SAPUTO GROUP INC.

ANNUAL INFORMATION FORM

June 1, 2000

TABLE OF CONTENTS

Page

ITEM 1 - THE COMPANY

1.1 INCORPORATION

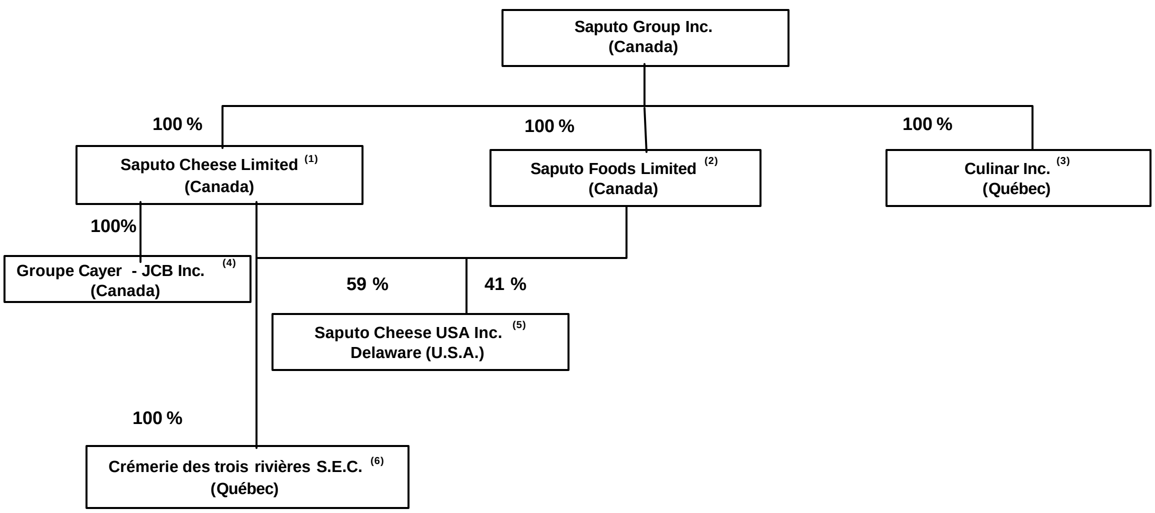
Saputo Group Inc. was constituted by a Certificate of Amalgamation issued pursuant to the provisions of the *Canada Business Corporations Act* on July 1, 1992, which was amended on August 25, 1997 in order to change the provisions attached to its authorized share capital. The head office and principal place of business of the Company is located at 6869 Metropolitain Boulevard East, Saint-Léonard, Québec, Canada, H1P 1X8. The Company intends to change its corporate name to "Saputo Inc." and will ask its shareholders to vote for the proposed change of name at its Annual and Special Meeting to be held on August 2, 2000. For further information, please refer to page 14 of the Information Circular for Solicitation of Proxies dated June 7, 2000.

In this Annual Information Form, unless the context otherwise requires or indicates, the terms "Saputo" and the "Company" mean Saputo Group Inc. itself or together with its subsidiaries, or any one or more of them.

In this Annual Information Form, all references to "$" or "CDN $" are to Canadian dollars and all references to "US $" are to American dollars.

1.2 CORPORATE STRUCTURE

The following organizational chart illustrates the corporate structure of Saputo and its significant subsidiaries, and their respective jurisdictions of incorporation.



(1) Production and distribution of dairy and other food products in the Province of Québec.
(2) Production and distribution of dairy and other food products in Canadian provinces other than Québec.
(3) Production and distribution of snack cakes, cookies, fine breads and soups in Canada.
(4) Production and distribution of European cheeses in Canada.
(5) Production of dairy products in the United States.
(6) Production and distribution of fluid milk and frozen novelties in the Province of Québec. Saputo Cheese Limited acts as the sole limited partner of this limited partnership.

ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS

2.1 OVERVIEW

As part of its diversification strategy, the Company acquired Culinar Inc. ("Culinar") on September 15, 1999. Since the Culinar Acquisition (as defined below), the Company operates its business through two sectors, the Dairy Products sector and the Grocery Products sector, which represented respectively 86.1% and 13.9% of total Company sales during fiscal 2000. For the six-month period ended March 31, 2000, 58.4% of the Company's total consolidated sales were made in the United States, 37.7% were made in Canada, and the remaining 3.9% were made in the international market. For that same period, the food service segment accounted for 38.3% of total sales, the retail segment for 36.6%, and the ingredient segment for 25.1%. Through its two sectors, the Company operates 33 manufacturing facilities and employs over 5,400 employees.

Dairy Products Sector

Saputo produces and markets mozzarella, other specialty cheeses and value-added by-products such as butter, lactose and whey protein. In Canada, Saputo also distributes fine imported cheeses and a large assortment of other non-dairy products that complement its cheese distribution. In fiscal 2000, mozzarella represented approximately 58.7% of the Company's total cheese production volume and 47.7% of the Dairy Products sector sales. Of the Company's total sales for this sector, approximately 26.4% were made in Canada, 69.2% were made in the United States and 4.4% were made internationally. The Company operates 11 manufacturing facilities in Canada and 17 in the United States. On June 1, 2000, the Company had 3,076 full-time employees and 281 part-time employees.

Saputo has established itself as Canada's leading producer of cheese, with a share of approximately 36% of the Canadian mozzarella production, and also ranks as one of the leading natural cheese producers in the United States. In Canada, Saputo services primarily through its own distribution network three market segments: food service (mainly pizzerias), retail and ingredient. In the United States, Saputo markets its products to such segments through direct sales and independent non-exclusive distributors. Internationally, products are sold through direct sales, local distributors and sales agents.

Grocery Products Sector

The Company also produces, markets and distributes, in Canada, snack cakes, cookies, fine breads and soups. These products are sold almost exclusively in the Canadian retail market. With the Culinar Acquisition, Saputo has become the largest manufacturer of snack cakes and fine breads, as well as one of the most important cookie manufacturers in Canada. In this sector, the Company operates four manufacturing facilities in the Province of Québec and one in the Province of Ontario and employed, as of June 1, 2000, 1,854 full-time employees and 209 part-time employees.

2.2 HISTORY

Mr. Emanuele (Lino) Saputo, Chairman of the Board and Chief Executive Officer of Saputo, started the Company with his parents in 1954, producing quality cheeses for the Italian community of Montréal. In the late 1950's, the Company's first major production facility was constructed in the Montréal Saint-Michel district. In the 1960's, Saputo grew significantly as demand for its products increased both in Montréal and in new markets, such as other regions of Québec, Ontario and the Maritimes.

In the 1970's, Saputo acquired several production operations and developed its national distribution network, positioning itself, in Canada, as the leading producer of mozzarella, primarily to the food service market segment. In 1981, the Company built a cheese plant in Mont-Laurier, Québec and acquired a cheese plant in Cookstown, Ontario. In 1984, Saputo acquired a plant in Saint-Hyacinthe, Québec which processes liquid whey, a by-product of its cheese production operations, into value-added products such as lactose and whey protein.

Since 1984, Saputo has continued its growth in Canada by acquiring small to medium-sized cheese manufacturers and food distributors located in various parts of Canada. In 1988, the Company entered the United States market by acquiring a cheese manufacturing plant located in Richmond, Vermont and the Jefferson cheese plant now located in Hancock, Maryland.

In 1996, Saputo acquired Fromages Caron Inc., a distributor of fine imported cheeses. On July 31, 1997, Saputo acquired Crémerie des Trois-Rivières, Limitée and entered the fluid milk and frozen novelties markets, two segments of the dairy industry it had not previously explored.

On October 15, 1997, the Company completed its initial public offering of 9,470,500 Common Shares at $17.00 per share (the "Initial Public Offering"). In December of the same year, Saputo issued 9,000,000 special warrants at $25.00 per warrant in order to finance, in part, the Stella Acquisition (as defined below).

On December 5, 1997, Saputo acquired Stella Holdings, Inc., a manufacturer of Italian and European cheeses (which, together with its then wholly-owned subsidiaries, are herein collectively referred to as "Stella") from Specialty Foods Corporation for a total consideration of approximately CDN $580 million (US $408 million) paid in cash (the "Stella Acquisition"). During its fiscal year ended December 31, 1996, Stella had revenues of approximately $1 billion. With this acquisition, the Company tripled its size and established itself as one of the leading natural cheese producers in the United States.

On May 1, 1998, Saputo acquired from Avonmore Waterford Group plc. all of the outstanding shares of Avonmore Cheese Inc. and Waterford Food Products, Inc., both located in the United States, mainly in Wisconsin (the "AW Acquisition") for CDN $54.1 million (US $37.8 million). These companies produced Italian specialty cheeses, sweetened condensed milk, Swiss cheese and value-added by-products such as whey protein concentrates, ingredient blends and cream. Of the six plants acquired, two were whey processing facilities.

On August 31, 1998, the Company acquired all of the outstanding shares of Riverside Cheese and Butter Inc., a specialty cheese manufacturer located in Trenton, Ontario. Saputo also acquired, on September 16, 1998, substantially all of the assets and assumed certain liabilities of Bari Cheese Ltd., an Italian specialty cheese manufacturer based in Vancouver, British Columbia. The aggregate purchase price of $11.4 million was paid through the private placement of 26,750 Common Shares of Saputo at a price of $40.00 per share, with the balance paid in cash.

On September 15, 1999, the Company acquired all of the outstanding shares of Culinar Inc. ("Culinar") from SGF Soquia Inc. and various minority shareholders for a price of $283.5 million (the "Culinar Acquisition"). This transaction was financed through a committed bank credit facility of $180 million and the issuance of 2,503,000 Common Shares of Saputo at a price of $39.95 per share. Culinar produced, marketed and distributed snack cakes, cookies, fine breads and soups. At the time of the acquisition, it had net sales of approximately $270 million and EBITDA of $32.9 million, on an annualized basis. With this acquisition, Saputo became the largest manufacturer of snack cakes and fine breads as well as one of the most important cookie manufacturers in Canada.

On November 12, 1999, Saputo completed the private placement of US $250 million Senior Notes to institutional investors in the United States. The term of the Notes ranges from seven to fifteen years with an average interest rate of 8.16%. The proceeds of the private placement were used to refinance part of the Company's existing credit facilities.

On February 28, 2000, the Company acquired all of the outstanding shares of Groupe Cayer-JCB Inc., a manufacturer of European cheeses based in the Province of Québec, for a price of $13.7 million paid in cash and $6.7 million of indebtedness (the "Cayer Acquisition"). Cayer had sales of approximately $55 million.

ITEM 3 - INDUSTRY OVERVIEW

3.1 DAIRY PRODUCTS INDUSTRY

3.1.1. The Canadian Dairy Industry

Regulatory Environment

The regulation of the content, composition, labelling, packaging, marketing and distribution of all food products in Canada is a shared responsibility between the federal and the provincial governments. The dairy industry is further governed by a series of federal and provincial regulations specific to the production, processing and distribution of milk and milk-related products. All applicable statutes, whether provincial or federal, permit plant inspections, product testing and other regulatory scrutiny.

In Canada, all milk processing plants are subjected to regular inspections by federal authorities and are required to be registered under the *Canada Agricultural Products Act*. Provincial legislation also demands that milk processing plants be licensed, compelling them to comply with all provincial inspections and regulations.

Milk Supply

The Canadian dairy industry operates within a highly regulated environment. The Canadian Dairy Commission ("CDC"), a crown corporation, has been mandated by the federal government to implement Canada's national dairy policy which is predicated on shared jurisdictional powers between the federal and provincial governments. Fluid milk is regulated provincially, while industrial milk is regulated federally. "Fluid milk" refers to table milk or cream intended for consumption in fluid forms, whereas "industrial milk" is used for the manufacturing of all other dairy products, such as cheese, butter, ice cream and yogurt. According to CDC information, the fluid milk sector represents approximately 39% of raw milk delivered in Canada while the industrial milk sector represents approximately 61%.

The Canadian dairy industry operates within a supply management system. The key goal of supply management is to ensure stable revenues for dairy farmers while maintaining the production of sufficient volumes of industrial milk to satisfy the domestic Canadian consumer demand for dairy products as well as certain planned exports. This is essentially achieved by setting the support price that the dairy processors can receive for butter and skimmed milk powder and by controlling the supply of industrial milk.

Dairy farmers also receive a direct federal subsidy which is set to be phased out over the course of the five years commenced in February 1998. It is expected that the subsidy loss will be recovered through higher industrial milk prices.

Every dairy year, the CDC calculates the national industrial milk production quantum based on anticipated domestic demand and certain planned exports. This quantum is then allocated according to the terms of the National Milk Marketing Plan, a federal/provincial agreement. This agreement stipulates, among other things, that Québec's and Ontario's shares of the national industrial milk production quantum (the "Market Sharing Quota") are approximately 47.6% and 30.8% respectively.

Once the industrial milk quantum is determined and allocated among the provinces, provincial marketing boards govern the production, pricing and marketing of milk within their own borders. Each provincial marketing board allocates the milk to dairy processors. Industrial milk is allocated according to a cascading system that classifies industrial milk into various classes of products to be manufactured. Priority of supply is given to the higher milk class, which also commands a higher milk price.

Although there may be some provincial variations, quantities of milk in each class other than fluid milk are generally restricted in their growth. As a result, operating in a supply managed system means that a dairy processor can only achieve significant growth through acquisitions. Any attempt to grow internally is stymied by the plant quota which limits a dairy processor to a specific guaranteed volume. Conversely, since the Market Sharing Quota is based on historical and anticipated demand for dairy products, the risk of a processor losing an important part of its market share is very low.

International Trade (Canada)

Imports. The Department of Foreign Affairs and International Trade administers Canada's cheese import quotas. These quotas are divided into European Union and non-European Union sources. This results from Canada's obligation to the European Union to import 66.0% of the approximately 20.4 million kilograms of cheese that Canada is committed to import annually under the World Trade Organization ("WTO") Agreement on Agriculture. Imports within this minimum access commitment are subject to low rates of duty while imports over this amount are subject to significantly higher tariffs. Over-access tariffs for cheese currently stand at 252.5% of invoiced value.

Exports. In 1997, the United States and New Zealand challenged the legality of Canada's dairy supply management system under the terms of the 1994 GATT Agreement alleging that Canada's dairy exports benefit from subsidies. In March 1999, the WTO panel ruled in favour of the United States and New Zealand and determined that the structure of Canada's dairy export system provides for the grant of subsidies as a result of the intervention of the governments and their agencies. Canada appealed this decision and, in October 1999, an appellate body of the WTO confirmed most of the original decision. Until the end of February 2000, all cheese export activities had to be submitted for consideration by the CDC. With the WTO decision, the CDC is no longer involved in the issuance of permits to export cheese. The federal and provincial governments are currently working with industry stakeholders to devise a system that would be WTO compatible, while attempting to protect the integrity of Canada's supply management system. At present, various proposals are being discussed but none have yet been officially presented by the parties concerned.

Canadian Market

The dairy processing industry makes a major contribution to the Canadian economy with shipments valued at over $8.5 billion in 1999. Second only to meat processing, the dairy processing sector accounted for approximately 14% of the estimated value of all food and beverage processing sales during the same year. Significant rationalization is occurring in the processing sector as plants strive to achieve the greater efficiencies and economies of scale required to remain competitive in increasingly global markets.

In 1998-1999, there were 21,561 dairy farms in Canada. This represents a decrease of 1,082 farms from the previous dairy year. Approximately 81% of Canada's dairy farms are located in the Provinces of Québec and Ontario. The Western provinces and the Atlantic provinces account for 14% and 5% respectively.

The following table indicates the production volumes of selected dairy products manufactured in Canada in 1999.

Canadian Production Volumes of Selected Dairy Products in 1999 (1)
(in thousands)

Cheddar	128,425 kg	Yogurt	131,204 kg
Specialty cheeses (2)	201,369 kg	Milk powder	78,408 kg
Cottage cheese	21,697 kg	Concentrated milk	72,033 kg
Butter	88,803 kg	Fluid milk	2,667,220 litres
Ice cream and other ice cream products	554,495 litres	Cream	156,820 litres

(1) Source: Canadian Dairy Commission.
(2) Includes mozzarella.

Production of mozzarella accounts for an important portion of the Canadian production volumes of specialty cheeses as demonstrated by the table below.

Canadian Production Volumes of Specialty Cheeses and Mozzarella (1)

	1999	1998	1997	1996	1995
	(In thousands of kilograms)				
Specialty cheeses (2)	201,369	202,735	207,370	173,109	172,137
Mozzarella	119,287	112,194	104,643	101,148	103,950

(1) Source: Statistics Canada and Canadian Dairy Commission.
(2) Includes mozzarella.

3.1.2 The United States Dairy Industry

Regulatory Environment

In the United States, the production of all food products is subject to extensive federal, state and local government regulations regarding the advertising, quality, packaging, labelling and safety.

All food plants are subject to regulation and inspection by agencies such as the Food and Drug Administration ("FDA") and the United States Department of Agriculture ("USDA"). Individual states may also enforce more stringent regulations regarding the manufacturing of food products. State and local government agencies work with the federal government to ensure the safety of food produced within their jurisdictions. Violations of federal, state and local regulations may result in seizure and condemnation of products, cease and desist orders, injunctions and monetary penalties. State and local government agencies also enforce environmental compliance.

Milk Supply

In the United States, there are two grades of milk: Grade A and Grade B. Grade A milk is produced under specific sanitary requirements and dairy producers must hold a Grade A shipping permit. Grade A milk accounts for 97% of the United States milk supply and is used for fluid as well as manufacturing purposes. Grade B milk represents 3% of the United States milk production, and it is used exclusively to manufacture butter, cheese and skim milk powder.

The following table presents the utilization of the United States milk production in 1999:

Utilization of United States Milk Production in 1999 (1)

Utilized as fluid milk and cream	34.1%
Manufactured into cheese	36.9%
Manufactured into creamery butter	14.2%
Manufactured into frozen dairy products	10.1%
Manufactured into evaporated and condensed milk	0.9%
Used on farms where produced	0.8%
Other uses	3.0%

(1) Source: USDA, Dairy Products 1999 Annual Report, published April 2000.

In most cases, milk marketed within the United States is priced according to its use. Milk prices are set monthly based on product price formulas. Price data used in the formulas is collected through surveys conducted by the USDA's National Agriculture Statistics Service. Milk used in fluid products is placed in Class I, the highest priced class. Milk used to produce ice cream, yogurt and other soft products is Class II. Milk used to manufacture cheese is Class III, and milk used to produce butter and milk powders is Class IV.

Wholesale pricing for the bulk of the United States cheese production is established by daily cash cheddar cheese trading on the Chicago Mercantile Exchange (CME). The last trade of the day establishes the market price for the day. If no trades occur, the market price is determined based on the bid and offer prices. Processors usually charge a premium over the CME price.

A dairy processing plant is not limited in terms of the quantity of milk it can receive and is free to negotiate its milk supply with whomever it chooses. Independent processors usually negotiate with local cooperatives or may procure milk directly from individual farms. Processors are charged a price which reflects the current month's milk price plus a negotiated handling charge.

United States dairy programs influence the production and marketing of milk and milk products through the operation of the Commodity Credit Corporation ("CCC"), a federal agency. CCC buys butter, non-fat dry milk and cheese at the following support prices:

- Butter @ US $0.65 per pound;
- Cheddar Cheese 40 pound blocks @ US $1.10 per pound;
- Nonfat dry milk powder @ US $1.01 per pound.

Such products are sold or used either domestically or internationally in specific government programs. However, the CCC does not directly support dairy farmers, nor does it establish a target return for farmers.

International Trade (United States)

Imports. Another key component of the United States dairy program is import restrictions. Most United States cheese import quotas are country and product specific. Under the terms of the WTO Agreement on Agriculture, the United States agreed to import, at a lower tariff rate, approximately 141 991 metric tons of cheese in 2000. Tariffs for cheese in excess of the quota are prohibitive.

Entry for dairy products made with sheep, goat and buffalo milk do not require a license nor are they subject to a United States duty. The same is true for a few other products including Brie cheese.

Exports. The United States is not a significant exporter of dairy products. Its export activity accounted for US $923.5 million in 1999 and US $921.7 million in 1998.

Most export activity is conducted through the Dairy Export Incentive Program which allocates subsidized export volumes to specific countries thereby enabling exporters to bid for export assistance for dairy products destined to these countries.

United States Market

The USDA states that there were 376 cheese manufacturing plants in the United States in 1999, which produced 3.6 billion kilograms of cheese. Cheddar accounted for 35.5% of this amount, or 1.3 billion kg, while Italian cheeses totalled 1.4 billion kg, or 39.6%. Mozzarella alone added up to 1.1 billion kg, representing 80.2% of Italian cheeses and 31.7% of all cheeses produced in 1999.

The following table indicates the production volumes of Italian cheeses and Mozzarella in the United States from 1995 to 1999.

United States Production Volumes of Italian Cheeses and Mozzarella (1)

	1999	1998	1997	1996	1995
	(In thousands of kilograms)				
Italian cheeses	1,425,495	1,362,930	1,307,915	1,275,695	1,213,095
Mozzarella	1,142,535	1,073,285	1,018,346	1,020,690	963,788

(1) Source: USDA, Dairy Products Annual Report, April 2000.

3.1.3 Future Trends

The consolidation trend which began several years ago in both the American and Canadian dairy industries is, in the Company's opinion, set to continue. This evolving competitive environment will necessarily force regional processors to either adapt, sell or merge with other industry participants. Well-capitalized industry consolidators should take advantage of this consolidation trend to make strategic acquisitions.

Despite the failure, last December, of the Seattle conference where the next round of WTO negotiations regarding agriculture were supposed to be held, representatives of the various governments met on March 23, 2000 to initiate discussions that should lead to new tariff and subsidy reductions in agricultural products during the coming years.

In light of the WTO decision on Canada's dairy exports, the federal and provincial governments will need to establish a system with industry stakeholders to allow Canada and the provinces to participate in the international trade of dairy products in compliance with WTO regulations. Although various proposals are being discussed, none have yet been officially presented by the parties concerned, and the outcome of this process cannot be determined at this time.

As long as Canada's supply management system remains in place, no significant growth can be achieved by Canadian dairy processors other than through acquisitions. The recent consolidation that took place in the Canadian dairy industry has, however, greatly reduced the number of companies that can be acquired.

In the United States, plant quotas are non-existent. Accordingly, dairy processing companies are not limited to their existing milk reception volumes, but rather their expansion is a function of the market place's acceptance of their products.

3.2 GROCERY PRODUCTS INDUSTRY

Regulatory Environment

The regulation of the content, composition, labelling, packaging, marketing and distribution of all food products in Canada is a shared responsibility between the federal and the provincial governments. The grocery products industry is subject to stringent quality and labelling standards, including those of the *Food and Drugs Act* and of the *Consumer Packaging and Labelling Act*.

Canadian Retail Market

Over the recent years, Canada's retail market has changed with the increasing importance of non-supermarket channels of distribution such as mass merchandisers and warehouse clubs. This trend has resulted in significant consolidation within the supermarket channel where five national chains now control more than 82% of all retail sales made through the supermarket channel.

The snack cake industry generates sales of approximately $476 million per year in Canada. This industry segment comprises among others, snack cakes, muffins, granola, cereal and fruit bars, as well as marshmallow squares. Prepackaged snack cake products enjoy a 53.9% market share of all snack cake products sold in Canada. Of the prepackaged snack cake products total sales in Canada, approximately 62.5% and 26.7% are made in the provinces of Québec and Ontario, respectively.

The cookie industry represents approximately $553 million of sales per year in Canada. This industry segment comprises among others, plain cookies, chocolate chip cookies and sugar cream sandwiches. Approximately 85% of all cookie products are distributed through the supermarket channel. Of the cookie products distributed in Canada, about 38% are distributed in Ontario, 28.6% in Québec and 27.1% in the Western provinces.

The dry bread industry totals approximately $47 million of sales per year in Canada and comprises among others, croutons, melba toasts and crisp and flat breads. Of all dry bread products sold in the Canadian retail market, approximately 37% are sold in Ontario, 31% in Québec and 27% in the Western provinces.

The soup industry accounts for approximately $560 million of sales per year in Canada. and is divided among the canned soup category, which represents 72% of the Canadian market, the dehydrated soup category, which accounts for 16% of the Canadian market and the oriental noodles soup category which accounts for 12% of the Canadian market. About 32% of all dehydrated soups are sold in each of the provinces of Québec and Ontario, with the Western provinces enjoying a 30% market share.

ITEM 4 - DESCRIPTION OF THE BUSINESS

Since the Culinar Acquisition, the Company operates its business through two sectors, the Dairy Products sector and the Grocery Products sector. Through its two sectors, the Company operates 33 manufacturing facilities and employs over 5,400 employees.

The following table presents the relative importance of the Company's two sectors.

	Sales by Sector			
	Six months ended March 31, 2000		Year ended March 31, 2000	
	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales
Dairy Products sector	818,784	86.1	1,714,602	92.1
Grocery Products sector	132,132	13.9	146,276	7.9
Total	950,916	100.0	1,860,878	100.0

Dairy Products Sector

Saputo produces and markets mozzarella, other specialty cheeses and value-added by-products such as butter, lactose and whey protein. In Canada, Saputo also distributes fine imported cheeses and a large assortment of other non-dairy products that complement its cheese distribution. In fiscal 2000, mozzarella represented 58.7% of the Company's total cheese production and 47.7% of the Dairy Products sector sales. Of the Company's total sales for this sector, 26.4% were made in Canada, 69.2% were made in the United States and 4.4% were made internationally. The Company operates 11 manufacturing facilities in Canada and 17 in the United States. As of June 1, 2000, the Dairy Products sector had 3,076 full-time employees and 281 part-time employees.

Saputo has established itself as Canada's leading producer of cheese, with a share of approximately 36% of the Canadian mozzarella production, and also ranks as one of the leading natural cheese producers in the United States. In Canada, Saputo services mainly through its own distribution network three market segments: food service (principally pizzerias), retail and ingredient. In the United States, Saputo markets its products to such segments through direct sales and independent non-exclusive distributors. Internationally, products are sold through direct sales, local distributors and sales agents.

Grocery Products Sector

The Company also produces, markets and distributes, in Canada, snack cakes, cookies, fine breads and soups. These products are sold almost exclusively in the Canadian retail market. With the Culinar Acquisition, Saputo has become the largest manufacturer of snack cakes and fine breads, as well as one of the most important cookie manufacturers in Canada. In this sector, the Company operates four manufacturing facilities in the Province of Québec and one in the Province of Ontario and employed, as of June 1, 2000, 1,854 full-time employees and 209 part-time employees.

Overall Profile

The Culinar Acquisition changed the Company's overall profile by increasing the level of sales made in Canada and to the retail market. The following tables present the segmentation of total Company sales by region and by market segment for the last two fiscal years and for the six months ended March 31, 2000. As the Culinar Acquisition was completed on September 15, 1999, the results for the last two quarters of fiscal 2000 better reflect the impact of the Culinar Acquisition on the Company's sales segmentation:

Total Company Sales – Geographic Segmentation

	Six months ended March 31, 2000		Year ended March 31, 2000		Year ended March 31, 1999	
	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales
United States....................	554,940	58.4	1,186,136	63.7	1,394,491	72.8
Canada..............................	358,609	37.7	598,823	32.2	455,432	23.8
International.....................	37,367	3.9	75,919	4.1	65,714	3.4
Total.................................	950,916	100.0	1,860,878	100.0	1,915,637	100.0

Total Company Sales – Market Segmentation

	Six months ended March 31, 2000		Year ended March 31, 2000		Year ended March 31, 1999	
	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales
Food Service.....................	364,141	38.3	769,329	41.3	842,276	44.0
Retail................................	347,839	36.6	589,566	31.7	494,355	25.8
Ingredient	238,936	25.1	501,983	27.0	579,006	30.2
Total.................................	950,916	100.0	1,860,878	100.0	1,915,637	100.0

As the Company's sectors are completely different, the description of the Company's business will be divided in two sections, (i) the Dairy Products sector, and (ii) the Grocery Products sector.

4.1 DAIRY PRODUCTS SECTOR

4.1.1 Products

In Canada, Saputo produces and markets nationally a wide variety of quality cheeses. It also produces a number of by-products derived from its cheese production including butter, lactose and whey protein. The Company's distribution network distributes fine imported cheeses and a large assortment of third party manufactured non-dairy products that complement its cheese distribution to the food service industry, especially pizzerias. On a smaller scale, the Company bottles fluid milk and produces frozen novelties.

In the United States, Saputo produces a broad line of mozzarella and specialty cheese products. It also produces sweetened condensed milk as well as whey protein concentrates and ingredient blends which are derived from its cheese production.

The following table shows, for the Dairy Products sector, the segmentation of sales by product category for the last two fiscal years:

Dairy Products Sector – Sales – Product Category Segmentation

	Year ended March 31, 2000		Year ended March 31, 1999	
	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales
Mozzarella	817,351	47.7	928,087	48.5
Other manufactured cheeses, butter, fluid milk and frozen novelties	709,941	41.4	788,593	41.1
By-products, sweetened condensed milk, imported cheeses and non-dairy products	187,310	10.9	198,957	10.4
Total	1,714,602	100.0	1,915,637	100.0

Mozzarella

Saputo's major product is mozzarella which represented 58.7% of the total volume of cheese manufactured by the Company and 47.7% of the Dairy Products sector sales. Mozzarella is used primarily as an ingredient in the preparation of various foods, especially pizza, and has always been the focus of the Company's operations. Saputo has become Canada's leading producer of mozzarella with a production share of approximately 36%. In the United States, Saputo produces around 9% of the approximately one billion kilograms of mozzarella production.

Other Manufactured Cheeses

Specialty Cheeses. In Canada, Saputo produces a specialty cheese line that includes ricotta, provolone, friulano, tuma, cacino, trecce, caciocavallo, bocconcini and a variety of parmesan cheese blends. Saputo's products are sold mainly under the *Saputo*, *Stella*, *Bari* and *Caron* brand names, and under private labels. Since the Cayer Acquisition, Saputo also manufactures European cheeses such as havarti, brie, camembert, feta and goat from its plants located in Saint-Raymond and Saint-François-Xavier, in the Province of Québec. These products are sold mainly under the brand name *Cayer*.

In the United States, the Company produces parmesan, romano, string cheese, blue and gorgonzola, feta, ricotta, Swiss cheese as well as Italian table cheeses such as asiago, fontina, Italian sharp, provolone and Fontinella. Saputo's specialty cheese products are sold under a variety of brand names such as *Stella, Frigo, Cheese Heads, Dragone, and Lorraine,* and under private labels.

Cheddar and Other Firm Cheeses. In Canada, Saputo manufactures a North American product line which includes cheddar, brick, colby, farmer, munster, monterey jack and other cheese varieties belonging to the firm cheese family.

Process Cheese. Saputo's Canadian operations manufacture process cheese. Saputo sells this product both to institutional and food service customers which purchase in bulk sizes and to retailers which buy packages of individually wrapped slices.

Imitation Cheese. In the United States, the Company produces imitation mozzarella-style cheese which is used in a variety of food service applications and as an ingredient by manufacturers of prepared foods. Saputo's imitation cheeses are sold under the *Uni-Chef* brand primarily to the ingredient segment.

Other Dairy Products

Butter. In Canada, Saputo produces butter from fat skimmed off the milk used in its cheese manufacturing process. The butter manufactured by Saputo is distributed to restaurants and retail stores under the Saputo brand name and is also manufactured pursuant to private label arrangements with certain key customers. In the United States and, when advantageous, in Canada, the Company sells its excess fat to other manufacturers who use it in the production of butter or ice cream.

Fluid Milk and Frozen Novelties. Saputo bottles fluid milk and produces frozen novelties under the *Regal* brand name, through its interest in Crémerie des Trois-Rivières. These products are distributed on a small scale solely in the Province of Québec.

Sweetened Condensed Milk. The Company produces sweetened condensed milk in the United States.

By-Products: Lactose, Whey Protein, Whey Powder and Dairy Blends

Liquid whey is a by-product of Saputo's cheese production which represents approximately 90% of total milk composition, leaving the remaining ten percent as the basis for cheese production.

Utilizing liquid whey from its Canadian operations and from third party facilities, Saputo's Saint-Hyacinthe facility extracts solids from liquid whey and processes them into lactose, whey protein and whey powder. Lactose, which is commonly found in infant formulas and dry soup mixes, is sold primarily in the international market. Saputo produces more than 12,000 tons of lactose per year and is the only producer in Canada.

Whey protein is used in the formulations of ice cream, caramel and yogurt and may also be used as animal feed. It is sold both domestically and internationally. In its Saint-Hyacinthe facility, Saputo also produces numerous blends of dairy product powders which customers use as substitutes for higher priced ingredients in their specific product formulations.

Whey powder results from the drying of liquid whey and is used in various product formulations, including bread. The resulting by-product of lactose and whey protein production, known as "mother liquor", is also sold as animal feed.

All of Saputo's Canadian plants (with the exception of the Souris, Manitoba and Vancouver, British Columbia plants), as well as the Hancock and Hinesburg United States plants, send liquid whey by truck to the Saint-Hyacinthe facility for processing. The liquid whey emanating from the Souris plant is dried on site. The process in place is different than the one in Saint-Hyacinthe and the resulting product, commonly referred to as roller dried whey, has less value and is sold as animal feed. The Vancouver plant sends liquid whey by truck to farmers located in the Vancouver area and it is used in the preparation of animal feed.

Prior to the AW Acquisition, the Company did not have any whey processing facilities in the United States and disposed of the whey generated by its American plants (other than Hancock and Hinesburg) through plant-specific contracts with third parties. Of the six plants acquired through the AW Acquisition, two are whey processing facilities.

Imported Cheeses

In Canada, Saputo is active in the imported cheeses market as a holder of a cheese import allocation. The Company does not have sufficient quotas to satisfy demand for imported cheeses. Accordingly, it enters into agreements with existing Canadian quota holders. Since the Cayer Acquisition, the Company manufactures European cheeses which are similar to certain of the cheeses it imports. The Cayer Acquisition should enable the Company to better satisfy demand for this type of product.

In the United States, Saputo holds a very small import quota and also imports some very limited quantities of cheese originating from its Canadian operations through arrangements made with authorized American licence holders.

Non-Dairy Products

In Canada, Saputo's sales force distributes a wide variety of other products sourced from domestic and international suppliers. This line of products includes, among others, pasta, vegetable oils, margarine, spices, flour, various meats, tomato sauce, pizza boxes, olives, pineapples and shortening.

The nationwide distribution of these complementary products is used exclusively to enhance the sale of Saputo's cheeses by offering customers, especially pizzerias, the advantage of dealing with one supplier offering a full range of products. Most of these products are sold under the *Saputo* label.

4.1.2 Production

Individually Quick Frozen

Saputo is equipped to apply the Individually Quick Frozen ("IQF") process to some of its cheese production, particularly mozzarella. This process requires that the mozzarella be diced into small cubes weighing approximately one gram, which are then sent through a tunnel that freezes each individual cube of cheese. The shelf life of the resulting product is at least one year if kept under consistent freezing conditions. This process gives the Company the ability to dice its cheese at the moment of optimum aging thereby ensuring quality and proper performance, both of which are important attributes for the pizza industry.

Although the Company's IQF capability is currently limited to its Canadian operations, Saputo has nonetheless a non-IQF freezing process which it applies to a portion of its mozzarella stick production in the United States.

Quality Control

Fundamental to Saputo's growth and success has been its insistence on maintaining high standards of product quality. This has been achieved mainly through the training of all manufacturing employees and the control, on an ongoing basis, of every variable of the production process.

Milk Sourcing

Due to the regulated nature of the Canadian dairy industry, Saputo sources its milk in Canada from the Fédération des producteurs de lait du Québec, the Dairy Farmers of Ontario, the Manitoba Milk Producers, and various farmers located in British Columbia. In the United States, Saputo sources its milk primarily from cooperatives pursuant to contracts.

Facilities

In the Dairy Products sector, the Company operates a total of twenty-eight manufacturing facilities, 11 of which are located in Canada and 17 in the United States. Except for the facility located on Rolling Meadows Drive in Fond du Lac, Wisconsin, all of the facilities are owned by the Company.

The following table sets forth, for each facility, its location, surface, weekly processing capacity and the products manufactured at such facility.

Canadian facilities location	**Square metres**	**Weekly capacity [1]**	**Products**
Saint-Léonard, Québec Main plant	5,450	5,700,000 litres	Brick, butter, cheddar, farmer, monterey jack, mozzarella, parmesan blends, provolone
Specialty plant	3,890	1,600,000 litres	Bocconcini, cacino, caciocavallo, cheddar curds, feta, friulano, mozzarella, pastorella, provolone, ricotta , string cheese, tuma, trecce
Cutting operation	2,597	N/A	Cheese dicing, cheese shredding, food service cuts, IQF process, process cheese, retail cuts,
Saint-Hyacinthe, Québec	5,860	11,300,000 litres of liquid whey [2]	Dairy blends, lactose, whey powder, whey protein
Mont-Laurier, Québec	1,995	2,100,000 litres	Mozzarella
Saint-Boniface de Shawinigan, Québec	1,163	1,275,000 litres	Cheddar
Saint-Raymond, Québec	3,500	525,000 litres [3]	Blue, brie, camembert, cream cheese, feta, friulano, goat, havarti, tilsit
Saint-François Xavier, Québec	1,450	283,000 litres [4]	Cheddar, cheddar curds, colby, farmer, gouda, swiss
Trois-Rivières, Québec	3,070	1,100,000 litres	Fluid milk, frozen novelties
Cookstown, Ontario	3,723	2,100,000 litres	Mozzarella
Trenton, Ontario	2,415	540,000 litres	Mozzarella
Souris, Manitoba	1,575	1,200,000 litres	Aged cheddar, brick, colby, monterey jack, mozzarella, munster, roller dried whey
Vancouver, British Columbia	1,445	500,000 litres	Mozzarella

United States facilities location	Square metres	Weekly capacity [(1)]	Products
Lena, Wisconsin	16,720	5,000,000 litres	Mozzarella, ricotta, shredded, string cheese
Almena, Wisconsin	11,800	5,300,000 litres	Asiago, fontinella, mozzarella, parmesan, provolone, ricotta, romano,
Fond du Lac, Wisconsin (East Scott Street)	16,165	2,700,000 litres	Blue, mozzarella, stick
Reedsburg, Wisconsin	2,415	2,150,000 litres	Mozzarella, provolone
Denmark, Wisconsin	1,895	1,100,000 litres	*Lorraine*, mozzarella curd
Thorp, Wisconsin	12,960	1,575,000 litres	Blue, gorgonzola
Fond du Lac, Wisconsin (Tompkins Street)	12,000	7,400,000 litres [(5)]	Canned egg nog, dried ingredients, sweetened condensed milk, whey protein concentrate, whole milk powder
Fond du Lac, Wisconsin (Rolling Meadows Drive)	2,765	630,000 lbs [(6)]	Canned milk powders
New London, Wisconsin	10,770	1,775,000 litres	Swiss cheese
Monroe, Wisconsin (11th Street)	1,800	8,017,000 litres [(5)]	Buttermilk product, concentrated permeate, whey protein concentrate
Monroe, Wisconsin (18th Street)	3,200	1,700,000 litres	Mozzarella, provolone
Tulare, California	8,080	5,400,000 litres	Mozzarella, provolone, shredded
South Gate, California	5,915	4,250,000 litres	Mozzarella, ricotta, string cheese
Hinesburg, Vermont	9,869	2,800,000 litres [(7)]	Feta, mozzarella
Hancock, Maryland	4,640	2,400,000 litres	Mozzarella, provolone
Peru, Indiana	1,610	--	Imitation cheese
Big Stone, South Dakota (aging/finishing)	8,695	--	Asiago, fontinella, parmesan, romano, packaging

(1) Weekly capacity refers to the hourly pasteurization rate of the plant for a 20-hour operation (4 hours for washing), 6 days a week. Total capacity is then reduced by 15% to compensate for unforeseen events.
(2) Weekly capacity refers to the liquid whey processing capacity based on a 24-hour operation, 7 days a week (8 hours a week for maintenance and washing).
(3) Weekly capacity was determined based on a 10-hour operation, 5 days a week.
(4) Weekly capacity was determined based on a 3.5-hour operation, 6 days a week.
(5) Weekly capacity was determined based on a 20-hour operation (4 hours for washing), 7 days a week.
(6) Weekly capacity was determined based on a 24-hour operation, 7 days a week and current product mix.
(7) Weekly capacity was determined based on a 19-hour operation, 5 days a week.

During fiscal 2000, the Company closed its Richmond, Vermont facility and transferred production to the Hinesburg, Vermont plant. This measure lies within the ongoing rationalization process commenced by the Company after the Stella Acquisition and the AW Acquisition.

Net Capital Expenditures

Management believes that the Company has adequate dairy manufacturing capacity to meet current and near term demand for its products. It is Saputo's intention to continue to expand and modernize its plants, with investments being focused on equipment and processes designed to increase output per litre of milk. More specifically, during the last five fiscal years, Saputo incurred $156.7 million in net capital expenditures. In fiscal 2000, the Company spent $13.3 million on its Canadian dairy operations and $36.7 million on its United States operations. In fiscal 2001, Saputo intends to incur net capital expenditures of approximately $12 million for its Canadian dairy operations and $28 million for its United States dairy operations to enhance the efficiency of its plants.

Environment

The Company's operations are subject to various federal, provincial, state and local government laws and regulations relating to the protection of the environment. Compliance with these laws and regulations requires the Company to incur expenses and to monitor its operations on an ongoing basis. The Company believes that its operations are in compliance in all material respects with currently applicable environmental laws and regulations except for the issues discussed below.

On May 10, 2000, the Saint-Léonard facility received a notice of violation for having discharged on April 20, 2000, effluents containing oil and grease exceeding the municipal by-law limit. On June 6, 2000, the Company notified the authorities of the measures it implemented and is currently in compliance with said by-law.

The Vancouver facility has been exceeding the oil and grease limits of its wastewater discharge permit. On February 29 and March 21, 2000, the City of Vancouver sent notices with respect to such exceedances. On March 21, 2000, the Company responded by filing with the City a Voluntary Remedial Program to be completed in July 2000.

None of the Culinar facilities located in Montréal, Saint-Lambert, Sainte-Marie and Sainte-Martine, which were acquired by the Company in September 1999, has the required environmental permits and certificates of authorization to operate. The Company expects to file, in the course of this fiscal year, all requests to obtain such permits and authorizations and does not anticipate any problems obtaining same.

The recently acquired Saint-Raymond facility does not have the required certificate of authorization for its current operations. The Company filed with the authority a request to obtain a certificate of authorization and does not anticipate problems to obtain same.

The Company is required to provide the US Federal authority with certain environmental information relating to its facilities in the United States. At the time of the Stella Acquisition and the AW Acquisition, such information had not been provided to the authority by the prior owners. The Company has applied under the EPA self-audit policy and has provided most of the reports and information requested by the authority. The Company expects to complete this process by the end of July 2000.

Some of the groundwater quality wells at the Almena facility have shown levels of chloride exceeding the permitted concentration. In addition, the facility has occasionally failed the whole effluent toxicity test on one of its wastewater outfalls. On December 10, 1999, an Enforcement Conference was held with the Wisconsin Department of Natural Resources during which the Company agreed to proceed with further investigation on the groundwater quality, to continue monitoring its wastewater discharge and to find additional ways of reducing its effluent at source.

Some groundwater quality monitoring wells at the Lena facility have shown levels of chloride exceeding the permitted concentration. In addition, on November 3, 1999, the Wisconsin Department of Natural Resources notified the Lena facility that it was violating its wastewater discharge permit limits for chlorides and BOD_5. The Company has responded by implementing pollution prevention measures and has reduced land application of its treated wastewater. The Company continues to monitor the groundwater situation in order to determine if further action is necessary.

The Tulare facility has been exceeding its effluent discharge permit limits issued by the City of Tulare and is considered to be in violation with municipal wastewater discharge by-law. The Company has been implementing various actions to substantially reduce its discharge flow. In addition, during fiscal 2001, the Company will be implementing reduction at source initiatives and expects to improve wastewater quality.

One of the six groundwater quality monitoring wells located at the Kent facility shows levels of chloride in excess of the level permitted in the State of Illinois. The Company has ceased production at this facility and is discussing with authorities means to close out the site permanently.

On October 20, 1999, the Peru facility received a notice of violation relating to the quality of its wastewater effluent discharge. The Company responded to the authority and has since been implementing various actions, including reduction at source, to improve its wastewater quality. In addition, the Company is planning to install equipment to further improve wastewater quality by December 2000.

Since 1998, the Company has been implementing a replacement and removal program of storage tanks at a number of its facilities in Canada and in the United States. By April 2000, approximately $290,000 had been spent in this regard and the Company expects to spend an additional $800,000, including the cost of remediation of soil contamination, to complete this project.

During fiscal 2000, approximately $5.5 million were spent at the Company's facilities to comply with existing environmental laws and regulations and improve plant efficiency to reduce wastewater loadings, to update or remove underground storage tanks, and to improve wastewater systems at a number of its facilities in Canada and the United States. Management estimates that similar expenditures will amount to $2.85 million during fiscal 2001.

Management believes that compliance with currently applicable environmental protection requirements will not have a material effect on the Company's earnings or competitive position during fiscal 2001. Any new environmental laws or regulations could have a material adverse effect on the financial position of the Company and could require significant additional expenditures to achieve or maintain compliance.

4.1.3 Markets

Geographic Segmentation

The Company sells its products in three markets, Canada, the United States and the international market. The following table presents, for the Dairy Products sector, the geographic segmentation of sales during the last two fiscal years:

Dairy Products Sector – Sales – Geographic Segmentation

	Year ended March 31, 2000		Year ended March 31, 1999	
	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales
United States	1,186,136	69.2	1,394,491	72.8
Canada	452,547	26.4	455,432	23.8
International..............	75,919	4.4	65,714	3.4
Total	1,714,602	100.0	1,915,637	100.0

Canada. Saputo is Canada's leading producer of cheese with a share of approximately 36% of the Canadian mozzarella production. Saputo sells its products to the food service, retail and ingredient market segments. The Company is also a full-line product distributor selling to the food service industry, especially pizzerias, not only the products it manufactures but also a variety of fine imported cheeses as well as numerous other food and non-food products sourced from third-party manufacturers that are complementary to its cheese distribution business.

United States. The Company competes in the United States natural cheese industry, by selling branded and private label products to retail, ingredient and food service customers. The Company also produces sweetened condensed milk in the United States.

International. The Company is present in the international market through the sale of cheese, lactose and whey protein to a vast array of clients operating primarily in the food service segment. As a direct result of the liberalization of trade barriers in agricultural products following the GATT agreement of 1994, the Company has intensified its presence in foreign markets. Today, Saputo's products can be found in Europe, South America, Africa and Asia. The Company's product quality further enhances its international sales potential. It is the Company's intention to pursue its efforts in world markets.

Clientele

Within its three markets, the Company services three market segments: food service, retail and ingredient.

The following table illustrates, for the Dairy Products sector, the segmentation of sales by market segment for each of the last two fiscal years:

Dairy Products Sector – Sales – Market Segmentation

	Year ended March 31, 2000		Year ended March 31, 1999	
	Sales ($.000)	% of total sales	Sales ($.000)	% of total sales
Food Service	759,821	44.3	842,276	44.0
Retail	452,798	26.4	494,355	25.8
Ingredient	501,983	29.3	579,006	30.2
Total	1,714,602	100.0	1,915,637	100.0

Food service. In Canada, food service customers principally include pizzerias (corporate, franchisees and individually-owned) as well as restaurants and hotels. Saputo provides its food service customers with branded and private label cheeses as well as with non-dairy products manufactured by third parties. The direct customer service provided by the Company's trained sales force is the most important component of this segment marketing strategy. By selling directly to food service customers, the Company has forged valuable personal relationships based on the quality and effective distribution of its products. In the United States, Saputo provides branded and private label cheeses to its food service customers which include national distributors, corporate restaurant chains as well as independent distributors. Although Saputo's principal sales in the food service segment are comprised of mozzarella and provolone, Saputo is expanding its sales of specialty cheeses in this segment.

No food service customer represented more than five percent of total consolidated sales during each of fiscal 2000 and 1999.

Retail. Saputo sells both branded and private label cheese to its retail customers which include supermarket chains, independent retailers, warehouse clubs and specialty cheese boutiques. In fiscal 2000, approximately 80% of Saputo's retail sales were in branded products with the remainder being private label. Saputo's retail grocery products are sold in the dairy case and deli cheese counter sections of stores. Saputo also provides its retail customers with European cheeses and imported cheeses. The acquisition of Fromages Caron Inc. in 1996 and of Groupe Cayer-JCB Inc. in February 2000 have enhanced the Company's presence in this market segment.

No retail customer represented more than five percent of total consolidated sales during each of fiscal 2000 and 1999.

Ingredient. Ingredient clients include processors who use the Company's products as an ingredient in the preparation of other food items. The Company supplies cheese to a majority of Canadian frozen pizza manufacturers as well as to processors of frozen entrées and supplies many important food manufacturers in the United States. Saputo is expanding its position in the ingredient market segment by building strategic alliances with key customers. To support this effort, Saputo's technical experts work with customers to develop new products customized to their needs.

No ingredient customer represented more than five percent of total consolidated sales during each of fiscal 2000 and 1999.

4.1.4 Distribution

In Canada, Saputo has developed a nation-wide distribution network. Since its inception, the Company has invested substantial time and capital in its distribution infrastructure and today it services directly more than 8,000 clients per week across Canada. Saputo believes that its distribution network is the cornerstone of its market penetration as its weekly personalized service constitutes a major obstacle to serious competitor activity. The Company intends to continue to expand its direct distribution capabilities in Canada so as to further increase efficiency and sales.

Canadian sales and distribution activities are conducted by employees operating in 17 distribution centres across Canada, strategically located in the following urban centres:

Saint John's (Nfld.)	Toronto (Ont.)
Halifax (NS) [1]	Toronto-Vaughan (Ont.)
Moncton (NB) [1]	Regina (Sask.)
Québec City (Qué.)	Saskatoon (Sask.)
Saint-Nicolas (Qué.) [1]	Calgary (Alta.)
Montréal - Saint-Léonard (Qué.) [1]	Edmonton (Alta.)
Montréal - Saint-Laurent (Qué.) [1]	Vancouver (BC) [1]
Montréal – Ville d'Anjou (Qué.)	Penticton (BC) [1]
Ottawa (Ont.)	

(1) Owned by the Company

The Company also has a sales office in Sydney, Nova Scotia, and a local distributor in Winnipeg, Mondo Foods Company Limited, with whom it has had a long-term business relationship. The Company works with a few regional independent distributors servicing more remote areas of the country.

In the United States, sales are made through direct shipments to certain large food service, retail and ingredient customers as well as to national and regional third party distributors.

4.1.5 Competition

Food Service

Canada. In the food service segment in Canada, each of the Company's sales branches competes with a variety of regional cheese manufacturers and distributors. However, no other major Canadian cheese manufacturer has the Company's direct national market penetration and thus, in its overall business, the Company has developed a market position which is, in Management's opinion, unique in the dairy industry.

The Company is Canada's leading producer of mozzarella with a production share of approximately 36%. Other significant mozzarella manufacturers in Canada with meaningful regional sales include Agropur coopérative agro-alimentaire ("Agropur"), Parmalat Canada Inc. ("Parmalat"), Kraft General Foods Canada Inc. (through the production volumes of Agropur) ("Kraft"), Groupe Lactel, Limited Partnership ("Lactel"), and Agrifoods International Cooperative Ltd. ("Dairyworld").

United States. In the food service segment in the United States, the Company competes on a national basis with regional and national competitors. The Company's strength in this segment is specialty cheeses for which it enjoys important market shares in blue cheese, parmesan/romano wheels and Italian table cheeses. Saputo's main competitors in this segment include Beatrice Cheese Inc. ("Beatrice"), Belgioioso Cheese Inc. ("Belgioioso"), The Antigo Cheese Company and Sartori Foods.

The Company produces 9% of the approximately one billion kilograms of mozzarella cheese production in the United States. The Company's mozzarella is almost exclusively sold to the food service and ingredient market segments. Saputo's principal mozzarella competitors in the food service segment are LePrino Foods Company ("Leprino"), Beatrice, Lactalis USA, Inc. ("Sorrento"), Dairy Farmers of America ("DFA") and Land O'Lakes, Inc.

International. In the international market, the Company sells mainly mozzarella which is distributed worldwide in countries such as Mexico, Belgium and Saudi Arabia where the Company competes with major international players. The Company's main Canadian competitors in the international market are Agropur, Lactel and Parmalat. Of the Company's total sales in the food service segment, 8% account for international sales.

Retail

Canada. In the Canadian retail cheese market segment, Saputo competes with a number of established cheese manufacturers who own well-recognized brand name products. Nonetheless, in Québec, Saputo believes it has built a reputation for its own brands which are also gaining market recognition in other provinces. Saputo is also a producer of cheese and butter for private labels.

With regards to Italian specialty cheeses produced by the Company and distributed to the retail market, Saputo has a strong position in Canada and its main competitors are National Cheese Co. Ltd. and Salerno Dairy Products Ltd. National Cheese Co. Ltd. also competes with the Company in the imported cheese category as does Parmalat and numerous smaller importers and distributors, but the most significant participant in this market segment is Agropur.

In Canada, the Company is not an important participant in the cheddar and firm cheese category. Dominant positions in this segment belong to Kraft (through Agropur's production volume), Dairyworld and Parmalat. Kraft (through its own production process), Dairyworld and Parmalat dominate the process cheese market at the retail level.

United States. In the United States retail cheese market segment, Saputo competes with a number of established national cheese manufacturers who own well-recognized brand name products. However, the Company believes that its *Stella* brand specialty cheeses combined with an organized network of brokers and distributors provide a strong presence in the deli section. Also, Frigo's *Cheese Heads* brand is the leading national brand of string cheese. Saputo's main competitors in the retail segment are Belgioioso, Sorrento and Kraft Foods, Inc. ("Kraft USA").

Ingredient

Canada. In Canada, the Company is a dominant supplier of mozzarella to this market segment. Competitors include Parmalat, Kraft, Lactel and Dairyworld.

United States. In the United States, the Company is a leading supplier of blue cheese to the salad dressing industry and is an important supplier of mozzarella, ricotta and Swiss cheese to ingredient customers. The Company's main competitors include Sorrento, Beatrice, DFA, Leprino and Brewster.

Other Products

With respect to butter, fluid milk and frozen novelties in Canada, Saputo is not a significant participant in these markets where it competes with large corporations and cooperatives which dominate the Canadian market.

With respect to the other by-products, whey protein is the object of competition in Canada from Agropur and Parmalat. The other by-products are either made according to customers' specifications, as is the case with dairy blends, or exported as the Company does with its lactose.

In terms of the distribution of other non-dairy products in Canada, the Company competes with a large number of regional distributors, only one of which has national distribution capability. Accordingly, each sales branch faces a different competitive environment depending on the presence, activity level, and product range of local distributors.

General

Although competition varies from one market segment to another, the Company believes that its manufacturing techniques, quality control and dedicated customer service differentiate Saputo from its competitors.

4.1.6 Employee Relations

As at June 1, 2000, the Company had 1,125 full-time employees and 196 part-time employees in Canada and 1,951 full-time and 85 part-time employees in the United States.

All of the Company's Canadian plants and distribution centres are non-unionized, except for the Trois-Rivières facility for which the collective agreement with Fédération des travailleurs du Québec expires on December 31, 2002 and covered 67 employees on June 1, 2000. In the United States, approximately 842 employees are unionized as shown in the table below, which represents approximately 25% of the Dairy Products sector work force:

Facility	Number of employees covered as at June 1, 2000	Name of union	Expiry date of agreement
Fond du Lac (East Scott Street)	207	International Brotherhood of Teamsters Local Union No. 200	October 31, 2001
Thorp	109	International Brotherhood of Teamsters Local Union No. 662	May 31, 2000
Reedsburg	51	International Brotherhood of Teamsters Local Union No. 695	June 30, 2001
Lena	300	Lena Independent Union	December 31, 2004
Peru	67	United Paper Workers	May 23, 2001
Monroe Cheese Plant (18th Street)	28	International Brotherhood of Teamsters Local Union No. 579	April 30, 2001
Fond du Lac (Tompkins Street) and New London	67	International Brotherhood of Teamsters Local Union No. 200 and 563	January 15, 2005
Fond du Lac (Rolling Meadows Drive)	13	International Brotherhood of Teamsters Local Union No. 200	May 1, 2000

The Company presently does not foresee any labour unrest in connection with the renewal of the Thorp and Fond du Lac agreements expiring in fiscal 2001, and for which negotiations are ongoing. All agreements expired in fiscal 2000 were renewed upon satisfactory terms. The Company has good employee relations both in Canada and in the United States. The loyalty and dedication of its employees are key elements in the Company's performance. In Management's opinion, this is the direct result of the family culture that has permeated the entire Company.

4.2 GROCERY PRODUCTS SECTOR

The Company operates this sector since the Culinar Acquisition which was completed on September 15, 1999. All aspects of this sector are subject to an ongoing review and the Company is currently implementing an action plan to increase the profitability and efficiency of this sector. Management expects to complete this process by the end of fiscal 2001. The following provides an overview of the products, production facilities, markets, distribution capabilities, competition and employee relations for the Grocery Products sector.

4.2.1 Products

The Company produces and markets four categories of products, being snack cakes, cookies, fine breads and soups. These products are sold almost exclusively in the Canadian retail market.

The following table shows, for this sector, Saputo's segmentation of sales by product category for the last fiscal year :

Grocery Products Sector– Sales – Product Category Segmentation

	Period ended March 31, 2000 [1]	
	Sales ($.000)	% of total sales
Snack cakes................................	96,225	66.0
Cookies......................................	32,124	22.0
Fine Breads................................	13,750	9.0
Soups..	4,177	3.0
Total...	146,276	100.0

(1) 28-week period since the Culinar Acquisition completed on September 15, 1999.

Snack cakes

Within this category, the Company manufactures snack cakes, muffin bars, flakie and tarts. These products are sold under the *Vachon* and *Hostess* umbrella brands which carry recognized brand names such as *Ah Caramel!*, *Hop & Go*, *Jos Louis*, *May West*, *Passion Flakie* and others. Saputo occupies a predominant position in the snack cake market in Canada.

Cookies

The Company manufactures a variety of cookies which are sold under the *Viau-McCormick* umbrella brand which carries recognized brand names such as *Normandie*, *Viva Puffs*, *Wagon Wheels*, *Whippet*, and others. The Company is one of the most important cookie manufacturers in Canada.

Fine Breads

Within this category, the Company manufactures rusks, croutons, melba toasts, bread sticks, crisp breads and snack breads. These fine bread products are sold under recognized brand names such as *Grissol* and *Li'l Cravings*. The Company is the largest manufacturer of fine breads in Canada, and, to Management's belief, the sole manufacturer in the melba toast category in Canada.

Soups

The Company manufactures a variety of soups and stock mixes which are sold under the *Loney's* brand.

4.2.2 Production

Facilities

Saputo operates five manufacturing facilities within the Grocery Products sector. Except for the facility located in Aurora, Ontario, all of the facilities are owned by the Company. The following table sets forth, for each facility, its location, surface, weekly processing capacity and the products manufactured at such facility.

Facility location	Square metres	Weekly capacity (1)	Products
Sainte-Marie, Québec	27,161	720,000 kg	Snack cakes, flakie and muffin bars
Montréal, Québec	20,870	530,000 kg	Mallows, fruit and jelly filled sandwiches, plain, enrobed, ingredients
Saint-Lambert, Québec	7,905	380,000 kg	Mallows, fruit and jelly filled sandwiches, plain, enrobed, ingredients, sugar cream sandwiches
Sainte-Martine, Québec	7,945	122,000 kg 79,000 kg	Croutons, melba toasts, rusks, bread sticks, snack breads, crisp breads Soups and stock mixes
Aurora, Ontario	3,961	120,000 kg	Small tarts or pies

(1) Weekly capacity was determined based on a 24-hour operation (three shifts), five days a week.

Net Capital Expenditures

From September 15, 1999, date of the Culinar Acquisition, to March 31, 2000, the Company incurred $3.1 million in capital expenditures. During the last five years, the prior owners had spent an aggregate of approximately $57.4 million in net capital expenditures on existing facilities. In fiscal 2001, the Company expects to incur net capital expenditures of approximately $5.3 million to enhance the efficiency of its Grocery Products sector.

Environment

For a discussion of environmental matters relating to the Grocery Products sector, reference is made to the section entitled "Dairy Products Sector – Production – Environment".

4.2.3 Markets

The Company is the largest manufacturer of snack cakes and fine breads as well as one of the most important cookie manufacturers in Canada.

Saputo sells its products almost exclusively in the Canadian retail market. A significant portion of the Company's products are sold through the supermarket channel. The following table presents, for the Grocery Products sector, the geographic segmentation of sales during the last fiscal year:

Grocery Products Sector – Sales
Geographic Segmentation

	Period ended March 31, 2000 (1)	
	Sales ($.000)	% of total sales
Québec	77,444	53.0
Ontario	33,982	23.2
Others	34,850	23.8
Total	146,276	100.0

(1) 28-week period since the Culinar Acquisition completed on September 15, 1999.

In fiscal 2000, 95.8% of the Company's sales for this sector were in branded products, with the remainder being private label and ingredient. Management believes there are opportunities in the cookie private label market and intends to take advantage of these opportunities as they may arise.

4.2.4 Distribution

The Company's distribution network is comprised of 234 distribution routes, 53 warehouses and five main distribution centers located as follows:

Distribution Routes	Warehouses (1)	Distribution Centers
Québec: 149	Québec: 35	Montréal (Qué.)
Ontario: 85	Ontario: 18	Scarborough (Ont.) (2)
		Calgary (Alta.)
		Winnipeg (Man.)
		Delta (BC)

(1) 24 of the 53 warehouses are owned by the Company.

(2) Owned by the Company.

Saputo distributes its products to approximately 18,000 points of sales representing 1,200 clients in Canada.

The Company uses the Direct-Store-Delivery ("DSD") network to distribute its products across Canada. Through this network, the Company has secured substantial in-store shelf space in customer locations and is able to closely control the sale, ordering, merchandising and promotion of its products. DSD enables the Company to react more quickly to changes in the market. In Ontario, the Maritimes and Western Canada, the Company also uses agents to distribute its snack cake products.

4.2.5 Competition

Snack cakes

In this category, the Company competes with regional manufacturers which enjoy significantly smaller market share than Saputo. In the Province of Québec, the Company's main competitors are Pâtisserie Chevalier Inc. and Pâtisserie Jean-Claude Fortin Inc. In Ontario and Western Canada, the principal competitors are Oakrun Farm Bakery Ltd. and McSweeney's Plus Distribution Ltd., respectively.

Cookies

The Company competes in the cookie category with a number of established manufacturers, such as Christie Brown & Co., a division of Nabisco Ltd., Dare Foods Ltd. and Biscuits Leclerc Ltée. In the cookie category, the private label business owns a 24.3% market share, and therefore represents a competitor for the Company's cookie products.

Fine Breads

Management believes the Company is the sole operator in the melba toast category in Canada. In the crouton category, the Company competes mainly with Brownberry Ovens T.M. of Arnold Foods Inc. Exporters such as Wasa Gm Bh and The Ryvita Co. Ltd. also constitute competitors within this category.

Soups

In this category, the Company competes with established manufacturers holding well-recognized brand names and significantly greater market shares, such as Thomas J. Lipton Co. and Knorr-Naehrmittel Akg ("Knorr"). In the dehydrated broth category, the Company competes with manufacturers such as Bovril Canada Inc., Knorr and Berthelet & Léger Inc.

General

The Canadian grocery products industry is highly competitive. Competition is conducted on the basis of brand recognition, brand loyalty, quality and price. Saputo's well-recognized brand names combined with the increasing efficiency of its plants should enable the Company to compete in all of its four product categories.

4.2.6 Employee Relations

As at June 1, 2000, the Grocery Products sector had 1,854 full time employees and 209 part time employees, approximately 75% of which were unionized. The following table presents a summary of the principal collective bargaining agreements covering the Company's employees:

Facility	Number of employees covered as at June 1, 2000	Name of union	Expiry date of agreement
Sainte-Marie	696	Syndicat International des travailleurs et travailleuses de la boulangerie, confiserie et du tabac Local Union No 480	December 31, 2002
	109	Syndicat des employés professionnels de bureau Local Union 57	June 6, 2004
Saint-Lambert	245	Syndicat International des travailleurs et travailleuses de la boulangerie, confiserie et du tabac Local Union No 382	June 30, 2002
Sainte-Martine	173	Syndicat des employés professionnels de bureau Local Union No 57	April 30, 2003
Montréal	135	Syndicat National de la biscuiterie de Montréal	March 31, 2001

The above-mentioned collective bargaining agreements cover approximately 87% of the unionized employees within the Grocery Products sector. The remaining 13% are covered through a number of agreements with different unions and expiry dates which run no later than April 30, 2003.

The Company presently does not foresee any difficulty or labour unrest in connection with the renewal of the Montréal agreement expiring in fiscal 2001.

ITEM 5 - SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 SELECTED CONSOLIDATED FINANCIAL INFORMATION FOR THE LAST FIVE FISCAL YEARS

	Years ended March 31				
	2000	1999	1998 (1)	1997 (2)	1996 (2)
	(audited) (in thousands of dollars, except per share amounts)				
Statement of earnings data					
Revenue	1,860,876	1,915,637	817,255	450,512	409,025
Cost of sales, selling and administrative expenses	1,623,933	1,724,550	721,828	378,845	344,141
EBITDA (3)	236,945	191,087	95,427	71,667	64,884
EBITDA margin	12.7%	10.0%	11.7%	15.9%	15.9%
Depreciation of fixed assets	37,785	27,051	13,068	7,383	6,656
Operating income	199,160	164,036	82,359	64,284	58,228
Interest on long-term debt	34,184	28,589	8,435	--	--
Other interest, net of interest income	3,397	5,307	491	231	708
Earnings before income taxes and amortization of goodwill	161,579	130,140	73,433	64,053	57,520
Income taxes	51,386	43,170	25,053	22,642	19,829
Earnings before amortization of goodwill	110,193	86,970	48,380	41,411	37,691
Amortization of goodwill	10,125	7,877	2,635	413	418
Net earnings	100,068	79,093	45,745	40,998	37,273
Net margin	5.4%	4.1%	5.6%	9.1%	9.1%
Earnings per share (4)	2.00	1.63	1.23	1.37	
Fully diluted earnings per share (5)	1.89	1.59	0.93		
Balance sheet data					
Total assets	1,373,565	1,072,049	896,662	175,767	
Long-term debt (excluding current portion)	461,353	328,639	330,271	--	
Dividends per share (6)	0.24	0.24	0.05 (7)		
Shareholders' equity	628,894	449,993	369,893	114,190	
Statement of cash flow data					
Cash generated by operations (8)	176,047	128,334	63,972	49,114	
Net additions to fixed assets	53,115	62,624	22,107	4,242	

(1) Includes the results of Stella from December 6, 1997 to March 31, 1998.
(2) Certain amounts for periods prior to the Company's Initial Public Offering are omitted as such information would be based upon assumptions that would make it irrelevant.
(3) Earnings before interest, income taxes, depreciation and amortization.
(4) Earnings per share have been calculated using the weighted average number of Common Shares outstanding during the year.
(5) Fully diluted earnings per share have been calculated using the number of outstanding Common Shares as well as the number of shares under options granted pursuant to the Company's Stock Option Plan.
(6) The amounts of dividends per share for the two-year period ended March 31, 1997 have been omitted as they are not indicative of future dividends as a result of the amount of dividends paid and the number of shares then outstanding.
(7) The amount of $0.05 per share represents the quarterly dividend declared and paid on March 6, 1998 for the period from October 15, 1997 to December 31, 1997 in accordance with the Company's dividend policy. See "Dividend Policy".
(8) Before changes in non-cash operating working capital items.
(9) For information on each of the Dairy Products sector and the Grocery Products sector, reference is made to page 6 and page 12 of the 2000 Annual Report of Saputo, which information is incorporated herein by reference.

5.2 SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION

	Three-month periods ended							
	Fiscal 2000				Fiscal 1999			
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
	(unaudited) (in thousands of dollars, except per share amounts)							
Revenue	453,525	497,391	495,031	414,931	505,101	522,614	481,812	406,110
Cost of sales, selling and administrative expenses	387,917	431,824	439,424	364,764	454,604	472,091	434,998	362,857
EBITDA [1]	65,608	65,567	55,603	50,167	50,497	50,523	46,814	43,253
EBITDA margin	14.5%	13.2%	11.2%	12.1%	10.0%	9.7%	9.7%	10.7%
Depreciation of fixed assets	10,229	10,777	8,779	8,000	3,204	8,860	7,840	7,147
Operating income	55,379	54,790	46,824	42,167	47,293	41,663	38,974	36,106
Interest on long-term debt	11,411	9,800	6,655	6,318	5,690	7,062	7,601	8,236
Other interest, net of interest income	(565)	861	1,584	1,517	3,290	1,336	279	402
Earnings before income taxes and amortization of goodwill	44,533	44,129	38,585	34,332	38,313	33,265	31,094	27,468
Income taxes	12,549	14,695	12,766	11,376	10,555	11,565	11,045	10,005
Earnings before amortization of goodwill	31,984	29,434	25,819	22,956	27,758	21,700	20,049	17,463
Amortization of goodwill	3,049	3,137	2,109	1,830	2,901	1,804	1,619	1.553
Net earnings [2]	28,935	26,297	23,710	21,126	24,857	19,896	18,430	15,910
Net margin	6.4%	5.3%	4.8%	5.1%	4.9%	3.8%	3.8%	3.9%
Earnings per share [3]	0.57	0.51	0.49	0.43	0.51	0.41	0.38	0.33

(1) Earnings before interest, income taxes, depreciation and amortization.

(2) Net earnings reported by the Company for each of the first three quarters of fiscal 1999 were respectively $15.9 million, $18.4 million and $19.9 million. In view of the fact that the allocation of the purchase price of Stella between the different assets and liabilities was completed during the fourth quarter of fiscal 1999 and as a result of certain financial transactions and corporate reorganizations, the provisions for depreciation and income tax expense were revised at year-end. Accordingly, had these adjustments been included in the quarterly results, the net earnings would have been $16.7 million for the first quarter, $19.6 million for the second quarter, $21.6 million for the third quarter and $21.2 million for the fourth quarter of fiscal 1999.

(3) Earnings per share for each quarter have been calculated using the weighted average number of Common Shares outstanding during the quarter.

ITEM 6 - DIVIDEND POLICY

Saputo has a policy of declaring quarterly cash dividends on the Common Shares in an amount of $0.06 per share representing a yearly dividend of $0.24 per share. The balance of its earnings are reinvested to finance the growth of the Company's business. The Company's dividend policy will be reviewed from time to time by the Board of Directors and will depend on Saputo's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, in its sole discretion, deems relevant.

ITEM 7 - MANAGEMENT'S DISCUSSION AND ANALYSIS

A discussion and analysis by management of the financial condition and results of operations of the Company for the fiscal year ended March 31, 2000 is represented under the section "Management's Discussion and Analysis" on pages 18 to 23 of the 2000 Annual Report of Saputo, which section is incorporated herein by reference. To complete Management's discussion and analysis, reference is made to the Consolidated Financial Statements of Saputo for the fiscal year ended March 31, 2000, and the Notes thereto appearing on pages 24 to 37 of the 2000 Annual Report of Saputo, which Consolidated Financial Statements and Notes are also incorporated herein by reference.

ITEM 8 - MARKET FOR SECURITIES

The Common Shares of Saputo are listed on The Toronto Stock Exchange under the stock market symbol "SAP".

ITEM 9 - DIRECTORS AND OFFICERS

9.1 DIRECTORS

The following table sets forth, for each director, his name and municipality of residence, the year in which he first became a director, the principal occupation of each director and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised as at June 1, 2000. Directors are elected until the next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected or appointed.

Name and municipality of residence	Director since	Principal occupation	Common Shares beneficially owned or over which control or direction was exercised
EMANUELE (LINO) SAPUTO Montréal, Québec	1992	Chairman of the Board and Chief Executive Officer of the Company	33,800,037 (1)
CAMILLO LISIO (2) Westmount, Québec	1997	President and Chief Operating Officer of the Company	15,195
ANDRÉ BÉRARD (2) Verdun, Québec	1997	Chairman of the Board and Chief Executive Officer of a Canadian Chartered Bank	1,500
PIERRE BOURGIE (2) Outremont, Québec	1997	President and Chief Executive Officer of Société Financière Bourgie Inc. (a holding company)	230,000
CATERINA MONTICCIOLO, CA (3) Laval, Québec	1997	Controller of Placements Vigica Inc. (a holding company)	54,500
PATRICIA SAPUTO, CA, FP (3) Laval, Québec	1999	President of Pasa Holdings Inc. (a holding company)	9,500
LOUIS A. TANGUAY (3) Anjou, Québec	1997	President and Chief Operating Officer of Bell Canada International	2,000

(1) The shares are held by Jolina Capital Inc. and Gestion Jolina Inc., both of which are holding companies controlled by Mr. Emanuele (Lino) Saputo, and by other holding companies owned and controlled by his brothers and sisters and their families, which have granted to Gestion Jolina Inc. a power of attorney to vote all of the Common Shares held by them at the time of the Company's Initial Public Offering.

(2) Members of the Corporate Governance and Human Resources Committee.

(3) Members of the Audit Committee.

During the last five years, all of the above directors 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. Pierre Bourgie who, prior to January 1997, was President and Chief Executive Officer of Urgel Bourgie Inc. (funeral services); Ms. Caterina Monticciolo who, from January 1995 to October 1996, was a financial analyst with the Company and prior thereto was an accountant with Deloitte & Touche (an accounting firm); and Ms. Patricia Saputo who, prior to July 1998, was a Tax Manager with Deloitte & Touche.

Information as to shares beneficially owned by each director, or over which each exercised control or direction, as at June 1, 2000, has been furnished by the directors individually as such information is not within the knowledge of the Company.

9.2 EXECUTIVE OFFICERS

The following table sets forth the name, municipality of residence and position with the Company of each person who is an executive officer of the Company as of the date hereof:

Name and municipality of residence	Position
Emanuele (Lino) Saputo Montréal, Québec	Chairman of the Board and Chief Executive Officer
Camillo Lisio Westmount, Québec	President and Chief Operating Officer
Louis-Philippe Carrière, CA Lorraine, Québec	Executive Vice-President, Finance and Administration and Secretary
Dino Dello Sbarba Rosemère, Québec	Executive Vice-President, Sales, Marketing and Logistics
Pierre Leroux Boucherville, Québec	Executive Vice-President, Human Resources and Operations

During the last five years, all of the above executive officers have held the principal occupation indicated above or other executive capacities with the Company.

As at June 1, 2000, the directors and executive officers of Saputo, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 34,123,365 Common Shares, representing approximately 66.6% of the outstanding Common Shares of the Company. Additional information concerning the share holdings of directors is contained in the section entitled "Election of Directors" appearing on page 4 of the Company's Information Circular for Solicitation of Proxies dated June 7, 2000, which information is incorporated herein by reference.

ITEM 10 – ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Saputo's securities, options to purchase securities and interests of insiders in material transactions, where applicable, is contained in Saputo's Information Circular for Solicitation of Proxies dated June 7, 2000. Additional financial information is included in the Consolidated Financial Statements of Saputo and Notes thereto for the fiscal year ended March 31, 2000. Copies of these documents may be obtained upon request from the Secretary of Saputo, at its head office, 6869 Metropolitain Boulevard East, Saint-Léonard, Québec, H1P 1X8, Telephone: (514) 328-6662.

In addition, when the securities of Saputo are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed, the following documents may be obtained free of charge from the Secretary of the Company:

(i) one copy of the Annual Information Form, together with one copy of any documents or portion thereof incorporated by reference therein;

(ii) one copy of the comparative financial statements of Saputo for its most recently completed fiscal year together with the report of the auditors thereon and one copy of any interim financial statements of Saputo subsequent to the financial statements for its most recently completed fiscal year;

(iii) one copy of Saputo's Information Circular for Solicitation of Proxies for its most recent annual meeting of shareholders which involved the election of directors; and

(iv) one copy of any other documents that are incorporated by reference in the preliminary short form prospectus or the short form prospectus.

At any other time, one copy of the documents referred to in subparagraphs (i) (ii) and (iii) above will be provided free of charge upon request to the Secretary.