Board of Directors, the committees and the directors, individually; (vi) a continuing education program for the directors; (vii) minimum ownership requirements for directors and executive officers; (viii) a Deferred Share Unit Plan for the directors who are not employees of the Company; and (ix) a majority voting policy for the election of directors.

THE BOARD OF DIRECTORS

The Board of Directors is legally responsible for overseeing the stewardship of the Company's affairs to ensure that its resources are managed so as to create economic wealth.

THE BOARD MANDATE

The mandate of the Board is to supervise the management of the business and affairs of the Company. In order to better fulfil its mandate, the Board of Directors has formally acknowledged its responsibility for, among other matters, (i) reviewing, at least once per year, the Company's strategic orientation and the plans established with respect thereto; (ii) identifying, with Management, the principal risks of the Company's business and the systems put in place to manage these risks; (iii) to the extent feasible, satisfying itself as to the integrity of the Chief Executive

Officer of the Company and other senior officers and to create a culture of integrity throughout the Company; (iv) ensuring proper Management succession planning, including appointing, training and monitoring senior Management; (v) maintaining a proper communication policy with shareholders, institutional investors and participants in the financial market; (vi) monitoring the efficiency of internal control and management information systems; and (vii) developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines specifically applicable to the Company. The Board of Directors has taken, when necessary, specific measures in this respect. Some of these duties were delegated to the Corporate Governance Committee and the Audit Committee. A copy of the mandate of the Board of Directors is reproduced in Schedule "A" of this Circular.

At the beginning of every fiscal year, the Board of Directors meets with Management in order to discuss the strategic plan prepared by Management. The Board also reviews the fiscal year then ended, the budgets for the upcoming fiscal year, including required capital expenditures, in order to achieve the growth and objectives set by Management, and reviews the competitive and regulatory environment in which the Company operates in order to identify the risks and opportunities. The Board of Directors then reviews, on a quarterly basis, the Company's results and accomplishments against the objectives set in the strategic plan.

The Chief Executive Officer has the responsibility to keep the Board of Directors informed of all important developments that may impact the Company or its industry.

Composition and Independence of the Board

The Board of Directors is currently made up of ten (10) directors out of twelve (12) having no participation, relationship or business ties with the Company, its subsidiaries or principal shareholder, which would affect the status of such member as an independent member under the definition of Multilateral Instrument 52-110 "Audit Committees", the whole as disclosed hereafter. In determining independent directors, the Corporate Governance Committee has referred to the following definition: Based on the information provided by the directors by way of a questionnaire, it has identified those who have no direct or indirect relationship with the Company or any of its subsidiaries that could, in the view of the Corporate Governance Committee, reasonably be expected to interfere with the exercise of a director's independent judgment, the whole as defined in National Instrument 58-101 "Disclosure of Corporate Governance Practices" and Multilateral Instrument 52-110 "Audit Committees". These qualifications of the directors are reviewed and approved by the Board of Directors. The Company is of the opinion that the presence of the existing ten (10) independent directors more than adequately reflects the investment of minority shareholders in the Company. With the election of the eleven (11) proposed nominees at the Meeting, the Board of Directors would be composed of 9 independent directors, who continue to adequately reflect the investment of minority shareholders. Moreover, the independent directors have the opportunity to meet without Management and without the Chairman of the Board following each Board meeting and as may be requested.

- As the executive Chairman of the Board of the Company, Mr. Emanuele (Lino) Saputo is not an independent director.
- As President and Chief Executive Officer of the Company, Mr. Lino A. Saputo, Jr. is not an independent director.
- Mr. André Bérard is an independent director.
- Mr. Lucien Bouchard is an independent director.

- Mr. Pierre Bourgie is an independent director.
- Mr. Frank A. Dottori is an independent director.
- Mr. Anthony M. Fata is an independent director.
- Mr. Jean Gaulin is an independent director.
- Mr. Tony Meti is an independent director.
- Mrs. Caterina Monticciolo is an independent director.
- Mrs. Patricia Saputo is an independent director.
- Mr. Louis A. Tanguay is an independent director.

Independent Directors' Meetings

The independent members of the Board have an opportunity to meet without Management after each meeting of the Board of Directors and of its committees. During fiscal 2011, following each Board meeting, independent members of the Board held a meeting at which Management was not present. The Corporate Governance Committee and the Audit Committee are composed solely of independent members and, respectively, held four (4) and six (6) meetings without Management during fiscal 2011.

Chair and Lead Director

The Corporate Governance Committee has been delegated the authority by the Board to administer all procedures required so that the Board functions independently of Management.

The positions of Chairman of the Board and Chief Executive Officer are split. The principal shareholder of the Company and its founder, Mr. Emanuele (Lino) Saputo, holds the position of Chairman of the Board. Mr. Lino A. Saputo, Jr. holds the positions of President and Chief Executive Officer as well as Vice Chairman of the Board. The experience and expertise of Mr. Emanuele (Lino) Saputo in the sectors in which the Company is engaged benefit all members of the Company's Management and the Board of Directors. However, as the position of Chairman of the Board is held by a member who is not independent, the Board appointed the Chairman of the Corporate Governance Committee, Mr. André Bérard, as Lead Director. The responsibilities of the Lead Director are, amongst other things, to ensure that the Board is able to function independently of Management, set Board agendas with the Chairman of the Board, oversee the quality of the information sent to directors, call and chair the meetings of independent directors without Management, and review any comments or requests made by an independent director. The Lead Director is elected annually by a vote of the directors who qualify as independent directors.

Committees

The Company currently has two (2) committees: the Corporate Governance Committee and the Audit Committee, both of which are composed exclusively of independent directors.

In certain circumstances, it may be appropriate for an individual director to engage an outside advisor at the expense of the Company. The Corporate Governance Committee has the mandate to determine if the circumstances warrant the engagement of an outside advisor. In addition, both committees have the right to engage outside advisors in order to assist them in fulfilling their mandate.

Position Descriptions

As described above, the mandate of the Board of Directors defines the roles and responsibilities of the Board and Management. In addition, the Board has developed position descriptions for the President and Chief Executive Officer, the Chairman, the committee Chairs and the Lead Director.

The committee Chair position description sets out the responsibilities and duties of the Chair in guiding each committee in the fulfillment of its duties.

The position description for the President and Chief Executive Officer is developed with input from the President and Chief Executive Officer and the Corporate Governance Committee, and is approved by the Board of Directors. The description provides that the President and Chief Executive Officer plans and oversees development of short-term and long-term organizational goals, fosters development and maintenance of the organizational culture with a view to maximizing the Company's performance and assumes the entire responsibility for the Company's business pursuant to existing strategic plans, business goals, budgets and policies.

In addition, the Corporate Governance Committee reviews and approves corporate goals and objectives that the President and Chief Executive Officer is responsible for meeting each year. The Corporate Governance Committee also conducts an annual assessment of the President and Chief Executive Officer's performance in relation to those objectives and reports the results of the assessment to the Board.

Corporate Governance and Human Resources Committee

The Corporate Governance Committee is composed of four members of the Board of Directors, Messrs. André Bérard, who is the Chairman of this committee, Lucien Bouchard, Pierre Bourgie and Jean Gaulin, all of whom are independent.

The Corporate Governance Committee has the mandate to (i) review the executive compensation policy of the Company; (ii) determine option grants and financial performance targets for the bonuses of the executives of the Company; (iii) review the Company's corporate governance practices and make recommendations to the Board of Directors with respect thereto; (iv) ensure proper Management succession planning for the Company and make recommendations to the Board of Directors with respect thereto; (v) implement a process to assess, on an annual basis, the performance of the President and Chief Executive Officer, and periodically, the performance of the Board, its committees and the directors, individually; (vi) review the compensation of the directors in their capacity as directors, including the review of the requirements regarding the minimal number of shares and/or DSU each director must hold and make recommendations to the Board of Directors with respect thereto; (vii) implement a uniform and transparent process for selecting nominees for election to the Board of Directors and the recruiting of new candidates for Board membership, and make recommendations to the Board of Directors with respect thereto; and (viii) present quarterly reports to the Board of Directors with respect to its achievements and current projects. During fiscal 2011, the Corporate Governance Committee held six (6) meetings, four (4) of which were followed by a meeting where Management was not present.

AUDIT COMMITTEE

The Audit Committee is composed of four members of the Board of Directors, Messrs. Frank A. Dottori, Anthony M. Fata, Tony Meti and Louis A. Tanguay, who is the Chairman of this committee, all of whom are independent and financially literate. The Audit Committee has the mandate to (i) review the annual and quarterly financial statements of the Company and certain other public disclosure documents required by regulatory authorities; (ii) review the nature and scope of the annual audit as proposed by the external auditors and Management, including the appropriateness of the accounting principles and practices used by the Company; (iii) monitor periodically the adequacy and the effectiveness of the internal control and management information systems of the Company; (iv) approve all services not related to audit services which the external auditors may render to the Company and its subsidiaries, subject to the policy of the Company on services which may be provided by the Company's external auditors and by other accounting firms; (v) oversee and control the internal audit function; (vi) review and approve the annual internal audit plan; (vii) oversee the application of the Company's procedure regarding complaints of an auditing or a financial nature; (viii) examine, approve and apply the hiring policy of the Company with respect to employees and former employees of the present auditors and former auditors of the Company; (ix) review and evaluate the risk factors inherent to the Company's business and ensure that appropriate measures are in place to manage them effectively; and (x) present quarterly reports to the Board of Directors with respect to its achievements and current projects. The Audit Committee's charter is published in the Annual Information Form of the Company under Appendix A. During fiscal 2011, the Audit Committee held seven (7) meetings, six (6) of which were followed by meetings where Management was not present.

Through its Audit Committee, the Board of Directors identifies the principal risks relating to the Company's business, ensures the implementation of appropriate systems to manage these risks and receives regular reports from Management on these matters. Please refer to page 23 of the Management's Discussion and Analysis contained in the Annual Report under the heading "Risk and Uncertainties" for a list of the principal risks relating to the Company's business. The Audit Committee, which reports to the Board of Directors, is responsible for ensuring the adequacy and the effectiveness of the internal control and management information systems of the Company. The Audit Committee regularly meets with the Executive Vice President, Finance and Administration and the external auditors in order to examine issues pertaining to the presentation of financial information, accounting practices, upcoming accounting norms, internal accounting systems, as well as financial controls and procedures, auditing procedures and programs. The Audit Committee also reviews and monitors the practices and procedures relating to the certifications by the Chief Executive Officer and the Chief Financial Officer with respect to financial disclosures and internal controls and procedures over financial reporting, to ensure compliance with applicable securities legislation. In the exercise of its mandate, the Audit Committee meets quarterly with the internal audit director of the Company, with and without Management.

For additional information on the Audit Committee, reference is hereby made to pages 35 to 37 of the Annual Information Form of the Company for the year ended March 31, 2011. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, Telephone: 514.328.6662.

Compensation

The Corporate Governance Committee evaluates annually, as per its mandate and in line with its work plan, the compensation of the directors and officers in their respective capacity in light of the practices of the market, as well as the risks and responsibilities associated with carrying out their duties. Reference is made to page 22 of this Circular under the heading "Executive Compensation" and page 10 under "Compensation of Directors" for additional information on executive and director compensation, respectively.

Assessment of the Board of Directors, Committees and Directors

Pursuant to the Company's formal periodical evaluation process, Board members complete an effectiveness survey as to the performance of the Board of Directors, its committees and the individual performance of each Board member. These surveys are submitted on a confidential basis and are reviewed by the Chairman of the Corporate Governance Committee. The survey completed by the Chairman of the Corporate Governance Committee is submitted to a member of this committee mandated by the other members. The Chairman of the Corporate Governance Committee meets each Board member individually in order to discuss the surveys and also meets the member of the Corporate Governance Committee responsible for his assessment.

A global evaluation of the performance of the Board of Directors, its committees and Board members is presented to the Board of Directors by the Chairman of the Corporate Governance Committee. The evaluation of the Board of Directors and the committees takes into account their responsibilities as set forth in their respective mandates, and the evaluation of the directors for whom a position description has been established (see "Position Descriptions") takes into account their responsibilities as set forth therein. The evaluation also takes into consideration the competencies, qualifications, knowledge and experience present within the Board and those that should be developed and/or acquired. At all times, Board members are free to discuss among themselves the performance of a fellow director, or submit such a matter to the Chairman of the Corporate Governance Committee, who ensures the implementation of appropriate measures to deal with any concern regarding the effectiveness of the Board of Directors and its various committees. As Board members are elected annually, the Corporate Governance Committee takes into account each director's performance when recommending nominees for election of Board members at the next annual general meeting of shareholders and when recommending the composition of the committees, as well as their Chairmen for approval by the Board of Directors.

Orientation and Continuing Education

The Board of Directors considers that orienting and educating new directors, as well as maintaining and continuing the education of current directors, is an important element of ensuring responsible corporate governance. The Corporate Governance Committee is responsible for maintaining the orientation and continuing education program.

With respect to newly appointed directors, they are provided with the Company's continuous disclosure documents, copies of the mandate of the Board and its committees, minutes of previous meetings of the Board of Directors and copies of the policies and procedures adopted by the Board and its committees. In addition, new directors have the opportunity to meet individually with at least one member of Management, as requested, to discuss these documents, the Company's sectors of activities, its competitive and regulated environment, as well as its business and operational strategies. New directors also have the opportunity to visit a Company facility as part of the orientation program.

With respect to current directors, the continuing education program was developed to assist them in maintaining their skills and abilities as well as updating their knowledge and understanding of the Company and its industry. The Chairman of each committee of the Board presents, at the quarterly Board meetings, a summary of the achievements and current projects of his committee. Directors also meet with members of Management to discuss the affairs of the Company, the continuous disclosure documents, sectors of activities of the Company, its competitive and regulated environment, as well as its business and operational strategies. In addition, educational presentations are made periodically to the committees and the Board of Directors, as the case may be, on matters that are of interest to them or which relate to their role as directors. Moreover, members of the Board are invited to attend the Company's meeting of shareholders and periodically visit certain Company facilities. Board members also hold a strategic planning meeting annually with Management. Finally, each Board member is invited to address to the Corporate Governance Committee any request he or she may have regarding additional information or education. The Corporate Governance Committee reviews such requests and takes the measures it deems appropriate.

Nomination of Directors

The Corporate Governance Committee, which is composed entirely of independent directors, is responsible for (i) the implementation of a uniform and transparent process for selecting nominees for election to the Board of Directors and the recruitment of new candidates for Board membership, and making recommendations to the Board of Directors with respect thereto; and (ii) the implementation and application of a process to assess periodically the effectiveness of the Board of Directors, its committees and the individual performance of each Board member.

For the selection of nominees for election to the Board of Directors of the Company, the Corporate Governance Committee adopted a process which takes into consideration (i) what competencies and skills the Board, as a whole, should possess; (ii) what competencies and skills each existing director possesses; (iii) what competencies and skills the Board of Directors, as a whole, possesses; and (iv) the individual performance of each director. Based on this analysis, which is completed at least annually, the Corporate Governance Committee recommends to the Board the candidates proposed for election to the Board.

Majority Voting Policy

The Board of Directors believes that each of its members should carry the confidence and support of the shareholders. In addition to the individual voting process implemented several years ago, the Board of Directors adopted, in April 2011, a majority voting policy. Pursuant to this policy, any nominee for election as a director at a shareholders' meeting for whom the number of votes withheld exceeds the number of votes in favour will be deemed not to have received the support of shareholders and will tender his or her resignation to the Chairman of the Board of Directors promptly following the meeting. The Corporate Governance Committee shall consider whether or not the proposed resignation should be accepted and shall make a recommendation to the Board of Directors. In this regard, any director who tenders his or her resignation pursuant to this policy shall not participate in the deliberations of the Corporate Governance Committee or in those of the Board of Directors. The Board of Directors will make its decision within 90 days following the shareholders' meeting and shall promptly disclose, via press release, its decision whether or not to accept the director's proposed resignation. Should the Board of Directors decline to accept such resignation, it should include in the press release the reasons for the decision. This policy applies only to uncontested elections, meaning elections where the number of nominees for director is equal to the number of directors to be elected as determined by the Board of Directors.

Board Size

After reviewing its size, the Board of Directors determined that a board of ten (10) to twelve (12) is appropriate for decision-making purposes.

Ethical Business Conduct

The Company has a *Code of Ethics* that governs the conduct of Saputo's directors, officers and employees. The *Code of Ethics* can be obtained on SEDAR at www.sedar.com. The Corporate Governance Committee is responsible for the compliance process relating to the *Code of Ethics* and for the reporting process to the Board with respect thereto. Pursuant to the process implemented, Management is required to report to the Corporate Governance Committee, on an annual basis, any non-compliance by managers of the Company, except for any non-compliance by executive officers, which is required to be reported promptly to the Corporate Governance Committee. Compliance with the *Code of Ethics* by employees who do not qualify as managers of the Company is handled by the Company's Human Resources Department.

The Board has also adopted whistleblower procedures, which allow officers and employees who have any complaint or concern regarding accounting, internal accounting standards or auditing matters to be reported on a confidential and anonymous basis. Complaints can be made by e-mail or mailed to the Chairman of the Audit Committee, which is responsible for overseeing the whistleblowing procedures.

Communication Policy

The Audit Committee is responsible for the review of the annual and quarterly financial statements of the Company and all other continuous disclosure documents required by regulatory authorities, all of which are approved by the Board of Directors before mailing. The Board has the responsibility for maintaining a proper communication policy with shareholders, institutional investors and participants in the financial market. In order to maintain high standards regarding disclosure issues, the Board of Directors maintains a disclosure policy. The purpose of the disclosure policy is to ensure that communications to the investing public are timely, factual and accurate, and that the information is disseminated in accordance with all applicable legal and regulatory requirements of the TSX and various securities commissions.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Policy

The Company's executive compensation policy aims to attract and retain competent individuals and motivate them to optimize value for the Company's shareholders. The compensation policy is designed to be competitive, to stimulate profitable return on investments and long-term growth.

The Corporate Governance Committee is responsible for reviewing and monitoring the compensation policy regarding executive officers of the Company, including determining the compensation elements and the compensation mix to balance executives' focus on the short-term and long-term strategies to ensure continued success. The Corporate Governance Committee is also responsible for determining the annual performance targets to be achieved by the Company in order for executive officers to receive a determined bonus.

Some officers of the Company are involved in the process for determining executive compensation as follows: the Executive Vice President, Human Resources is responsible for providing the Corporate Governance Committee with market compensation and trend data and works jointly with the Corporate Governance Committee to define the elements of executive compensation, including eligibility to the annual incentive (bonus) plan and to the Equity Compensation Plan, as well as the size and the terms and conditions of bonus opportunities and long-term incentive grants; the Executive Vice President, Finance and Administration and Secretary and the other executive officers are involved in the preparation of the financial budgets which are recommended to the Board of Directors for approval and form the basis for the financial performance targets on which the bonuses are established; the Executive Vice President, Finance and Administration and Secretary also oversees the financial, accounting, legal and regulatory aspects of the Equity Compensation Plan, including maintaining a record of the options granted, exercised and cancelled and filing insider reports and other reports with the regulatory authorities. Any proposed modifications to the annual incentive plan and the Equity Compensation Plan are discussed with the President and Chief Executive Officer, then with the Corporate Governance Committee, which chooses, at its discretion, to recommend its approval by the Board of Directors and, when required, by the shareholders.

For the year ended March 31, 2011, the Company, with the support of PCI-Perrault Consulting Inc., an independent compensation consulting firm, conducted its annual review of the executive compensation policy. The annual review consists in comparing the Company's compensation practices with those of several manufacturing companies and distributors, taking into consideration the size of the Company, the geographic markets in which it operates and the responsibilities of its executive officers (the "Comparative Group"). A Comparative Group composed of companies based in Canada is used for positions with corporate-wide or Canadian operations' responsibilities (the "Canadian Comparative Group"). A Comparative Group of companies based in the United States is used for positions responsible for operations in that country (the "US Comparative Group"). The Canadian Comparative Group includes eleven companies operating in the agri-food, distribution and retail sectors and thirteen other manufacturing companies. The US Comparative Group is comprised of eleven companies in the food industry.

Canadian Comparative Group		US Comparative Group
Agrium inc.	Maple Leaf Foods	Campbell Soup
Alimentation Couche-Tard	Martinrea International	Chiquita Brands International
Canada Bread Company Ltd.	Metro Inc.	Corn Products International
Canadian Tire Inc.	Molson Coors Brewing Co.	Del Monte Foods Co.
Cascades Inc.	Potash Corp. Saskatchewan	Flowers Foods Inc.
Cinram International Income Fund	Research in Motion (RIM) Limited	J.M. Smuckers Co.
Cott Corporation	RONA Inc.	McCormick & Co.
Domtar Corporation	Russel Metals	Ralcorp Holdings Inc.
Enbridge Inc.	Tim Hortons Inc.	Sanderson Farms Inc.
Finning International	Toromont Industries	United Natural Foods Inc.
Gerdau Ameristeel Corporation	Transcontinental Inc.	Weight Watchers International
Linamar Corporation	Viterra Inc.	

Based on this annual review, the Corporate Governance Committee determined that the compensation policy of the Company was, in general, between the median and third quartile of the compensation offered by Canadian and American corporations of similar size having operations in North America and at the international level. When establishing the compensation policy, the Corporate Governance Committee's objective is to target the third quartile of the compensation offered by such companies. The Corporate Governance Committee therefore implemented, for fiscal 2011, changes in certain components of the compensation for the executive officers, mainly with respect to the annual incentive opportunity, in order to get closer to its overall objective.

PCI-Perrault Consulting Inc., an independent compensation consulting firm, was retained by the Company to provide assistance with the compensation review process and other compensation matters. During fiscal 2011, the Company incurred fees of $46,082 in connection with services provided by this firm, as compared to $25,927 in fiscal 2010. No mandate is given to PCI-Perrault Consulting Inc. unless approved by the Corporate Governance Committee. In fiscal 2011, PCI-Perrault Consulting Inc. was not retained to perform other work for the Company.

The Company's compensation policy and plans are designed to adequately reward the executive officers for their services and to encourage them to establish short-term and long-term strategies aimed at increasing share value and creating economic wealth. The Company's compensation strategy therefore places the emphasis on compensation elements linked to performance, including share value through option grants. In fact, variable compensation, which is composed of the annual incentive (at the targeted threshold) and the value of the option-based awards, represents 67% of the Chief Executive Officer's total targeted compensation and between 47% and 49% of the other Named Executive Officers' total targeted compensation. Total targeted compensation represents the total of base salary, the annual incentive (at the targeted threshold), the value of the option-based awards and the compensatory change in pension value.

Elements of Executive Compensation

For fiscal 2011, the compensation for the executive officers of the Company, including the Named Executive Officers, consisted of the following:

- Base salary;
- Annual incentive (bonus);
- Long-term incentive plan (options); and
- Retirement benefits (discussed under the section "Defined Benefit Pension Plan" of this Circular.)

Executives also benefit from the Company's group insurance plans on the same basis as all other employees. None of the Named Executive Officers have a written employment contract with the Company.

Base Salary

The base salary component of the compensation for the Company's executive officers aims to reflect salaries offered for positions involving similar responsibilities and complexity, internal equity comparisons, as well as the ability and experience of the Company's executive officers. Competitive salaries enable the Company to attract and retain talented individuals who can ensure its current and long-term success.

For Named Executive Officers, individual performance is measured based on the achievement of objectives determined annually by the executive officer together with the Chief Executive Officer and, with respect to the Chief Executive Officer, with the Corporate Governance Committee. Reference is made to the section "Position Descriptions" of this Circular for a description of the annual review process of the Chief Executive Officer's performance.

Base salary of the executive officers was increased in fiscal 2011 and is competitive with the third quartile of salaries paid by the corporations in the Canadian Comparative Group. Mr. Brockman's base salary was determined to be within the first quartile of salaries paid in the US Comparative Group, which is below the Company's compensation objectives, and was therefore increased to better reflect his position and experience. Mr. Brockman's salary for fiscal 2011 is competitive with the median to the third quartile of salaries paid in the US Comparative Group.

Annual Incentive (Bonus)

The annual incentive (bonus) plan aims to encourage the achievement of financial performance targets and reward the executive officers based on Saputo's success. The annual bonus is based solely on the financial performance of the Company or of the relevant division depending on the executive officers, as the Corporate Governance Committee considers that such performances are closely related to and reflect the officers' individual performance. Each year, the Corporate Governance Committee determines the financial performance targets which have to be achieved by the Company for the payment of bonuses, and the bonus amount that would be paid to each executive officer for achieving such performance, as well as the maximum bonus amount that would be paid to each executive officer should the targets be exceeded.

For fiscal 2011, as in previous years, the financial performance target was based on the earnings before interest, income taxes, depreciation and amortization (“EBITDA”) as determined in the budget approved by the Board of Directors, taking into account certain market conditions having an effect on the EBITDA, but on which the executive officers have no control. Bonuses were based upon the level of achievement by the Company and, depending on the executive officer, of the relevant division.

Under the plan, a bonus could only be paid if at least 85% of the financial performance target was met by the Company or the relevant division depending on the executive officer. Similarly, the maximum bonus amount could be earned if the Company or the relevant division met or exceeded 105% of financial performance targets. Bonus payments were to be made proportionately to the level actually achieved above 85%.

For fiscal 2011, payout percentages established for the bonuses to be awarded for threshold (85% of the financial performance target), target (100% of the financial performance target) and superior performance (105% of the financial performance target or more) were 55%, 65% and 100% of base salary for all the Named Executive Officers, except for the Chief Executive Officer for whom the corresponding percentages were 150%, 200% and 250% of base salary. The payout percentage for superior financial performance was increased from 75% to 100% for fiscal 2011 in order to be competitive with the Comparative Group. For the Chief Executive Officer, all payout percentages were increased for fiscal 2011 as his total compensation was significantly below the third quartile objective, mainly as a result of the fact that Mr. Lino A. Saputo, Jr. does not benefit from the long-term incentive plan (options) and the Defined Benefit Pension Plan.

The annual incentive (bonus) opportunity is competitive with the median to third quartile of bonus plans offered by the corporations included in the Comparative Group, except for the Chief Executive Officer, for whom the opportunity is slightly above the third quartile for the reasons explained above.

Long-Term Incentive Plan (Options)

Option grants are a key component of the Company’s executive compensation mix and serve to align executive compensation with the Company’s shareholders’ interests. Options are granted by the Corporate Governance Committee to executive officers and other key executives pursuant to the terms of the Equity Compensation Plan and the guidelines established by the Corporate Governance Committee. For participants who receive their compensation in US dollars, grants of options are established as per the same guidelines as for participants who receive their compensation in Canadian dollars. These option grant guidelines are established pursuant to the Corporate Governance Committee’s annual review of the compensation policy, taking into account the competitiveness of total compensation and compensation practices within the Comparative Group, market trends as well as the Company’s pay-for-performance philosophy. Refer to the section entitled “Executive Compensation Policy” for a discussion on the involvement of executive officers in the Equity Compensation Plan.

For fiscal 2011, the Corporate Governance Committee reviewed the long-term incentive plan and determined that it was appropriate and should not be modified and/or complemented. In fact, the terms and conditions of the Equity Compensation Plan adequately meet the objectives to attract and retain quality executive officers while promoting long-term profitability and maximizing shareholder value. Option grants made from time to time by the Corporate Governance Committee pursuant to the Equity Compensation Plan are expressed as a percentage of a participant’s salary, which is determined based on the participant's position and responsibility levels, without taking into account the number of options already held by such participant. On April 1, 2010, the Corporate Governance Committee granted options to plan participants based on the same guidelines, as established by the committee. Refer to the section "Securities Authorized for Issuance under Equity Compensation Plans" of this Circular for a discussion of the terms and conditions relating to the options, including exercise price and vesting conditions.

With the exception of the President and Chief Executive Officer, the value of option grants to the Named Executive Officers is competitive with the median to third quartile of the value of long-term incentive grants made by corporations in the Comparative Group, and total direct compensation, which is the sum of the salary, the target annual bonus, the pension value and the value of the option grant, is competitive with the median to third quartile of the Comparative Group. No options are granted to the President and Chief Executive Officer as his interest in the principal shareholder constitutes a sufficient long-term incentive. Consequently, the President and Chief Executive Officer's total direct compensation is between the first quartile and the median of the Comparative Group's Chief Executive Officers' total direct compensation.

Group Insurance Benefits

The Company's intention is to protect its employees and their families against adverse effects resulting from health-related complications. Consequently, as part of their total compensation, the Named Executive Officers participate in the Company's group health, medical, accidental death and dismemberment, short-term and long-term disability and life insurance plans on the same basis as all of the Company's employees.

Named Executive Officers' Salary and Incentive Awards for Fiscal Year 2011

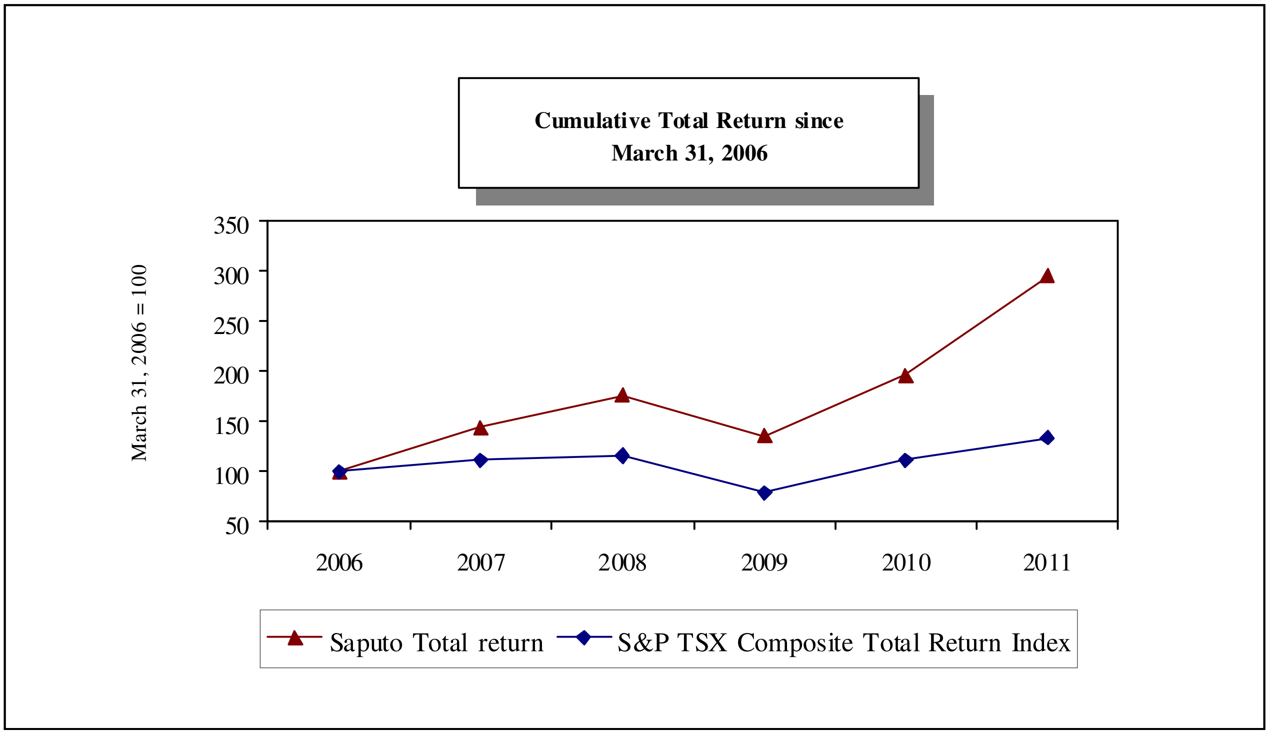
For fiscal year 2011, the Named Executive Officers' base salaries were increased to reflect market salary adjustments and the Named Executive Officers' respective experience in their current position, the evolution of their skills and their performance against expectations since the last salary increase date of April 1, 2009 (see "Base Salary" above).

For fiscal 2011, the Company met 101.6% of its financial performance target, taking into account adjustments (both positive and negative) made to reflect factors that are not under the executives' control, primarily market adjustments. Based on the level of achievement of the financial performance target, the amount of bonus paid to the President and Chief Executive Officer represented 216.2% of his base salary. Based on the level of achievement of the applicable financial performance targets, whether at the corporate level or the divisional level, the amount of bonus paid to the other Named Executive Officers represented between 64.2% and 79.0% of their base salary, as presented in the NEO Summary Compensation Table. The base salary and bonus for the President and Chief Operating Officer of the Dairy Products Division (USA) were paid in US dollars.

On April 1, 2010, the Corporate Governance Committee granted options to all the Named Executive Officers, with the exception of the President and Chief Executive Officer, pursuant to the Equity Compensation Plan and the option grant guidelines established for fiscal year 2011. The number of options granted to each Named Executive Officer represented 250% of base salary divided by the options' exercise price of $29.32 per Common Share. Options were last granted to the President and Chief Executive Officer in fiscal year 2004 when he was President and Chief Operating Officer of the Dairy Products Division (USA), as his interest in the principal shareholder constitutes a sufficient long-term incentive.

Performance Graph

The following graph compares, on a yearly basis, the total cumulative shareholder return of $100 invested in Common Shares with the cumulative return on the S&P/TSX Composite Total Return Index of the TSX during the five fiscal years ending March 31, 2011.



	3/31/06	3/31/07	3/31/08	3/31/09	3/31/10	3/31/11
Saputo Total Return	100	144	176	136	196	295
S&P TSX Composite Total Return Index	100	111	116	78	111	134

The Named Executive Officers' compensation is determined in accordance with the principles set forth above and is not specifically based on the performance of the Company's Common Shares on the TSX, namely due to the fact that the price of the Common Shares is affected by external factors beyond the Company's and the Named Executive Officers' control. During the period covered by the graph, Named Executive Officers' salaries have been adjusted to reflect their respective scope of responsibilities, experience and contribution to the Company's success, as well as the evolution of the Comparative Group's compensation practices. Annual variable compensation is linked to the Company's annual operational financial performance during the period. However, option awards, being entirely dependent on the price of the Common Shares, link the Named Executive Officers' potential rewards, to a certain extent, with the Common Shares' price performance during and beyond this period.

NEO Summary Compensation Table

The following table provides a summary of compensation earned during the fiscal years ended March 31, 2011, 2010 and 2009, as salary, bonus, long-term incentive, pension or otherwise, by the CEO, CFO and the three most highly compensated executive officers of the Company (collectively, the "NEOs"). Certain aspects of this compensation are dealt with in further detail in the following tables.

					Non-Equity Incentive Plan Compensation ($)				
Name and Principal Position	**Year**	**Salary ($)**	**Share-Based Awards ($)**	**Option-Based Awards ($) (1)**	**Annual Incentive Plans (2)**	**Long-Term Incentive Plans**	**Pension Value ($) (3)**	**All Other Compensation ($) (4)**	**Total Compensation ($)**
Lino A. Saputo, Jr. President and Chief Executive Officer	2011 C$ 2010 C$ 2009 C$	1,100,000 1,050,000 1,050,000	– – –	– – –	2,378,200 1,799,249 1,475,775	– – –	– – –	– – –	3,478,200 2,849,249 2,525,775
Louis-Philippe Carrière Executive Vice President, Finance and Administration and Secretary	2011 C$ 2010 C$ 2009 C$	575,000 555,000 555,000	– – –	269,164 210,069 248,462	438,521 384,632 339,827	– – –	155,300 107,600 134,500	– – –	1,437,985 1,257,301 1,277,789
Pierre Leroux Executive Vice President, Human Resources and Corporate Affairs(5)	2011 C$ 2010 C$ 2009 C$	575,000 555,000 555,000	– – –	269,164 210,069 248,462	438,521 384,632 339,827	– – –	158,000 114,400 133,900	– – –	1,440,685 1,264,101 1,277,189
Dino Dello Sbarba President and Chief Operating Officer Dairy Products Division (Canada) and by interim (Europe and Argentina)	2011 C$ 2010 C$ 2009 C$	650,000 630,000 630,000	– – –	304,272 238,458 282,037	417,008 409,500 400,082	– – –	183,300 132,000 154,300	– – –	1,554,580 1,409,958 1,466,419

					Non-Equity Incentive Plan Compensation ($)				
Name and Principal Position	Year	Salary ($)	Share-Based Awards ($)	Option-Based Awards ($) (1)	Annual Incentive Plans (2)	Long-Term Incentive Plans	Pension Value ($) (3)	All Other Compensation ($) (4)	Total Compensation ($)
Terry Brockman President and Chief Operating Officer Dairy Products Division (USA)(6)	2011 C$ 2010 C$ 2009 C$	538,020 553,005 456,615	- - -	245,760 170,327 201,455	424,902 359,453 268,900	- - -	74,900 82,500 63,900	- - -	1,283,582 1,165,285 990,870

(1) This amount equals the number of options granted on April 1, 2010 multiplied by $5.49 ($3.26 for April 1, 2009 and $4.98 for April 1, 2008), which corresponds to the fair value of the option awards as determined under the Black-Scholes model, an established methodology, using the following assumptions:

	2011	2010	2009
Risk-free interest rate:	2.6%	1.9%	3.0%
Expected life of options:	5 years	5 years	5 years
Volatility:	20.7%	19.1%	19.0%
Dividend rate:	1.6%	2.0%	1.7%

(2) See section “Annual Incentive (Bonus)”.

(3) See section “Defined Benefit Pension Plan”.

(4) Excluded from All Other Compensation are perquisites and other personal benefits, which, in the aggregate, do not exceed the lesser of $50,000 and ten percent of the total annual salary of the NEO for the fiscal year.

(5) Mr. Pierre Leroux retired from his position on April 1, 2011 and Ms. Gaétane Wagner was appointed as Executive Vice President, Human Resources, as of such date.

(6) The compensation awarded to Mr. Brockman was in US dollars. The translation rates used for this disclosure were 1.0147, 1.2289 and 1.0248, which correspond to the exchange rate of the Bank of Canada on March 27, 2008, March 26, 2009 and March 25, 2010, respectively, the dates on which the compensation was approved by the Corporate Governance Committee.

Incentive Plan Awards

The following table presents, for each NEO, all of the option-based grants outstanding at the end of fiscal year 2011. The Company does not make any share-based awards, except to outside directors (see "Director Summary Compensation Table").

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-Based Awards					Share-Based Awards	
	Award Date	Number of Common Shares Underlying Unexercised Options (#)	Option Exercise Price ($/Share)	Option Expiry Date	Value of Unexercised In-The-Money Options (1) ($)	Number of Shares or Units that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested ($)
Lino A. Saputo, Jr.	–	–	–	–	–	–	–
Louis-Philippe Carrière	04/01/2006	12,722	16.350	04/01/2016	4,191,197	–	–
	04/01/2007	57,037	23.090	04/01/2017			
	04/01/2008	49,892	27.810	04/01/2018			
	04/01/2009	51,869	21.400	04/01/2019			
	04/01/2010	49,028	29.320	04/01/2020			
Pierre Leroux	04/01/2006	12,722	16.350	04/01/2016	3,172,889	–	–
	04/01/2007	23,171	23.090	04/01/2017			
	04/01/2008	29,936	27.810	04/01/2018			
	04/01/2009	51,869	21.400	04/01/2019			
	04/01/2010	49,028	29.320	04/01/2020			
Dino Dello Sbarba	04/01/2004	47,656	16.525	04/01/2014	9,134,655	–	–
	04/01/2005	51,508	18.075	04/01/2015			
	04/01/2006	67,278	16.350	04/01/2016			
	04/01/2007	63,880	23.090	04/01/2017			
	04/01/2008	56,634	27.810	04/01/2018			
	04/01/2009	73,598	21.400	04/01/2019			
	04/01/2010	55,423	29.320	04/01/2020			
Terry Brockman	04/01/2003	17,334	11.250	04/01/2013	5,388,060	–	–
	04/01/2004	12,436	16.525	04/01/2014			
	04/01/2005	12,200	18.075	04/01/2015			
	04/01/2006	33,640	16.350	04/01/2016			
	04/01/2007	37,896	23.090	04/01/2017			
	04/01/2008	40,453	27.810	04/01/2018			
	04/01/2009	52,570	21.400	04/01/2019			
	04/01/2010	44,765	29.320	04/01/2020			

(1) This value corresponds to the difference between the closing price of the Common Shares on March 31, 2011 on the TSX ($43.76) and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the Common Shares on the dates the options are exercised (see "Long-Term Incentive Plan (Options)").

The following table presents, for each NEO, the value of options that have become vested during fiscal year 2011 and the amount of bonus earned with respect to the performance achieved during fiscal year 2011:

Incentive Plan Awards – Value Vested or Earned During the Year			
Name	**Option-Based Awards – Value Vested During the Year (1) ($)**	**Share-Based Awards – Value Vested During the Year ($)**	**Non-Equity Incentive Plan Compensation – Value Earned During the Year (2) ($)**
Lino A. Saputo, Jr.	–	–	2,378,200
Louis-Philippe Carrière	485,453	–	438,521
Pierre Leroux	485,453	–	438,521
Dino Dello Sbarba	527,423	–	417,008
Terry Brockman	270,839	–	424,902

(1) The options automatically vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant. This value corresponds to the difference between the closing price of the Common Shares on the TSX ($29.70) on April 1, 2010, which is the vesting date, and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the Common Shares on the dates the options are exercised (see "Long-Term Incentive Plan (Options)").

(2) Corresponds to the same amount as disclosed in the "NEO Summary Compensation Table".

Defined Benefit Pension Plan

All the NEOs, except the President and Chief Executive Officer, participate in the Company's registered and supplementary retirement plans (together the "Pension Plans"). The registered retirement plan in which Messrs. Louis-Philippe Carrière, Dino Dello Sbarba and Pierre Leroux participate is a Non-Contributory Canadian Registered Defined Benefit Pension Plan and the registered retirement plan in which Mr. Terry Brockman participates is a Contributory 401(K) pension plan registered in the US. The supplementary retirement plan for each eligible NEO is a Canadian non-registered Executive Supplementary Retirement Pension Plan providing pension benefits in excess of the benefits provided under the applicable registered retirement plan.

Under the Pensions Plans, the participants are entitled to retirement benefits as of their respective Normal Retirement Age ("NRA") equal to 2% of their respective final average earnings multiplied by their respective years of credited service. Final average earnings are equal to the base salary earned for the 36 consecutive months within the 10-year period preceding the retirement date during which the average is at its highest. The credited years of service correspond to the service period following January 1, 2004. However, each participant who adhered to the supplementary retirement plan on January 1, 2004 is accruing a pension equal to 3% of their respective final average earnings multiplied by their respective years of credited service. The NEOs in this situation are Messrs Carrière, Dello Sbarba and Leroux.

The Pension Plans' NRA is 65. However, a member can retire starting at age 55, in which case pension benefits will be reduced by ¼ of 1% for each month the actual retirement date precedes the normal retirement date.

If a participant has a spouse at the time of retirement, the benefit payable to his spouse will be on the basis of a joint and surviving spouse annuity, reduced to 60% upon his death. Otherwise, the normal form of payment will be a lifetime pension guaranteed for 10 years.

The following table illustrates, for each NEO, the eligible years of service and estimated annual retirement benefits payable at age 65 accrued as of March 31, 2011 and which will accrue if the participant remains employed by the Company until age 65, from the registered retirement plan and supplementary retirement plan combined. The table also sets forth the changes in the accrued obligation from March 31, 2010 to March 31, 2011, including the annual cost attributable to compensatory items for the fiscal year 2011. These amounts were calculated using the same actuarial assumptions used for determining the accrued pension obligation at year-end presented in the Company's financial statements for the fiscal year ended March 31, 2011, in accordance with accounting principles used by the Company.

Defined Benefits Plans Table

		Annual Benefits Payable ($)					
Name	**Number of Years Credited Service (#)**	**At Year End**	**At Age 65**	**Accrued Obligation at Start of Year ($)**	**Compensatory Change ($)**	**Non-Compensatory Change ($)**	**Accrued Obligations at Year End ($)**
Lino A. Saputo, Jr.	–	–	–	–	–	–	–
Louis-Philippe Carrière	7.25	120,500	412,400	941,600	155,300	124,700	1,221,600
Pierre Leroux	7.25	120,700	334,900	958,300	158,000	210,800	1,327,100
Dino Dello Sbarba	7.25	137,100	359,700	1,111,400	183,300	147,000	1,441,700
Terry Brockman	5.00	52,100	315,700	290,600	74,900	23,800	389,300

Retirement benefits earned under the Pension Plans are first payable from the Non-Contributory Canadian Registered Defined Benefit Pension Plan or the Contributory 401(K) pension plan, as per their respective terms and conditions, as applicable. Any incremental benefits are payable from the Executive Supplementary Retirement Pension Plan. The obligations accumulated in the Non-Contributory Canadian Registered Defined Benefit Pension Plan and the Contributory 401(K) pension plan are being funded. However, the Company's obligations under the Executive Supplementary Retirement Pension Plan will be paid as they become due. The Company's total obligations under the Pension Plans are expensed annually for accounting purposes in accordance with accounting principles used by the Company.

TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL

There is no contract, arrangement or any other understanding with respect to employment, termination of employment, a change of control or a change in responsibilities following a change of control, between the Company and any of the Company's NEOs.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out the only equity compensation plan (the "Equity Compensation Plan") previously approved by security holders as of March 31, 2011 under which equity securities of the Company are authorized for issuance:

Equity Compensation Plan Information			
Plan Category	**Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)**	**Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights**	**Number of Securities Remaining Available for Future Issuance Under the Equity Compensation Plan (Excluding Securities Reflected in Column (a))**
Equity Compensation Plan approved by security holders	8,674,238	$22.62	3,878,882

The following text presents a summary of the main characteristics of the Equity Compensation Plan established to attract and retain experienced and competent employees and officers and to encourage share ownership by such persons.

On October 15, 1997, prior to the closing of its Initial Public Offering, the Company established the Equity Compensation Plan for full-time employees, officers and directors of the Company and its subsidiaries. Effective in fiscal 2005, with the adoption of a new compensation policy, the options granted to directors of the Company were replaced by DSU (see "DSU Plan for Directors"). All options currently held by the directors were granted before April 1, 2004. As further described below, effective April 19, 2011, directors who are not full-time employees or officers of the Company or its subsidiaries are no longer eligible to participate under the Equity Compensation Plan. However the options previously granted to such directors remain exercisable in accordance with their terms and conditions.

The terms, exercise price and number of Common Shares covered by each option, as well as the vesting periods of such options, are determined by the Corporate Governance Committee at the time the options are granted. The Equity Compensation Plan for options granted prior to July 31, 2007 provided that the exercise price may not be less than the closing price of the Common Shares on the TSX on the business day immediately preceding the date of grant. For options granted thereafter, the Equity Compensation Plan provides that the exercise price may not be less than the volume weighted average trading price for the five trading days immediately preceding the date of grant. Options granted under the Equity Compensation Plan may not be assigned, and expire ten years from the date of grant, provided that should the expiration date for an option fall within a blackout period or within nine business days following the expiration of a blackout period, such expiration date shall be automatically extended to the tenth business day after the end of the blackout period. The maximum number of Common Shares which may be optioned in favour of any single individual shall not exceed 5% of the total number of outstanding Common Shares. The maximum number of Common Shares which may be issuable at any time to insiders of the Company shall not exceed 10% of the total number of outstanding Common Shares at such time. Moreover, the maximum number of Common Shares issued to insiders of the Company within any one-year period shall not exceed 10% of the total number of outstanding Common Shares at such time.

In addition, the Equity Compensation Plan provides that where an optionee's employment terminates for cause or for a serious reason, the vested portion of an option may not be exercised from the date of termination of such employment. Where an optionee's employment terminates by reason of death, injury or disability, the vested portion of an option at the date of termination of employment may be exercised within 180 days after such date or prior to the expiration of the original term of the option, whichever occurs first. Where an optionee's employment terminates by reason of retirement and the optionee's age and his/her number of years of service total 70 years or more, taking into account only whole years, the vested portion of an option at the date of termination of employment and the portion of an option to be vested within two years following such date may be exercised, as amended on April 19, 2011 and further described hereinafter, within 90 days after the expiration of such two-year period or prior to the expiration of the original term of the option, whichever occurs first. In all other circumstances of termination, the vested portion of an option at the date of termination of employment may be exercised within 90 days after such date or prior to the expiration of the original term of the option, whichever occurs first.

The Equity Compensation Plan authorizes the Board of Directors to make certain amendments without shareholder approval, including, without limitation, the following types of amendments:

- (i) any limitations of conditions on participation in the Equity Compensation Plan (other than to the eligibility for participation);
- (ii) any amendment to any terms upon which options may be granted and exercised, including but not limited to, the terms relating to the amount and payment of the option price, vesting, expiry and adjustment of options, or the addition or amendment of terms relating to the provision of financial assistance to optionees or of any cashless exercise features;
- (iii) any amendment to the Equity Compensation Plan to permit the granting of deferred or restricted share units under the Equity Compensation Plan or to add or to amend any other provisions which would result in participants receiving securities of the Company while no cash consideration is received by the Company;
- (iv) any change that is necessary or desirable to comply with applicable laws, rules or regulations of any stock exchange on which the shares of the Company are listed;
- (v) any correction or rectification of any ambiguity, defective provision, error or omission in the Equity Compensation Plan or in any option;
- (vi) any amendment to the definitions contained in the Equity Compensation Plan and any other amendments of a clerical nature; and
- (vii) any amendment to the terms relating to the administration of the Equity Compensation Plan;

provided that such amendments to the terms of any previously granted option may not lead to significant or unreasonable dilution in the Company's outstanding securities or provide additional benefits to eligible participants, especially insiders, at the expense of the Company and its existing security holders, in which case approval of the shareholders of the Company must be obtained.

The approval of the shareholders of the Company is required if the amendment to the Equity Compensation Plan relates to the following:

(i) any amendment to increase the maximum number of Common Shares issuable under the Equity Compensation Plan, except for adjustments in the event that such Common Shares are subdivided, consolidated, converted or reclassified by the Company or that any other action of a similar nature affecting such Common Shares is taken by the Company;

(ii) any amendment to reduce the exercise price or purchase price of any option;

(iii) any amendment to extend the term of any option;

(iv) any amendment to make a change to the class of persons eligible to participate under the Equity Compensation Plan; and

(v) any amendment which would permit any option granted under the Equity Compensation Plan to be transferable or assignable, other than by will or under succession laws (estate settlement);

provided that Common Shares held directly or indirectly by insiders benefiting from the amendment in (ii) and (iii) shall be excluded when obtaining such shareholder approval.

On April 19, 2011, in order to clarify and improve the Equity Compensation Plan, the Board of Directors, following the recommendations of the Corporate Governance Committee, approved the following amendments to the Equity Compensation Plan, in accordance with the amendment procedures stated therein. The TSX approved the amendments to the Equity Compensation Plan.

First, the directors who are not full-time employees or officers of the Company or its subsidiaries are no longer eligible to participate under the Equity Compensation Plan. As stated above, effective in fiscal 2005, the options granted to directors were replaced by DSU. This amendment was approved by the Board of Directors and, as agreed by the TSX, is not subject to shareholders' approval as it is to the benefit of the shareholders.

Second, the Equity Compensation Plan provided that the Board of Directors had the right to allow the full vesting of all outstanding options in the event of (i) a proposed amalgamation, merger or consolidation of the Company, (ii) a proposed liquidation, dissolution or winding-up of the Company, or (iii) an offer to purchase the Common Shares or any part thereof made to all holders of Common Shares. The plan was amended to further outline the alternatives available to the Board of Directors in case of any such events and a change of control of the Company. The Board of Directors may now (i) provide for the substitution, replacement or assumption of options granted by the acquiring or surviving entity, (ii) terminate the options outstanding, other than the options already vested, (iii) make options exercisable in full, or (iv) change the vesting conditions and the expiration date of the options. The Equity Compensation Plan now also provides that a change of control consists of (i) a sale of all or substantially all of the assets of the Company and its subsidiaries; or (ii) a sale, directly or indirectly, resulting in more than 50% of the Common Shares being held, directly or indirectly, by another person (other than a wholly-owned subsidiary of the Company).

Third, the conditions governing the options have been amended to further clarify the effective date of an optionee's termination of employment with the Company or its subsidiaries as being the optionee's last day of active and actual work. Also, the term during which options are to be exercised by an optionee whose employment terminates by reason of his/her retirement and his/her age and number of years of service do total 70 years or more, taking into account only whole years, was extended from two years after the date of termination of employment to 90 days after such two-year period, unless the expiration of the original term of the options occurs first.

Fourth, the Equity Compensation Plan was amended to provide that the exercise price of Common Shares can be paid through a "broker cashless exercise" procedure, whereby the reserve of Common Shares is deducted in full accordingly.

Finally, all other amendments approved by the Board of Directors are of a general housekeeping nature, including the manner to exercise options, the possibility to use electronic form to evidence any options, additional information of the Company available for the optionees in connection with their participation under the Equity Compensation Plan, information for U.S. citizens or residents regarding securities registration requirements and potential exemptions applicable for the resale of Common Shares, the limitation on the optionees' right to claim any benefit or compensation, the reservation of the Company's Management right regarding the optionees, the calculation of the exercise price for the Common Shares being in compliance with the TSX Company Manual, the manner for the Company and its subsidiaries to satisfy their withholding obligations, compliance with legal requirements, the discretion for the Board of Directors to appoint an administrative agent to administer the options granted and the consent for the use of personal information in connection with the administration of the Equity Compensation Plan.

As of March 31, 2011, 8,674,238 options were outstanding. On April 1, 2011, the Corporate Governance Committee granted an aggregate of 1,244,780 options to participants under the Equity Compensation Plan at an exercise price of $43.22 per share. Of the 9,587,192 options outstanding as of May 26, 2011, which represents 4.7% of the outstanding Common Shares, 4,882,689 options were exercisable and 4,704,503 will vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant.

As of May 26, 2011, there were 9,587,192 options outstanding and 2,728,177 options remaining available for future grants without taking into account the Amendment described below, which represents a total of 12,315,369 Common Shares, being 6.0% of the outstanding Common Shares.

PROPOSED AMENDMENT TO THE EQUITY COMPENSATION PLAN

When the Equity Compensation Plan was approved in 1997, a maximum of 12,000,000 Common Shares was authorized to be issued. In 2001, the shareholders approved an amendment to increase the number of Common Shares issuable to 28,000,000. As of March 31, 2011, a total of 12,553,120 Common Shares remained available for issuance under the Equity Compensation Plan, composed of (i) 8,674,238 Common Shares underlying options outstanding as of such date, and (ii) 3,878,882 Common Shares remaining available for future grants of options.

On April 19, 2011, as part of the amendments described above, the Board of Directors approved, subject to shareholders' approval, an increase of 10,196,010 in the number of Common Shares available for issuance under the Equity Compensation Plan (the "Amendment"). Such increase represents 5% of the issued and outstanding Common Shares as of March 31, 2011. The maximum number of Common Shares which may be issued would then be equal to 22,749,130 Common Shares (representing 11% of the Common Shares outstanding as of March 31, 2011), which is composed of the number of Common Shares reserved for issuance as of March 31, 2011 plus the additional increase of 10,196,010. In the view of the Board of Directors and the Corporate Governance Committee, it is appropriate for the Company to have the possibility to continue to grant options over the coming years as an incentive to full-time employees and officers to maintain their services for the benefit of the Company and its subsidiaries, as well as a means to attract competent new employees. The Amendment would also maintain the interest in the Company's welfare for those full-time employees and officers who share primary responsibility for the management, growth and protection of the business of the Company and its subsidiaries.

To be effective, the approval of the Amendment must be given by resolution of the shareholders. **Unless instructed to vote against in the accompanying form of proxy, the persons whose names are printed on the form of proxy intend to vote FOR the approval of the Amendment.**

DIRECTORS AND OFFICERS INSURANCE COVERAGE

The Company carries liability insurance in an amount limited to $50 million with respect to its directors and officers as a group, subject to a $500,000 deductible. For fiscal 2011, the total annual premium in respect of such insurance was $204,076, all of which was paid by the Company and charged to earnings.

INDEBTEDNESS OF EXECUTIVE OFFICERS

None of the directors and other executive officers of the Company, nor any of their associates, are indebted towards the Company in respect of loans, advances or guarantees of indebtedness.

APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, chartered accountants, have been the auditors of the Company since 1992.

Except where the authority to vote in favour of the appointment of Deloitte & Touche LLP is withheld, the persons whose names are printed on the form of proxy intend to vote FOR the appointment of Deloitte & Touche LLP, chartered accountants, as auditors of the Company and to vote FOR authorizing the Board of Directors to determine their remuneration. The auditors will hold office until the next Annual Meeting or until their successors are appointed.

During fiscal 2011, the Company retained its auditors, Deloitte & Touche LLP, to provide services. Details of the services and amounts paid to Deloitte & Touche LLP are presented on page 37 of the Annual Information Form of the Company for the year ended March 31, 2011. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, Telephone: 514.328.6662.

INTEREST OF MANAGEMENT AND OTHERS IN TRANSACTIONS

In the normal course of business, the Company receives and provides goods and services from and to companies subject to significant influence by its principal shareholder. These goods and services are of an immaterial amount and compensated by a consideration equal to their fair market value, comparable to similar arms' length transactions. Reference is made to note 18 to the Consolidated Financial Statements of the Company that describes the related party transactions. See "Additional Information".

SHAREHOLDER PROPOSAL

Subject to the Canada Business Corporations Act, certain shareholders of the Company may submit to the Company proposals to be considered at the next annual meeting of the Company. All shareholder proposals must be received by the Company no later than March 10, 2012.

ADDITIONAL INFORMATION

The Company's financial information is included in the Consolidated Financial Statements of the Company and notes thereto and in the accompanying Management's Discussion and Analysis for the fiscal year ended March 31, 2011. Copies of these documents and additional information concerning the Company can be found on SEDAR at www.sedar.com and may also be obtained upon request to the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, Telephone: 514.328.6662.

GENERAL

Except as otherwise specifically indicated, the information contained herein is given as of May 26, 2011. The Management of the Company presently knows of no matters to come before the Meeting other than matters identified in the Notice of Meeting. If any matters which are not known should properly come before the Meeting, the persons named in the form of proxy will vote on such matters according to their best judgment.

APPROVAL OF THE DIRECTORS

The directors of the Company have approved the content and the sending of this Circular.

Saint-Léonard, Québec, June 7, 2011.

(signed) Emanuele (Lino) Saputo,
Chairman of the Board

SCHEDULE A

BOARD MANDATE

The Board of Directors is responsible for the stewardship of Saputo Inc. (the "**Company**"). As such, the Board establishes all Company policies, monitors and assesses Management's strategic decisions, and has full power for duties that are not specifically delegated to its committees or to Management. The Board is also responsible for overseeing the management of the Company's business by taking into account the best interests of the Company and its shareholders in general. Management's role is to conduct the Company's day-to-day operations so as to ensure that this objective is met.

BOARD ORGANIZATION

- The directors are elected annually by the Company's shareholders; these directors, together with those appointed between annual meetings to fill vacancies or as additional directors, make up the Board.
- The Board must be composed of a majority of independent directors, as defined under applicable legislation.
- The Chair of the Board must be appointed by a resolution of the Board, and a Lead Director must be appointed if the Chair is not an independent director. The Lead Director must be appointed by a resolution of the independent members of the Board.
- The Board meets at least five times a year and may call special meetings as required. Board meetings may be held at the request of any director.
- The independent directors meet quarterly without Management in attendance, following each regular meeting or more, as required. The Chair of the Board, or Lead Director if the Chair is not an independent director, chairs the meetings.
- The Chair of the Board and the Lead Director approve meeting agendas and ensure that documents referred to in the agenda are forwarded to directors in sufficient time for their perusal.
- The Board may, as required, invite any person deemed appropriate to a Board meeting to take part in discussions on the Company's business. However, such a person may not at any time vote at a Board meeting.
- The minutes of Board meetings must accurately reflect the significant discussions and the decisions of the Board and must be circulated to the members of the Board, with copies to the President and Chief Executive Officer and to the Executive Vice President, Finance and Administration.
- The Board has full access to members of senior Management and other members of personnel as well as to Company documents; the Board is granted the resources it needs to perform its duties and is able to retain the services of external consultants for support in carrying out its mandate.

RESPONSIBILITIES

The Board takes on the following responsibilities:

1) reviewing and approving the Company's strategic orientation: identification of medium and long-term qualitative and quantitative objectives, annual approval of the strategies for achieving them, which strategies take into account opportunities and risks, and monitor the achievements of Management;

2) reviewing and approving the Company's annual budget;

3) studying and approving periodically the results obtained by the Company in comparison with objectives pursued; determining the causes of any discrepancies and approving the appropriate corrective actions, if any;

4) adopting and reviewing the dividend policy and approving the declaration of dividends for payment, when required;

5) monitoring, where possible, the integrity of the Chief Executive Officer and other executive officers as well as ensuring that each of them promotes a culture of integrity within the Company;

6) reviewing and approving the appointment, compensation, indemnification as well as the succession plans for and the training of the President and Chief Executive Officer, Division Presidents and Executive Vice Presidents;

7) reviewing the performance of the President and Chief Executive Officer in light of his position description and objectives to be met;

8) implementing and overseeing a process for assessing the performance of the Board and the directors, as well as evaluating periodically their performance;

9) implementing and overseeing the process to select and recruit candidates for the Board of Directors;

10) determining the independence, or lack thereof, of each director;

11) implementing and overseeing the orientation and continuing professional development programs of directors;

12) reviewing and approving the compensation and indemnification of directors;

13) ensuring, as feasible, that each director acts with integrity and good faith in the best interest of the Company, the whole with the diligence and the skills that would present, in such circumstances, a prudent and diligent person;

14) identifying the main risks associated with the Company's business and ensuring the deployment and efficiency of measures to enable risk management;

15) overseeing the integrity of the Company's management information and internal control systems;

16) monitoring the compliance of the Company with laws, regulations and norms applicable to it and its activities;

17) adopting an environmental policy and overseeing its implementation;

18) adopting a food safety and quality policy and overseeing its implementation;

19) adopting an information communication policy, and reviewing and approving the continuous disclosure documents such as the financial statements, Management Proxy Circular, Annual Information Form and annual report;

20) approving significant acquisitions and sales of assets or shares, any major contract, including financing agreements and agreements under which guarantees are given or substantial assets are given as security, as well as any other important matter or any major development concerning the Company or the industry;

21) approving the Company's approach to corporate governance, in particular adopting corporate governance principles and guidelines that apply specifically to the Company;

22) adopting a code of ethics and overseeing its implementation;

23) adopting and deploying appropriate measures to receive comments from Company shareholders;

24) reviewing annually the Board's mandate; and

25) reviewing any other matter or issue that may be referred to it by one of the Board committees or that the Board deems appropriate to be mandated to act on.

In general, the Board has the responsibility to approve all matters that lie within the powers of the directors under the *Canada Business Corporations Act* and any other applicable law.

The Board may request the assistance of Board committees in performing its duties and delegating them responsibilities when it deems appropriate.

SCHEDULE B

RESOLUTION – AMENDMENT TO THE EQUITY COMPENSATION PLAN

WHEREAS it is pertinent to amend the Equity Compensation Plan of Saputo Inc. (the "Plan");

WHEREAS the Toronto Stock Exchange approved the proposed amendment to the Plan;

IT IS HEREBY RESOLVED:

THAT the amendment to the Plan to provide that the maximum number of Common Shares that may be issued under the Plan shall be increased by 10,196,010 Common Shares, representing 5% of the issued and outstanding Common Shares as of March 31, 2011, be and is hereby adopted, approved and confirmed;

THAT any director or officer of the Company be and is hereby authorized and directed, for and on behalf of the Company, to sign and execute all documents, to conclude any agreements and to do and perform all acts and things deemed necessary or advisable in order to give effect to this resolution, including compliance with all securities laws and regulations; and

THAT the Board of Directors of the Company be and is hereby authorized, without further notice, to cause all measures to be taken, such further agreements to be entered into and such further documents to be executed as may be deemed necessary or advisable to give effect to and fully carry out the intent of this resolution.