

SAPUTO INC.

MANAGEMENT PROXY CIRCULAR

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 6, 2003, 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.

PROXIES

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. 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.

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.**

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 Management.**

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.

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 June 1, 2003, the Company had 103,506,081 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 20, 2003 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.

In connection with the Company's initial public offering in October 1997 (the "Initial Public Offering"), the initial shareholders of the Company, being Gestion Jolina Inc., a holding company controlled by Mr. Emanuele (Lino) Saputo, and the holding companies owned and controlled by Emanuele (Lino) Saputo's brothers and sisters and their families (collectively, the "Saputo Shareholders") entered into an agreement governing their relationship as shareholders of the Company. Under this agreement, Gestion Jolina Inc. has been granted by all other Saputo Shareholders a power of attorney to vote all of the Common Shares held by them at the time of the Initial Public Offering. On June 1, 2003, the 34,939,962 shares held by Gestion Jolina Inc. combined with the common shares held by the other Saputo Shareholders represented 60,345,126 Common Shares or 58.3% of all of the outstanding Common Shares. The agreement will terminate on the earlier of December 31, 2007 or the day on which Mr. Saputo ceases to control Gestion Jolina Inc.

To the knowledge of the Company's directors and executive officers, on June 1, 2003, 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 and municipality of residence	Type of ownership	Number of Common Shares	Percentage of class
Gestion Jolina Inc.....	of record	34,939,962 ⁽¹⁾	33.8 %
Montréal, Québec	proxy	25,405,164	24.5 %

(1) Includes 1,511,628 Common Shares held by Jolina Capital Inc., the sole shareholder of Gestion Jolina Inc.

ELECTION OF DIRECTORS

For fiscal 2004, Management proposes that the Board of Directors be composed of ten 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 ten nominees whose names are set forth in the following table.** 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 and municipality of residence, the year in which he or she first became a director, the principal occupation of each nominee and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised by each nominee as at June 10, 2003.

Name and municipality of residence	Director since	Principal occupation	Common Shares beneficially owned or over which control or direction was exercised
EMANUELE (LINO) SAPUTO ⁽²⁾ Senneville, Québec	1992	Chairman of the Board and Chief Executive Officer of the Company	60,345,126 ⁽¹⁾
ANDRÉ BÉRARD ⁽²⁾ Verdun, Québec	1997	Chairman of the Board of a Canadian Chartered Bank	8,125
CLAUDE BLANCHET ⁽³⁾ Ile-Bizard, Québec	2000	Corporate Director	--
PIERRE BOURGIE ⁽²⁾⁽³⁾ Outremont, Québec	1997	President and Chief Executive Officer of Société Financière Bourgie Inc. (a holding company)	465,000
FRANK A. DOTTORI Témiscamingue, Québec	2003	President and Chief Executive Officer of Tembec Inc. (a forest products company)	--
JEAN GAULIN San Antonio, Texas, USA	2003	Corporate Director	6,200
CATERINA MONTICCIOLO, CA Laval, Québec	1997	President of Julvest Capital Inc. (a holding company)	119,000
LINO A. SAPUTO, JR. Westmount, Québec	2001	President and Chief Operating Officer, Cheese Division (USA) of the Company	33,584
PATRICIA SAPUTO, CA, FP Laval, Québec	1999	President of Pasa Holdings Inc. (a holding company)	17,200
LOUIS A. TANGUAY ⁽³⁾ Laval, Québec	1997	Corporate Director	4,000

(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, all of 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. See "Voting Shares and Principal Holders of Voting Shares".

- (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 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. Lino A. Saputo, Jr., who, from January 1, 2000 to January 15, 2001, was Assistant to the President of Uniforêt Inc. (a lumber company); Mr. Claude Blanchet who, until May 2003, was Chairman of the Board, President and Chief Executive Officer of Société générale de financement du Québec; and Mr. Jean Gaulin who, from January 1, 1999 to December 31, 2001, was President and Chief Executive Officer of Ultramar Diamond Shamrock, and from January 1, 2000 to December 31, 2001 was also Chairman of the Board for the same company, and since January 1, 2002 is a Corporate Director.

Information as to shares beneficially owned by each nominee, or over which each exercised control or direction, as at June 10, 2003, has been furnished by the nominees individually as such information is not within the knowledge of the Company.

EXECUTIVE COMPENSATION

The following table provides a summary of compensation earned during the fiscal years ended March 31, 2003, 2002 and 2001, as salary, bonus or otherwise, by the five most highly compensated senior executives of the Company (collectively, the “Named Executive Officers”). Certain aspects of this compensation are dealt with in further detail in the following tables.

Name and principal occupation	Year	Annual compensation			Long-term compensation	All other compensation (\$)
		Salary ⁽¹⁾ (\$)	Bonus ⁽¹⁾ (\$)	Other annual compensation ⁽²⁾ (\$)	Awards	
					Number of Common Shares under options granted ⁽³⁾	
Emanuele (Lino) Saputo Chairman of the Board and Chief Executive Officer	2003 C\$	600,000	330,000	-	-	-
	2002 C\$	600,000	300,000	-	-	-
	2001 C\$	400,000	200,000	-	-	-
Lino A. Saputo, Jr. President and Chief Operating Officer Cheese Division (USA) ⁽⁴⁾	2003 US\$	335,000	184,250	-	33,114	-
	2002 C\$	48,000	14,000	-	23,053	-
	2002 US\$	286,000	141,000	-	34,579	-
	2001 C\$	42,300	--	-	--	-
Dino Dello Sbarba President and Chief Operating Officer Cheese Division (Canada)	2003 C\$	475,000	261,250	-	31,301	-
	2002 C\$	365,500	197,000	-	23,053	-
	2002 US\$	73,000	21,000	-	34,579	-
	2001 C\$	140,000	59,000	-	31,112	-
	2001 US\$	210,000	81,000	-	46,666	-
Louis-Philippe Carrière Executive Vice-President Finance and Administration and Secretary	2003 C\$	380,000	152,000	-	25,041	-
	2003 US\$	63,000	25,200	-	6,260	-
	2002 C\$	146,000	61,000	-	23,053	-
	2002 US\$	219,000	84,000	-	34,579	-
	2001 C\$	140,000	59,000	-	31,112	-
	2001 US\$	210,000	81,000	-	46,666	-
Pierre Leroux Executive Vice-President Human Resources and Corporate Affairs	2003 C\$	380,000	152,000	-	25,041	-
	2003 US\$	63,000	25,200	-	6,260	-
	2002 C\$	146,000	61,000	-	23,053	-
	2002 US\$	219,000	84,000	-	34,579	-
	2001 C\$	140,000	59,000	-	31,112	-
	2001 US\$	210,000	81,000	-	46,666	-

- (1) The allocation of salary and bonus of the Named Executive Officers in US and Canadian dollars reflects the involvement of the individuals in the Company’s United States and Canadian operations respectively.
- (2) Excluded from Other Annual 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 and bonus of the Named Executive Officer for the fiscal year.
- (3) Prior years figures have been restated to reflect the stock dividend on the Common Shares of November 23, 2001, which had the same effect as a two-for-one stock split.
- (4) Mr. Lino A. Saputo, Jr. was absent from the Company from January 1, 2000 to January 15, 2001. The table shows the compensation effectively earned during the fiscal year 2001. On an annual basis, Mr. Saputo would have earned C\$200,000 in salary for fiscal 2001.

The aggregate cash remuneration paid by the Company and its subsidiaries to the executive officers of the Company for services rendered during fiscal 2003, including salaries and bonuses, was C\$3,629,250 and US\$695,650.

STOCK OPTION PLAN

On October 15, 1997, prior to the closing of its Initial Public Offering, the Company established a Stock Option Plan (the "Plan") for full-time employees, officers and directors of the Company. The purpose of the Plan is to attract and retain experienced and competent employees, officers and directors and to encourage share ownership by such persons.

The total number of Common Shares which may be issued pursuant to the Plan was initially set at 3,000,000 Common Shares. At the Annual and Special Meeting of Shareholders held on August 1, 2001, this number was increased by 4,000,000 Common Shares, bringing the total number of Common Shares that may be issued under the Plan to 7,000,000. After giving effect to the stock dividend of November 23, 2001, which had the same effect as a two-for-one stock split, the total number of Common Shares that may be issued under the Plan is now 14,000,000 Common Shares.

The terms, exercise price and number of Common Shares covered by each option as well as the vesting periods of such options are determined by the Corporate Governance and Human Resources Committee at the time the options are granted. However, the Plan provides that the exercise price may not be less than the closing price of the Common Shares on the Toronto Stock Exchange on the business day immediately preceding the date of grant. Options granted under the 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 the maximum number allowed pursuant to the rules of applicable regulatory authorities.

As at March 31, 2003, 3,784,944 options were outstanding. As of April 1, 2003, the Corporate Governance and Human Resources Committee granted an aggregate of 1,336,396 options to participants under the Plan at an exercise price of \$22.50 per share. Of the 5,059,881 options outstanding as at June 1, 2003, 1,824,961 options were exercisable and 3,234,920 will vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant.

As at June 1, 2003, 7,628,058 Common Shares remained available out of the basket of 14,000,000 Common Shares.

Options granted during the most recently completed fiscal year

The following table presents the options granted under the Plan to the Named Executive Officers during the fiscal year ended March 31, 2003.

Name	Number of Common Shares under options granted	% of total options granted to employees in financial year	Exercise price ⁽¹⁾ (\$/Share)	Market value of Common Shares underlying options on the date of grant (\$/Share) ⁽¹⁾	Expiration date
Emanuele (Lino) Saputo	-	-	-	-	-
Lino A. Saputo, Jr.	33,114	3.54	30.35	30.35	04/01/2012
Dino Dello Sbarba	31,301	3.35	30.35	30.35	04/01/2012
Louis-Philippe Carrière	31,301	3.35	30.35	30.35	04/01/2012
Pierre Leroux	31,301	3.35	30.35	30.35	04/01/2012

(1) Corresponds to the closing price of the Common Shares on the Toronto Stock Exchange on March 29, 2002, which is the business day immediately preceding April 1, 2002 being the date of grant.

Aggregate options exercised during the most recently completed fiscal year and year-end values

The following table presents, for each of the Named Executive Officers, the options exercised during the fiscal year ended March 31, 2003, as well as the unexercised options and of the value of the unexercised in-the-money options as at March 31, 2003 under the Plan. It should be noted that unexercised options might never be exercised and that the value of unexercised in-the-money options might never be realized.

Name	Number of Common Shares acquired on exercise	Aggregate value realized ⁽¹⁾ (\$)	Number of unexercised options as at 03/31/03		Value of unexercised in-the-money options as at 03/31/03 ⁽²⁾	
			Exercisable	Unexercisable	Exercisable (\$)	Unexercisable (\$)
Emanuele (Lino) Saputo	-	-	-	-	-	-
Lino A. Saputo, Jr.	-	-	11,526	79,220	40,341	161,371
Dino Dello Sbarba	-	-	99,000	145,713	634,041	648,199
Louis-Philippe Carrière	-	-	49,482	145,713	333,939	648,199
Pierre Leroux	-	-	74,688	143,431	424,426	640,840

(1) The aggregate value realized on exercise is equal to the difference between the closing price of the Common Shares on the Toronto Stock Exchange on the exercise date and the exercise price of the option.

(2) The value of an unexercised in-the-money option at fiscal year-end is equal to the difference between the closing price of the Common Shares on the Toronto Stock Exchange on March 31, 2003, being \$22.50 per share, and the exercise price of the option.

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 senior executive officers.

CORPORATE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

Composition of the Committee

The Corporate Governance and Human Resources Committee (the "Corporate Governance Committee") is composed of three members of the Board of Directors, being two directors considered related to the Company (Messrs. Emanuele (Lino) Saputo and André Bérard) and one unrelated director (Mr. Pierre Bourgie). See "Statement of Corporate Governance Practices – Section 3 of Schedule A" attached hereto.

Mandate of the Committee

The Committee has been assigned by the Board of Directors of the Company various functions which may be summarized as follows:

- (i) the responsibility of reviewing the executive compensation policy of the Company;
- (ii) the determination of option grants and financial performance targets for the bonuses of the executives of the Company;
- (iii) the review of the Company's corporate governance practices and making recommendations to the Board of Directors with respect thereto;
- (iv) the responsibility to ensure proper management succession planning for the Company and making recommendations to the Board of Directors with respect thereto;
- (v) the review of the compensation of the directors in their capacity as directors and making recommendations to the Board of Directors with respect thereto;
- (vi) 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
- (vii) the implementation of a process to assess, on an annual basis, the effectiveness of the Board of Directors and its various committees.

Report on Executive Compensation

General Principles of Executive Compensation

During the year ended March 31, 1999, the Company revised its compensation policy following a review conducted by a compensation consulting firm. During such review, the compensation policies of several manufacturing companies and distributors were analysed in light of the size of the Company, the geographic markets in which it operates and the responsibilities given to its senior executives (the “Comparative Group”).

For fiscal 2003, compensation for the senior executives of the Company, including the Named Executive Officers, consisted of three components: base salary, bonus and options. The compensation policy for fiscal 2003 was determined based on the principles established in fiscal 1999 and on compensation surveys done in March, 2002. The Corporate Governance Committee believes that the compensation policy is competitive with that offered by Canadian corporations of similar size having operations in the United States.

The following constitutes a summary of the principles based upon which the compensation of the senior executives was determined for fiscal 2003. The compensation policy is designed to attract and retain competent individuals who can ensure the current and long-term success of the Company.

Base Salary

For fiscal 2003, base salary was re-evaluated based on the principles established in fiscal 1999 following the review of the Comparative Group and on compensation surveys done in March, 2002, as well as on more subjective criteria such as internal equity and prior performance of each senior executive. Base salary is competitive with the upper range of the base salaries offered by the Canadian corporations included in the Comparative Group and with the mid-range offered by American corporations. A portion of the base salary for certain of the Named Executive Officers for fiscal 2003 was paid in U.S. dollars in order to take into account compensation packages paid in the United States for similar positions, considering the importance of the Company’s American operations and the role of such Named Executive Officers.

The Corporate Governance Committee believes that the base salary component of the compensation for the Company’s senior executives reflects salaries offered for positions involving similar responsibilities and complexity, internal equity comparisons as well as the ability and experience of the Company’s senior executives.

Annual Incentive (Bonus)

For fiscal 2003, the Corporate Governance Committee determined at the beginning of the fiscal year the financial performance targets which had to be achieved by the Company as well as the maximum amount of bonus which could be paid to each senior executive in the event the targets were met.

Under the plan, a bonus could only be paid if at least 85% of the financial performance targets were met by the Company and, in this event, payments were made in proportion to the level actually reached. Therefore, the maximum amount of bonus payable to a senior executive was only paid if the Company reached or exceeded the target levels set at the beginning of the fiscal year.

For fiscal 2003, the amount of bonus paid to each senior executive, other than the Chief Executive Officer, represented between 40% and 55% of his base salary. As with the base salary, considering the importance of the Company’s American operations, a portion of the bonuses for certain of the Named Executive Officers was paid in U.S. dollars in order to take into account compensation packages paid in the United States for similar positions.

The Corporate Governance Committee reviewed the bonus plan and believes that its underlying principles are sufficiently defined and adequately encourage the senior executives to excel.

Long-Term Incentive Plan (Options)

Options to purchase Common Shares may be granted from time to time to senior executives and other key employees pursuant to the Stock Option Plan in order to sustain a commitment to long-term profitability and maximize shareholder value.

On April 1, 2002, the Corporate Governance Committee granted options to senior executives for the fiscal year ended March 31, 2003. The number of options granted depended on the position held by each senior executive and represented a percentage of base salary, without taking into account the number of options already held by such senior executive. Refer to the section entitled “Stock Option Plan” for a discussion of the terms and conditions relating to the options, including vesting periods.

Chief Executive Officer

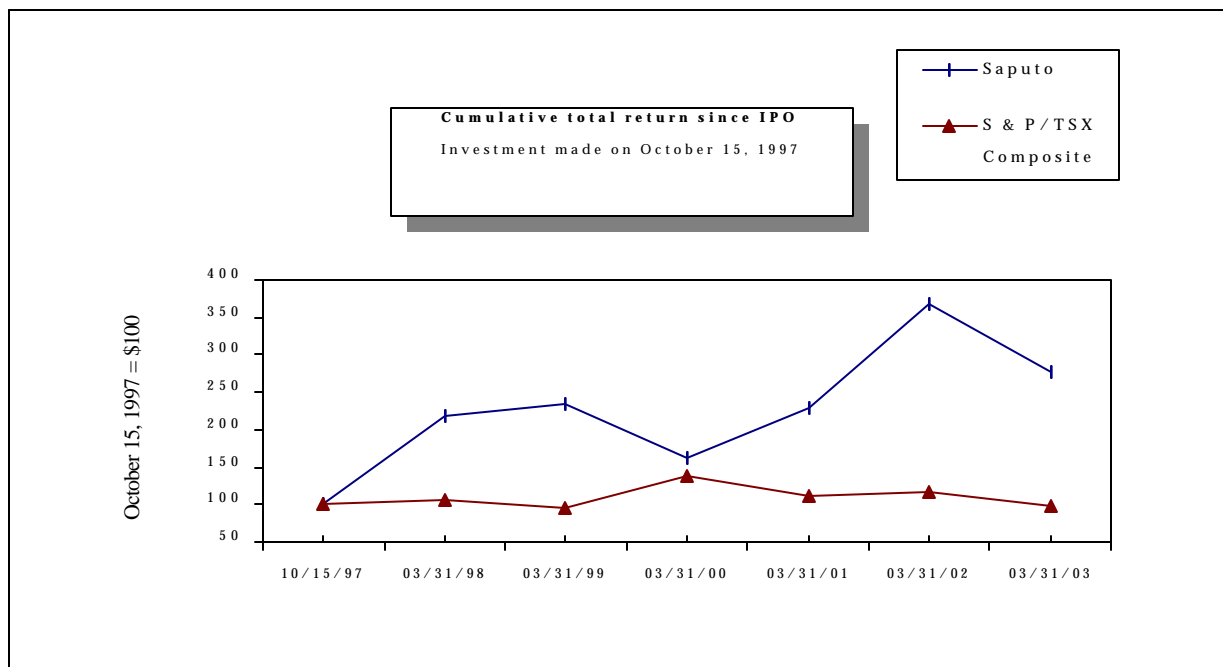
For fiscal 2003, the Chief Executive Officer’s base salary and bonus and the evaluation of his performance were based upon the same principles as those used for the other senior executives of the Company. Base salary of the Chief Executive Officer is competitive with the mid-range of the base salaries offered by the Canadian corporations included in the Comparative Group and with the lower range offered by American corporations. During fiscal 2003, no options were granted to the Chief Executive Officer, as his interest as principal shareholder constitutes a sufficient long-term incentive.

The members of the Corporate Governance Committee whose names are set forth below have approved the issuance of the foregoing report and its inclusion in this Management Proxy Circular.

André Bérard, Chairman
Pierre Bourgie
Emanuele (Lino) Saputo

PERFORMANCE GRAPH

The following graph compares, on a yearly basis, the total cumulative shareholder return for \$100 invested in the Common Shares with the S & P/TSX Composite Index of the Toronto Stock Exchange during the period starting October 15, 1997, when the Common Shares were listed on such exchange, and ending March 31, 2003.



	10/15/97	03/31/98	03/31/99	03/31/00	03/31/01	03/31/02	03/31/03
SAPUTO	100	217	234	161	229	369	277
S & P/TSX COMPOSITE	100	107	95	138	112	118	97

COMPENSATION OF DIRECTORS

Each director who is not a salaried officer or employee of the Company is paid an annual fee of \$25,000 and a further attendance fee of \$1,250 for each meeting of the Board of Directors or any committee thereof. The Chairman of a committee is also paid an additional annual fee of \$5,000. For fiscal 2003, each director who was not a salaried officer or employee of the Company was granted 1,000 options pursuant to the Company's Stock Option Plan in consideration for his or her services as director of the Company. See "Stock Option Plan".

DIRECTORS AND OFFICERS INSURANCE COVERAGE

The Company carries liability insurance in an amount limited to \$25 million with respect to its directors and officers as a group subject to a \$250 000 deductible. For fiscal 2003, the total annual premium in respect of such insurance was \$109,000, all of which was paid by the Company and charged to income.

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.

STATEMENT OF CORPORATE GOVERNANCE 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.

In 1995, the Toronto Stock Exchange ("TSX") adopted a requirement that each listed company incorporated in Canada disclose its corporate governance practices with reference to a series of guidelines (the "Guidelines"). In 2002, the TSX proposed certain changes to the Guidelines (the "Proposed Guidelines"), which will become effective upon approval by the Ontario Securities Commission following public notice and comment.

The Company's significant shareholder is its founder who now holds in the aggregate, directly or indirectly, or exercises control or direction over shares representing 58.3% of all of the outstanding Common Shares, as disclosed previously in this Circular. The Guidelines recognize that a number of corporations have significant shareholders. The Board of Directors believes that the value of the significant 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 and the implementation of certain measures as disclosed hereinafter, 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.

Although the Proposed Guidelines have not yet passed the proposal stage, the Company has already implemented certain measures to improve its corporate governance practices. More particularly, the Company is pleased to announce the following actions:

- (i) two unrelated directors were added to the Board of Directors;
- (ii) the composition of the Audit Committee was amended and this Committee is now composed exclusively of unrelated directors;
- (iii) the Board of Directors adopted a disclosure policy confirming its existing practices to ensure accurate and timely disclosure of its information; and
- (iv) the Board of Directors adopted a policy on services which may be furnished by the Company's external auditors and by other accounting firms which provides that the auditors are prohibited from providing certain services to the Company and also establishes limits

pursuant to which certain mandates require the prior approval of the Audit Committee.

The Company intends to continue the review of its corporate governance practices in light of the Guidelines and Proposed Guidelines. Schedule A to this Circular discloses the Company's corporate governance practices by addressing each of the Guidelines.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Company may from time to time provide services to, or receive services from, other companies controlled by the Saputo Shareholders in consideration for a fee equal to the fair market value of such services.

Mr. André Bérard is the Chairman of a Canadian chartered bank which acts as lender and co-agent for the banking syndicate under some of the Company's credit facilities.

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.

GENERAL

Except as otherwise specifically indicated, the information contained herein is given as at June 1, 2003. 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 10, 2003.

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

SCHEDULE « A »

SAPUTO INC. STATEMENT OF
CORPORATE GOVERNANCE PRACTICES
AS AT JUNE 10, 2003

Corporate Governance Guidelines	Comments
1. The Board should explicitly assume the responsibility for stewardship of the Corporation, and specifically for the following:	<p>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.</p> <p>The mandate of the Board of Directors 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) ensuring proper management succession planning, including appointing, training and monitoring senior management; (iv) maintaining a proper communication policy with shareholders, institutional investors and participants in the financial market; and (v) monitoring the efficiency of internal control and management information systems. The Board of Directors has taken, when necessary, specific measures in this respect. Some of these duties were delegated to the Corporate Governance and Human Resources Committee (the "Corporate Governance Committee") and to the Audit Committee.</p>
a) Adoption of a strategic planning process	<p>The Board of Directors meets with Management at least at the beginning of every fiscal year in order to discuss the strategic plan prepared by the Management; the Board of Directors then reviews, on a quarterly basis, the Company's results and accomplishments against the objectives set in the strategic plan.</p> <p>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.</p>
b) Identification of principal risks and implementation of risk management systems	<p>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.</p>
c) Succession planning, including appointing, forming and monitoring senior management	<p>The Corporate Governance Committee is responsible, among other things, for ensuring proper management succession planning for the Company and making recommendations to the Board of Directors with respect thereto.</p>

d) Communications 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 of Directors 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, in November 2002, 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 Toronto Stock Exchange and various securities commissions.

e) Integrity of internal control and management information systems

The Audit Committee, which reports to the Board of Directors, is responsible for ensuring the adequacy 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. In the exercise of its mandate, the Audit Committee has access to the internal audit department of the Company. See also 1 b) and d) above for the role of the Audit Committee.

2. a) The majority of directors should be "unrelated" (independent of management and without any conflicts of interest) to the Corporation and its significant shareholder, if any;

Ten (10) individuals are currently nominated as directors of the Company, eight (8) of whom are outside directors and five (5) of whom are "unrelated" directors.

In determining "unrelated" directors, the Corporate Governance Committee has identified those who are not officers of the Company or any of its subsidiaries and who have no relationship that could reasonably be perceived to materially interfere with their ability to act in the best interests of the Company.

The Company indicated in fiscal 1999, its intention to add two (2) "unrelated" directors to the Board over the course of the next four (4) years. In fiscal 2001, Mr. Claude Blanchet was elected to the Board of Directors and in April and June 2003, Messrs Jean Gaulin and Frank A. Dottori were respectively nominated to the Board of Directors. With these appointments, the Board of Directors is now composed equally of "related" and "unrelated" directors. It is the intention of the Company to add one (1) more "unrelated" director to the Board over the course of the next two (2) years in order for the Board to be composed of a majority of "unrelated" directors.

The Company is of the opinion that the presence of the five (5) "unrelated" directors adequately reflects the investment of minority shareholders in the Company.

b) although the Company has a significant shareholder, the Board of Directors must include a certain number of directors who are “unrelated” to the significant shareholder and who are not engaged in a business relationship with him.

3. Disclose whether each director is “related” and how that conclusion was reached

The Board of Directors is made up of five (5) directors having no participation, relationship or business ties with the significant shareholder.

- As Chairman of the Board and Chief Executive Officer of the Company, Mr. Emanuele (Lino) Saputo is a “related” director.
- As Chairman of a Canadian chartered bank which acts as lender and co-agent for the banking syndicate under some of the Company’s credit facilities, the Board of Directors has taken a conservative approach to the Guidelines in qualifying Mr. André Bérard as a “related” director.
- Mr. Claude Blanchet is an “unrelated” director.
- Mr. Pierre Bourgie is an “unrelated” director.
- Mr. Frank A. Dottori is an “unrelated” director.
- Mr. Jean Gaulin is an “unrelated” director.
- As a member of the Saputo control block shareholder, Mrs. Caterina Monticciolo is a “related” director.
- As a member of the Saputo control block shareholder and as President and Chief Operating Officer, Cheese Division (USA) of the Company, Mr. Lino A. Saputo, Jr. is a “related” director.
- As a member of the Saputo control block shareholder, Mrs. Patricia Saputo is a “related” director.
- Mr. Louis A. Tanguay is an “unrelated” director.

4. a) Appoint a committee of directors responsible for proposing new nominees to the Board and for evaluating directors on a regular basis

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 of a process to assess, on an annual basis, the effectiveness of the Board of Directors and its various committees. During fiscal 2003, the Corporate Governance Committee met five (5) times.

Although no formal evaluation process of directors is currently in place, 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 will ensure the implementation of appropriate measures to deal with any concern regarding the effectiveness of the Board of Directors and its various committees.

b) Composed exclusively of outside (non management) directors, the majority of whom are “unrelated”

The Committee is composed of three (3) members, all of whom are outside directors, except for Mr. Emanuele (Lino) Saputo. Of these three (3) members, two (2) are considered “related” and one (1) is considered “unrelated”. It is the intention of the Company to review the composition of the Committee in fiscal 2004 in order to increase compliance with the Guidelines.

5. Implement a process for assessing the effectiveness of the Board, its committees and individual directors

The Corporate Governance Committee is responsible for the implementation of a process to assess, on an annual basis, the effectiveness of the Board of Directors and its various committees. Although no formal evaluation process is currently in place (see 4 a) above), the Board reviews annually the accomplishments of its two committees against their mandates to assess the effectiveness of the committees and the Board reviews the list of Board nominees in connection with the preparation of the annual shareholders' meeting.

6. Provide orientation and education programs for new directors

The Board of Directors considers that orienting and educating new directors is an important element of ensuring responsible corporate governance. By ensuring that the Board members are properly informed of the business of the Company, the Board considers that it complies with this Guideline. Newly appointed directors are provided with the Company's continuous disclosure documents, copies of the mandate of the Board and its committees, and minutes of previous meetings of the Board of Directors. Directors also meet with members of Management to discuss the affairs of the Company, are invited to attend the Company's meeting of shareholders and visit certain Company facilities. Board members also hold a strategic planning meeting annually with Management. See 1 a) above.

7. The Board should consider reducing its size and review the composition of its members with a view to improving effectiveness

After reviewing its size, the Board of Directors determined that a board of nine (9) to eleven (11) is appropriate for decision-making purposes. With the appointments of Mr. Jean Gaulin in April 2003 and Mr. Frank A. Dottori in June 2003, the Board of Directors is now composed of ten (10) members. It is the intention of the Company to add one (1) more "unrelated" director to the Board over the course of the next two (2) years in order for the Board to be composed of a majority of "unrelated" directors.

8. The Board should review the adequacy and form of the director compensation in light of risks and responsibilities

The Corporate Governance Committee evaluates annually the compensation of the directors in their capacity as directors in light of the practices of the market, as well as the risks and responsibilities involved in being a director.

9. Committees of the Board should generally be composed of outside (non management) directors, a majority of whom should be "unrelated" directors

The Company currently has two (2) committees: the Audit Committee and the Corporate Governance Committee.

On April 25, 2003, the Board of Directors amended the composition of its Audit Committee. The Audit Committee is now composed exclusively of outside "unrelated" directors.

The Corporate Governance Committee is composed of three (3) members, all of whom are outside directors, except for Mr. Emanuele (Lino) Saputo. Of the three (3) members, two (2) are considered "related" and one (1) is considered "unrelated". It is the intention of the Company to review the composition of the Committee in fiscal 2004 in order to increase compliance with the Guidelines.

10. The Board should expressly assume responsibility for corporate governance issues or assign general responsibility therefor to a committee

The Board of Directors has delegated to the Corporate Governance Committee the responsibility to review the Company's corporate governance practices and making recommendations to the Board of Directors with respect thereto.

11. a) Define limits to management's responsibilities by formulating mandates for the following:

The Board of directors has defined its mandate thereby imposing certain limits on the powers of Management. The Board believes that it is responsible for overseeing the affairs of the Company and that the Chief Executive Officer is responsible for implementing the Company's strategic plan and business objectives as prepared by Management and submitted to the Board annually (see 1 a) above). The Company has not elaborated a formal mandate for the Chief Executive Officer or set specific objectives as it considers that the Chief Executive Officer's role is to implement the Company's plan and objectives.

- (i) the Board
- (ii) Chief Executive Officer

b) The Board should approve the CEO's corporate objectives

12. Establish procedures to enable the Board to function independently of management

The significant shareholder of the Company as defined in the Guidelines and its founder, Mr. Emanuele (Lino) Saputo, holds the position of Chairman of the Board as well as Chief Executive Officer. 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.

As the positions of Chairman of the Board and Chief Executive Officer are held by the same person, the Board delegated to the Chairman of the Corporate Governance Committee the responsibility of ensuring that the independence of the Board of Directors be maintained at all times.

The members may request that the Board of Directors convene without the participation of members of Management or of "related" directors.

13. a) Establish an Audit Committee with a specifically defined mandate

The Audit Committee has the mandate to review (i) the annual and quarterly financial statements of the Company and certain other public disclosure documents required by regulatory authorities, (ii) the nature and scope of the annual audit as proposed by the auditors and management, (iii) with the auditors and management, the adequacy of the internal control and management information systems of the Company, and (iv) present quarterly reports to the Board of Directors with respect thereto. The Audit Committee is also responsible for implementing the Company's policy on services which may be provided by the Company's external auditors and by other accounting firms which was adopted by the Audit Committee on February 12, 2003 and by the Board of Directors on April 25, 2003. This policy provides that the Company's auditors are prohibited from providing certain services to the Company and also establishes limits pursuant to which certain mandates require the prior approval of the Audit Committee. During fiscal 2003, the Audit Committee met five (5) times.

b) All members should be non management directors

The Audit Committee is presently composed exclusively of outside “unrelated” directors.

14. Implement a system to enable individual directors to engage outside advisors, at the Corporation’s expense

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.