



Management Proxy Circular

June 9, 2009

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VOTING INFORMATION

SOLICITATION OF PROXIES

This Circular is furnished in connection with the solicitation by the Management of SAPUTO INC. (the “Company”) of proxies which will be used to vote at the Annual Meeting (the “Meeting”) of the holders of common shares of the Company (the “Common Shares”) to be held on August 4, 2009, at the time and place and for the purposes set forth in the foregoing Notice and at any adjournment thereof.

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

APPOINTMENT OF PROXY HOLDERS

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

VOTING BY PROXY

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

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

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

REVOCATION OF PROXIES

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

NON-REGISTERED SHAREHOLDERS

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

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

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

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

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

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Common Shares are the only securities of the share capital of the Company which carry voting rights. As at May 28, 2009, the Company had 207,117,341 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 30, 2009 will be entitled to receive the Notice. They will also be entitled to vote at the Meeting and at any adjournment thereof unless their Common Shares have been transferred and the transferee has produced properly endorsed certificate(s) representing the transferred Common Shares or has otherwise established ownership of the transferred Common Shares and has requested, at least 10 days before the Meeting, that such transferee's name be duly entered on the list of shareholders of the Company, in which case the transferee shall exercise the voting rights attached to the Common Shares.

To the knowledge of the Company's directors and executive officers, on May 28, 2009, the only persons or companies who or which owned of record or beneficially, directly or indirectly, or exercised control or direction over 10% or more of the issued and outstanding Common Shares were the following:

Name	Type of Ownership	Number of Common Shares	Percentage of Class
Gestion Jolina Inc. ⁽¹⁾	of record	69,879,924 ⁽²⁾	33.74

(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 2010, Management proposes that the Board of Directors be composed of twelve (12) members. **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 twelve nominees whose names are set forth in the following table.** The vote for each director will be conducted on an individual basis. All nominees are currently directors of the Company and have established their eligibility and willingness to serve as directors if elected to office. Each director elected will hold office until the next annual meeting or until that director's successor is duly elected, unless the office is vacated earlier in accordance with the relevant provisions of the applicable laws.

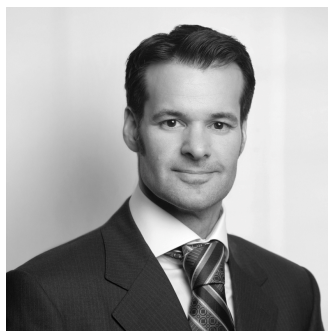
The following table sets forth, for each person nominated by Management for election as a director, his or her name, place of residence, the year in which he or she first became a director, his or her principal occupation, his or her independence with respect to the Company, his or her biography, his or her presence on Board of Directors of other public companies, the committees of the Board of the Company on which he or she serves, if any, the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised and the number of options and Deferred Share Units ("DSU") owned, the whole as at May 28, 2009.



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

Director since 1992
Non-independent
Holdings: 69,879,924 Common Shares⁽²⁾

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



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

Director since 2001
Non-independent
Holdings: 67,260 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 1, 2004, he was President and Chief Operating Officer of the Company's Dairy Products Division (USA). In March 2004, he was appointed to the position of President and Chief Executive Officer. Mr. Saputo serves on the Board of Directors of Transcontinental Inc.



ANDRÉ BÉRARD
Corporate Director
Québec, Canada

Director since 1997
Independent
Holdings: 24,250 Common Shares, 12,000 Options⁽³⁾ and 32,051 DSU⁽⁴⁾

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

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



LUCIEN BOUCHARD

Senior Partner, Davies Ward Phillips & Vineberg LLP

Québec, Canada

Director since 2004

Independent

Holdings: 21,526 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 is 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: 942,000 Common Shares, 12,000 Options⁽³⁾ and 9,402 DSU⁽⁴⁾

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

Pierre Bourgie is, 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 National Bank of Canada.



FRANK A. DOTTORI⁽⁵⁾

Managing Director, Greenfield Ethanol's Cellulosic Ethanol division (an ethanol and industrial alcohol manufacturer and distributor)

Québec, Canada

Director since 2003

Independent

Holdings: 2,575 Common Shares, 2,000 Options⁽³⁾ and 21,908 DSU⁽⁴⁾

Member of the Audit Committee of the Company

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



ANTHONY M. FATA

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

Director since 2008

Independent

Holdings: 6,000 Common Shares and 1,918 DSU⁽⁴⁾

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



JEAN GAULIN

Corporate Director
California, USA

Director since 2003

Independent

Holdings: 57,400 Common Shares, 2,000 Options⁽³⁾ and 2,435 DSU⁽⁴⁾

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

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



TONY METI

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

Director since 2008

Independent

Holdings: 400 Common Shares and 2,339 DSU⁽⁴⁾

Member of the Audit Committee of the Company

Tony Meti held various executive positions within Canadian Chartered Banks over the past 30 years, including Senior Vice-President, Commercial Banking and International from 2002 to 2007 and Senior Vice-President, Commercial, North America, from 2000 to 2002. Since 2007, he is the 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, 16,000 Options⁽³⁾ and 11,674 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 Italcán Inc. (a diversified investment company)
 Québec, Canada

Director since 1999

Independent

Holdings: 2,000 Common Shares, 8,000 Options⁽³⁾ and 13,668 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 Italcán Inc. and, as of 2002, she became the Chief Financial Officer. Mrs. Saputo is also President of Pasa Holdings Inc., an investment holding company.



LOUIS A. TANGUAY⁽⁶⁾
Corporate Director
 Québec, Canada

Director since 1997

Independent

Holdings: 16,000 Common Shares, 16,000 Options⁽³⁾ and 29,137 DSU⁽⁴⁾

Chairman of the Audit Committee of the Company

Louis A. Tanguay held a number of executive positions during a long career within the BCE organization, including President of Bell Québec from 1992 to 1998 and President of Bell Canada International from 1998 to 2001. He serves on the Board of Directors of Bell Aliant.

(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".
- (4) The DSU shown in the table represent the annual grants of DSU, the DSU granted with respect to the director's compensation and the equivalents of dividends on Common Shares.
- (5) Mr. Frank A. Dottori was a director of Gestion Papiers Gaspésia Inc. and its subsidiary, Papiers Gaspésia Inc., until October 29, 2003. On January 30, 2004, Papiers Gaspésia Inc. and Papiers Gaspésia Limited Partnership filed for protection under the Companies' Creditors Arrangement Act. On July 4, 2005, the plan of arrangement submitted by Papiers Gaspésia Inc. and Papiers Gaspésia Limited Partnership to their creditors was homologated by the Court and is being implemented since then.
- (6) Mr. Louis A. Tanguay was a member of the Board of Directors of SR Telecom and was subject to a management cease-trade order issued by the *Autorité des marchés financiers* from November 15, 2006 until December 8, 2006 and from April 2, 2007 until June 19, 2007, as a result of the failure by SR Telecom to timely file its financial statements during such periods. Also, on November 19, 2007, while Mr. Tanguay was a director, SR Telecom filed for creditor protection under the *Companies' Creditors Arrangement Act*. The plan of compromise and reorganization was sanctioned by the Superior Court on October 20, 2008, and completed in December 2008.

During the last five years, all of the above nominees have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, except for: Mr. Frank A. Dottori who, until January 26, 2006, was President and Chief Executive Officer of Tembec Inc. (a forest products company) and became managing director of Greenfield Ethanol's Cellulosic Ethanol division (an ethanol and industrial alcohol manufacturer and distributor) on March 7, 2008, in addition to his functions as President of Fadco Consulting Inc.; and Mr. Tony Meti who, until April 2007, was Senior Vice-President, Commercial Banking and International at a Canadian Chartered Bank.

Information as to shares, options and DSU beneficially owned by each nominee, or over which each exercised control or direction, as at May 28, 2009, has been furnished by the nominees individually.

COMPENSATION OF DIRECTORS

The Company's compensation policy for non-employee directors aims to attract and retain qualified individuals, taking into consideration the risks and responsibilities as directors. The Corporate Governance and Human Resources Committee (the "Corporate Governance Committee") is responsible for reviewing annually the compensation policy regarding directors of the Company. In this regard, the Corporate Governance Committee reviews general compensation surveys and compensation policies of major Canadian public companies similar in size to the Company.

The Corporate Governance Committee believes that the compensation policy of the Company for its directors is competitive with that offered by Canadian corporations of similar size having operations in North America and at the international level.

During fiscal 2009, each director who was not a salaried officer or employee of the Company was paid an annual fee of \$30,000 (except for the Lead Director who was paid an annual fee of \$55,000) and a further attendance fee of \$1,500 for each meeting of the Board of Directors. The Chairman of the Corporate Governance Committee and the Audit Committee were paid annual fees of \$5,000 and \$10,000, respectively, and the other members of each committee received an annual fee of \$3,000. All members of the committees received an attendance fee of \$1,500 for each committee meeting.

For fiscal 2009, each director who was not a salaried officer or employee of the Company was allocated an annual total of 2,000 DSU granted on a quarterly basis pursuant to the Company's DSU plan (the "DSU Plan") in consideration for his or her services as director of the Company. The Chairman of the Audit Committee and the Lead Director were granted an additional 1,000 DSU (See "Deferred Share Unit Plan for Directors"). Mr. Emanuele (Lino) Saputo received \$500,000 from the Company for his services as Chairman of the Board of Directors in fiscal 2009.

Deferred Share Unit Plan for Directors

On April 22, 2004, further to the recommendations of the Corporate Governance Committee, the Board of Directors adopted a new compensation policy pursuant to which all directors of the Company shall, at all times, while a director, own a number of shares and/or DSU having a total market value of at least \$150,000, calculated on April 1st of each year. Each director was required to comply with this new policy by March 31, 2007 or within three (3) years following his/her appointment as a director of the Company. Pursuant to the DSU Plan adopted by the Board of Directors, each director who does not meet the minimum value of \$150,000 must receive his or her entire compensation in DSU. All DSU are vested upon their award and they entitle directors to receive a cash payment for the value of their DSU 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.

Director Summary Compensation Table

The following table provides a summary of compensation earned during the fiscal year ended March 31, 2009 as fees, share-based and option-based awards or otherwise by each of the directors:

Name ⁽¹⁾	Fees Earned ⁽²⁾ (\$)	Share-Based Awards ⁽³⁾ (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Emanuele (Lino) Saputo	500,000	–	–	–	–	–	500,000
André Bérard	79,500	87,902	–	–	–	–	167,402
Lucien Bouchard	52,500	58,688	–	–	–	–	111,188
Pierre Bourgie ⁽⁴⁾	57,000	53,059	–	–	–	–	110,059
Frank A. Dottori	54,000	58,891	–	–	–	–	112,891
Anthony M. Fata ⁽⁴⁾	19,500	21,696	–	–	–	–	41,196
Jean Gaulin ⁽⁵⁾	52,500	50,034	–	–	–	–	102,534
Tony Meti ⁽⁴⁾	28,500	21,721	–	–	–	–	50,221
Caterina Monticciolo	40,500	54,256	–	–	–	–	94,756
Patricia Saputo	40,500	55,307	–	–	–	–	95,807
Louis A. Tanguay	62,500	86,617	–	–	–	–	149,117
Total	987,000	548,171	–	–	–	–	1,535,171

- (1) Mr. Lino A. Saputo, Jr. is an executive officer of the Company and does not receive any compensation for his services as a director. His compensation as President and Chief Executive Officer is disclosed in the “ NEO Summary Compensation Table”.
- (2) During fiscal 2009, the annual fee payable to directors was \$30,000 (except for the Lead Director who was paid \$55,000). The Chairman of the Corporate Governance Committee and of the Audit Committee were paid an additional \$5,000 and \$10,000, respectively, and members of both committees were paid an additional \$3,000. Attendance fees for the Board of Directors’ and committees’ meetings were \$1,500 per meeting. Fees earned are paid on a quarterly basis, in cash or in the form of DSU, as per the compensation policy and the DSU Plan.
- (3) In addition to fees earned, directors also received in fiscal 2009 an annual grant of 2,000 DSU, payable on a quarterly basis, except for the Lead Director and the Chairman of the Audit Committee who received an additional 1,000 DSU. Amounts reflect the grant date fair value of DSU as per the DSU Plan. Additional DSU are accumulated as notional equivalents of dividends on Common Shares.
- (4) Mr. Bourgie ceased to be a member of the Audit Committee immediately following the Annual Shareholders Meeting held on August 6, 2008. He was replaced by Mr. Tony Meti who was then elected as director, together with Mr. Anthony M. Fata.
- (5) Mr. Gaulin received his DSU’s annual grant in cash because of his status as a US resident.

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 2009:

Outstanding Share-Based Awards and Option-Based Awards							
Name ⁽¹⁾	Option-Based Awards ⁽²⁾					Share-Based Awards ⁽⁴⁾	
	Award Date	Number of Common Shares Underlying Unexercised Options (#)	Exercise Price (\$/Share)	Option Expiry Date	Value of Unexercised In-The-Money Options ⁽³⁾ (\$)	Number of Shares or Units that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Emanuele (Lino) Saputo	–	–	–	–	–	–	–
André Bérard	04/01/2000	4,000	6.75	04/01/2010	133,430	–	–
	04/01/2001	4,000	9.50	04/01/2011			
	04/01/2002	2,000	15.175	04/01/2012			
	04/01/2003	2,000	11.25	04/01/2013			
Lucien Bouchard	–	–	–	–	–	–	–
Pierre Bourgie	04/01/2000	4,000	6.75	04/01/2010	133,430	–	–
	04/01/2001	4,000	9.50	04/01/2011			
	04/01/2002	2,000	15.175	04/01/2012			
	04/01/2003	2,000	11.25	04/01/2013			
Frank A. Dottori	06/10/2003	2,000	13.77	06/10/2013	14,340	–	–
Anthony M. Fata	–	–	–	–	–	–	–
Jean Gaulin	04/25/2003	2,000	12.00	04/25/2013	17,880	–	–
Tony Meti	–	–	–	–	–	–	–
Caterina Monticciolo	04/01/1999	4,000	9.85	06/29/2009 ⁽⁵⁾	177,790	–	–
	04/01/2000	4,000	6.75	04/01/2010			
	04/01/2001	4,000	9.50	04/01/2011			
	04/01/2002	2,000	15.175	04/01/2012			
	04/01/2003	2,000	11.25	04/01/2013			
Patricia Saputo	04/01/2001	4,000	9.50	04/01/2011	76,670	–	–
	04/01/2002	2,000	15.175	04/01/2012			
	04/01/2003	2,000	11.25	04/01/2013			
Louis A. Tanguay	04/01/1999	4,000	9.85	06/29/2009 ⁽⁵⁾	177,790	–	–
	04/01/2000	4,000	6.75	04/01/2010			
	04/01/2001	4,000	9.50	04/01/2011			
	04/01/2002	2,000	15.175	04/01/2012			
	04/01/2003	2,000	11.25	04/01/2013			

(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 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 March 31, 2009 on the TSX (\$20.94) and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the Common Shares on the dates the options are exercised (see "Long-Term Incentive Plan (Options)").
- (4) DSU are vested upon award (see "Deferred Share Unit Plan for Directors").
- (5) The original expiry date is April 1, 2009, 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 Purchase 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

The following table presents, for each director, the value of options that have become vested during fiscal year 2009:

Incentive Plan Awards – Value Vested or Earned During the Year			
Name ⁽¹⁾	Option-Based Awards – Value Vested During the Year ⁽²⁾ (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Emanuele (Lino) Saputo	–	–	–
André Bérard	7,100	–	–
Lucien Bouchard	–	–	–
Pierre Bourgie	7,100	–	–
Frank A. Dottori	6,052	–	–
Anthony M. Fata	–	–	–
Jean Gaulin	5,920	–	–
Tony Meti	–	–	–
Caterina Monticciolo	7,100	–	–
Patricia Saputo	7,100	–	–
Louis A. Tanguay	7,100	–	–

- (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. The value vested during the year for the option-based awards granted to Mr. Saputo, Jr. is disclosed in the table "Incentive Plan Awards-Value Vested or Earned During the Year" for named executive officers.
- (2) The options automatically vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant. This value corresponds to the difference between the closing price of the Common Shares on April 1, 2008, which is the vesting date (except for Mr. Gaulin and Mr. Dottori for whom the vesting date was April 25, 2008 and June 10, 2008, respectively) on the TSX (\$29.00, \$26.80 and \$28.90, respectively), 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 “Securities Authorized for Issuance under Equity Compensation Plans”).

ATTENDANCE TO BOARD OF DIRECTORS AND COMMITTEE MEETINGS

The following table provides the number of meetings of the Board of Directors and its committees held during the fiscal year ended March 31, 2009 and the attendance record. During the year, there were 7 meetings of the Board of Directors, 8 meetings of the Audit Committee and 6 meetings of the Corporate Governance Committee. There was a 100% attendance rate for the Board of Directors’ meetings, 96.9% attendance rate for the Audit Committee meetings and a rate of 100% for the Corporate Governance Committee meetings.

Summary of Attendance of Directors			
Director	Board	Audit Committee	Corporate Governance Committee
Emanuele (Lino) Saputo	7 of 7	–	–
Lino A. Saputo, Jr.	7 of 7	–	–
André Bérard	7 of 7	–	6 of 6
Lucien Bouchard	7 of 7	–	6 of 6
Pierre Bourgie ⁽¹⁾	7 of 7	3 of 3	6 of 6
Frank A. Dottori	7 of 7	7 of 8	–
Anthony M. Fata ⁽¹⁾	3 of 3	–	–
Jean Gaulin	7 of 7	–	6 of 6
Tony Meti ⁽¹⁾	3 of 3	5 of 5	–
Caterina Monticciolo	7 of 7	–	–
Patricia Saputo	7 of 7	–	–
Louis A. Tanguay	7 of 7	8 of 8	–

(1) Mr. Pierre Bourgie ceased to be a member of the Audit Committee immediately following the Annual Shareholders Meeting held on August 6, 2008. He was replaced by Mr. Tony Meti who was then elected as director, together with Mr. Anthony M. Fata.

REPORT ON CORPORATE GOVERNANCE AND PRACTICES

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

The Company's principal shareholder is its founder, who holds in the aggregate, directly or indirectly, or exercises control or direction over shares representing 33.74% of all of the outstanding Common Shares, as disclosed previously in this Circular. The Board of Directors believes that the value of the principal shareholder's equity stake in the Company ensures that his interests are aligned with those of the other shareholders of the Company. The Board of Directors believes that the Company's existing corporate governance practices are appropriate to its circumstances and effective and that there are in place appropriate structures, procedures and practices to ensure board efficiency, board independence from Management and fair representation of the investment of minority shareholders of the Company.

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

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 increase share value and 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 a year, the Company's strategic orientation and the plans established with respect thereto; (ii) identifying, with Management, the principal risks of the Company's business and the systems put in place to manage these risks; (iii) to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer of the Company and other senior officers and to create a culture of integrity throughout the Company; (iv) ensuring proper Management succession planning, including appointing, training and monitoring senior Management; (v) maintaining a proper communication policy with shareholders, institutional investors and participants in the financial market; (vi) monitoring the efficiency of internal control and management information systems; and (vii) developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines specifically applicable to the Company. The Board of Directors has taken, when necessary, specific measures in this respect. Some of these duties were delegated to the Corporate Governance Committee and the Audit Committee. A copy of the mandate of the Board of Directors is reproduced in Schedule "A" of this Circular.

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

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

COMPOSITION AND INDEPENDENCE OF THE BOARD

The Board of Directors is currently made up of ten (10) directors out of twelve (12) having no participation, relationship or business ties with the Company, its subsidiaries or principal shareholder, which would affect the status of such member as an independent member under the definition of Multilateral Instrument 52-110, the whole as disclosed hereafter. In determining independent directors, the Corporate Governance Committee has referred to the following definition. It has identified those who have no direct or indirect relationship with the Company or any of its subsidiaries that could, in the view of the Committee, reasonably be expected to interfere with the exercise of a director's independent judgment, the whole as defined in National Instrument 58-101 and Multilateral Instrument 52-110. These qualifications of the directors are reviewed and approved by the Board of Directors. The Company is of the opinion that the presence of the existing ten (10) independent directors more than adequately reflects the investment of minority shareholders in the Company. Moreover, the independent directors meet without Management and without the Chairman of the Board following each regularly scheduled Board meeting and as requested.

- As the executive Chairman of the Board of the Company, Mr. Emanuele (Lino) Saputo is not an independent director.
- As President and Chief Executive Officer of the Company, Mr. Lino A. Saputo, Jr. is not an independent director.
- Mr. André Bérard is an independent director.
- Mr. Lucien Bouchard is an independent director.
- Mr. Pierre Bourgie is an independent director.
- Mr. Frank A. Dottori is an independent director.
- Mr. Anthony M. Fata is an independent director.
- Mr. Jean Gaulin is an independent director.
- Mr. Tony Meti is an independent director.
- Mrs. Caterina Monticciolo is an independent director.
- Mrs. Patricia Saputo is an independent director.
- Mr. Louis A. Tanguay is an independent director.

INDEPENDENT DIRECTOR'S MEETINGS

The independent members of the Board have an opportunity to meet after each meeting of the Board of Directors without the members who are not independent and without Management. During fiscal 2009, independent members of the Board held five (5) meetings at which non-independent directors and Management were not present. The Corporate Governance Committee and the Audit

Committee are composed solely of independent members and respectively held five (5) and eight (8) meetings without Management.

CHAIR AND LEAD DIRECTOR

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

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

COMMITTEES

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

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

POSITION DESCRIPTIONS

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

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

The position description for the President and Chief Executive Officer is developed with input from the President and Chief Executive Officer and the Corporate Governance Committee, and is approved by the Board of Directors. The description provides that the President and Chief Executive Officer plans and oversees development of short- and long-term organizational goals, fosters development and maintenance of the organizational culture with a view to maximizing the

Company's performance and assumes the entire responsibility for the Company's business pursuant to existing strategic plans, business goals, budgets and policies.

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

CORPORATE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

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

The Corporate Governance Committee has the mandate to (i) review the executive compensation policy of the Company; (ii) determine option grants and financial performance targets for the bonuses of the executives of the Company; (iii) review the Company's corporate governance practices and make recommendations to the Board of Directors with respect thereto; (iv) ensure proper Management succession planning for the Company and make recommendations to the Board of Directors with respect thereto; (v) implement a process to assess, on an annual basis, the performance of the President and Chief Executive Officer, and periodically, the performance of the Board, its committees and the directors, individually; (vi) review the compensation of the directors in their capacity as directors, including the review of the requirements regarding the minimal number of shares and/or DSU each director must hold and make recommendations to the Board of Directors with respect thereto; (vii) implement a uniform and transparent process for selecting nominees for election to the Board of Directors and the recruiting of new candidates for Board membership, and make recommendations to the Board of Directors with respect thereto; and (viii) present quarterly reports to the Board of Directors with respect to its achievements and current projects. During fiscal 2009, the Corporate Governance Committee held six (6) 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, Tony Meti and Louis A. Tanguay, all of whom are independent and financially literate. The Audit Committee has the mandate to (i) review the annual and quarterly financial statements of the Company and certain other public disclosure documents required by regulatory authorities; (ii) review the nature and scope of the annual audit as proposed by the external auditors and Management, including the appropriateness of the accounting principles and practices used by the Company; (iii) monitor periodically the adequacy and the effectiveness of the internal control and management information systems of the Company; (iv) approve all services not related to audit services which the external auditors may render to the Company and its subsidiaries, subject to the policy of the Company on services which may be provided by the Company's external auditors and by other accounting firms; (v) oversee and control the internal audit function; (vi) review and approve the annual internal audit plan; (vii) oversee the application of the Company's procedure regarding complaints of an auditing or a financial nature; (viii) examine, approve and apply the hiring policy of the Company with respect to employees and former employees of the present auditors and former auditors of the Company; (ix) review and evaluate the risk factors inherent to

the Company's business and ensure that appropriate measures are in place to manage them effectively; and (x) present quarterly reports to the Board of Directors with respect to its achievements and current projects. The Audit Committee's charter is published in the Annual Information Form of the Company under Appendix A. During fiscal 2009, the Audit Committee held eight (8) meetings, all 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 35 of the Annual Report under the heading "Risk and Uncertainties" for a list of the principal risks relating to the Company's business. The Audit Committee, which reports to the Board of Directors, is responsible for ensuring the adequacy and the effectiveness of the internal control and management information systems of the Company. The Audit Committee regularly meets with the Executive Vice-President, Finance and Administration and the external auditors in order to examine issues pertaining to the presentation of financial information, accounting practices, upcoming accounting norms, internal accounting systems as well as financial controls and procedures, auditing procedures and programs. The Audit Committee also reviews and monitors the practices and procedures adopted by the Company to assure that Management certification of financial information is in compliance with the applicable 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 34 to 37 of the Annual Information Form of the Company for the year ended March 31, 2009. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, Telephone: 514.328.6662.

COMPENSATION

The Corporate Governance Committee evaluates annually 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 involved. Reference is made to page 22 of this Circular under the heading "Executive Compensation" and page 10 under "Compensation of Directors" for additional information on executive and director compensation.

ASSESSMENT OF DIRECTORS

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

the Board and those that should be developed and/or acquired. At all times, Board members are free to discuss among themselves the performance of a fellow director, or submit such a matter to the Chairman of the Corporate Governance Committee who ensures the implementation of appropriate measures to deal with any concern regarding the effectiveness of the Board of Directors and its various committees. As Board members are elected annually, the Corporate Governance Committee takes into account each director's performance when recommending nominees for election of Board members at the next annual general meeting of shareholders and when recommending the composition of the committees as well as their chairman for approval by the Board of Directors.

ORIENTATION AND CONTINUING EDUCATION

The Board of Directors considers that orienting and educating new directors is an important element of ensuring responsible corporate governance. As such, newly appointed directors are provided with the Company's continuous disclosure documents, copies of the mandate of the Board and its committees, minutes of previous meetings of the Board of Directors and copies of the policies and procedures adopted by the Board and its committees. In addition, new directors have the opportunity to meet individually with at least one member of Management, as requested, to discuss these documents and information.

The Chairman of each committee of the Board presents, at the quarterly Board meetings, a summary of the achievements and current projects of the committee. Directors also meet with members of Management to discuss the affairs of the Company, the continuous disclosure documents, sector of activities of the Company, its competitive and regulated environment as well as its business and operational strategies. In addition, educational presentations are made periodically to the committees and the Board of Directors, as the case may be, on matters that are of interests to them or in relation with the role of director. Moreover, members of the Board are invited to attend the Company's meeting of shareholders and visit periodically certain Company facilities. Board members also hold a strategic planning meeting annually with Management. Finally, each Board member is invited to address to the Corporate Governance Committee any request he may have regarding additional information or education. The Corporate Governance Committee reviews such requests and takes the measures it deems appropriate.

NOMINATION OF DIRECTORS

The Corporate Governance Committee is responsible for (i) the implementation of a uniform and transparent process for selecting nominees for election to the Board of Directors and the recruiting of new candidates for Board membership and making recommendations to the Board of Directors with respect thereto; and (ii) the implementation and conducting of a process to assess periodically the effectiveness of the Board of Directors, its various committees and the individual performance of each Board members.

For the selection of nominees for election to the Board of Directors of the Company, the Corporate Governance Committee 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, the Corporate Governance Committee recommends to the Board changes to the Board composition.

BOARD SIZE

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

ETHICAL BUSINESS CONDUCT

The Company has a *Code of Ethics* that governs the conduct of Saputo's directors, officers and employees. The *Code of Ethics* can be obtained on SEDAR at www.sedar.com. The Corporate Governance Committee is responsible for implementing the compliance process of this *Code of Ethics* and the reporting process to the Board with respect thereto.

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

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, and such documents are approved by the Board of Directors before mailing. The Board has the responsibility of 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 adopted a disclosure policy which confirmed the Company's practices. The purpose of the disclosure policy is to ensure that communications to the investing public are timely, factual and accurate, and that the information is disseminated in accordance with all applicable legal and regulatory requirements of the TSX and various securities commissions.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

Executive Compensation Policy

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

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

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

During the year ended March 31, 2009, the Company, with the support of PCI-Perrault Consulting Inc., an independent compensation consulting firm, conducted its annual review of the compensation policy based on the guidelines adopted pursuant to a comprehensive analysis conducted in fiscal year 2007. The annual review consists in comparing the Company's compensation practices with those of several manufacturing companies and distributors taking into consideration the size of the Company, the geographic markets in which it operates and the responsibilities of its executive officers (the "Comparative Group"). A Comparative Group composed of companies based in Canada is used for positions with corporate-wide or Canadian operations' responsibilities (the "Canadian Comparative Group"). A Comparative Group of companies based in the United-States is used for positions responsible for operations in that country (the "US Comparative Group"). The Canadian Comparative Group includes eleven companies operating in the agri-food, distribution and retail sectors and thirteen other manufacturing companies. The US Comparative Group is comprised of eleven companies in the food industry.

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

The Corporate Governance Committee believes that the compensation policy of the Company is competitive with that offered by Canadian and American corporations of similar size having operations in North America and at the international level.

With regard to the assistance provided in the compensation policy review process and other compensation matters of the Company, PCI-Perrault Consulting Inc., an independent compensation consultant, was paid fees totalling \$47,581 during the last fiscal year. PCI-Perrault Consulting Inc. was not retained to perform other work for the Company in fiscal 2009.

The Company's compensation policy and plans are designed to adequately reward the executive officers for their services and to encourage them to establish short- and long-term strategies aimed at increasing share value and creating economic wealth. The Company's compensation strategy therefore places the emphasis on compensation elements linked to performance, including share value through option grants. In fact, variable compensation represents respectively, 60% and 62% of the Chief Executive Officer and other Named Executive Officers' total compensation. The lower percentage of variable compensation applicable to the Chief Executive Officer is a result of the absence of option grants as his interest in the principal shareholder constitutes a sufficient long-term incentive.

ELEMENTS OF EXECUTIVE COMPENSATION

For fiscal 2009, the compensation for the executive officers of the Company, including the Named Executive Officers, consisted of four components: base salary, annual bonus, long-term incentive in the form of options, and retirement benefits which are discussed under the "Defined Benefit Pension Plan" section of this Circular. Executives also benefit from the Company's group insurance plans on the same basis as all other employees. None of the Named Executive Officers have a written employment contract with the Company.

Base Salary

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

For fiscal 2009, base salary was re-evaluated in light of the principles established under the updated review of the Comparative Group, as well as on the other above-mentioned criterias. For Named Executive Officers, 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 Committee. Reference is made to the section "Position Descriptions" of this Circular for a description of the annual review process of the Chief Executive Officer's performance.

Base salary is competitive with the third quartile of salaries paid by the corporations in the Canadian Comparative Group. Mr. Brockman's base salary is competitive with the first quartile of salaries paid in the US Comparative Group. The base salary is competitive considering the positions and the experience of each executive officer and is in line with the Company's compensation policy.

Annual Incentive (Bonus)

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

For fiscal 2009, as in previous years, the financial performance target was based on the earnings before interest, income taxes, depreciation and amortization ("EBITDA") as determined in the budget approved by the Board of Directors, taking into account certain market conditions having an effect on the EBITDA but on which the executive officers have no control. Bonuses were based upon the level of achievement by the Company and, depending on the executive officer, of the relevant division.

Under the plan, a bonus could only be paid if at least 85% of the financial performance target was met by the Company or the relevant division depending on the executive officer. Similarly, the maximum bonus amount could be earned if the Company or the relevant division met or exceeded 110% of financial performance targets. Bonus payments were to be made proportionately to the level actually achieved above 85%.

For fiscal 2009, payout percentages established for the bonuses to be awarded for threshold (85% of the financial performance target), target (100% of the financial performance target) and superior performance (110% of financial performance target or more) were 55%, 65% and 75% of base salary for all the Named Executive Officers, except for the Chief Executive Officer for whom the corresponding percentages were 125%, 150% and 200% of base salary.

The annual incentive (bonus) opportunity is competitive with the median to third quartile of bonus plans offered by the corporations included in the Comparative Group.

Long-Term Incentive Plan (Options)

Options to purchase Common Shares may be granted from time to time to executive officers and other key employees pursuant to the Equity Compensation Plan. For fiscal 2009, the Corporate Governance Committee reviewed this Long-Term Incentive Plan and determined that it was appropriate and should not be modified and/or complemented. In fact, the terms and conditions of the Equity Compensation Plan adequately meet the objectives to attract and retain quality executive officers while promoting long-term profitability and maximizing shareholder value. Option grants made from time to time by the Committee pursuant to the Equity Compensation Plan are expressed as a percentage of a participant's salary, which is determined based on the participant's position and responsibility levels, without taking into account the number of options already held by such participant. On April 1, 2008, the Committee granted options to plan participants based on the same guidelines, as established by the Committee. Refer to the section "Securities Authorized for Issuance under Equity Compensation Plans" of this Circular for a discussion of the terms and conditions relating to the options, including exercise price and vesting conditions.

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

Options Grants

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

Group Insurance Benefits

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

Named Executive Officers' Salary and Incentive Awards for Fiscal Year 2009

For fiscal year 2009, each Named Executive Officers' salary was adjusted to reflect market salary adjustments as well as their respective experience in their current position, the evolution of their competencies and their performance against expectations. Salary adjustments for Named Executive Officers who have been in their position for a number of years, namely Msrs. Carrière, Leroux and Dello Sbarba were mostly driven by changes in market salary levels and individual performance. Salary adjustments for more recently appointed Named Executive Officers, namely Msrs. Saputo, Jr. and Brockman reflect a third dimension, namely, their progression in their respective roles.

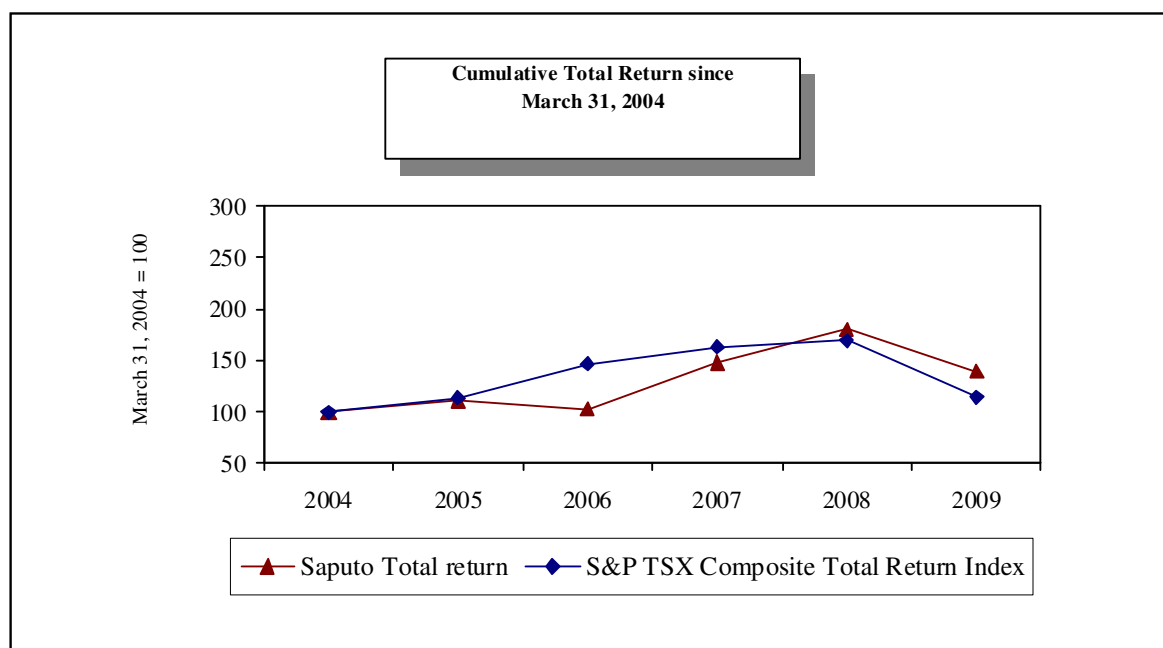
For fiscal 2009, the Company met 94% of its financial performance target, taking into account adjustments (both positive and negative) made to reflect factors that are not under the executives' control, primarily market adjustments. The amount of bonus paid to each Named Executive Officer, other than the President and Chief Executive Officer, based on the level of achievement of the financial performance targets represented between 59% and 63% of their base salary, and for the President and Chief Executive Officer, it represented 140%, as presented in the NEO Summary

Compensation Table. The base salary and bonus for the President and Chief Operating Officer of the Dairy Products Division (USA) were paid in US dollars.

On April 1, 2008, the Corporate Governance Committee granted options to all the Named Executive Officers, with the exception of the Chief Executive Officer, pursuant to the Equity Compensation Plan and the option grant guidelines established for fiscal year 2009. The number of options granted to each Named Executive Officer represented 250% of base salary divided by the options' exercise price of \$27.81 per Common Share. Options were last granted to the Chief Executive Officer in fiscal year 2004 when he was President and Chief Operating Officer of the Dairy Products Division (USA), as his interest in the principal shareholder constitutes a sufficient long-term incentive.

Performance Graph

The following graph compares, on a yearly basis, the total cumulative shareholder return of \$100 invested in Common Shares with the cumulative return on the S&P/TSX Composite Total Return Index of the TSX during the five fiscal years ending March 31, 2009.



	3/31/04	3/31/05	3/31/06	3/31/07	3/31/08	3/31/09
SAPUTO TOTAL RETURN	100	111	103	148	180	140
S&P TSX COMPOSITE TOTAL RETURN INDEX	100	114	146	163	170	115

During this period, Named Executive Officers' salaries have been adjusted to reflect their respective scope of responsibilities, experience and contribution to the Company's success as well as the evolution of the Comparative Group's compensation practices. Variable incentives make-up, respectively, 60% and 62% of the CEO and the other Named Executive Officers' total compensation. Annual variable compensation reflects the Company's annual operational financial performance during the period. Option awards link the Named Executive Officers' potential rewards with the Company's share price performance during and beyond this period.

NEO Summary Compensation Table

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

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
					Annual Incentive Plans ⁽²⁾	Long-Term Incentive Plans			
Lino A. Saputo, Jr. President and Chief Executive Officer	2009 C\$	1,050,000	–	–	1,475,775	–	–	–	2,525,775
Louis-Philippe Carrière Executive Vice-President, Finance and Administration and Secretary	2009 C\$	555,000	–	248,462	339,827	–	134,500	–	1,277,789
Pierre Leroux Executive Vice-President, Human Resources and Corporate Affairs	2009 C\$	555,000	–	248,462	339,827	–	133,900	–	1,277,189

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$) ⁽³⁾	All Other Compensation (\$) ⁽⁴⁾	Total Compensation (\$)
					Annual Incentive Plans ⁽²⁾	Long-Term Incentive Plans			
Dino Dello Sbarba President and Chief Operating Officer Dairy Products Division (Canada) and by interim (Europe and Argentina)	2009 C\$	630,000	–	282,037	400,082	–	154,300	–	1,466,419
Terry Brockman President and Chief Operating Officer Dairy Products Division (USA) ⁽⁵⁾	2009 C\$	456,615	–	201,455	268,900	–	63,900	–	990,870

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

- (i) Risk-free interest rate: 3.0%
- (ii) Expected life of options: 5 years
- (iii) Volatility: 19%
- (iv) Dividend rate: 1.7%

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

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

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

(5) The compensation awarded to Mr. Brockman was in US dollars. The translation rate used for this disclosure was 1.0147 which corresponds to the exchange rate of the Bank of Canada on March 27, 2008, the date on which the compensation was approved by the Corporate Governance Committee.

Incentive Plan Awards

The following table presents, for each NEO, all of the option-based grants outstanding at the end of fiscal year 2009. The Company does not make any share-based awards, except to outside directors (see “Director Summary Compensation Table”).

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-Based Awards					Share-Based Awards	
	Award Date	Number of Common Shares Underlying Unexercised Options (#)	Option Exercise Price (\$/Share)	Option Expiry Date	Value of Unexercised In-The-Money Options ⁽¹⁾ (\$)	Number of Shares or Units that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that Have Not Vested (\$)
Lino A. Saputo, Jr.	–	–	–	–	–	–	–
Louis-Philippe Carrière	04/01/2002	2,824	15.175	04/01/2012	641,301	–	–
	04/01/2004	44,024	16.525	04/01/2014			
	04/01/2005	48,410	18.075	04/01/2015			
	04/01/2006	63,608	16.350	04/01/2016			
	04/01/2007	57,926	23.090	04/01/2017			
	04/01/2008	49,892	27.810	04/01/2018			
Pierre Leroux	04/01/2002	62,602	15.175	04/01/2012	1,599,628	–	–
	04/01/2003	63,334	11.250	04/01/2013			
	04/01/2004	44,024	16.525	04/01/2014			
	04/01/2005	48,410	18.075	04/01/2015			
	04/01/2006	63,608	16.350	04/01/2016			
	04/01/2007	57,926	23.090	04/01/2017			
Dino Dello Sbarba	04/01/2002	62,602	15.175	04/01/2012	1,641,384	–	–
	04/01/2003	63,334	11.250	04/01/2013			
	04/01/2004	47,656	16.525	04/01/2014			
	04/01/2005	51,508	18.075	04/01/2015			
	04/01/2006	67,278	16.350	04/01/2016			
	04/01/2007	63,880	23.090	04/01/2017			
Terry Brockman	04/01/2008	56,634	27.810	04/01/2018	504,686	–	–
	04/01/2001	2,104	9.500	04/01/2011			
	04/01/2002	11,862	15.175	04/01/2012			
	04/01/2003	17,334	11.250	04/01/2013			
	04/01/2004	12,436	16.525	04/01/2014			
	04/01/2005	12,200	18.075	04/01/2015			
	04/01/2006	33,640	16.350	04/01/2016			
	04/01/2007	37,896	23.090	04/01/2017			
	04/01/2008	40,453	27.810	04/01/2018			

(1) This value corresponds to the difference between the closing price of the Common Shares on March 31, 2009 on the TSX (\$20.94) 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 2009 and the amount of bonus earned with respect to the performance achieved during fiscal year 2009:

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.	248,500	–	1,475,775
Louis-Philippe Carrière	669,888	–	339,827
Pierre Leroux	669,888	–	339,827
Dino Dello Sbarba	702,042	–	400,082
Terry Brockman	249,122	–	268,900

(1) The options automatically vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant. This value corresponds to the difference between the closing price of the Common Shares on the TSX (\$29.00) on April 1, 2008, which is the vesting date, and the exercise price. This value has not been, and may never be, realized. The actual gain, if any, will depend on the value of the Common Shares on the dates the options are exercised (see “Long-Term Incentive Plan (Options)”).

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

Defined Benefit Pension Plan

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

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

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

If a participant has a spouse at the time of retirement, the benefit payable to his spouse will be on the basis of a joint and surviving spouse annuity reducing 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 NEOs, the eligible years of service and estimated annual retirement benefits payable at age 65 accrued as at March 31, 2009 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, 2008 to March 31, 2009, including the annual cost attributable to compensatory items for the fiscal year 2009. 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, 2009, in accordance with generally accepted accounting principles.

Defined Benefits Plans Table							
		Annual Benefits Payable (\$)					
Name	Number of Years Credited Service (#)	At Year End	At Age 65	Accrued Obligation at Start of Year (\$)	Compensatory Change (\$)	Non- Compensatory Change (\$)	Accrued Obligations at Year End (\$)
Lino A. Saputo, Jr.	–	–	–	–	–	–	–
Louis-Philippe Carrière	5.25	82,874	366,031	613,900	134,500	(209,400)	539,000
Pierre Leroux	5.25	83,030	323,180	616,400	133,900	(176,900)	573,400
Dino Dello Sbarba	5.25	91,556	335,675	713,400	154,300	(182,500)	685,200
Terry Brockman	3.00	23,740	323,241	129,700	63,900	(50,000)	143,600

Retirement benefits earned under the Pension Plans are payable first, 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 generally accepted accounting principles.

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 executive officers.

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 May 28, 2009 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	11,261,735	\$19.3445	5,266,401

The following text presents a summary of the main characteristics of the Equity Compensation Plan.

On October 15, 1997, prior to the closing of its Initial Public Offering, the Company established the Equity Compensation Plan for full-time employees, officers and directors of the Company. The purpose of the Equity Compensation Plan is to attract and retain experienced and competent employees, officers and directors and to encourage share ownership by such persons. Effective in fiscal 2005, with the adoption of a new compensation policy, the options granted to directors of the Company were replaced by DSU (see "DSU Plan for Directors"). All options currently held by the directors were granted before April 1, 2004.

The total number of Common Shares which may be issued pursuant to the Equity Compensation Plan was initially set at 12,000,000. At the Annual and Special Meeting of Shareholders held on August 1, 2001, this number was increased by 16,000,000 Common Shares, bringing the total number to 28,000,000.

The terms, exercise price and number of Common Shares covered by each option as well as the vesting periods of such options are determined by the Corporate Governance Committee at the time the options are granted. However, 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 weighted average market 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. 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 upon termination of employment for cause or an optionee being removed from office as a director or disqualified by law, any option or the unexercised portion thereof granted to the employee shall immediately terminate. Upon an optionee's employment with the Company being terminated by reason of death, injury or disability or upon ceasing to be a director for reason of death, any option or unexercised part thereof granted to such optionee may be exercised within 180 days after such event or prior to the expiration of the original term of the option, whichever occurs first. In all other circumstances of termination, or upon the retirement at NRA, options shall expire 90 days following termination or on the original date of expiration, whichever occurs first.

As per the amendments to the TSX Company Manual and the TSX's staff notice published on June 6, 2006 regarding equity compensation plan, the shareholders of the Company approved at the Meeting held on July 31, 2007, certain amendments to the Equity Compensation Plan to address these amendments and guidelines. Consequently, the Equity Compensation Plan now namely (i) details the amending process and amendments that specifically require shareholders' approval; and (ii) contains a provision which sets forth 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 automatically extend to the tenth business day after the end of the blackout period.

As at March 31, 2009, 9,128,841 options were outstanding. On April 1, 2009, the Corporate Governance Committee granted an aggregate of 2,232,039 options to participants under the Equity Compensation Plan at an exercise price of \$21.40 per share. Of the 11,261,735 options outstanding as at May 28, 2009, which represents 5.4% of the outstanding Common Shares, 5,727,100 options were exercisable and 5,534,635 will vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant.

As at May 28, 2009, out of the basket of 28,000,000 Common Shares, there were 11,261,735 options outstanding and 5,266,401 Common Shares remaining available, which represents a total of 16,528,136 Common Shares, being 7.9% of the outstanding Common Shares.

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 2009, the total annual premium in respect of such insurance was \$203,941, 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, 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 is withheld, the persons whose names are printed on the form of proxy intend to vote FOR the appointment of Deloitte & Touche, 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 2009, the Company retained its auditor, Deloitte & Touche to provide services. Details of the services and amounts paid to Deloitte & Touche are presented on page 36 of the Annual Information Form of the Company for the year ended March 31, 2009. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, Telephone: 514.328.6662.

INTEREST OF MANAGEMENT AND OTHERS IN TRANSACTIONS

In the normal course of business, the Company receives and provides goods and services from and to companies subject to significant influence by its principal shareholder. These goods and services of an immaterial amount are compensated by a counterpart equal to the fair market value, which are comparable to similar transactions. Reference is made to note 19 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 11, 2010.

ADDITIONAL INFORMATION

The Company's financial information is included in the Consolidated Financial Statements of the Company and notes thereto and in the accompanying Management Report for the fiscal year ended March 31, 2009. 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 at May 28, 2009. The Management of the Company presently knows of no matters to come before the Meeting other than matters identified in the Notice of Meeting. If any matters which are not known should properly come before the Meeting, the persons named in the form of proxy will vote on such matters according to their best judgment.

APPROVAL OF THE DIRECTORS

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

Saint-Léonard, Québec, June 9, 2009.

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

SCHEDULE A

BOARD MANDATE

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

BOARD ORGANIZATION

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

RESPONSIBILITIES

The Board takes on the following responsibilities:

- 1) reviewing and approving the Company's strategic orientation: identification of medium and long-term qualitative and quantitative objectives, annual approval of the strategies for achieving them, which strategies take into account opportunities and risks, and monitor the achievements of Management;
- 2) reviewing and approving the Company's annual budget;
- 3) studying and approving periodically the results obtained by the Company in comparison with objectives pursued; determining the causes of any discrepancies and approving the appropriate corrective actions, if any;
- 4) adopting and reviewing the dividend policy and approving the declaration of dividends for payment, when required;
- 5) monitoring, where possible, the integrity of the Chief Executive Officer and other 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 as well as the succession plans for and the training of the President and Chief Executive Officer, Division Presidents and Executive Vice-Presidents;
- 7) reviewing the performance of the President and Chief Executive Officer in light of his position description and objectives to be met;
- 8) implementing and overseeing a process for assessing the performance of the Board and the directors, as well as evaluating periodically their performance;
- 9) implementing and overseeing the process to select and recruit candidates for the Board of Directors;
- 10) determining the independence, or lack thereof, of each director;
- 11) implementing and overseeing the orientation and continuing professional development programs of directors;
- 12) reviewing and approving the compensation and indemnification of directors;
- 13) ensuring, as feasible, that each director acts with integrity and good faith in the best interest of the Company, the whole with the diligence and the skills that would present, in such circumstances, a prudent and diligent person;

- 14) identifying the main risks associated with the Company's business, ensuring the deployment and efficiency of measures to enable risk management;
- 15) overseeing the integrity of the Company's management information and internal control systems;
- 16) monitoring the compliance of the Company with laws, regulations and norms applicable to it and its activities;
- 17) adopting an environmental policy and overseeing its implementation;
- 18) adopting an information communication policy, and reviewing and approving the continuous disclosure documents such as the financial statements, Management Proxy Circular, Annual Information Form and annual report;
- 19) 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;
- 20) approving the Company's approach to corporate governance, in particular adopting corporate governance principles and guidelines that apply specifically to the Company;
- 21) adopting a code of ethics and overseeing its implementation;
- 22) adopting and deploying appropriate measures to receive comments from Company shareholders;
- 23) reviewing annually the Board's mandate; and
- 24) reviewing any other matter or issue that may be referred to it by one of the Board committees or that the Board deems appropriate to be mandated to act on.

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

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