Management Proxy Circular

June 5, 2012

TABLE OF CONTENTS

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 Meeting (the "Meeting") of the holders of common shares of the Company (the "Common Shares") to be held on July 31, 2012, 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, facsimile 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 or 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 or any adjournment thereof.

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.

Voting Requirement

A simple majority of the votes cast, in person or by proxy, will constitute approval of the matters to be adopted at 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 shareholders' 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, brokers often use service companies, such as Broadridge Financial Solutions Inc. ("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 by following the instructions to such effect provided by the broker or intermediary.

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 25, 2012, the Company had 199,221,014 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 15, 2012, will be entitled to receive the Notice and to exercise the voting rights attached to the Common Shares in respect of which they are so registered at the Meeting, or any adjournment thereof, if present or represented by proxy.

To the knowledge of the Company's directors and executive officers, on May 25, 2012, the only persons or companies who or which owned of record or beneficially, or exercised control or direction over, directly or indirectly, 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)	35.08

(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 2013, Management proposes that the Board of Directors be composed of eleven (11) members. Messrs. André Bérard and Jean Gaulin have advised the Company that they do not intend to renew their mandates as directors. Management and the Board propose Mr. Henry E. Demone and Ms. Annalisa King as new nominees for election to the Board. **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 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, or over which control or direction is exercised, directly or indirectly, and the number of options and Deferred Share Units ("DSU") owned, the whole as of May 25, 2012.

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.
Chief Executive Officer
and Vice Chairman of the Board of the Company
Québec, Canada

Director since 2001
Non-independent
Holdings: 68,313 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 and, since 2011, he also holds the position of Vice Chairman of the Board. Mr. Saputo, Jr. serves on the Board of Directors of Transcontinental Inc. and National Bank of Canada.

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

Director since 2004
Independent
Holdings: 34,812 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, 2,000 Options(3) and 16,102 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.

HENRY E. DEMONE
President and Chief Executive Officer, High Liner Foods Incorporated (a processor and marketer of prepared frozen seafood)
Nova Scotia, Canada

New nominee
Independent
Holdings: —

Henry E. Demone has been the President of High Liner Foods Incorporated since 1989 and its President and Chief Executive Officer since 1992. Mr. Demone is Chairman of the National Fisheries Institute, a Washington, DC-based trade association representing the seafood industry. Mr. Demone serves on the Board of Directors of High Liner Foods Incorporated.

FRANK A. DOTTORI(5)
President, FADCO Consulting Inc. (a consulting company)
Québec, Canada

Director since 2003
Independent
Holdings: 2,575 Common Shares, 2,000 Options(3) and 35,331 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. 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 13,731 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.

ANNALISA KING
Senior Vice President and CFO, Best Buy Canada Ltd. (a retailer and e-tailer of consumer electronics, computers and entertainment products)
British Columbia, Canada

New nominee
Independent
Holdings: —

Annalisa King has been Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd. since 2008. Ms. King is also responsible for overseeing the information technology, legal and real estate functions of Best Buy Canada Ltd. Prior to her current position, Ms. King was Senior Vice President of Business Transformation for Maple Leaf Foods Inc.

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

Director since 2008
Independent
Holdings: 10,400 Common Shares and 15,467 DSU(4)

Chairman 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 21,797 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 20,614 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 has been implemented since then.

During the last five years, all of the above-listed 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. since May 2006 and was managing director of GreenField Ethanol Inc.'s

Cellulosic Ethanol division (an ethanol and industrial alcohol manufacturer and distributor) from March 2008 to October 2011; and Ms. Annalisa King, who, between 2001 and 2008, worked at Maple Leaf Foods Inc. and became its Senior Vice President of Business Transformation in 2004.

Information as to shares, options and DSU beneficially owned by each nominee, or over which each nominee exercised control or direction, as of May 25, 2012, has been provided 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 and HR Committee") is responsible for reviewing annually the compensation policy regarding directors of the Company. In this regard, the Corporate Governance and HR Committee reviews general compensation surveys and compensation policies of major Canadian public companies similar in size to the Company. For fiscal 2012, the Corporate Governance and HR Committee also compared, with the support of Perrault Consulting (as hereinafter defined), an independent compensation consulting firm, its director compensation practices with those of the CDN Comparative Group (as hereinafter defined). Reference is made to the section entitled "Executive Compensation" under the heading "Comparative Group" for details on the Comparative Group (as hereinafter defined). Based on this annual review, the compensation of directors was determined to be competitive with the third quartile of the compensation offered to directors of the companies forming part of the CDN Comparative Group. The Corporate Governance and HR Committee therefore recommended to the Board of Directors that no change be made to the compensation offered to the Company's directors.

During fiscal 2012, 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 and HR 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. Mr. Emanuele (Lino) Saputo received $500,000 from the Company for his services as Chairman of the Board of Directors in fiscal 2012.

For fiscal 2012, 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").

Deferred Share Unit Plan for Directors

The Company has a DSU Plan for its directors. 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.

Pursuant to the ownership policy adopted by the Board of Directors, 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 is required to comply with this policy 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 5, 2012, all directors complied with the minimum ownership requirement.

Director Summary Compensation Table

The following table provides a summary of compensation earned by each of the directors during the fiscal year ended March 31, 2012, as fees, share-based and option-based awards or otherwise:

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	107,213	163,868	-	-	-	-	271,081
Lucien Bouchard	77,225	109,480	-	-	-	-	186,705
Pierre Bourgie	76,000	96,248	-	-	-	-	172,248
Frank A. Dottori	78,804	109,888	-	-	-	-	188,692
Anthony M. Fata	78,804	93,706	-	-	-	-	172,510
Jean Gaulin	161,015 (4)	1,931 (5)	-	-	-	-	162,946
Tony Meti (6)	82,514	121,983	-	-	-	-	204,497
Caterina Monticciolo	63,548	99,895	-	-	-	-	163,443
Patricia Saputo	62,500	99,629	-	-	-	-	162,129
Louis A. Tanguay (7)	31,453	77,469	-	-	-	-	108,922
Total	1,319,076	974,097	-	-	-	-	2,293,173

(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 Chief Executive Officer is disclosed in the "NEO Summary Compensation Table".

(2) During fiscal 2012, 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 and HR 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. Mr. Emanuele (Lino) Saputo received $500,000 from the Company for his services as Chairman of the Board of Directors in fiscal 2012.

(3) In addition to fees earned, directors also received in fiscal 2012 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 fair value of DSU granted for such quarter, being the closing price of the Common Shares on the TSX on the last trading day of each quarter. 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 annual grant of DSU.

(5) This amount represents the value accumulated this fiscal year by Mr. Gaulin as notional equivalents of dividends on Common Shares underlying his DSU.

(6) Mr. Meti was appointed Chairman of the Audit Committee on August 2, 2011.

(7) Mr. Tanguay ceased to be a director of the Company on August 2, 2011. Until such date, he acted as Chairman of the Audit Committee.

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 2012:

Outstanding Share-Based Awards and Option-Based Awards

	Option-Based Awards (2)					Share-Based Awards		
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 ($)	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed ($) (4)
Emanuele (Lino) Saputo	–	–	–	–	–	–	–	–
André Bérard	–	–	–	–	–	–	–	2,230,676
Lucien Bouchard	–	–	–	–	–	–	–	1,504,244
Pierre Bourgie	04/01/2003	2,000	11.250	04/01/2013	63,920	–	–	695,772
Frank A. Dottori	06/10/2003	2,000	13.770	06/10/2013	58,880	–	–	1,526,690
Anthony M. Fata	–	–	–	–	–	–	–	593,324
Jean Gaulin	04/25/2003	2,000	12.000	04/25/2013	62,420	–	–	111,352
Tony Meti	–	–	–	–	–	–	–	668,346
Caterina Monticciolo	04/01/2002 04/01/2003	2,000 2,000	15.175 11.250	06/21/2012(5) 04/01/2013	119,990	–	–	941,860
Patricia Saputo	04/01/2002 04/01/2003	2,000 2,000	15.175 11.250	06/21/2012(5) 04/01/2013	119,990	–	–	890,768
Louis A. Tanguay	–	–	–	–	–	–	–	1,870,610

(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 30, 2012 ($43.21) 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.

(4) This value corresponds to the number of DSU held by each director multiplied by the closing price of the Common Shares on the TSX on March 30, 2012 ($43.21). DSU are vested upon award, but directors are only entitled to receive a cash payment after they cease to be members of the Board (see "Deferred Share Unit Plan for Directors").

(5) The original expiry date is April 1, 2012, which falls within a period during which the directors of the Company are not authorized to trade pursuant to the Rules of Conduct Respecting Trading of Securities of Saputo Inc. In compliance with the Equity Compensation Plan, the expiry date was therefore automatically extended without further act or formality to that date which is the tenth (10th) business day after the end of the blackout period.

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 vested prior to fiscal 2012. Therefore, no value was vested or earned during fiscal 2012.

ATTENDANCE AT 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, 2012, and the attendance record. During the year, there were 5 meetings of the Board of Directors, 7 meetings of the Audit Committee and 7 meetings of the Corporate Governance and HR Committee. There was a 100% attendance rate for the Board of Directors' meetings, a 100% attendance rate for the Audit Committee meetings and a 100% attendance rate for the Corporate Governance and HR Committee meetings.

Summary of Attendance of Directors

Director	Board	Audit Committee	Corporate Governance and HR Committee
Emanuele (Lino) Saputo	5 of 5	–	–
Lino A. Saputo, Jr.	5 of 5	–	–
André Bérard	5 of 5	–	7 of 7
Lucien Bouchard	5 of 5	–	7 of 7
Pierre Bourgie	5 of 5	–	7 of 7
Frank A. Dottori	5 of 5	7 of 7	–
Anthony M. Fata	5 of 5	7 of 7	–
Jean Gaulin	5 of 5	–	7 of 7
Tony Meti	5 of 5	7 of 7	–
Caterina Monticciolo	5 of 5	–	–
Patricia Saputo	5 of 5	–	–
Louis A. Tanguay (1)	3 of 3	3 of 3	–

(1) Mr. Tanguay ceased to be a director on August 2, 2011.

REPORT ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors believes that good corporate governance practices are important and has delegated to the Corporate Governance and HR 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, and holds in the aggregate, or exercises control or direction over, directly or indirectly, shares representing 35.08% 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 appropriate structures, procedures and practices in place 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 and HR 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 Chief Executive Officer, the Chairman, the committee Chairs and the Lead Director; (iii) a selection process for new directors; (iv) a whistleblowing policy; (v) an assessment process for the 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) overseeing the integrity 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 and HR 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 reviews the fiscal year then ended and the budgets for the upcoming fiscal year, including required capital expenditures, in order to achieve the growth and objectives set by Management. It also reviews the competitive and regulatory environment in which the Company operates in order to identify 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 eleven (11) directors, nine (9) of whom have 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 National Instrument 52-110-"Audit Committees", the whole as disclosed hereafter. With the election of the two (2) new nominees at the Meeting, the Board of Directors would remain composed of nine (9) independent directors. In determining the status of independent directors, the Corporate Governance and HR Committee has — based, among other things, on information provided by the directors by way of a questionnaire — identified those directors who have no direct or indirect relationship with the Company or any of its subsidiaries that could, in the view of the Corporate Governance and HR 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 National Instrument 52-110-"Audit Committees". These determinations as to independence of the directors are reviewed and approved by the Board of Directors. The Company is of the opinion that the presence of nine (9) independent directors more than adequately reflects the investment of minority shareholders in the Company.

- As the executive Chairman of the Board of the Company, Mr. Emanuele (Lino) Saputo is not an independent director.
- As Chief Executive Officer of the Company, Mr. Lino A. Saputo, Jr. is not an independent director.
- Mr. Lucien Bouchard is an independent director.
- Mr. Pierre Bourgie is an independent director.
- Mr. Henry E. Demone is an independent director nominee.
- Mr. Frank A. Dottori is an independent director.

- Mr. Anthony M. Fata is an independent director.
- Ms. Annalisa King is an independent director nominee.
- Mr. Tony Meti is an independent director.
- Mrs. Caterina Monticciolo is an independent director.
- Mrs. Patricia Saputo is an independent director.

Throughout their mandates, Messrs. Bérard and Gaulin, who are not standing for re-election, have been independent directors.

The independent directors have the opportunity to meet without Management and without the Chairman of the Board following each Board meeting.

INDEPENDENT DIRECTORS' MEETINGS

The independent members of the Board have an opportunity to meet without Management after each Board meeting and committee meeting. During fiscal 2012, following each Board meeting, independent members of the Board held a meeting at which Management was not present. The Corporate Governance and HR Committee and the Audit Committee are composed solely of independent members and, respectively, held five (5) and six (6) meetings without Management during fiscal 2012.

CHAIR AND LEAD DIRECTOR

The Corporate Governance and HR Committee has been delegated by the Board the authority 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 separate. 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 Chief Executive Officer and 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 and HR Committee, Mr. André Bérard, as Lead Director. The responsibilities of the Lead Director include: ensuring that the Board is able to function independently of Management, setting Board agendas with the Chairman of the Board, overseeing the quality of the information sent to directors, calling and chairing the meetings of independent directors, and reviewing 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 and HR 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 and HR Committee has the mandate to determine if the circumstances warrant the hiring of an outside advisor. In addition, both committees have the right to hire 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 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 Chief Executive Officer is developed with input from the Chief Executive Officer and the Corporate Governance and HR Committee, and is approved by the Board of Directors. The description provides that the 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 and HR Committee reviews and approves corporate goals and objectives that the Chief Executive Officer is responsible for meeting each year. The Corporate Governance and HR Committee also conducts an annual assessment of the 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 and HR 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 directors. Reference is made to the section entitled "Executive Compensation" under the heading "Role and Composition of the Corporate Governance and HR Committee" for more information on the skills and experience of the members of such committee and its responsibilities as a compensation committee.

The Corporate Governance and HR Committee has the mandate to (i) review and approve the executive compensation policy of the Company; (ii) review the Company's corporate governance practices and make recommendations to the Board of Directors with respect thereto; (iii) ensure proper Management succession planning for the Company and make recommendations to the Board of Directors with respect thereto; (iv) implement a process to assess, on an annual basis, the performance of the Chief Executive Officer, and periodically, the performance of the Board, its committees and the directors, individually; (v) 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; (vi) implement a uniform and transparent process for selecting nominees for election to the Board of Directors and recruiting new candidates for Board membership, and make recommendations to the Board of Directors with respect thereto; and (vii) present quarterly reports to the Board of Directors with respect to its achievements and current projects. During fiscal 2012, the Corporate Governance and HR Committee held seven (7) meetings, five (5) of which were followed by a meeting where Management was not present.

AUDIT COMMITTEE

The Audit Committee is composed of three members of the Board of Directors, Messrs. Frank A. Dottori, Anthony M. Fata and Tony Meti, 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 and adopt the annual audit plan prepared by the external auditors and oversee their work, 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 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 accounting nature; (viii) examine, approve and apply the Company's hiring policy with respect to employees and former employees of the current 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 2012, 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 19 of the Management's Discussion and Analysis contained in the Annual Report under the heading "Risks 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 Company's internal control systems. The Audit Committee regularly meets with the Executive Vice President, Finance and Administration, and Secretary, 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, 2012. 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 and HR 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 sections entitled "Executive Compensation" and "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 and HR Committee. The survey completed by the Chairman of the Corporate Governance and HR Committee is submitted to a member of this committee mandated by the other members. The Chairman of the Corporate Governance and HR Committee meets each Board member individually in order to discuss the surveys and also meets the member of the Corporate Governance and HR 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 and HR 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 and HR 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 and HR 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 to ensure responsible corporate governance. The Corporate Governance and HR 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 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 periodically given 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 and HR Committee any request he or she may have regarding additional information or education. The Corporate Governance and HR Committee reviews such requests and takes the measures it deems appropriate.

Nomination of Directors

The Corporate Governance and HR 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 and HR 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 and HR Committee recommends to the Board the candidates proposed for election to the Board.

This assessment also allows the identification, *inter alia*, of competencies and skills that the Board of Directors should consider if and when a new director will be added to the Board of Directors. In fiscal 2012, a recruitment firm was retained to help identify potential candidates who could be proposed for election if and when the need would arise. Following Messrs. Bérard's and Gaulin's decision to not renew their mandates as directors, potential nominees were identified based on the skills sought and requirements established. Interviews were conducted by a designated member of the Corporate Governance and HR Committee, and by the Vice Chairman of the Board. A recommendation was thereafter made to the Corporate Governance and HR Committee, which then reviewed the candidacies of Mr. Henry E. Demone and Ms. Annalisa King. The Corporate Governance and HR Committee then recommended these two candidacies to the Board of Directors. For more information, see the section entitled "Election of Directors".

Majority Voting Policy

The Board of Directors believes that each of its members should carry the confidence and support of the shareholders. Therefore, 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 and HR 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 and HR 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 nine (9) to eleven (11) directors 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 and HR 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 and HR 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 and HR 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 *Code of Ethics* includes a section on conflicts of interest, and a statement that must be completed and signed by all employees, including senior executives, as well as all directors, requiring any potential, apparent or real conflict of interest involving the employee or director to be reported.

In accordance with applicable law, when a conflict of interest involving a director arises, the director has the obligation to disclose such conflict of interest and abstain from voting on the matter. The Corporate Governance and HR Committee rules on questions concerning conflicts of interest.

The Board has also adopted whistleblower procedures, which allow officers and employees who have any complaint or concern regarding accounting, internal accounting controls or auditing matters to be reported on a confidential and anonymous basis. Complaints can be made via e-mail or mail to the Chairman of the Audit Committee, who 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, consistent and accurate, and that the information is disseminated in compliance with all applicable requirements of the TSX and securities regulatory authorities.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Composition of the Corporate Governance and HR Committee

The Corporate Governance and HR Committee is composed of four independent directors, Messrs. André Bérard, who is the Chairman of the committee, Lucien Bouchard, Pierre Bourgie and Jean Gaulin. Each member has direct experience that is relevant to his responsibilities in executive compensation. More specifically, Messrs. Bérard, Bourgie and Gaulin have held executive management positions as Chief Executive Officers of organizations with oversight over human resources functions. Mr. Bouchard has practiced labour law and has experience in negotiating and establishing compensation packages. All members also have experience as members of human resources and compensation committees of other public companies. In connection with their responsibilities, all members have implemented, managed and/or provided advice on compensation policies and practices. As a result, the members of the Corporate Governance and HR Committee collectively have the relevant skills and experience necessary to enable the Committee to make decisions as to the suitability of the Company's compensation policies and practices. Reference is made to the section entitled "Election of Directors" for more information on the members' biographies.

As stated above under the section entitled "Corporate Governance and Human Resources Committee", part of the Committee's functions is to act as a compensation committee. As such, the Committee is responsible for (i) reviewing and approving the executive compensation policy; (ii) establishing the annual performance targets used in relation with the annual incentive (bonus); (iii) determining long-term incentive grants under the Company's compensation plans and establishing their terms, including, where applicable, performance criteria; and (iv) assessing the risks associated with the Company's compensation policies and practices.

During fiscal 2012, the Corporate Governance and HR Committee reviewed the Company's compensation policies and practices, taking into account risks associated therewith. The Committee has not identified any risks associated with the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company. The significant risks and uncertainties which could affect the Company are disclosed in the Management Discussion and Analysis accompanying the Company's financial statements. None of these risks relates to compensation policies and practices. See "Additional Information".

In the context of assessing risks related to compensation practices and policies, the Corporate Governance and HR Committee considered or adopted, as applicable, the following practices and policies, among others, which contribute to the philosophy of refraining from taking inappropriate or excessive risks: (i) the compensation structure includes a fixed portion (base salary) which is competitive and provides a regular income stream unrelated to the share price; (ii) the variable portion is composed of both a short-term incentive (bonus) and a long-term incentive (options); (iii) payments under the short-term incentive (bonus), based on the achievement and overachievement of financial performance targets of the Company, are capped; (iv) the long-term incentive (options) vests over five years; (v) a share ownership policy provides that executives must hold a minimum number of Common Shares; (vi) rules of conduct prohibit insiders, including directors and NEOs, from selling short, or buying any put or call options with respect to the securities of the Company, and also prohibit the purchase of financial instruments designed to hedge or offset a decrease in market value of the Company's securities.

The interests of the management team are further aligned with shareholders' interests through share ownership requirements. The Board has adopted a policy that requires minimum levels of share ownership, based on each executive's position and salary. NEOs are required (the "Executive Minimum Ownership Requirement"), within five years from the date of their appointment (the "Attainment Date"), to own Common Shares having an aggregate value equal to one time his or her annual base salary as of the Attainment Date.

For the purposes of assessing ownership levels, Common Shares are valued at the closing price of the Common Shares on the TSX on the last trading date immediately preceding the date that share ownership levels are assessed. Once minimum share ownership levels are met at a given date, any subsequent market variation in the value of the Common Shares will not be taken into consideration. As of June 5, 2012, all NEOs complied with the Executive Minimum Ownership Requirement.

Executive Compensation Policy Objective

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 and HR Committee is responsible for reviewing and monitoring the executive compensation policy, including determining the compensation elements and the compensation mix to balance the executives' focus on short-term and long-term objectives. The Company's compensation policies and practices are designed to adequately reward 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.

Reference is made to the section entitled "Elements of Executive Compensation" for additional information on the components of executive compensation and the relative weight of fixed and variable compensation elements.

Decision Making Process and Compensation Consulting Services

PCI-Perrault Consulting Inc. ("Perrault Consulting"), an independent compensation consulting firm, has been retained by the Corporate Governance and HR Committee for over the past ten years for advice relating to the competitiveness and appropriateness of the compensation programs of the Company's executives. The services include advice on compensation policies and practices, including base salaries, and short and long-term incentive programs. In providing such advice, Perrault Consulting also assists the Committee in the selection of the Comparative Group, provides information on the benchmarking of executive compensation with the Comparative Group and provides observations and recommendations with respect to the composition and design of the compensation elements.

For fiscal 2012, Perrault Consulting was retained to provide assistance with the compensation review process and other compensation matters. The table below sets forth the fees incurred by the Company in connection with services provided by Perrault Consulting in fiscal 2011 and fiscal 2012. During such years, Perrault Consulting was not retained to perform other work for the Company. No mandate is given to Perrault Consulting, unless approved by the Corporate Governance and HR Committee.

Executive Compensation-Related Fees		
Fiscal Year	**Executive Compensation -Related Fees**	**All Other Fees**
2012	$100,631	N/A
2011	$46,082	N/A

For fiscal 2012, the Committee met with the Executive Vice President, Human Resources, to discuss compensation matters and define the elements of executive compensation, as well as the size and the terms and conditions of annual incentive (bonus) opportunities and long-term incentive grants. The Committee considered, among other things, market compensation and trend data provided by Perrault Consulting regarding the compensation levels for executive officers with similar responsibilities in the Comparative Group, and also considered recommendations provided by Perrault Consulting for executive compensation for fiscal 2012. Following discussions with the Executive Vice President, Human Resources, the Committee approved, in March 2011, the fiscal 2012 compensation packages for the executives and provided a report to the Board at its next meeting.

In connection with executive compensation, the Committee also benefits from the involvement of the Executive Vice President, Finance and Administration, and Secretary, and other executive officers who 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 (bonus) plan and the Equity Compensation Plan are discussed with the Chief Executive Officer, and then with the Corporate Governance and HR Committee. Amendments to the Equity Compensation Plan are submitted for approval to the Board of Directors and, when required, to the shareholders.

Comparative Group

For fiscal 2012, the Corporate Governance and HR Committee, with the support of Perrault Consulting, conducted its annual review of the executive compensation policy. When conducting its review, the Committee used previous years' market data to benchmark compensation and decided to undertake a complete review of the compensation practices, including analysis of the Comparative Group and review of all elements forming part of executive compensation during fiscal 2012, with the objective of making any appropriate changes when establishing the compensation for the fiscal year starting April 1, 2012 (fiscal 2013).

For fiscal 2012, the Company's compensation practices were therefore compared to the comparative group of companies used during prior years, which was established in 2008 (the "Comparative Group"). In this regard, a comparative group composed of companies based in Canada was used for positions with corporate-wide or Canadian operations' responsibilities (the "CDN Comparative Group"), while a comparative group composed of companies based in the United States was used for positions with US operations' responsibilities (the "US Comparative Group"). The CDN Comparative Group includes eleven companies operating in the agri-food, distribution and retail sectors and twelve other manufacturing companies. The US Comparative Group is comprised of eleven companies in the food industry.

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

The NEOs' (as defined below) fiscal 2012 compensation was therefore determined in relation to the following Comparative Groups:

CDN Comparative Group:

- Chief Executive Officer
- Executive Vice President, Finance and Administration, and Secretary
- President and COO, Dairy Products Division (Canada) and by interim (Europe and Argentina)
- Executive Vice President, Human Resources

US Comparative Group:

- President and COO, Dairy Products Division (USA)

Elements of Executive Compensation

For fiscal 2012, the compensation for the executive officers of the Company, including the NEOs, 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 NEOs have a written employment contract with the Company.

The following table presents the key components of executive compensation, whether such components represent fixed or variable compensation, their form and performance period:

Executive Compensation			
Component	**Type**	**Form**	**Performance Period**
Base salary	Fixed	Cash	One year
Annual incentive (bonus)	Variable	Cash	One year
Long-term incentive (options)	Variable	Stock options	Vesting over five years, ten-year term

When establishing executive compensation, the Corporate Governance and HR Committee's objective is to target the third quartile of the compensation offered by the companies forming part of the relevant Comparative Group.

The Committee's objective is also to provide adequate balance between components representing fixed and variable compensation in order to place the emphasis on compensation elements linked to performance and achieve the compensation policy's objective (see "Executive Compensation Policy Objective" above). The following table presents, for fiscal 2012, the components of executive compensation and, for each NEO, the approximate relative weight of fixed and variable compensation elements:

Position	Fixed Compensation	Variable Compensation	
	Base Salary	Annual Incentive (bonus) (1)	Long-Term Incentive (options) (2)
Chief Executive Officer	33%	67%	0%
Executive Vice President Finance and Administration, and Secretary	44%	33%	23%
President and Chief Operating Officer Dairy Products Division (Canada) and by interim (Europe and Argentina)	44%	33%	23%
President and Chief Operating Officer Dairy Products Division (USA)	44%	33%	23%
Executive Vice President Human Resources	50%	25%	25%

(1) Annual incentive at the targeted threshold.

(2) Based on the value of option-based awards.

Base Salary

The base salary component of executive compensation 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 NEOs, individual performance is measured based on the achievement of objectives determined annually by the executive together with the Chief Executive Officer and, with respect to the Chief Executive Officer, with the Corporate Governance and HR Committee. Reference is made to the section entitled "Position Descriptions" 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 2012 and was generally in line with the compensation policy objective of being competitive with the third quartile of salaries paid by the companies forming part of the CDN Comparative Group. Mr. Brockman's base salary was determined to be within the second quartile of salaries paid by companies in the US Comparative Group, which is below the Company's compensation objectives. Mr. Brockman's salary for fiscal 2012 was therefore increased to better reflect his position and experience, and is competitive with the third quartile of salaries paid by companies in the US Comparative Group. Ms. Wagner was appointed on April 1, 2011 as Executive Vice President, Human Resources. Due to her new appointment in such role, her base salary was set in the first quartile of salaries paid by companies forming part of the CDN Comparative Group, which is below the Company's compensation objectives.

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 of the executive officers is based solely on the financial performance of the Company or of the relevant division, as the Corporate Governance and HR Committee considers that such performance is closely related to and reflects the officers' individual performance. Each year, the Committee determines the financial performance targets which are used for the calculation and 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 2012, as in previous years, financial performance was based on the level of achievement of the earnings before interest, income taxes, depreciation and amortization ("EBITDA") realized after adjustments described below ("Adjusted EBITDA") when compared to the EBITDA set forth in the fiscal 2012 budget approved by the Board of Directors ("Budgeted EBITDA"). When determining the budgets, Management establishes assumptions with respect to market factors that have an impact on the Company's results. These include the average block market per pound of cheese, the spread (being the relationship between the average block market per pound of cheese and the cost of milk as raw material), as well as the whey market price. Such market factors and their impact on the Company's results are discussed in the Management's Discussion and Analysis accompanying the Company's financial statements.

In order to determine the level of achievement of EBITDA realized by the Company compared to the Budgeted EBITDA for purposes of the bonus calculation, the Company adjusts EBITDA realized to take into consideration the assumptions used when preparing the Budgeted EBITDA. The Adjusted EBITDA therefore excludes the impact of market factors that have an effect on EBITDA, but on which the executive officers have no control. Bonuses are therefore paid based on the level of achievement of Adjusted EBITDA when compared to Budgeted EBITDA.

Under the annual incentive (bonus) plan, a bonus can only be paid if at least 85% of the Budgeted EBITDA is met by the Company or the relevant division depending on the executive officer. Similarly, the maximum bonus amount can only be earned if the Company or the relevant division meets or exceeds 105% of Budgeted EBITDA. Bonus payments are made proportionately to the level actually achieved above 85%. In connection with its responsibilities as compensation committee, the Corporate Governance and HR Committee has discretion to either award compensation absent the achievement of the performance goals established or to reduce or increase the size of any payout. Such discretion was not exercised during fiscal 2012 with respect to executive compensation.

For fiscal 2012, payout percentages established for the bonuses to be awarded to NEOs 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) are set out below.

Name	% of Base Salary		
	Threshold (85% financial performance target)	**Target (100% financial performance target)**	**Maximum (105% financial performance target or more)**
Lino A. Saputo, Jr.	150%	200%	250%
Louis-Philippe Carrière	55%	75%	100%
Dino Dello Sbarba	55%	75%	100%
Terry Brockman	55%	75%	100%
Gaétane Wagner	40%	50%	75%

The payout percentages for all NEOs, except for the Chief Executive Officer and the Executive Vice President, Human Resources, for target financial performance, were increased from 65% to 75% for fiscal 2012 in order to be competitive with the Comparative Group. For the Chief Executive Officer, the payout percentages for fiscal 2012 are identical to those for fiscal 2011.The annual incentive (bonus) opportunity is competitive with the median to third quartile of bonus plans offered by the companies forming part of the Comparative Group, except for the Chief Executive Officer, for whom the opportunity is slightly above the third quartile, but whose total compensation remains significantly below the third quartile, due to the fact that the Chief Executive Officer does not receive long-term incentive grants, as further detailed below.

Long-Term Incentive Plan (Options)

Option grants are a key component of the compensation mix and serve to align executive compensation with the Company's shareholders' interests. Options are granted by the Corporate Governance and HR Committee to executive officers and other key executives pursuant to the terms of the Equity Compensation Plan and the guidelines established by the 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 by the Committee as part of its 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 "Decision Making Process and Compensation Consulting Services" for a discussion on the involvement of executive officers in the Equity Compensation Plan.

The Equity Compensation Plan's objective is 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 and HR 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 level, without taking into account the number of options already held by such participant. On April 1, 2012, the Corporate Governance and HR Committee granted options to plan participants based on the guidelines established by the Committee. Refer to the section "Securities Authorized for Issuance under Equity Compensation Plans" for a discussion of the terms and conditions relating to the options, including exercise price and vesting conditions.

With the exception of the Chief Executive Officer, who does not receive any options, the value of options granted to the executive officers is competitive with the first to second quartile of the value of long-term incentive grants made by companies in the Comparative Group, which is significantly below the third quartile objective set by the Corporate Governance and HR Committee. The Committee decided, however, not to make any changes to the value of the long-term incentive for fiscal 2012, and to postpone any adjustment in this regard to fiscal 2013.

Total direct compensation of the NEOs, other than the Chief Executive Officer, represents the sum of salary, target annual bonus, pension value and value of the option grant, and is competitive with the median to third quartile of the Comparative Group. No options are granted to the Chief Executive Officer as his interest in the principal shareholder constitutes a sufficient long-term incentive. Consequently, the 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 NEOs 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.

NEOs' Salary and Incentive Awards for Fiscal 2012

For fiscal 2012, the NEOs' base salaries were increased to reflect market salary adjustments and the NEOs' respective experience in their current position, the evolution of their skills and their performance against expectations (see "Base Salary" above).

The table below sets forth, for each NEO for fiscal 2012, the level of achievement reached by the Company or the relevant division with respect to the financial performance objectives established, and the bonus earned. As discussed above under "Annual Incentive (bonus)", bonuses depend on the Adjusted EBITDA realized compared to Budgeted EBITDA. Reference is made to the section entitled "Annual Incentive (bonus)" for a discussion of the payout percentages established for bonuses to be awarded, the financial performance target used for the determination of the bonuses, the process to establish the Adjusted EBITDA and Budgeted EBITDA, and the description of adjustments made to take into consideration the impact of market factors on which the NEOs have no control.

Name	Financial Performance Target Used	Level of Achievement	Fiscal 2012 Bonus Earned as a % of Salary
Lino A. Saputo, Jr.	Consolidated Budgeted EBITDA	105%	250%
Louis-Philippe Carrière	Consolidated Budgeted EBITDA	105%	100%
Dino Dello Sbarba	Canadian Budgeted EBITDA	94%	67% (1)
Terry Brockman	US Budgeted EBITDA	105%	100%
Gaétane Wagner	Consolidated Budgeted EBITDA	105%	75%

(1) In addition to his bonus under the annual incentive (bonus) plan reflected in the above table, Mr. Dello Sbarba was also awarded a fixed bonus of $100,000 for his additional responsibilities as interim President and Chief Operating Officer, Dairy Products Division (Europe and Argentina). See "NEO Summary Compensation Table" below.

On April 1, 2011, the Corporate Governance and HR Committee granted options to all the NEOs, with the exception of the Chief Executive Officer, pursuant to the Equity Compensation Plan and the option grant guidelines established for fiscal 2012. The number of options granted represented 250% of their base salary divided by the options' exercise price of $43.22 per Common Share. No options were granted to the Chief Executive Officer, as his interest in the principal shareholder constitutes a sufficient long-term incentive. All options granted on April 1, 2011 vest at a rate of 20% per year, on each of the first five anniversaries of the date of grant. See "Long-Term Incentive Plan (Options)" above.

Changes in Executive Compensation for Fiscal 2013

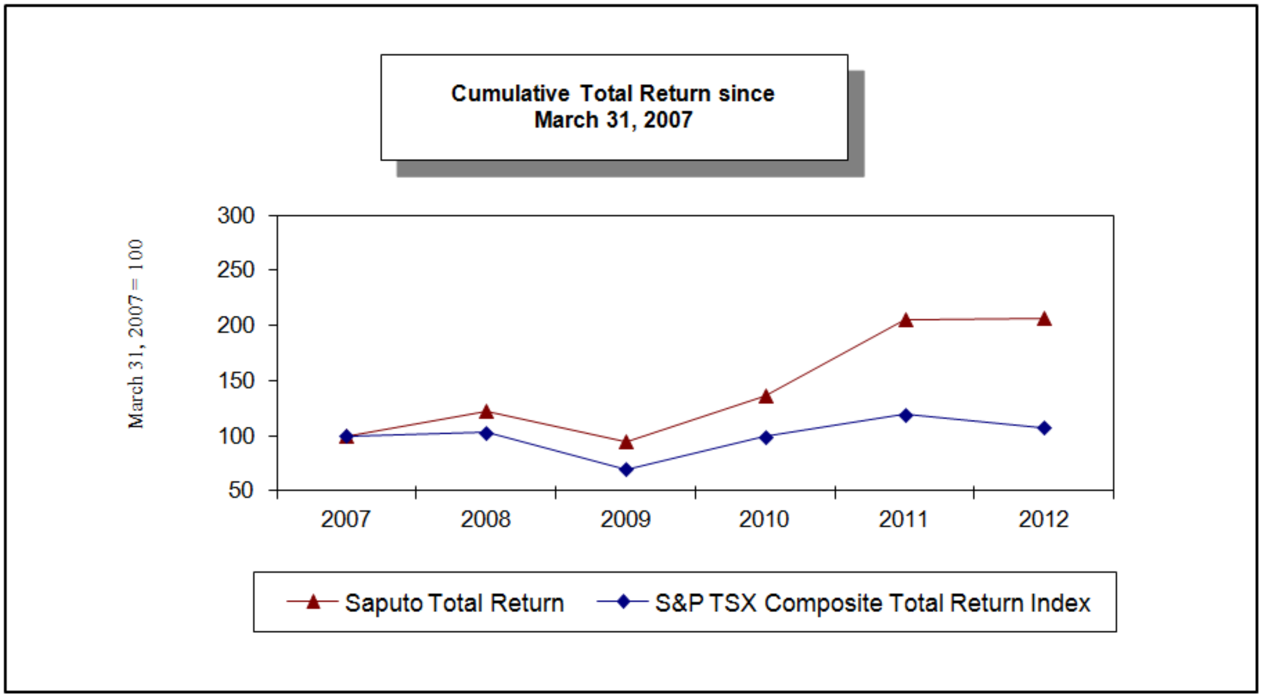
As discussed above, the Corporate Governance and HR Committee conducted a complete review of all elements relating to executive compensation during fiscal 2012. Perrault Consulting was retained to provide advice to the Committee in this regard. See "Decision Making Process and Compensation Consulting Services" above. The Committee reviewed the composition of the Comparative Group and implemented changes to more accurately reflect the size of the Company and the international scope of its activities.

The Committee reviewed its compensation policy and benchmarked executive compensation against the new Comparative Group. The Committee also considered the new senior management structure announced in November 2011 and the positions to be held by the executives effective April 1, 2012.

With respect to the long-term incentive, the Committee established a Performance Share Unit Plan (the "PSU Plan") to form part of long-term incentive compensation, together with the options. The PSU Plan is non-dilutive and is settled in cash only. The purpose of the PSU Plan is to attract and retain quality officers while promoting long-term profitability and maximizing shareholder value. Under the PSU Plan, each performance cycle shall consist of three fiscal years of the Company. At the time of grant of performance share units ("PSU"), the Committee shall determine the performance criteria which the Company must meet. Following completion of a three-year performance cycle, the PSU for which the performance criteria have been achieved will vest and be paid-out to the participants.

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, 2012.



	3/31/07	3/31/08	3/31/09	3/31/10	3/31/11	3/31/12
SAPUTO TOTAL RETURN	100	122	95	137	206	207
S&P TSX COMPOSITE TOTAL RETURN INDEX	100	103	70	99	119	108

The NEOs' 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 due to the fact that the price of the Common Shares is affected by external factors beyond the Company's and the NEOs' control. Consequently, the Company cannot establish a direct relation between the evolution of the total compensation of the NEOs and the evolution of the price of the Common Shares since 2007. During the period covered by the graph, NEOs' 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 NEOs' 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, 2012, 2011 and 2010, as salary, bonus, long-term incentive, pension or otherwise, by the following named executive officers (the "NEOs"): the CEO, CFO and the three most highly compensated executive officers of the Company. Certain aspects of this compensation are dealt with in greater 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 ($)**
Lino A. Saputo, Jr. President and Chief Executive Officer (5)	2012 C$ 2011 C$ 2010 C$	1,100,000 1,100,000 1,050,000	– – –	– – –	2,750,000 2,378,200 1,799,249	– – –	– – –	– – –	3,850,000 3,478,200 2,849,249
Louis-Philippe Carrière Executive Vice President, Finance and Administration, and Secretary	2012 C$ 2011 C$ 2010 C$	625,000 575,000 555,000	– – –	323,922 307,896 226,278	625,000 438,521 384,632	– – –	288,400 155,300 107,600	– – –	1,862,322 1,476,717 1,273,510
Dino Dello Sbarba President and Chief Operating Officer, Dairy Products Division (Canada) and by interim (Europe and Argentina) (5)	2012 C$ 2011 C$ 2010 C$	675,000 650,000 630,000	– – –	349,834 348,056 256,857	552,081 (6) 517,008 (6) 509,500 (6)	– – –	522,200 183,300 132,000	– – –	2,099,115 1,698,364 1,528,357
Terry Brockman President and Chief Operating Officer, Dairy Products Division (USA) (7)	2012 C$ 2011 C$ 2010 C$	555,579 538,020 553,005	– – –	295,420 281,124 183,469	555,579 424,902 359,453	– – –	135,000 74,900 82,500	– – –	1,541,578 1,318,946 1,178,247

					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 ($)
Gaétane Wagner, Executive Vice President, Human Resources (8)	2012 C$ 2011 C$ 2010 C$	280,000 220,000 200,000	– – –	145,116 70,681 48,926	210,000 75,999 65,975	– – –	55,600 8,297 8,155	– – –	690,716 374,977 323,056

(1) This amount equals the number of options granted on April 1, 2011 multiplied by $8.96 ($6.28 for April 1, 2010, and $3.49 for April 1, 2009), which corresponds to the fair value of the option awards as determined under the Black-Scholes model, an established methodology, using the weighted average assumptions indicated below. The option-based award values for 2010 and 2011 have been revised to reflect the change in the installment allocation under the Black-Scholes valuation method used in accordance with International Financial Reporting Standards. For more information, see note 25 of the Company's financial statements for the fiscal year ended March 31, 2012.

	2012	2011	2010
Risk-free interest rate:	2.65%	2.70%	1.69%
Expected life of options:	5 years	5 years	5 years
Volatility:	21.66%	23.96%	21.38%
Dividend rate:	1.24%	1.70%	2.06%

(2) See section "Annual Incentive (Bonus)". All amounts earned are paid quarterly by the Company in cash, concurrently with the approval by the Board of the relevant quarterly financial statements.

(3) See section "Defined Benefit Pension Plan", except for Ms. Wagner who benefitted from a defined contribution pension plan for fiscal 2011 and 2010.

(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) Titles represent positions held during the fiscal year ended March 31, 2012. On April 1, 2012, with the new senior management structure, Lino A. Saputo, Jr.'s title with the Company was changed to Chief Executive Officer and Dino Dello Sbarba became President and Chief Operating Officer of the Company.

(6) Includes a fixed bonus of $100,000 to compensate Mr. Dello Sbarba for his additional responsibilities as interim President and Chief Operating Officer, Dairy Products Division (Europe and Argentina).

(7) The compensation awarded to Mr. Brockman was in US dollars. The translation rates used for this disclosure were 1.2289, 1.0248 and 0.9747, which correspond to the closing exchange rate of the Bank of Canada on March 26, 2009, March 25, 2010, and March 29, 2011, respectively, the dates on which the compensation was approved by the Corporate Governance and HR Committee.

(8) Ms. Gaétane Wagner was appointed Executive Vice President, Human Resources, on April 1, 2011. Prior to such date, she was Senior Vice President, Human Resources, Dairy Products Division (Canada).

Incentive Plan Awards

The following table presents, for each NEO, all of the option-based grants outstanding at the end of fiscal year 2012. The Company did not make any share-based awards, except to outside directors (see "Director Summary Compensation Table").

Outstanding Share-Based Awards and Option-Based Awards								
	Option-Based Awards					**Share-Based Awards**		
Name	**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 ($)**	**Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed ($)**
Lino A. Saputo, Jr.	–	–	–	–	–	–	–	–
Louis-Philippe Carrière	04/01/2007 04/01/2008 04/01/2009 04/01/2010 04/01/2011	11,586 31,032 38,902 49,028 36,152	23.090 27.810 21.400 29.320 43.220	04/01/2017 04/01/2018 04/01/2019 04/01/2020 04/01/2021	2,240,455	–	–	–
Dino Dello Sbarba	04/01/2005 04/01/2006 04/01/2007 04/01/2008 04/01/2009 04/01/2010 04/01/2011	51,508 67,278 63,880 56,634 73,598 55,423 39,044	18.075 16.350 23.090 27.810 21.400 29.320 43.220	04/01/2015 04/01/2016 04/01/2017 04/01/2018 04/01/2019 04/01/2020 04/01/2021	7,634,168	–	–	–
Terry Brockman	04/01/2003 04/01/2004 04/01/2005 04/01/2006 04/01/2007 04/01/2008 04/01/2009 04/01/2010 04/01/2011	17,334 12,436 12,200 33,640 37,896 40,453 52,570 44,765 32,971	11.250 16.525 18.075 16.350 23.090 27.810 21.400 29.320 43.220	04/01/2013 04/01/2014 04/01/2015 04/01/2016 04/01/2017 04/01/2018 04/01/2019 04/01/2020 04/01/2021	5,249,848	–	–	–
Gaétane Wagner	04/01/2008 04/01/2009 04/01/2010 04/01/2011	4,100 8,412 11,255 16,196	27.810 21.400 29.320 43.220	04/01/2018 04/01/2019 04/01/2020 04/01/2021	402,938	–	–	–

(1) This value corresponds to the difference between the closing price of the Common Shares on March 30, 2012, on the TSX ($43.21) 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 2012 and the amount of bonus earned with respect to the performance achieved during fiscal year 2012:

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.	–	–	2,750,000
Louis-Philippe Carrière	1,204,476	–	625,000
Dino Dello Sbarba	1,331,210	–	552,081
Terry Brockman	853,337	–	555,579
Gaétane Wagner	131,097	–	210,000

(1) The options automatically vest at a rate of 20% per year, on each of the first five (5) anniversaries of their date of grant. This value corresponds to the difference between the closing price of the Common Shares on the TSX ($44.21) on April 1, 2011, 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 NEOs, except the 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 and Dino Dello Sbarba and Ms. Gaétane Wagner 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 and Dello Sbarba.

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, 2012, 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, 2011, to March 31, 2012, including the annual cost attributable to compensatory items for the fiscal year 2012. 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, 2012, in accordance with accounting principles used by the Company.

Defined Benefits Plans Table

		Annual Benefits Payable ($)					
Name	Number of Years Credited Service (#)	At Year End	At Age 65	Opening Present Value of Defined Benefit Obligation ($)	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)
Lino A. Saputo, Jr.	–	–	–	–	–	–	–
Louis-Philippe Carrière	8.25	143,100	429,000	1,221,600	288,400	345,900	1,855,900
Dino Dello Sbarba	8.25	159,900	426,600	1,441,700	522,200	323,800	2,287,700
Terry Brockman	6.00	66,200	342,100	389,300	135,000	167,300	691,600
Gaétane Wagner	0.92	5,100	89,300	–	55,600	16,800	72,400

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.

During fiscal 2012, the Company paid $1,355,552 to Mr. Pierre Leroux for retirement benefits earned under the Pension Plans. Mr. Leroux acted as Executive Vice President Human Resources and Corporate Affairs for the Company until his retirement on April 1, 2011. The Company's accrued obligations to Mr. Pierre Leroux under the Pension Plans as of March 31, 2011, was $1,327,100 as disclosed in the section entitled "Defined Benefit Pension Plan" of the Company's Management Proxy Circular dated June 7, 2011.

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, except as discussed under the section entitled "Securities Authorized for Issuance under Equity Compensation Plan".

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, 2012, 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	8,484,524	$25.92	12,995,846

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.

In 1997, the Company established the Equity Compensation Plan for full-time employees, officers and directors of the Company and its subsidiaries. Effective in fiscal 2005, the options granted to directors of the Company were replaced by DSU (see "DSU Plan for Directors"). Since April 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 and HR 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 exercise price can be paid in cash or through a "broker cashless exercise" procedure, whereby the reserve of Common Shares is deducted in full accordingly. 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 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.

The Equity Compensation Plan provides that 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; (iii) an offer to purchase the Common Shares or any part thereof made to all holders of Common Shares; or (iv) a change of control, the Board of Directors may (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. A change of control under the Equity Compensation Plan 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).

In April 2011, 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, bringing the maximum number of Common Shares available for issuance under the Equity Compensation Plan to 22,749,130 as of March 31, 2011 (representing 11% of the Common Shares then issued and outstanding). Such increase represented 5% of the issued and outstanding Common Shares as of March 31, 2011. The increase was approved by the shareholders at the general and special meeting of shareholders held on August 2, 2011.

As of March 31, 2012, 8,484,524 options were outstanding. On April 1, 2012, the Corporate Governance and HR Committee granted an aggregate of 1,884,991 options to participants under the Equity Compensation Plan at an exercise price of $42.96 per share, which represents less than 1% of the outstanding Common Shares as of such date.

As of May 25, 2012, there were 10,004,042 options outstanding and 11,210,779 options remaining available for future grants, which represents a total of 21,214,821 Common Shares, being 10.65% of the outstanding Common Shares. Of the 10,004,042 options outstanding as of May 25, 2012, 5,131,635 options were exercisable and 4,872,407 will vest at a rate of 20% per year, on each of the first five (5) anniversaries of their date of grant.

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 2012, the total annual premium in respect of such insurance was $198,572, 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 2012, 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, 2012. 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 control or significant influence through ownership 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 20 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 6, 2013.

ADDITIONAL INFORMATION

The Company's financial information is included in the Consolidated Financial Statements of the Company and notes thereto, as well as in the accompanying Management's Discussion and Analysis for the fiscal year ended March 31, 2012. 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 25, 2012. 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 matter 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 5, 2012.

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

SCHEDULE A

BOARD MANDATE

The Board of Directors (the "Board") is responsible for the stewardship of Saputo Inc. (the "Company"). As such, the Board establishes all Company policies, oversees 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 of the Company.

- The Board must be composed of a majority of independent directors as defined by 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 of the Board 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 per year and may call special meetings as required. Board meetings may be held at the request of any director.

- The independent directors meet without management in attendance, following each meeting of the Board. 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 sufficiently in advance 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 Chief Executive Officer and to the Executive Vice President, Finance and Administration.

- The Board has full access to members of senior management and other personnel, as well as to documents of the Company and its affiliates. 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) periodically studying and approving 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) reviewing and approving 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 senior executives, as well as ensuring that each of them promotes a culture of integrity within the Company;

6) reviewing and approving the appointment, compensation, indemnification, and succession and education plans for the Chief Executive Officer, the President and Chief Operating Officer, divisional Presidents and Executive Vice Presidents;

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

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

9) implementing and supervising 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 supervising 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, 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 of appropriate measures to enable risk management;

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

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

17) establishing and overseeing the implementation of the environmental policy;

18) establishing and overseeing the implementation of the food safety and quality policy;

19) establishing and overseeing the implementation of the disclosure 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 in which it operates;

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

22) establishing and overseeing the implementation of the code of ethics;

23) deploying appropriate measures to receive comments from the Company's shareholders;

24) annually reviewing 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 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 delegate responsibilities to them if it deems appropriate.