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 and Special Meeting (the "Meeting") of the holders of common shares of the Company (the "Common Shares") to be held on July 31, 2007, 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 the Management of the Company.**

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

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Common Shares are the only securities of the share capital of the Company which carry voting rights. As at May 28, 2007, the Company had 103,782,700 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, 2007 will be entitled to receive the Notice. They will also be entitled to vote at the Meeting and at any adjournment thereof unless their Common Shares have been transferred and the transferee has produced properly endorsed certificate(s) representing the transferred Common Shares or has otherwise established ownership of the transferred Common Shares and has requested, at least 10 days before the Meeting, that such transferee's name be duly entered on the list of shareholders of the Company, in which case the transferee shall exercise the voting rights attached to the Common Shares.

To the knowledge of the Company's directors and executive officers, on May 28, 2007, the only persons or companies who or which owned of record or beneficially, directly or indirectly, or exercised control or direction over 10% or more of the issued and outstanding Common Shares were the following:

Name	Type of ownership	Number of Common Shares	Percentage of Class
Gestion Jolina Inc. (1)...	of record	34,939,962 (2)	33.67 %

(1) Gestion Jolina Inc. is a holding company controlled by Mr. Emanuele (Lino) Saputo.
(2) Includes 1,511,628 Common Shares held by Jolina Capital Inc., the sole shareholder of Gestion Jolina Inc.

ELECTION OF DIRECTORS

For fiscal 2008, 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.** The vote for each director will be conducted on an individual basis. 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 Province/State and Country of residence, the year in which he or she first became a director, the principal occupation of each nominee, the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised by each nominee and the number of options or deferred share units owned by each nominee, the whole as at May 28, 2007. Reference is made to Schedule "A" hereto for a brief biography of the nominees as well as a summary of their attendance to board and committee meetings for fiscal 2007.

Name and Province/State and Country of residence	Director since	Principal occupation	Common Shares beneficially owned or over which control or direction was exercised	Options owned (1)	Number of Deferred Share Units (1)
EMANUELE (LINO) SAPUTO (3) Québec, Canada	1992	Chairman of the Board of the Company	34,939,962 (2)	--	--
LINO A. SAPUTO, JR. Québec, Canada	2001	President and Chief Executive Officer of the Company	33,611	125,746	--
ANDRÉ BÉRARD (4) (6) Québec, Canada	1997	Corporate Director	8,125	12,000	9,318
LUCIEN BOUCHARD (4) Québec, Canada	2004	Senior Partner, Davies Ward Phillips & Vineberg LLP	--	--	6,296
PIERRE BOURGIE (4) (5) Québec, Canada	1997	President and Chief Executive Officer of Société Financière Bourgie Inc. (a holding company)	467,000	10,000	2,559
FRANK A. DOTTORI (5) (7) Québec, Canada	2003	President of Fadco Consulting Inc. (a consulting company)	200	1,000	6,452
JEAN GAULIN (4) Texas, USA	2003	Corporate Director	28,700	1,000	1,170
CATERINA MONTICCIOLO, CA Québec, Canada	1997	President of Julvest Capital Inc. (a holding company)	119,000	12,000	3,651
PATRICIA SAPUTO, CA, ICD.D Québec, Canada	1999	Chief Financial Officer of Placements Italcan Inc. (a diversified investment company)	1,800	8,000	4,609
LOUIS A. TANGUAY (5) Québec, Canada	1997	Corporate Director	4,000	12,000	8,666

(1) Effective in fiscal 2005, the options granted to the outside directors of the Company were replaced by deferred share units. The Deferred Share Units shown in the table represent both the annual grants of Deferred Share Units and the Deferred Share Units granted with respect to the director's compensation. The options shown in the table were granted before April 1, 2004. For more detailed information, see "Deferred Share Unit Plan". The options held by Lino A. Saputo, Jr. were granted to him before he became President and Chief Executive Officer of the Company. See "Corporate Governance and Human Resources Committee - Report on Executive Compensation".

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

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

(4) Members of the Corporate Governance and Human Resources Committee. The Chairman of the Committee is Mr. André Bérard.

(5) Members of the Audit Committee. The Chairman of the Committee is Mr. Louis A. Tanguay.

(6) Lead Director.

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

During the last five years, all of the above nominees have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, except for: Mr. André Bérard who, until March 10, 2004, was Chairman of the Board of a Canadian Chartered Bank; and Mr. Frank A. Dottori who, until January 26, 2006, was President and Chief Executive Officer of Tembec Inc. (a forest products company).

Information as to shares and options beneficially owned by each nominee, or over which each exercised control or direction, as at May 28, 2007, has been furnished by the nominees individually.

EXECUTIVE COMPENSATION

The following table provides a summary of compensation earned during the fiscal years ended March 31, 2007, 2006 and 2005, as salary, bonus or otherwise, by the CEO, CFO and the three most highly compensated executive officers of the Company (collectively, the "Named Executive Officers"). Certain aspects of this compensation are dealt with in further detail in the following tables.

		Annual compensation			Long-term Compensation	
					Awards	
Name and principal occupation	**Year**	**Salary (1) ($)**	**Bonus (1) ($)**	**Other annual compensation (2) ($)**	**Number of Common Shares under options granted**	**All other compensation ($)**
Lino A. Saputo, Jr. President and Chief Executive Officer	2007 C$ 2006 C$ 2005 C$	800,000 725,000 650,000	800,000 672,500 487,500	- - -	- - -	- - -
Louis-Philippe Carrière Executive Vice-President Finance and Administration and Secretary	2007 C$ 2007 US$ 2006 C$ 2006 US$ 2005 C$ 2005 US$	416,000 92,000 400,000 85,000 388,000 74,000	208,000 46,000 185,520 39,400 194,000 37,000	- - - - - -	25,443 6,361 19,364 4,841 17,610 4,402	- - - - - -
Pierre Leroux Executive Vice-President Human Resources and Corporate Affairs	2007 C$ 2007 US$ 2006 C$ 2006 US$ 2005 C$ 2005 US$	416,000 92,000 400,000 85,000 388,000 74,000	208,000 46,000 185,520 39,400 174,600 33,300	- - - - - -	25,443 6,361 19,364 4,841 17,610 4,402	- - - - - -
Dino Dello Sbarba President and Chief Operating Officer Dairy Products Division (Canada)	2007 C$ 2006 US$ 2005 US$	550,000 440,000 400,000	411,125 245,700 240,000	- - -	33,639 25,754 23,828	- - -
Terry Brockman President and Chief Operating Officer Cheese Division (USA) (3)	2007 US$ 2006 US$ 2005 US$	275,000 162,000 137,000	121,468 30,805 26,792	- - -	16,820 6,100 6,218	- - -

(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) Mr. Terry Brockman became President and Chief Operating Officer, Cheese Division (USA) on April 1, 2006. Prior to such date, Mr. Brockman was Vice-President, Human Resources for Cheese Division (USA).

Options granted during the most recently completed fiscal year

The following table presents the options granted under the Equity Compensation Plan (as defined in the section "Securities Authorized for Issuance under Equity Compensation Plans" of this Circular), to the Named Executive Officers during the fiscal year ended March 31, 2007.

Name	Number of Common Shares under options granted	% of total options granted to employees in financial year	Exercise price (1) ($/Share)	Market value of Common Shares underlying options on the date of grant (1) ($/Share)	Expiration date
Lino A. Saputo, Jr.	-	-	-	-	-
Louis-Philippe Carrière	31,804	2.79	32.70	32.70	04/01/2016
Pierre Leroux	31,804	2.79	32.70	32.70	04/01/2016
Dino Dello Sbarba	33,639	2.95	32.70	32.70	04/01/2016
Terry Brockman	16,820	1.47	32.70	32.70	04/ 01/2016

(1) Corresponds to the closing price of the Common Shares on the Toronto Stock Exchange (the "TSX") on March 31, 2006, which is the business day immediately preceding April 1, 2006 being the grant date.

Aggregated 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, 2007, as well as the unexercised options and the value of the unexercised in-the-money options as at March 31, 2007 under the Equity Compensation 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) ($)	Number of unexercised options as at 03/31/07		Value of unexercised in-the-money options as at 03/31/07 (2)	
			Exercisable	Unexercisable	Exercisable ($)	Unexercisable ($)
Lino A. Saputo, Jr.	-	-	105,123	20,623	2,483,070	436,362
Louis-Philippe Carrière	73,000	1,716,857	58,578	83,305	1,034,730	1,195,450
Pierre Leroux	-	-	151,166	83,305	3,667,401	1,195,450
Dino Dello Sbarba	-	-	194,129	87,470	5,131,286	1,246,935
Terry Brockman	-	-	14,701	30,087	271,681	425,594

(1) The value realized on exercise is equal to the difference between the closing price of the Common Shares on the TSX 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 TSX on March 31, 2007, being $46.18 per share, and the exercise price of the option.

Defined Benefit Plan

The following table presents the estimated annual benefits payable at normal retirement age ("NRA") for Messrs. Louis-Philippe Carrière, Dino Dello Sbarba and Pierre Leroux, who are currently participating in a non-contributive defined benefit pension plan, and for Mr. Terry Brockman who participates in a 401(K) pension plan. Moreover, each of these executive officers participates in a supplementary retirement plan.

Non-Contributive Defined Benefit Pension Plan, 401(K) Pension Plan and Supplementary Retirement Plan (the "Pension Plans")

Remuneration	**Projected Years of Service**				
$(000's)	**15**	**20**	**25**	**30**	**35**
150	45,000	60,000	75,000	90,000	105,000
200	60,000	80,000	100,000	120,000	140,000
300	90,000	120,000	150,000	180,000	210,000
400	120,000	160,000	200,000	240,000	280,000
500	150,000	200,000	250,000	300,000	350,000
600	180,000	240,000	300,000	360,000	420,000
700	210,000	280,000	350,000	420,000	490,000

Under the Pensions Plans, the participants are entitled to retirement benefits equal to 2% of their respective final average earning multiplied by their respective years of credited service. The final average earning equals to the base salary average during the last consecutive 36 months within the ten (10) year period preceding the retirement during which the average is at its highest. The credited years of service correspond to the service period following January 1, 2004. However, each participant who adhered to the Non-Contributive Defined Benefit Pension Plan on January 1, 2004, is credited an additional ½ year of service for each year of service following January 1, 2004. Messrs Carrière, Dello Sbarba and Leroux adhered to this pension plan on January 1, 2004 and therefore were credited 4.875 years of service as of March 31, 2007.

The Pension Plans' normal retirement age is 65. However, a member can retire before that age and start receiving a reduced pension.

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

TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL

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

CORPORATE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

Composition and Mandate of the Committee

The Corporate Governance and Human Resources Committee (the "Corporate Governance Committee") is composed of four members of the Board of Directors, Messrs. André Bérard, Lucien Bouchard, Pierre Bourgie and Jean Gaulin, all of whom are independent directors. See Schedule "B" - Statement of Corporate Governance Practices – Composition and Independence of the Board.

The mandate of the Committee is described in Schedule "B" – Statement of Corporate Governance Practices – Committees.

Report on Executive Compensation

General Principles of Executive Compensation

The Committee is responsible for reviewing and monitoring the compensation policy regarding executive officers of the Company, including determining the financial performance targets to be achieved by the Company in order for executive officers to receive a determined bonus.

During the year ended March 31, 2007, the Company revised its compensation policy following a review conducted by Perrault Conseil, a compensation consulting firm. During such review, the compensation policies of several Canadian and American 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 executive officers (the "Comparative Group"). The Comparative Group consisted of a representative number of companies which provided a reliable source of comparative information.

With regard to the assistance provided in the compensation policy review process and other compensation matters of the Company, Perrault Conseil Inc. was paid fees totalling $57,070 during the last fiscal year. Perrault Conseil was not retained to perform other work for the Company in fiscal 2007.

The compensation policy for fiscal 2007 was determined based on the review of market practices as well as an analysis of the performance of the organizations forming part of the Comparative Group. 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 executive officers was determined for fiscal 2007.

The compensation policy is designed to attract and retain competent individuals who can ensure the current and long-term success of the Company. For fiscal 2007, the compensation for the executive officers of the Company, including the Named Executive Officers, consisted of three components: base salary, bonus and options. The Company's compensation policy and plans are designed to reward adequately the executive officers for their services and to encourage them to establish short and long term strategies aimed at increasing share value and creating economic wealth. The Company's compensation strategy therefore places the emphasis on compensation elements linked to performance.

Base Salary

For fiscal 2007, base salary was re-evaluated based on the principles established following the review of the Comparative Group, as well as on more subjective criteria such as internal equity and performance of each senior executive. Base salary is competitive with the third quartile of the base salaries offered by the Canadian corporations included in the Comparative Group and is between the median and the third quartile of the base salaries offered by American corporations. The base salary for certain of the Named Executive Officers for fiscal 2007 was paid in U.S. dollars, in portion or in full, 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 executive officers reflects salaries offered for positions involving similar responsibilities and complexity, internal equity comparisons, as well as the ability and experience of the Company's executive officers.

Annual Incentive (Bonus)

The annual incentive (bonus) plan aims at encouraging the achievement of financial performance targets and rewarding the executive officers based on Saputo's success.

For fiscal 2007, the Corporate Governance Committee determined 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 executive officer in the event the targets were met. For fiscal 2007, the financial performance target was based on the earnings before interest, income taxes and depreciation (EBITDA) as determined in the budget approved by the Board of Directors, taking into account certain market conditions having an effect on the EBITDA but on which the executive officers have no control.

Under the plan, a bonus could only be paid if at least 85% of the financial performance target was met by the Company or the relevant division depending on the senior executive. Bonus payments were made proportionately to the level actually achieved above 85%. For fiscal 2007, the Company reached 100% of its financial performance target. The annual bonus is based solely on the financial performance of the Company or of the relevant division depending on the executive officers.

Each year, the Corporate Governance Committee establishes payout percentages for the bonuses. For fiscal 2007, payout percentages established for the bonuses to be awarded to the executive officers, other than the Chief Executive Officer, ranged from 42.5% of base salary to 75% of base salary if the financial performance targets set forth in the budgets were exceeded. For fiscal 2007, the amount of bonus paid to each senior executive, other than the Chief Executive Officer, represented between 44.2% and 75% of their base salary. The bonus paid to each executive officer was paid based on the level of achievement of the financial performance targets. 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 executive officers to excel. This plan is competitive with the median of bonus plans offered by the corporations included in the Comparative Group.

Long-Term Incentive Plan (Options)

Options to purchase Common Shares may be granted from time to time to executive officers and other key employees pursuant to the Equity Compensation Plan in order to sustain a commitment to long-term profitability and maximize shareholder value.

On April 1, 2006, the Corporate Governance Committee granted options to executive officers for the fiscal year ended March 31, 2007. The number of options granted 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 “Securities Authorized for Issuance under Equity Compensation Plan” for a discussion of the terms and conditions relating to the options, including vesting periods.

Chief Executive Officer

For fiscal 2007, the Chief Executive Officer’s base salary and bonus were based upon the same principles as those used for the other executive officers of the Company. The Chief Executive Officer’s compensation package was determined by the Corporate Governance Committee. Lino A. Saputo, Jr.’s base salary was fixed at $800,000 for fiscal 2007. The payout percentages for his annual bonus ranged from 85% of his base salary to 125% of his base salary if the financial performance targets set forth in the budgets were exceeded, the whole in accordance with the Company’s compensation policies. For fiscal 2007, the amount of bonus paid to the Chief Executive Officer represented 100% of his base salary. For fiscal 2007, no options were granted to the Chief Executive Officer, as his interest in the principal shareholder constitutes a sufficient long-term incentive.

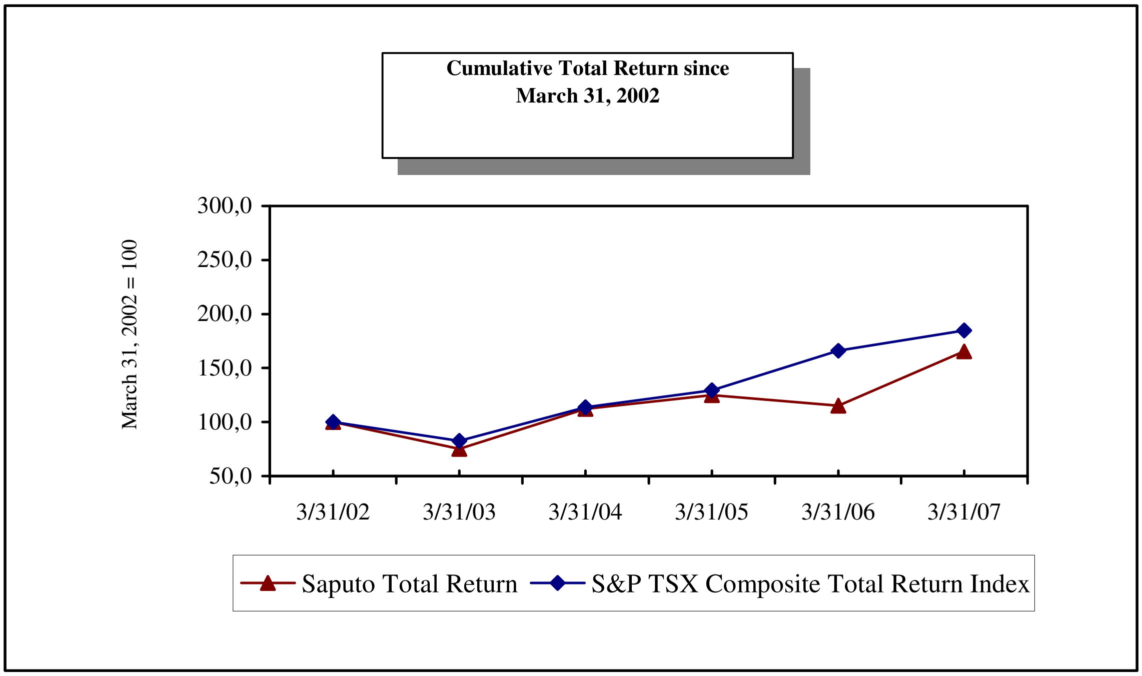
The individual performance of the Chief Executive Officer is measured based on the achievement of objectives determined annually by the Chief Executive Officer together with the Corporate Governance Committee. Under the annual incentive plan, the bonus paid to the Chief Executive Officer is calculated on the basis of the EBITDA as determined in the budgets approved by the Board of Directors, taking into account certain market conditions having an effect on the EBITDA but on which the executive officers have no control. Under the plan, a bonus could only be paid to the Chief Executive Officer if at least 85% of the financial performance targets were met by the Company. Bonus payments were made proportionately to the level actually achieved above 85%.

Base salary and bonus of the Chief Executive Officer is between the median and the third quartile of the base salaries and bonus offered by the Canadian corporations and the American corporations included in the Comparative Group. The base salary and bonus paid take into consideration the fact that the Chief Executive Officer was named in March 2004. It is the Company’s objective to have, within the next year, the base salary and bonus paid to the Chief Executive Officer competitive with the third quartile of the base salaries and bonus offered by the Comparative Group.

Reference is made to Schedule “B” – Position Descriptions to this Circular for a description of the annual review process of the Chief Executive Officer’s performance.

PERFORMANCE GRAPH

The following graph compares, on a yearly basis, the total cumulative shareholder return of $100 invested in the Common Shares with the S&P/TSX Composite Total Return Index of the TSX during the five fiscal years ending March 31, 2007.



	3/31/02	3/31/03	3/31/04	3/31/05	3/31/06	3/31/07
SAPUTO TOTAL RETURN	100	75	112	125	115	165
S&P TSX COMPOSITE TOTAL RETURN INDEX	100	82	113	129	166	185

COMPENSATION OF DIRECTORS

During fiscal 2007, each director who was not a salaried officer or employee of the Company was paid an annual fee of $30,000 (except for the lead director who was paid an annual fee of $55,000) and a further attendance fee of $1,500 for each meeting of the Board of Directors. The Chairman of the Corporate Governance Committee and the Audit Committee were paid annual fees of $5,000 and $10,000, respectively, and the other members of both committees received an annual fee of $3,000. All members of the committees receive an attendance fee of $1,500 for each committee meeting.

For fiscal 2007, each director who was not a salaried officer or employee of the Company was allocated an annual total of 1,000 deferred share units granted on a quarterly basis pursuant to the Company's deferred share unit plan (the "Deferred Share Unit Plan") in consideration for his or her services as director of the Company. The Chairman of the Audit Committee and the Lead Director were also granted 500 additional deferred share units. See "Deferred Share Unit Plan for Directors". Mr.

Emanuele (Lino) Saputo received $500,000 from the Company for his services as Chairman of the Board of Directors in fiscal 2007.

The following table shows the compensation paid to each director for his or her services in fiscal 2007.

Fees paid and deferred share units (DSU) granted to Directors in fiscal 2007

Director	Board Annual fee ($)	Committee annual fee ($)	Board attendance fee ($)	Committee attendance fee ($)	Total fees paid ($)	% of Fees paid in cash	% of Fees paid in DSUs	DSUs annual grant	Options granted
Emanuele (Lino) Saputo	500,000	--	--	--	500,000	100	--	--	--
Lino A. Saputo, Jr.	--	--	--	--	--	--	--	--	--
André Bérard	55,000	5,000	7,500	7,500	75,000	--	100	1,500	--
Lucien Bouchard	30,000	3,000	9,000	7,500	49,500	--	100	1,000	--
Pierre Bourgie	30,000	6,000	9,000	16,500	61,500	100	--	1,000	--
Frank A. Dottori	30,000	3,000	9,000	10,500	52,500	--	100	1,000	--
Jean Gaulin	30,000	3,000	9,000	7,500	49,500	100	--	1,000(1)	--
Caterina Monticciolo	30,000	n/a	9,000	n/a	39,000	100	--	1,000	--
Patricia Saputo	30,000	n/a	7,500	n/a	37,500	100	--	1,000	--
Louis A. Tanguay	30,000	10,000	9,000	10,500	59,500	--	100	1,500	--

(1) Mr. Jean Gaulin received his DSU's annual grant in cash because of his status as a US resident.

Deferred Share Unit Plan for Directors

On April 22, 2004, further to the recommendations of the Corporate Governance Committee, the Board of Directors adopted a new compensation policy pursuant to which all directors of the Company shall, at all times while a director, own a number of shares and/or deferred share units having a total market value of at least $150,000, calculated on April 1st of each year. Each director was required to comply with this new policy by March 31, 2007 or within three (3) years following his appointment as a director of the Company. Pursuant to the Deferred Share Unit Plan adopted by the Board of Directors, each director who did not meet the minimum value of $150,000 received his entire compensation in deferred share units. As at March 31, 2007, all directors complied with this minimum market value of $150,000 and are therefore entitled to receive their compensation in cash or in deferred share units, as per their instructions. Directors are entitled to receive a cash payment for the value of their deferred share units on the last business day of the calendar year following the calendar year in which they ceased to be a member of the Board, unless they choose an earlier date upon ceasing to be a member of the Board.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out the only equity compensation plan (the “Equity Compensation Plan”) previously approved by security holders as of March 31, 2007 under which equity securities of the Company are authorized for issuance.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under the Equity Compensation Plan (excluding securities reflected in column (a)) (c)
Equity Compensation Plan approved by security holders	4,855,608	28.64	5,159,895

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

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

The total number of Common Shares which may be issued pursuant to the Equity Compensation Plan was initially set at 6,000,000[1] Common Shares. At the Annual and Special Meeting of Shareholders held on August 1, 2001, this number was increased by 8,000,000[1] Common Shares, bringing the total number of Common Shares that may be issued under the Equity Compensation Plan to 14,000,000[1].

The terms, exercise price and number of Common Shares covered by each option as well as the vesting periods of such options are determined by the Corporate Governance Committee at the time the options are granted. However, the Equity Compensation Plan provides that the exercise price may not be less than the closing price of the Common Shares on the TSX on the business day immediately preceding the date of grant. Options granted under the Equity Compensation Plan may not be assigned, and expire ten years from the date of grant. The maximum number of Common Shares which may be optioned in favour of any single individual shall not exceed 5% of the total number of outstanding Common Shares. The maximum number of Common Shares which may be issuable at any time to insiders of the Company shall not exceed 10% of the total number of outstanding Common Shares at such time. Moreover, the

[1] This information has been restated to reflect the 100% stock dividend declared on November 23, 2001 on the Common Shares of Saputo, which had the same effect as a two-for-one split.

maximum number of Common Shares issued to insiders of the Company within any one-year period shall not exceed 10% of the total number of outstanding Common Shares at such time.

In addition, the Equity Compensation Plan provides that upon termination of employment for cause or an optionee being removed from office as a director or disqualified by law, any option or the unexercised portion thereof granted to the employee shall immediately terminate. Upon an optionnee's employment with the Company being terminated by reason of death, injury or disability or upon ceasing to be a director for reason of death, any option or unexercised part thereof granted to such optionee may be exercised within 180 days after such event or prior to the expiration of the original term of the option, whichever occurs first. In all other circumstances of termination, or upon the retirement at normal retirement age, options shall expire 90 days following termination or on the original date of expiration, whichever occurs first.

Under the Equity Compensation Plan, the Board may, subject to regulatory approval, amend or discontinue the Equity Compensation Plan at any time, provided that such amendment does not materially and adversely affect any option rights previously granted to an optionee under the Equity Compensation Plan without the consent of the optionee, except to the extent required by law or regulations, rules, by-laws or policies of any regulatory authority or stock exchange.

As at March 31, 2007, 4,855,608 options were outstanding. As of April 1, 2007, the Corporate Governance Committee granted an aggregate of 889,586 options to participants under the Equity Compensation Plan at an exercise price of $46.18 per share. Of the 5,536,393 options outstanding as at May 28, 2007, which represents 5.3% of the outstanding Common Shares, 2,819,111 options were exercisable and 2,717,282 will vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant.

As at May 28, 2007, out of the basket of 14,000,000 Common Shares, there were 5,536,393 options outstanding and 4,373,327 Common Shares remaining available, which represents a total of 9,909,720 Common Shares, being 9.5% of the outstanding Common Shares.

The Board is proposing certain amendments to the Equity Compensation Plan. Reference is made to the section entitled "Amendments to the Equity Compensation Plan of the Company".

DIRECTORS AND OFFICERS INSURANCE COVERAGE

The Company carries liability insurance in an amount limited to $35 million with respect to its directors and officers as a group subject to a $500,000 deductible. For fiscal 2007, the total annual premium in respect of such insurance was $219,000, all of which was paid by the Company and charged to earnings.

INDEBTEDNESS OF EXECUTIVE OFFICERS

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

AUDIT COMMITTEE INFORMATION

Reference is hereby made to Schedule "B" - Committees attached hereto and to pages 28 to 30 of the Annual Information Form of the Company for the year ended March 31, 2007 for a disclosure of information relating to the Audit Committee required under Form 52-110F1. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, telephone: (514) 328-6662.

APPOINTMENT OF AUDITORS

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

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

During fiscal 2007, the Company retained its auditor, Deloitte & Touche to provide services. Details of the services and amounts paid to Deloitte & Touche are presented on page 30 of the Annual Information Form of the Company for the year ended March 31, 2007. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, telephone: (514) 328-6662.

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.

The Company's significant shareholder is its founder who holds in the aggregate, directly or indirectly, or exercises control or direction over shares representing 33.67 % of all of the outstanding Common Shares, as disclosed previously in this Circular. 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 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.

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

INTEREST OF MANAGEMENT AND OTHERS IN TRANSACTIONS

In the normal course of business, the Company receives and provides goods and services from and to companies subject to significant influence by its principal shareholder. These goods and services of an immaterial amount are compensated by a counterpart equal to the fair market value. Reference is made to note 17 to the Consolidated Financial Statements of the Company that describes the related party transactions. See "Additional Information".

AMENDMENTS TO THE EQUITY COMPENSATION PLAN OF THE COMPANY

At the Meeting, shareholders will be asked to consider and to approve an ordinary resolution confirming certain amendments to the Equity Compensation Plan. Currently, under the Equity Compensation Plan, the Board may, subject to regulatory approval, amend or discontinue the Equity Compensation Plan at any time, provided that such amendment does not materially and adversely affect any option rights previously granted to an optionee under the Equity Compensation Plan without the consent of the optionee, except to the extent required by law or regulations, rules, by-laws or policies of any regulatory authority or stock exchange. The Toronto Stock Exchange has recently introduced a number of amendments to the TSX Company Manual and on June 6, 2006, the TSX published a staff notice introducing new rules (the "Guidelines") affecting the Equity Compensation Plan. The Company would like to implement changes to the Equity Compensation Plan to address these amendments and Guidelines. The Guidelines provides that general amendment provisions in security-based compensation plan of TSX issuers, such as the Equity Compensation Plan, should be reviewed in order to include detailed amending provisions that specify which plan amendments require shareholder approval and those who do not.

In light of these amendments and Guidelines, the Board approved, subject to shareholder approval, the following amendments to the Equity Compensation Plan:

(A) The Board of Directors shall have full power and authority to amend, suspend or discontinue the Equity Compensation Plan at any time, or the terms of any previously granted option, without obtaining shareholder approval, including without limitations, the following types of amendments:

(i) any limitations of conditions on participation in the Equity Compensation Plan (other than to the eligibility for participation);

(ii) any amendment to any terms upon which options may be granted and exercised, including but not limited to, the terms relating to the amount and payment of the option price, vesting, expiry and adjustment of options, or the addition or amendment of terms relating to the provision of financial assistance to optionees or of any cashless exercise features;

(iii) any amendment to the Equity Compensation Plan to permit the granting of deferred or restricted share units under the Equity Compensation Plan or to add or to amend any other provisions which would result in participants receiving securities of the Company while no cash consideration is received by the Company;

(iv) any change that is necessary or desirable to comply with applicable laws, rules or regulations of any stock exchange on which the shares of the Company are listed;

(v) any correction or rectification of any ambiguity, defective provision, error or omission in the Equity Compensation Plan or in any option;

(vi) any amendment to the definitions contained in the Equity Compensation Plan and any other amendments of a clerical nature; and

(vii) any amendment to the terms relating to the administration of the Equity Compensation Plan;

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

(B) The prior approval of the holders of a majority of the votes attached to all shares of the Company is required if the amendments relate to the following:

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

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

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

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

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

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

Moreover, the Guidelines recognize that many of the TSX's listed issuers are under self-imposed blackout periods from time to time in order to prevent officers, directors and employees from exercising options. Consequently, the TSX now allows plans to provide, with shareholder approval, for an expiration date that is conditional upon potential expiration during a blackout period and which may be the later of a fixed date or a date shortly after the expiration date if that date falls within or immediately after a blackout period.

The Company has long-standing rules of conduct respecting trading of its securities, pursuant to which trading windows are closed for definite periods of time. Therefore, in accordance with the Guidelines, the Board approved, subject to shareholder approval, amendments to the Equity Compensation Plan which replaced the provision with respect to the option automatic exercise mechanism by a provision which sets forth that should the expiration date for an option fall within a blackout period or within nine business days following the expiration of a blackout period, such expiration date shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the blackout period, such tenth business day to be considered the expiration of the terms of such option for all purposes under the Equity Compensation Plan.

The Board also approved, subject to the shareholder approval, the removal of the provision enabling the Board to adopt regulations for carrying out the purposes of the Equity Compensation Plan and an amendment to include not only employees, officers and directors of Saputo Inc. and its subsidiaries, but also of each of the corporations, partnerships, limited partnerships and other entities controlled directly or indirectly by Saputo Inc. All other amendments approved by the Board are of a general housekeeping nature including conforming changes with the amendments introduced recently to the TSX Company Manual, namely but not limited to, the definition of the market price for determination of the option price.

The TSX has approved the foregoing amendments to the Equity Compensation Plan.

The full text of the resolution approving the amendments is attached to this Circular as Schedule "D".

To be effective, the approval of the amendments must be given by resolution of the shareholders. **Unless instructed to vote against in the accompanying form of proxy, it is the intention of the persons named therein to vote the shares represented thereby FOR the approval of the amendments to the Equity Compensation Plan**.

ADDITIONAL INFORMATION

The Company's financial information is included in the Consolidated Financial Statements of the Company and notes thereto and in the accompanying Management Report for the fiscal year ended March 31, 2007. Copies of these documents and additional information concerning the Company can be found on SEDAR at www.sedar.com and may also be obtained upon request to the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, Telephone: (514) 328-6662.

GENERAL

Except as otherwise specifically indicated, the information contained herein is given as at May 28, 2007. 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 5, 2007.

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

SCHEDULE “ A ”

DISCLOSURE OF DIRECTOR EXPERIENCE

The following are brief biographies of the Company’s nominees and indicate the directorships held by the nominees in other public companies:

Emanuele (Lino) Saputo, Chairman of the Board of the Company, Director. Emanuele (Lino) Saputo founded the Company with his parents in 1954. He became Chairman of the Board and President of the Company in 1969. In 1997, following the initial public offering of the Company, he was named Chairman of the Board and Chief Executive Officer of the Company and remained in this position until March 2004, following which he remained Chairman of the Board. Mr. Saputo is also a director of the following public company: Tembec Inc.

Lino A. Saputo, Jr., President and Chief Executive Officer of the Company, Director. Lino A. Saputo, Jr., joined the Company in 1988 as Administrative Assistant. In 1993, he became Vice-President, Operations and, in 1998, Executive Vice-President, Operations. From July 2001 to January 1, 2004, he was President and Chief Operating Officer of the Company’s Cheese Division (USA). In March 2004, he was appointed to the position of President and Chief Executive Officer of the Company, in replacement of Mr. Emanuele (Lino) Saputo.

André Bérard, Director. André Bérard was Chairman of the Board of a Canadian Chartered Bank from March 2002 to 2004. Over the past 40 years, he held various positions within this Canadian Chartered Bank, including that of Chairman of the Board and Chief Executive Officer from 1990 to March 2002. Mr. Bérard serves on the Board of Directors of the following public companies: BCE Inc., Bell Canada, BMTC Group Inc., Bombardier Inc., Falconbridge Limited, Tembec Inc. and Transforce Income Fund.

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

Pierre Bourgie, Director. Pierre Bourgie is, since 1996, President and Chief Executive Officer of Société Financière Bourgie Inc., a diversified investment company, President of Partenaires de Montréal, a merchant bank specialized in business financing and President of Ipso Facto, a real estate investment fund. Mr. Bourgie also serves on the Board of Directors of the following public company: National Bank of Canada.

Frank A. Dottori, Director. Frank A. Dottori was President and Chief Executive Officer of Tembec Inc., a forest products company which he co-founded, until January 26, 2006. Since May 2006, he is the President of Fadco Consulting Inc. He is Chair of the Pulp and Paper Research Institute of Canada and the Vice-Chair of Habitat for Humanity. He has also served as Governor of the Montreal Stock Exchange. Mr. Dottori serves on the Board of Directors of the following public company: Capital BLF Inc.

Jean Gaulin, Director. Jean Gaulin was Chairman of the Board of Ultramar Diamond Shamrock Corporation from January 1, 2000 to January 1, 2002. He was also President and Chief Executive Officer of this corporation from January 1, 1999 to January 1, 2002. In 1996, following the merger of Ultramar Corporation and Diamond Shamrock Inc., he was named Vice-Chairman of the Board, President and

Chief Operating Officer of Ultramar Diamond Shamrock. Mr. Gaulin serves on the Board of Directors of the following public companies: National Bank of Canada and Rona Inc.

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

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

Louis A. Tanguay, Director. Louis A. Tanguay held a number of executive positions during a long career within the BCE organization, including President of Bell Québec from 1992 to 1998 and President of Bell Canada International from 1998 to 2001. He serves on the Board of Directors of the following public companies: Bell Aliant Regional Communications Income Fund, Canbras Communications Corp., Medisys Health Group Income Fund, Rona Inc. and SR Telecom Inc.

BOARD OF DIRECTORS MEETINGS HELD AND ATTENDANCE OF DIRECTORS

The information presented below reflects Board and Committee meetings held and attendance of Directors for the year ended March 31, 2007. During the year, there were 6 meetings of the Board of Directors, 7 meetings of the Audit Committee and 5 meetings of the Corporate Governance Committee. There was a 97% attendance rate for the Board of Directors' meetings and a 98% attendance rate for meetings held by both committees of the Board.

Summary of Attendance of Directors

Director	Board Meetings Attended	Audit Committee Meetings Attended	Corporate Governance Committee Meetings Attended
EMANUELE (LINO) SAPUTO (Chairman of the Board)	6 of 6	n/a	n/a
LINO A. SAPUTO, JR.	6 of 6	n/a	n/a
ANDRÉ BÉRARD	5 of 6	n/a	5 of 5
LUCIEN BOUCHARD	6 of 6	n/a	5 of 5
PIERRE BOURGIE	6 of 6	6 of 7	5 of 5
FRANK A. DOTTORI	6 of 6	7 of 7	n/a
JEAN GAULIN	6 of 6	n/a	5 of 5
CATERINA MONTICCIOLO	6 of 6	n/a	n/a
PATRICIA SAPUTO	5 of 6	n/a	n/a
LOUIS A. TANGUAY	6 of 6	7 of 7	n/a

SCHEDULE “B”

REPORT ON
CORPORATE GOVERNANCE PRACTICES

THE BOARD OF DIRECTORS

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

THE BOARD MANDATE

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

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

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

COMPOSITION AND INDEPENDENCE OF THE BOARD

In determining independent directors, the Corporate Governance Committee has referred to the following definition. It has identified those who have no direct or indirect relationship with the Company or any of its subsidiaries that could, in the view of the Committee, reasonably be expected to interfere with the exercise of a director’s independent judgment, the whole as defined in National Instrument 58-101 and Multilateral Instrument 52-110. These qualifications of the directors are reviewed and approved by the Board of Directors. The Company is of the opinion that the presence of the existing six (6) independent directors more than adequately reflects the investment of minority shareholders in the Company. The Board of Directors is made up of six (6) directors out of ten (10) having no participation, relationship or business ties with the significant shareholder, which would affect the status of such member as an independent member under the definition of Multilateral Instrument 52-110. Moreover, the independent directors meet without Management and without the Chairman of the Board following each Board meetings.

- As Chairman of the Board of the Company, Mr. Emanuele (Lino) Saputo is not an independent director.
- As President and Chief Executive Officer of the Company, Mr. Lino A. Saputo, Jr. is not an independent director.
- Mr. André Bérard is an independent director.
- Mr. Lucien Bouchard is an independent director.
- Mr. Pierre Bourgie is an independent director.
- Mr. Frank A. Dottori is an independent director.
- Mr. Jean Gaulin is an independent director.
- Due to family ties with Mr. Emanuele (Lino) Saputo and Mr. Lino A. Saputo, Jr., respectively the Chairman of the Board and the President and Chief Executive Officer of the Company, the Board determined that Mrs. Caterina Monticciolo is not an independent director.
- Due to family ties with Mr. Emanuele (Lino) Saputo and Mr. Lino A. Saputo, Jr., respectively the Chairman of the Board and the President and Chief Executive Officer of the Company, the Board determined that Mrs. Patricia Saputo is not an independent director.
- Mr. Louis A. Tanguay is an independent director.

Reference is made to Schedule “A” for additional information on each director, including their attendance record and the name of other issuers for which they serve as a director.

POSITION DESCRIPTIONS

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

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

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

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

INDEPENDENT DIRECTOR'S MEETINGS

The independent members of the Board have an opportunity to meet after each meeting of the Board of Directors without any members of the Board who are not independent and without management. During fiscal 2007, independent members of the Board held four (4) meetings at which non-independent directors and management were not present. Each committee of the Board of Directors is composed solely of independent members and each held four (4) meetings without Management.

INDEPENDENT CHAIR

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

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

COMPENSATION

The Corporate Governance Committee evaluates annually the compensation of the directors and officers in their respective capacity in light of the practices of the market, as well as the risks and responsibilities involved. Reference is made to page 7 of this Circular under the heading "Report on Executive Compensation" and page 10 of this Circular under "Compensation of Directors" for additional information on executive compensation and directors compensation.

Perrault Conseil, a compensation consulting firm, was mandated to provide assistance in the compensation policy review process and other compensation matters. To that effect, the Company paid Perrault Conseil Inc. fees totalling $57,070 during the last fiscal year. Perrault Conseil was not retained to perform other work for the Company in fiscal 2007.

ETHICAL BUSINESS CONDUCT

The Company has a *Code of Ethics* that governs the conduct of Saputo's directors, officers and employees. The *Code of Ethics*, which has been filed on SEDAR on August 17, 2005, can be obtained on SEDAR's internet site (www.sedar.com). The Corporate Governance Committee is responsible for implementing the compliance process of this *Code of Ethics* and the reporting process to the Board with respect thereto.

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

ASSESSMENT OF DIRECTORS

Pursuant to the Company's formal annual evaluation process, Board members complete an effectiveness survey as to the performance of the Board of Directors, its committees and the individual performance of each Board member. These surveys are submitted on a confidential basis and are reviewed by the Chairman of the Corporate Governance Committee. The Chairman of the Corporate Governance Committee meets each Board member individually in order to discuss the surveys. A global evaluation of the performance of the Board of Directors, its committees and Board members is presented to the Board of Directors by the President of the Corporate Governance Committee. This process is conducted annually. During the year, Board members are free to discuss among themselves the performance of a fellow director, or submit such a matter to the Chairman of the Corporate Governance Committee who ensures the implementation of appropriate measures to deal with any concern regarding the effectiveness of the Board of Directors and its various committees. As Board members are elected annually, the Corporate Governance Committee takes into account each director's performance when recommending nominees for election of Board members at the next annual general meeting of shareholders and when recommending the composition of the committees as well as their chairman for approval by the Board of Directors.

ORIENTATION AND CONTINUING EDUCATION

The Board of Directors considers that orienting and educating new directors is an important element of ensuring responsible corporate governance. Newly appointed directors are provided with the Company's continuous disclosure documents, copies of the mandate of the Board and its committees, minutes of previous meetings of the Board of Directors and copies of the policies and procedures adopted by the Board of Directors and its committees. The President of each committee of the Board presents, during the quarterly Board meetings, a summary of the achievements and current projects of the Committee. Directors also meet with members of Management to discuss the affairs of the Company, the continuous disclosure documents, sector of activities of the Company, its competitive and regulated environment as well as its business and operational strategies. Moreover, the Directors 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. Finally, each Board member is invited to address to the Corporate Governance Committee any request he may have regarding additional information or education. The Corporate Committee reviews such requests and takes the measures it deems appropriate.

NOMINATION OF DIRECTORS

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

For the selection of nominees for election to the Board of Directors of the Company, the Corporate Governance Committee takes into consideration (i) what competencies and skills the Board of Directors, as a whole, should possess; (ii) what competencies and skills each existing director possesses; (iii) what competencies and skills the Board of Directors, as a whole, possesses; and (iv) the individual performance of each director. Based on this analysis, the Corporate Governance Committee recommends to the Board changes to the Board composition.

BOARD SIZE

After reviewing its size, the Board of Directors determined that a board of nine (9) to eleven (11) is appropriate for decision-making purposes. The Board of Directors is presently composed of ten (10) members.

COMMITTEES

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

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

AUDIT COMMITTEE

The Audit Committee has the mandate to (i) review the annual and quarterly financial statements of the Company and certain other public disclosure documents required by regulatory authorities; (ii) review the nature and scope of the annual audit as proposed by the auditors and management; (iii) review with the auditors and management, the adequacy of the internal control and management information systems of the Company; (iv) approve all services not related to audit services which the external auditors may render to the Company and its subsidiaries, subject to the policy of the Company on services which may be provided by the Company's external auditors and by other accounting firms; (v) oversee the application of the Company's procedure regarding complaints of an auditing or a financial nature; (vi) examine, approve and apply the hiring policy of the Company with respect to employees and former employees of the present auditors and former auditors of the Company; (vii) review and evaluate the risk factors inherent to the Company's business and ensure that appropriate measures are in place to manage them effectively; and (viii) present quarterly reports to the Board of Directors with respect to its achievements and current projects. The Audit Committee's charter is published in the Annual Information Form of the Company under Appendix A. During fiscal 2007, the Audit Committee met seven (7) times. All members of the Audit Committee are financially literate and independent as defined under applicable regulations.

Through its Audit Committee, the Board of Directors identifies the principal risks relating to the Company's business, ensures the implementation of appropriate systems to manage these risks and receives regular reports from Management on these matters. Please refer to page 22 of the Annual Information Form under the heading "Risks and Uncertainties" and to page 32 of the Annual Report under the heading "Risk and Uncertainties" for a list of the principal risks relating to the Company's business. The Audit Committee, which reports to the Board of Directors, is responsible for ensuring the adequacy 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 light of the rules adopted by the Canadian Securities Authorities regarding the Audit Committee and the certification of financial information, the Audit Committee mandated an independent accounting firm to assist the internal auditors of the Company in the review of the internal controls and management information systems of the Company, their adequacy and effectiveness. This process was completed in Fiscal 2007, except for the effectiveness of such controls, which requirement was delayed by the authorities and is anticipated to be completed in Fiscal 2008. In the exercise of its mandate, the Audit Committee has access to the internal audit department of the Company.

CORPORATE GOVERNANCE AND HUMAN RESOURCES COMMITTEE

The Corporate Governance Committee has the mandate to (i) review the executive compensation policy of the Company; (ii) determine option grants and financial performance targets for the bonuses of the executives of the Company; (iii) review the Company's corporate governance practices and make recommendations to the Board of Directors with respect thereto; (iv) ensure proper management succession planning for the Company and make recommendations to the Board of Directors with respect thereto; (v) implement a process to assess, on an annual basis, the performance of the President and Chief Executive Officer; (vi) review the compensation of the directors in their capacity as directors, including the review of the requirements regarding the minimal number of shares and/or deferred share units each director must hold and make recommendations to the Board of Directors with respect thereto; and (vii) implement a uniform and transparent process for selecting nominees for election to the Board of Directors and the recruiting of new candidates for Board membership, and make recommendations to the Board of Directors with respect thereto. During fiscal 2007, the Corporate Governance Committee met seven (7) times. All members of the Corporate Governance Committee are independent as defined under applicable regulations.

COMMUNICATION POLICY

The Audit Committee is responsible for the review of the annual and quarterly financial statements of the Company and all other continuous disclosure documents required by regulatory authorities, and such documents are approved by the Board of Directors before mailing. The Board 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 a disclosure policy which confirmed the Company's practices. The purpose of the disclosure policy is to ensure that communications to the investing public are timely, factual and accurate, and that the information is disseminated in accordance with all applicable legal and regulatory requirements of the TSX and various securities commissions.

SCHEDULE “C”

BOARD MANDATE

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

BOARD ORGANIZATION

- The directors are elected annually by the Company’s shareholders; these directors, together with those appointed between annual meetings to fill vacancies or as additional directors, make up the Board.

- The Chair of the Board must be appointed by a resolution of the Board, and a Lead Director must be appointed if the Chair is not an independent director. The Lead Director must be appointed by a resolution of the independent members of the Board.

- The Board meets at least five times a year and may call special meetings as required. Board meetings may be held at the request of any director.

- The independent directors meet quarterly without management in attendance. The Chair of the Board, or Lead Director if the Chair is not an independent director, chairs the meetings.

- The Chair of the Board and the Lead Director approve meeting agendas and ensure that documents referred to in the agenda are forwarded to directors in sufficient time for their perusal.

- The Board may, as required, invite any person deemed appropriate to a Board meeting to take part in discussions on the Company’s business. However, such a person may not at any time vote at a Board meeting.

- The minutes of Board meetings must accurately reflect the significant discussions and the decisions of the Board and must be circulated to the members of the Board, with copies to the President and Chief Executive Officer and to the Executive Vice-President, Finance and Administration.

- The Board has full access to members of senior management and other members of personnel as well as to Company documents; the Board is granted the resources it needs to perform its duties and is able to retain the services of external consultants for support in carrying out its mandate.

RESPONSIBILITIES

In fulfilling its obligations, the Board must consider and decide on the following matters:

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

2) the Company’s annual budget;

3) periodic analysis of the results obtained by the Company in comparison with objectives pursued; determination of the causes of any discrepancies and approval of appropriate corrective actions;

4) monitoring, where possible, of the integrity of the Chief Executive Officer and other senior executives as well as promotion of a culture of integrity within the Company;

5) succession planning, including the appointment, professional development and oversight of the President and Chief Executive Officer, Division Presidents and Executive Vice-Presidents;

6) performance of the Chief Executive Officer in view of his position description and objectives to be met;

7) implementation of a process for assessing the performance of the Board and the directors, as well as the annual evaluation of their performance;

8) deployment of a process to select and recruit candidates for the Board of directors;

9) determination of the independence, or lack thereof, of each director;

10) orientation and continuing professional development of directors;

11) compensation of directors and indemnification of directors and senior executives;

12) identification of the main risks associated with the Company’s business, deployment of measures to ensure implementation of appropriate risk management systems and ad hoc monitoring of such systems to make sure they are appropriate;

13) adoption of an environmental policy and oversight of its implementation;

14) the Company’s communication policy, and review and approval of continuous disclosure documents such as the financial statements, management proxy circular, annual information form and annual report;

15) efficiency of the Company’s management information and internal control systems;

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

17) the Company’s approach to corporate governance, in particular the adoption of corporate governance principles and guidelines that apply specifically to the Company;

18) adoption of a code of ethics and oversight of its implementation;

19) adoption and deployment of appropriate means of receiving comments from Company shareholders;

20) annual review of the Board's mandate, and making of required changes, if any;

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

22) generally, approval of all matters that lie within the powers of the directors under the *Canada Business Corporations Act* and any other applicable law.

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

SCHEDULE "D"

RESOLUTION – AMENDMENTS TO THE EQUITY COMPENSATION PLAN

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

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

IT IS HEREBY RESOLVED:

THAT the proposed amendments to the Plan, as addressed in the Management Information Circular of the Company, be and are hereby approved, ratified and confirmed;

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

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