

Annual Information Form

June 4, 2015

Saputo

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements within the meaning of securities laws. These statements are based, among other things, on Saputo's assumptions, expectations, estimates, objectives, plans and intentions as of the date hereof regarding projected revenues and expenses, the economic, industry, competitive and regulatory environments in which the Company operates or which could affect its activities, its ability to attract and retain customers and consumers, as well as the availability and cost of milk and other raw materials and energy supplies, its operating costs and the pricing of its finished products on the various markets in which it carries on business.

These forward-looking statements include, among others, statements with respect to the Company's short and medium-term objectives, outlook, business projects and strategies to achieve those objectives, as well as statements with respect to the Company's beliefs, plans, objectives and expectations. The words "may", "should", "will", "would", "believe", "plan", "expect", "intend", "anticipate", "estimate", "foresee", "objective", "continue", "propose" or "target", or the negative of these terms or variations of them, the use of conditional tense or words and expressions of similar nature, are intended to identify forward-looking statements.

By their nature, forward-looking statements are subject to a number of inherent risks and uncertainties. Actual results could differ materially from the conclusion, forecast or projection stated in such forward-looking statements. As a result, the Company cannot guarantee that any forward-looking statements will materialize. Assumptions, expectations and estimates made in the preparation of forward-looking statements and risks that could cause actual results to differ materially from current expectations are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the "Risks and Uncertainties" section of the Management's Discussion and Analysis included in the Company's 2015 Annual Report.

Forward-looking statements are based on Management's current estimates, expectations and assumptions, which Management believes are reasonable as of the date hereof, and, accordingly, are subject to changes after such date. You should not place undue importance on forward-looking statements and should not rely upon this information as of any other date.

Except as required under applicable securities legislation, Saputo does not undertake to update or revise these forward-looking statements, whether written or verbal, that may be made from time to time by itself or on its behalf, whether as a result of new information, future events or otherwise.

ITEM 1 - THE COMPANY

1.1 INCORPORATION

Saputo Inc. was constituted by a Certificate of Amalgamation issued pursuant to the provisions of the *Canada Business Corporations Act* on July 1, 1992, which was amended on August 25, 1997, in order to, among other things, change the provisions attached to its authorized share capital. On August 3, 2000, the Certificate was further amended to, among other things, enable the directors to appoint additional directors between shareholders' meetings. The head and registered office and

principal place of business of the Company is located at 6869 Métropolitain Boulevard East, Montréal, Québec, H1P 1X8.

In this Annual Information Form, unless the context otherwise requires or indicates, the terms “**Saputo**” and “**Company**” mean Saputo Inc. itself or together with its subsidiaries and/or other entities under its direct or indirect control (collectively the “**Subsidiaries**”), or any one or more of them.

On November 30, 2001, December 21, 2007 and September 29, 2014, Saputo paid a 100% stock dividend on its common shares (the “**Common Shares**”), which, in each case, had the same effect as a two-for-one stock split (the “**Stock Splits**”) and doubled the number of Common Shares outstanding. All references to numbers of Common Shares, prices of Common Shares and dividends paid per Common Share made herein have been adjusted to reflect the Stock Splits.

In this Annual Information Form, all references to “\$” or “CDN\$” are to Canadian currency and all references to “US\$” are to United States (“**US**”) currency.

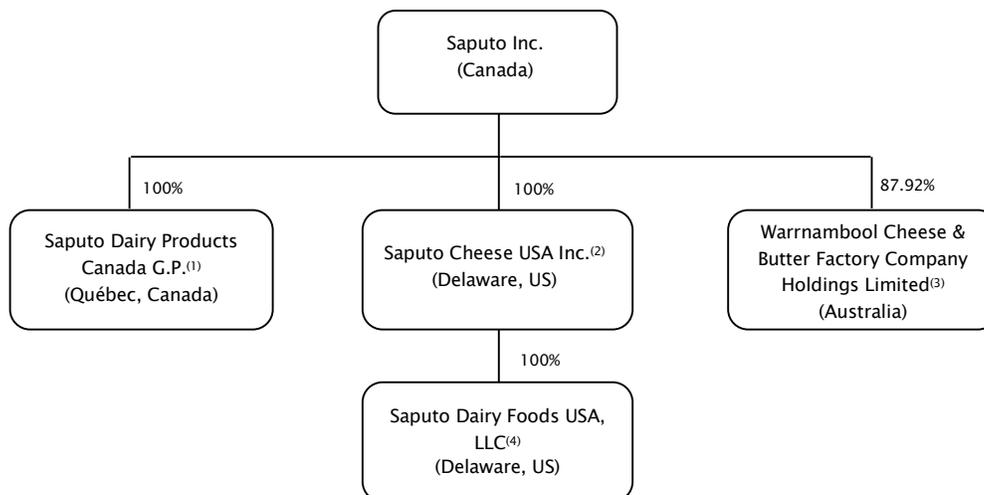
The information in this Annual Information Form is being presented as of May 25, 2015, except for financial information, which is given for the fiscal year ended March 31, 2015, and for the information relating to employees, which is presented as of March 31, 2015.

This Annual Information Form does not reflect the acquisition of the everyday cheese business (the “**EDC Business**”) of Lion-Dairy & Drinks Pty Ltd, completed on May 24, 2015, for a total cash consideration of \$134.4 million, subject to closing adjustments. The EDC Business’ operations include cutting and wrapping, distribution, sales and marketing of everyday cheese (such as cheddar and parmesan) under the *COON*, *Cracker Barrel*^{*}, *Mil LeI* and *Fred Walker* brands. The EDC Business generates annual sales of approximately CDN\$156 million, operates in a cut and wrap facility located in Allansford, Australia, and employs approximately 170 people.

* Trademark used under licence.

1.2 CORPORATE STRUCTURE

The following organizational chart illustrates the corporate structure of Saputo and its significant Subsidiaries, and their respective jurisdictions of incorporation. For simplification purposes, this chart omits certain wholly-owned Subsidiaries.



- (1) Production, sale and distribution of dairy products, namely a variety of cheese, fluid milk, cream products, dairy ingredients, yogurt, sour cream, cottage cheese, soft serve dairy mixes, as well as juices and other beverages, and other food products.
- (2) Production, sale and distribution of dairy products, namely cheese and dairy ingredients.
- (3) Production, sale and distribution of dairy products, namely cheese, butter and butter blends, milk, cream and dairy ingredients.
- (4) Production, sale and distribution of dairy and non-dairy extended shelf-life products, including cream and creamers, ice cream mixes, half and half and value-added milks, as well as cultured products, such as sour cream and cottage cheese.

ITEM 2 – GENERAL DEVELOPMENT OF THE BUSINESS

2.1 OVERVIEW

Saputo is one of the top ten dairy processors in the world, the largest cheese manufacturer and the leading fluid milk and cream processor in Canada, the third largest dairy processor in Argentina and the fourth largest in Australia. In the US, Saputo ranks among the top three cheese producers and is one of the largest producers of extended shelf-life and cultured dairy products.

During fiscal 2015, the Company operated its business through three sectors, the Canada Sector, the USA Sector and the International Sector, which represented, respectively, 36.0%, 49.5% and 14.5% of the Company's total revenues. The Company operates in Canada, the US, Argentina and Australia through 51 manufacturing facilities and employs approximately 11,700 employees. The Company's products are sold in more than 40 countries.

2.2 HISTORY (INCLUDING ACQUISITIONS)

Unless otherwise specified in this section, the acquisitions completed by Saputo, which are listed below, were completed on a debt-free basis.

Mr. Emanuele (Lino) Saputo, Chairman of the Board of Saputo, founded the Company with his parents in 1954, producing quality cheese for the Italian community of Montréal.

Between 1970 and 1997, Saputo acquired several production operations and food distributors, and developed its national distribution network, positioning itself in Canada as a leading producer of mozzarella.

On October 15, 1997, the Company completed its initial public offering of 75,764,000 Common Shares at \$2.125 per share. In December of the same year, Saputo issued 72,000,000 special warrants at \$3.125 per warrant in order to finance an acquisition.

On February 2, 2015, the Company sold Saputo Bakery Inc., the Company's former Bakery Division, to Canada Bread Company, Limited, a subsidiary of Grupo Bimbo S.A.B. de C.V., for a total cash consideration of \$114.3 million. The Bakery Division had been included in the Canada Sector and represented approximately 1% of Saputo's consolidated revenues.

The following table presents acquisitions completed by Saputo since its initial public offering. These acquisitions, which were in line with the Company's commitment to growth, contributed to making Saputo an important international dairy processor.

Historical Acquisitions Completed by Saputo					
Acquisition Dates	Acquired Companies	Acquired Activities	Countries of Operations ⁽¹⁾	Acquisition Price (Approximation)	Annual Revenues (Approximation)
October 15, 1997 to March 31, 2010	Various companies (19)	Manufacturing, selling and distribution of dairy products (cheese, fluid milk, dairy beverages, cream products and whey products), non-dairy creamers, juices and drinks and snack-cakes. ⁽²⁾	Canada, US, Argentina and Europe	\$2.5 billion	\$5.1 billion
March 25, 2011	DCI Cheese Company, Inc.	Converting, marketing and selling of mostly specialty cheeses.	US	\$273 million	\$460 million

Historical Acquisitions Completed by Saputo					
Acquisition Dates	Acquired Companies	Acquired Activities	Countries of Operations ⁽¹⁾	Acquisition Price (Approximation)	Annual Revenues (Approximation)
January 3, 2013	Morningstar Foods, LLC	Manufacturing and selling of dairy and non-dairy extended shelf-life products.	US	\$1.43 billion	\$1.6 billion
January 21, 2014	Warrnambool Cheese & Butter Factory Company Holdings Limited ⁽³⁾	Manufacturing, selling and distribution of cheese, butter and butter blends, milk, cream and dairy ingredients.	Australia	\$450 million	\$550 million
April 14, 2014	Fluid milk activities of Scotsburn Co-Operative Services Limited	Manufacturing, selling and distribution of mostly fluid milk and cream products in Atlantic Canada.	Canada	\$61 million	\$160 million

(1) The Company ceased carrying on its European activities in fiscal 2014.

(2) The Company sold its Bakery Division in the third quarter of fiscal 2015.

(3) The Company owns 87.92% of the issued shares of Warrnambool.

ITEM 3 - INDUSTRY OVERVIEW

3.1 REGULATORY ENVIRONMENT

The Company's production facilities are subject to laws and regulations at various government levels, including federal, state/provincial and municipal. These laws and regulations relate to the whole spectrum of food and beverage production, starting from reception of raw materials and ingredients to finished products, and cover matters such as product safety, quality, processing, content, composition, labelling, packaging and storage. They also cover matters relating to product logistics and distribution in respect of products manufactured by the Company and products manufactured by third parties that are handled by the Company. The Company also adheres to generally accepted norms and standards within the dairy processing industry. The Company's production facilities are subject to plant inspections by government authorities in order to ensure compliance with applicable laws and regulations.

3.2 MILK SUPPLY

In Canada, the dairy industry operates under a national milk supply management system. The objective of this system is to ensure that the overall supply of dairy products to the Canadian market is sufficient to meet consumer demand. This objective is met by regulating domestic milk production used for manufacturing dairy products in Canada.

Canadian milk production is allocated to processors based on provincial allocation rules for fluid milk products (*i.e.*, milk used to manufacture fluid milk products, such as table milk or cream intended for consumption in fluid forms) and industrial milk products (*i.e.*, milk used to manufacture all other dairy products, known as industrial dairy products, such as cheese, butter, ice cream and yogurt). Fluid milk is available to processors “on demand”, such that, subject to available supply, processors are free to order as much milk as they need to meet their fluid milk product requirements. The volume of industrial milk available for processing industrial dairy products is generally restricted in its growth. Notwithstanding the ongoing review of industrial milk allocation policies by the Canadian Dairy Commission and the various provincial milk marketing boards, Management believes that the risk of a processor losing a significant part of its currently available industrial milk allocation remains low. The price paid by processors for milk in Canada is regulated and depends on the class of dairy products manufactured.

In the US, milk pricing involves a wide variety of regulations based on public policy decisions. Some of these regulations include milk price supports, federal milk marketing orders, import restrictions, domestic and international food aid programs, state-level milk marketing programs and a multi-state milk pricing organization. Generally, milk pricing is regulated by milk marketing orders under federal jurisdiction, with the largest exception being California, which operates and regulates its own marketing order. In most cases, milk marketed to processors within the US is priced according to its use based on a class pricing structure. Under federal jurisdiction, minimum milk prices are set monthly by milk marketing orders based on product price formulas. Price data used in the federal formulas takes into account the wholesale prices of cheese, butter, dry whey and non-fat dry milk. This data is collected through surveys conducted by the Agricultural Marketing Service of the United States Department of Agriculture. In California, the California Department of Food and Agriculture monitors prices for butter, cheese, powdered milk and whey traded on the Chicago Mercantile Exchange (“CME”), as well as considers economic factors that affect producers, processors and consumers, for the purpose of setting the minimum milk price to be paid by California processors, based on a class pricing structure reflecting milk usage.

US dairy processing plants are not limited in terms of the quantity of milk they can receive and are free to negotiate their milk supply with whomever they choose. Independent processors usually negotiate with local cooperatives or they may procure milk directly from individual farms. Processors are charged a price that reflects the current month’s milk class price plus a negotiated handling charge.

In Argentina and Australia, milk prices are negotiated between processors and producers. There are no limitations or restrictions as to the volume of milk that is produced and processed, nor is milk sold to processors within Argentina and Australia priced or classified according to its use. Moreover, processors are not limited regarding the volume of milk that they can purchase and are free to negotiate milk supply agreements with whomever they choose. While milk pricing in Australia has a strong correlation to world price, in Argentina non-market driven factors, such as foreign trade policies and monetary currency policies, also influence the price of milk in relation to world price.

3.3 MARKETS

Market forces determine the prices at which the Company sells its products, generally as a result of negotiations between Saputo and its customers. In the US, pricing for the bulk of US cheese production is established on the basis of daily cash cheddar cheese trading on the CME plus a negotiated premium.

3.4 INTERNATIONAL TRADE

3.4.1 IMPORTS

Under the World Trade Organization (“WTO”) Agreement on Agriculture, Canada and the US are restricted regarding imports of dairy products. Imports within yearly access commitments are subject to low tariff rates, while imports over yearly access commitments are subject to prohibitively high tariff rates. Neither Argentina nor Australia is subject to similar import restrictions on foreign manufactured dairy products, although imports of dairy products into Argentina must be pre-approved by the government. In October 2013, the Canadian Government signed the Comprehensive Economic Trade Agreement (CETA) with the European Union (“EU”), which, if ratified, will see access for EU cheeses potentially imported into Canada double to approximately 32,000 tonnes.

3.4.2 EXPORTS

Pursuant to the final decision rendered by the WTO in December 2002, which found that Canada’s dairy export practices constituted export subsidies, Canada is forced to export any quantity of milk products over its WTO commitments at prices based on Canada’s national raw milk prices. Such prices are well above international milk prices, thereby making exports of dairy products from Canada non-competitive. In Argentina, in order to ensure that domestic dairy product requirements are met, the government pre-approves from time to time the volume of certain dairy products destined to the export markets. Neither the US nor Australia imposes export restrictions on dairy products destined to international markets.

3.5 PROCESSING AND TRADE

The following tables offer a general comparative view of production and export volumes in the countries where Saputo has production facilities.¹

Production ⁽¹⁾				
Volume (x 1 000 metric tonnes)	Canada	US	Argentina	Australia
Liquid Milk	2 730 ⁽²⁾	23 368	1 844	2 540
Fermented Products	305	2 109 ⁽⁴⁾	514	–
Cream	365	1 544	47	–
Butter and Butteroil	93 ⁽³⁾	847	55	121
Cheese	343	5 055	561	305
Whole Milk Powder	–	33	287	125
Skim Milk Powder	74	963	34	211

(1) Volumes are indicated for calendar year 2013, except for Australia, which are based on the 12 month period beginning July 2013 and ending June 2014, and Argentina fermented products and cream, which are for calendar year 2012.

(2) Including chocolate milk and eggnog.

(3) Production of butter only.

(4) Production of yogurt only.

Export ⁽¹⁾				
Volume (x 1 000 metric tonnes)	Canada	US	Argentina	Australia
Liquid Milk	3 ⁽²⁾	78	4	100
Fermented Products	8	37 ⁽⁴⁾	5	14
Cream	0	9	0	16
Butter and Butteroil	4 ⁽³⁾	94	18	48
Cheese	12	318	53	153
Whole Milk Powder	4	40	189	99
Skim Milk Powder	12	555	25	145

(1) Volumes are indicated for calendar year 2013, except for Australia, which are based on the 12 month period beginning July 2013 and ending June 2014, and Argentina fermented products and cream, which are for calendar year 2012.

(2) Including chocolate milk and eggnog.

(3) Production of butter only.

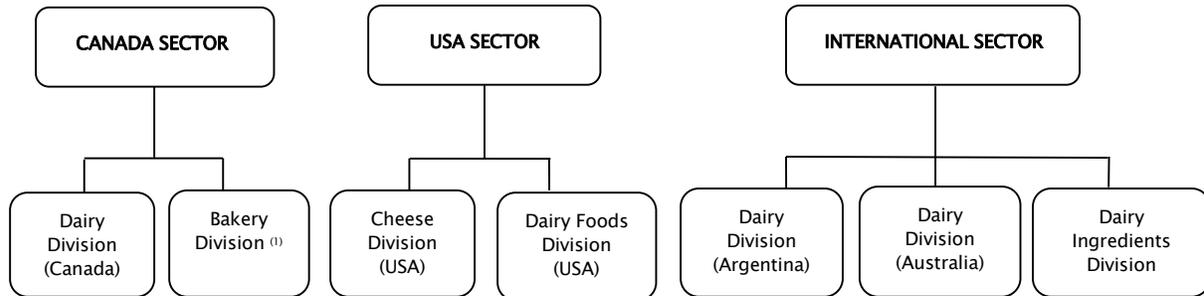
(4) Production of yogurt only.

¹ Source: Bulletin of the International Dairy Federation 476/2014.

ITEM 4 – DESCRIPTION OF THE BUSINESS

4.1 OVERVIEW

In fiscal 2015, the Company operated its business through three sectors and seven divisions.



(1) On February 2, 2015, the Company sold its Bakery Division.

The Company operates 51 manufacturing facilities and employs approximately 11,700 employees.

Saputo sells its products under well-known brands, such as *Saputo*, *Alexis de Portneuf*, *Armstrong*, *Bari*, *Baxter*, *Black Creek*, *Dairyland*, *DairyStar*, *Dragone*, *DuVillage 1860*, *Friendship*, *Frigo Cheese Heads*, *Great Midwest*, *Kingsey*, *La Paulina*, *Milk2Go/Lait's Go*, *Neilson*, *Nutralait*, *Organic Creamery*, *Ricrem*, *Salemville*, *Scotsburn**, *Stella*, *Sungold* and *Treasure Cave*.

The following table presents the relative importance of the Company's three sectors over the last two fiscal years:

	Revenues by Sector			
	Year ended March 31, 2015		Year ended March 31, 2014	
	Revenues (\$000)	% of Total Revenues	Revenues (\$000)	% of Total Revenues
Canada Sector	3,835,766	36.0	3,653,512	39.6
USA Sector	5,279,656	49.5	4,489,938	48.6
International Sector	1,542,290	14.5	1,089,439	11.8
Total	10,657,712	100.0	9,232,889	100.0

* Trademark used under licence.

The following table presents total Company revenues by market segmentation for the last two fiscal years:

Total Company Revenues – Market Segmentation				
Year ended March 31, 2015			Year ended March 31, 2014	
	Revenues (\$000)	% of Total Revenues	Revenues (\$000)	% of Total Revenues
Retail	5,317,432	49.9	4,509,662	48.8
Foodservice	4,077,557	38.3	3,692,286	40.0
Industrial	1,262,723	11.8	1,030,941	11.2
Total	10,657,712	100.0	9,232,889	100.0

Retail. Saputo sells both its own branded products and products under customer brand names to its retail customers, which include supermarket chains, mass-merchandisers, convenience stores, independent retailers, warehouse clubs and specialty cheese boutiques.

Foodservice. Foodservice customers include broadline distributors, restaurants (corporate restaurant chains, franchisees and individually-owned), hotels and institutions. Saputo provides its foodservice customers with its own branded products and products under customer brand names.

Industrial. Industrial clients include manufacturers and processors who use the Company's products as ingredients in the preparation of other food items, as well as in the preparation of nutritional products.

4.2 CANADA SECTOR

The Canada Sector includes the Dairy Division (Canada) and, until February 2, 2015, included the Bakery Division. In fiscal 2015, the Canada Sector represented 36.0% of the Company's total revenues.

4.2.1 PRODUCTS

Through its Dairy Division (Canada), Saputo produces, markets and distributes in Canada a variety of cheeses, including mozzarella and cheddar, specialty cheeses, such as ricotta, provolone, parmesan, feta and havarti, fine cheeses, such as brie and camembert, and other cheeses, including brick, colby, farmer, munster, monterey jack, fresh curd and processed cheeses, as well as butter. Saputo's cheese products are sold under various brand names, such as *Saputo*, *Armstrong*, *Alexis de Portneuf*, *Bari*, *Cheese Heads*, *Cogruet*, *DuVillage 1860*, *Kingsey* and *Stella*, as well as under customer brand names. Furthermore, Saputo produces a number of dairy ingredients, including milk powder, whey powder, lactose and whey protein concentrates. Through the Company's cheese distribution network, Saputo distributes fine imported cheeses to specialty stores, as well as certain non-dairy products manufactured by third parties.

Saputo also produces, markets and distributes in Canada fluid milk, cream, yogurt, sour cream and cottage cheese, as well as ice cream mixes. Fluid milk is sold under the *Dairyland* brand in Western Canada, the *Neilson* brand in Ontario, the *Nutralait* brand in Québec and the *Baxter* and *Scotsburn** brands in Atlantic Canada. Specialty milk is marketed under the *Trutaste* brand, as well as under the brand names *Dairy Oh!*, *Milk2Go/Lait's Go* and *Dairyland Plus*. In addition, within its fluid milk operations, Saputo also produces, markets and distributes certain other dairy and non-dairy products, including flavoured coffee creamers under the *International Delight** and *Baileys** brands, dips under the *Heluva Good** brand, as well as juices and drinks, such as *Sunny Delight**.

4.2.2 PRODUCTION

Raw Materials

In Canada, milk represents the primary cost incurred by the Company in the manufacturing of dairy products. Due to the regulated nature of the Canadian dairy industry, Saputo can only source its milk through the milk marketing boards in each province. The Company sources its other raw materials from various suppliers.

Facilities

The Company operates 23 manufacturing facilities located in Canada. The Company owns all of these facilities, with the exception of one facility, and they have an overall excess capacity of 30%.

4.2.3 MARKETS

Saputo is Canada's leading cheese manufacturer with a share of approximately 33% of Canadian natural cheese production. The Company also distributes fine imported cheeses to specialty stores and sells various non-dairy products manufactured by third parties that are complementary to the sale of its cheeses. The Company is the leading fluid milk and cream processor in Canada, with a share of approximately 36% of Canadian fluid milk and cream production.

* Trademark used under licence.

Clientele

The following table presents, for the Canada Sector, revenues by market segmentation for each of the last two fiscal years:

Canada Sector – Revenues – Market Segmentation				
	Year ended March 31, 2015		Year ended March 31, 2014	
	Revenues (\$000)	% of Total Revenues	Revenues (\$000)	% of Total Revenues
Retail	2,500,299	65.2	2,393,308	65.5
Foodservice	1,260,342	32.8	1,167,691	32.0
Industrial	75,125	2.0	92,513	2.5
Total	3,835,766	100.0	3,653,512	100.0

4.2.4 DISTRIBUTION

Product distribution in Canada is made through direct shipments to certain customers, as well as to national and regional third party distributors. Saputo has also developed a nation-wide distribution network for its dairy operations, comprised of 29 distribution centres and warehouses and approximately 875 distribution routes located across Canada.

4.2.5 COMPETITION

The Dairy Division (Canada) competes mainly with multinational and national dairy processors. Saputo has established itself as Canada's largest cheese manufacturer and leading fluid milk and cream processor, with a share of approximately 33% of Canadian natural cheese production and 36% of Canadian fluid milk and cream production.

4.2.6 EMPLOYEE RELATIONS

As of March 31, 2015, the Canada Sector had a total of approximately 5,000 employees, all located in Canada. Approximately 40% of the Canada Sector's workforce is unionized.

The Company does not currently foresee any labour unrest in connection with the renewal of collective agreements expiring in fiscal 2016. All agreements that expired in fiscal 2015 were either renewed upon satisfactory terms or continue to govern during ongoing negotiations, which are expected to result in satisfactory renewals. The Company has good employee relations. The loyalty and dedication of its employees are key elements in the Company's performance.

4.3 USA SECTOR

The USA Sector includes the Cheese Division (USA) and the Dairy Foods Division (USA). In fiscal 2015, revenues from the USA Sector represented 49.5% of the Company's total revenues.

4.3.1 PRODUCTS

Through its Cheese Division (USA), Saputo produces, markets and distributes in the US a variety of cheeses, including a broad line of mozzarella, American-style and specialty cheeses, such as ricotta, provolone, blue, parmesan and romano, which are sold under a variety of the Company's brand names, including *Black Creek*, *Dragone*, *Friigo Cheese Heads*, *Gardenia*, *Great Midwest*, *King's Choice*, *Lorraine*, *Lugano*, *Organic Creamery*, *Salemville*, *Saputo*, *Stella* and *Treasure Cave*, as well as under customer brand names. The Company also converts, markets and sells a broad range of specialty cheeses and, moreover, holds an important portfolio of import licences for specialty cheeses manufactured abroad. As well, Saputo produces dairy ingredients, including whey powder, whey protein concentrates and dairy ingredient blends.

Through its Dairy Foods Division (USA), the Company produces, markets and distributes in the US a variety of dairy and non-dairy extended shelf-life products, including cream and creamers, ice cream mixes, whipping cream, aerosol whipped toppings, iced coffee, half and half and value-added milks, as well as cultured products, such as sour cream and cottage cheese. These products are manufactured under customer brand names, as well as under the Company's own brands, such as *DairyStar*.

The product offerings and manufacturing and distribution footprints of the Cheese and Dairy Foods Divisions (USA) are complementary.

4.3.2 PRODUCTION

Raw Materials

In the US, Saputo sources its milk and cream primarily from cooperatives, mainly through short and long-term supply agreements, as well as directly from farmers and other dairy processors. Milk and cream represent the primary costs incurred by the Company in manufacturing its dairy products. The Company sources its other raw materials from various suppliers.

Facilities

The Company operates 24 manufacturing facilities located in the US. The Company owns all of these facilities, except for two facilities, and they have an overall excess capacity of 6%.

4.3.3 MARKETS

In the US, Saputo is among the top three cheese producers with approximately 9% of natural cheese production and among the largest producers of extended shelf-life and cultured dairy products. The Company competes in the US natural cheese, extended shelf-life and cultured dairy products markets by selling its own branded products and products under customer brand names.

Clientele

The following table presents, for the USA Sector, revenues by market segmentation for each of the last two fiscal years:

	USA Sector – Revenues – Market Segmentation			
	Year ended March 31, 2015		Year ended March 31, 2014	
	Revenues (\$000)	% of Total Revenues	Revenues (\$000)	% of Total Revenues
Retail	2,330,085	44.1	1,895,662	42.2
Foodservice	2,628,838	49.8	2,332,400	52.0
Industrial	320,733	6.1	261,876	5.8
Total	5,279,656	100.0	4,489,938	100.0

4.3.4 DISTRIBUTION

Sales in the US are made through direct shipments to certain customers, as well as to national and regional third party distributors.

4.3.5 COMPETITION

In the US, the Company competes mainly with multinational and national dairy processors. Saputo has established itself in the US among the top three cheese producers with approximately 9% of natural cheese production and among the largest processors of extended shelf-life and cultured dairy products.

4.3.6 EMPLOYEE RELATIONS

As of March 31, 2015, the Company's USA Sector had approximately 5,200 employees, all located in the US. Approximately 31% of the US Sector's workforce is unionized.

The Company does not currently foresee any labour unrest in connection with the renewal of collective agreements expiring in fiscal 2016. All agreements that expired in fiscal 2015 were renewed upon satisfactory terms or continue to govern during ongoing negotiations, which are expected to result in satisfactory renewals. The Company has good employee relations in the US. The loyalty and dedication of its employees are key elements in the Company's performance.

4.4 INTERNATIONAL SECTOR

The International Sector includes the Dairy Division (Argentina), the Dairy Division (Australia) and the Dairy Ingredients Division. In fiscal 2015, revenues from the International Sector represented 14.5% of the Company's total revenues.

4.4.1 PRODUCTS

Through its Dairy Division (Argentina), Saputo produces, markets and distributes in Argentina and on the international market a variety of cheeses, as well as butter and cream. These products are sold under recognized brand names, such as *La Paulina*, *Molfino*, *Saputo*, *Stella* and *Ricrem*. The Company also produces, markets and distributes dairy ingredients, including milk powder, casein and whey protein.

Through its Dairy Division (Australia), the Company produces, markets and distributes in Australia and on the international market a variety of cheeses, butter and butter blends, milk and cream. These products are sold under various brand names, such as *Warrnambool*, *Sungold* and *Great Ocean Road*. The Company also produces, markets and distributes dairy ingredients, including milk powder, whey protein concentrates and lactoferrin.

Through its Dairy Ingredients Division, the Company sells dairy ingredients produced by the North American divisions to the international market and the national markets in Canada and the US. In addition, the Dairy Ingredients Division sells to the international market certain cheeses produced by the North American divisions.

4.4.2 PRODUCTION

Raw Materials

In Argentina and Australia, Saputo sources its milk requirements directly from producers. Approximately 2% of the Company's milk supply in Argentina is sourced from farms owned by Saputo. The Dairy Division (Argentina) and the Dairy Division (Australia) source their other raw materials from various suppliers. The Dairy Ingredients Division does not produce any products. Rather, it sources the products it sells from the Dairy Division (Canada) and the Cheese Division (USA).

Facilities

The Company operates two owned manufacturing facilities located in Argentina, which have an overall excess capacity of 23%.

The Company operates two owned manufacturing facilities located in Australia, which have an overall excess capacity of 28%.

4.4.3 MARKETS

Saputo is the third largest dairy processor in Argentina, processing approximately 9% of the entire milk production. The sale of its products manufactured in Argentina is well balanced between the national and international markets.

The Company is the fourth largest dairy processor in Australia, processing approximately 9% of the entire milk production. The sale of its products manufactured in Australia is well balanced between the national and international markets.

Through its Dairy Ingredients Division, the Company sells dairy ingredients produced by the North American divisions to the international market and the national markets in Canada and the US. In addition, the Dairy Ingredients Division sells to the international market certain cheeses produced by the North American divisions.

Clientele

The following table presents, for the International Sector, revenues by market segmentation for each of the last two fiscal years:

International Sector – Revenues – Market Segmentation				
Year ended March 31, 2015			Year ended March 31, 2014	
	Revenues (\$000)	% of Total Revenues	Revenues (\$000)	% of Total Revenues
Retail	487,048	31.6	220,692	20.3
Foodservice	188,377	12.2	192,195	17.6
Industrial	866,865	56.2	676,552	62.1
Total	1,542,290	100.0	1,089,439	100.0

4.4.4 DISTRIBUTION

In the countries where the Company has manufacturing facilities, Saputo distributes its products through third party distributors and by direct shipment to certain customers. With regard to the international market, the Company distributes its products by arranging for delivery to a port of entry using third party carriers and, in certain cases, using the services of third party distributors located within the international market.

4.4.5 COMPETITION

The Company competes mainly with multinational and national dairy processors. The Company has established itself as the third largest dairy processor in Argentina, processing approximately 9% of the entire milk production, and the fourth largest dairy processor in Australia, processing approximately 9% of the entire milk production.

4.4.6 EMPLOYEE RELATIONS

As of March 31, 2015, the Company's International Sector had approximately 1,500 employees, of which approximately 1,000 were located in Argentina and 500 in Australia. Approximately 74% of the International Sector's workforce is unionized.

The Company does not currently foresee any labour unrest in connection with the renewal of collective agreements expiring in fiscal 2016. All agreements that expired in fiscal 2015 were either renewed upon satisfactory terms or continue to govern during ongoing negotiations, which are expected to result in satisfactory renewals. The Company has good employee relations. The loyalty and dedication of its employees are key elements in the Company's performance.

4.5 CAPITAL EXPENDITURES

Management believes that the Company has adequate manufacturing capacity to meet current and near-term demand for its products. It is Saputo's intention to continue to expand and modernize its plants, with investments being focused on equipment and processes designed to increase efficiency. More specifically, during the last five fiscal years, Saputo incurred \$819 million in capital expenditures. In fiscal 2015, the Company spent \$187 million in capital expenditures and, in fiscal 2016, Saputo expects to incur capital expenditures of approximately \$218 million. The estimated capital expenditures for fiscal 2016 includes an amount of \$48 million related to investments in an Enterprise Resource Planning (ERP) system. The planning, designing and implementing of the new ERP system is estimated to take five years and, in this regard, the Company expects to spend between \$210 and \$250 million in capital expenditures over the course of such period.

With regards to depreciation expense, during the last five fiscal years, Saputo recorded \$597 million in depreciation expense. The Company tends to spend amounts of capital expenditures to a level which is equivalent to its depreciation expense, without considering capital expenditure amounts for special projects, such as past capacity increases in Argentina, capital expenditures necessary in light of rationalization programs or the Company's ERP project. In fiscal 2015, depreciation expense totalled \$156 million and, in fiscal 2016, the Company expects to incur approximately \$163 million in depreciation expense.

4.6 ENVIRONMENT

The Company has an environmental policy directed towards minimizing the environmental impact of all its activities, which promotes environmental awareness among employees and affirms the Company's commitment to pursue environmentally responsible business practices and seek continuous improvement in its environmental performance. The Company defines, reviews and updates its environmental objectives in order for its operations to be managed in compliance with applicable environmental laws and regulations, taking into consideration sound management. Among other measures to achieve its commitment under the policy, the Company provides training to employees in their environmental responsibilities, conducts regular environmental audits to confirm that the operations are managed in compliance with applicable environmental laws and regulations, the policy's objectives and principles of sound management, and adopts and applies programs and procedures which minimize the consequences of emergency events. Within each of

its operating divisions, the Company has employees responsible for environmental matters and the application of the environmental policy.

The Company's environmental committee, which includes the Chief Executive Officer, the President and Chief Operating Officer, the President of each operating division and the senior manager in each division responsible for environmental matters, is responsible for overseeing the application of the environmental policy. The environmental committee meets quarterly to discuss the environmental condition of all Company facilities, the required action plans and the status of ongoing projects. Regular reporting is made to the Audit Committee, which is responsible for risk management. The Chair of the environmental committee also meets annually with the Audit Committee to review the application of the environmental policy and the environmental performance of the Company's activities. Reference is made to Appendix A hereto for the Audit Committee's Mandate.

The Company's global operations are subject to various federal, provincial, state, municipal and local laws and regulations relating to environmental protection. Its facilities generally operate under wastewater discharge permits issued under these laws and regulations or have entered into wastewater discharge agreements with local municipalities. Compliance with these laws, regulations, permits and agreements require the Company to incur expenses and to monitor its operations on an ongoing basis. The Company believes that its operations are in compliance in all material respects with the requirements of its permits and agreements, and with currently applicable environmental laws and regulations, except as discussed below. It is the Company's intention to comply with all applicable environmental laws and regulations, including all permit requirements and agreements with municipalities.

Exceedances in wastewater generated by some Company facilities over the limits prescribed in applicable laws, wastewater discharge permits or agreements with municipalities have been registered in the past and in some recent samplings, as well as isolated accidental cases of unauthorized discharges. At such facilities, the Company has been implementing various measures to reduce wastewater at source and, at certain locations, has upgraded or is upgrading equipment to achieve compliance and prevent future incidents.

Through past acquisitions, the Company inherited historical contamination at some facilities. Most of these sites had been contaminated by former petroleum storage tanks. At each of these sites, the Company is either implementing proper remediation measures, overseeing their implementation by the responsible party or proceeding with additional investigations to determine if further action is required. In some cases, with the consent of governmental authorities, the Company continues to monitor the situation to confirm that no further action is required. The Company does not expect that major expenditures will be required to deal with the contamination at these facilities.

The Company stays apprised of new climate change legislation, has appropriate monitoring plans in place where required, and complies with the registration or reporting requirements currently applicable to some of its facilities. One of the Company's California facilities is currently subject to greenhouse gas emission reduction requirements, and has purchased all emission credits necessary to comply with the requirements for the 2015 calendar year.

During fiscal 2015, the Company spent approximately \$10.1 million to comply with existing environmental laws and regulations and improve plant efficiencies to reduce noise and air emissions and wastewater discharge, to update or remove underground storage tanks, to address contamination issues and to improve wastewater treatment systems at a number of its facilities,

plus approximately \$105,000 for costs associated with obligations related to closed facilities. All amounts spent during fiscal 2015 are reflected in the Company's Consolidated Financial Statements included in the 2015 Annual Report. For fiscal 2016, Management estimates similar types of expenditures at approximately \$7.3 million and \$18,000, respectively. Management believes that compliance with currently applicable environmental protection requirements will not have a material effect on the Company's earnings or competitive position during fiscal 2016.

4.7 INTELLECTUAL PROPERTY

As the Company is involved in the production, sale and distribution of food products, it relies on brand recognition and loyalty from its clientele, in addition to relying on the quality of its products. The Company focuses on certain established brands and believes that its trademarks are recognized by consumers for quality and reliability. Also, as innovation forms part of Saputo's growth strategy, new technologies, products and process optimization methods have been developed by the Company's research and development teams in recent years. The protection of these assets may include patenting certain technologies when appropriate. Hence, Saputo takes, and intends to continue taking, appropriate measures to protect, maintain and enforce its intellectual property.

4.8 RISKS AND UNCERTAINTIES

The risks and uncertainties related to Saputo's operations are disclosed in the Company's Management's Discussion and Analysis contained in the 2015 Annual Report, under the heading "Risks and Uncertainties", and incorporated herein by reference. The Management's Discussion and Analysis may be found on SEDAR at www.sedar.com. A copy may also be obtained upon request to the Secretary of the Company, at its head office, 6869 Métropolitain Boulevard East, Montréal, Québec, H1P 1X8, Telephone: 514-328-6662.

ITEM 5 – DIVIDEND POLICY

Saputo has a policy of declaring quarterly cash dividends on the Common Shares. The balance of the Company's earnings are reinvested to finance the growth of its business. The Company's dividend policy is reviewed from time to time, but at least once annually, by the Board of Directors and depends on Saputo's financial condition, financial performance, capital requirements and such other factors as the Board of Directors, in its sole discretion, deems relevant.

In fiscal 2013, 2014 and 2015, Saputo declared, respectively, yearly dividends on the Common Shares of \$0.42, \$0.46 and \$0.52 per share. In fiscal 2015, the Company's dividend policy was reviewed by the Board of Directors and the quarterly dividend of \$0.115 per share, representing a yearly dividend of \$0.46 per share, was increased on August 5, 2014, to \$0.13 per share, representing a 13% increase and an yearly dividend of \$0.52 per share.

ITEM 6 – CAPITAL STRUCTURE AND MARKET FOR SECURITIES

6.1 SHARE CAPITAL

6.1.1 SHARE CAPITAL DESCRIPTION

The articles of the Company provide that its authorized share capital shall be composed of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series (the “**Preferred Shares**”), all without nominal or par value. As of the close of business on May 25, 2015, 392,734,819 Common Shares and no Preferred Shares were issued and outstanding.

The following is a summary of the material provisions which attach to the classes of the Common Shares and the Preferred Shares and is qualified by reference to the full text of the rights, privileges, restrictions and conditions of such shares.

Common Shares

The Common Shares carry and are subject to the following rights, privileges, restrictions and conditions:

Voting

Each Common Share entitles its holder to receive notice of and to attend all general and special meetings of shareholders of Saputo, other than meetings at which only the holders of a particular class or series are entitled to vote, and each such Common Share entitles its holder to one vote.

Dividends

The holders of Common Shares are, at the discretion of the Board of Directors, entitled to receive, out of any amounts properly applicable to the payment of dividends and after the payment of any dividends payable on the Preferred Shares, any dividends declared and payable by Saputo on the Common Shares.

Dissolution

The holders of Common Shares shall be entitled to share equally in any distribution of the assets of Saputo upon the liquidation, dissolution or winding-up of Saputo or other distribution of its assets among its shareholders. Such participation is subject to the rights, privileges, restrictions and conditions attached to any issued and outstanding Preferred Shares or shares of any other class ranking prior to the Common Shares.

Preferred Shares

Preferred Shares may be issued from time to time in one or more series. The terms of each series of Preferred Shares would include the number of shares authorized for issuance, as well as the designation, rights, preferences, privileges, priorities, restrictions, conditions and limitations attached thereto, which would be determined at the time of issuance of each such series by the

Board of Directors of Saputo without shareholder approval, provided that all Preferred Shares will rank, with respect to dividends and return of capital in the event of liquidation, dissolution, winding-up or other distribution of assets of Saputo for the purpose of winding-up its affairs, *pari passu* among themselves and in priority to all shares of any class ranking junior to the Preferred Shares.

6.1.2 SHARE TRADING PRICE AND VOLUME

The Common Shares of Saputo are listed on the Toronto Stock Exchange under the stock market symbol “SAP”. The following table outlines the price range and trading volume of the Common Shares for each month of the last fiscal year:

Price Range and Trading Volume of the Common Shares			
Month	High (\$)	Low (\$)	Volume
April 2014 ⁽¹⁾	29.33	27.44	9,487,778
May 2014 ⁽¹⁾	32.46	29.04	6,140,108
June 2014 ⁽¹⁾	32.01	28.77	12,122,262
July 2014 ⁽¹⁾	34.04	31.75	9,995,690
August 2014 ⁽¹⁾	34.62	32.56	10,171,358
September 2014 ⁽¹⁾	33.91	30.25	13,586,740
October 2014	32.95	30.75	9,194,574
November 2014	33.56	30.45	7,234,867
December 2014	35.14	31.83	12,781,456
January 2015	37.33	33.03	7,893,836
February 2015	37.58	34.80	9,206,485
March 2015	37.19	34.38	9,726,888

(1) Adjusted for the two-for-one stock split effective September 30, 2014.

6.2 MEDIUM TERM NOTES

On November 14, 2014, the Company filed a short form base shelf prospectus qualifying an offering of unsecured medium term notes (the “MTNs”) under a medium term note program (“MTN Program”) for distribution to the public over a 25-month period. The MTNs rank equally and *pari passu* with all other existing and future unsecured and unsubordinated indebtedness of the Company.

On November 26, 2014, under its MTN Program, the Company completed an offering of \$300 million medium term notes, Series 1, due 2019 (the “Series 1 Notes”), which is detailed in the following table:

Security	Series 1 Notes
Size of Offering	\$300,000,000
Original Issue Date	November 26, 2014
Maturity Date	November 26, 2019
Coupon Rate	2.654%
Issue Price	\$1,000 per \$1,000 principal amount
Application of Proceeds	Repayment of outstanding indebtedness incurred in the ordinary course of business for general corporate purposes and incurred for the acquisition of Warrnambool Cheese & Butter Factory Company Holdings Limited.

In connection with the establishment of its MTN Program and the issuance of the Series 1 Notes, the Company obtained credit ratings. See "Credit Ratings".

6.3 CREDIT RATINGS

The Company has received the following ratings from DBRS Limited ("**DBRS**") and Moody's Canada Inc. ("**Moody's**"):

	DBRS		Moody's	
	Rating	Trend	Rating	Outlook
Issuer Credit Rating	A (low)	Stable	-	
MTN Program/Notes	A (low)	Stable	(P)Baa1 / Baa1	Stable

The above-noted ratings are in effect at the end of the last fiscal year and are given the following credit characteristics by the rating agencies, which is based on information made available to the public by the rating agencies.

DBRS

- DBRS has 10 long-term debt rating categories, ranging from AAA to D and uses the designation "(high)" and "(low)" in all rating categories other than AAA and D to show the relative standing of a rating within a category.
- The A (low) issuer credit rating assigned to the Company by DBRS indicates that the Company ranks in the third highest of DBRS's ten rating categories. Issuers which are rated in the A category by DBRS are considered to be of good credit quality and the capacity for the payment of their financial obligations is substantial, but is of lesser credit quality than AA. In addition, issuers in the A rating category may be vulnerable to future events, but qualifying negative factors are considered manageable. Issuer ratings assigned by DBRS address the overall credit strength of the issuer, are based on the entity itself and do not include consideration for security or ranking.
- The A (low) credit rating assigned to the Series 1 Notes by DBRS indicates that the Series 1 Notes rank in the third highest of DBRS's ten rating categories. Debt instruments which are rated in the A category by DBRS are considered to be of good credit quality and the capacity for the payment of financial obligations is substantial, but is of lesser credit quality than AA.

In addition, debt instruments in the A rating category may be vulnerable to future events, but qualifying negative factors are considered manageable.

- DBRS uses "rating trends" for its ratings in the corporate sector. Rating trends provide guidance in respect of DBRS's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories - "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, the DBRS view is based primarily on an evaluation of the issuing entity or debt instruments, as applicable, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates. A Positive or Negative Trend is not an indication that a rating change is imminent. Rather, a Positive or Negative Trend represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a Stable Trend was assigned to the issuing entity or debt instruments, as applicable. DBRS assigns a rating trend for each security of an issuing entity and it is not unusual for securities of the same entity to have different trends.

Moody's

- Moody's has 9 long-term debt rating categories, ranging from Aaa to C and applies numerical modifiers 1, 2 and 3 to each rating classification from Aa to Caa. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.
- The (P)Baa1 rating assigned to the MTN Program by Moody's indicates that the MTN Program ranks in the fourth highest of Moody's nine rating categories. Long term debt securities which are rated Baa by Moody's are considered medium-grade and subject to moderate credit risk and, as such, may possess certain speculative characteristics.
- The Baa1 rating assigned to the Series 1 Notes by Moody's indicates that the Series 1 Notes rank in the fourth highest of Moody's nine rating categories. Long term debt securities which are rated Baa by Moody's are considered medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
- Moody's uses "rating outlooks" to provide its opinion regarding the likely direction of a rating over the medium term. The assignment of, or a change in, an outlook is not a credit rating action if there is no change to the credit rating. Where assigned, rating outlooks fall into the following four categories: "Positive (POS)", "Negative (NEG)", "Stable (STA)" and "Developing (DEV - contingent upon an event)".

The credit ratings assigned by DBRS and Moody's are not recommendations to buy, hold or sell the Company's securities and may be subject to revision or withdrawal at any time by the respective rating organization. Such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that these ratings will remain in effect for any given period of time. The credit ratings assigned by DBRS and Moody's may not reflect the potential impact of all risks related to structure and other factors of the MTN Program and on the value of the MTNs.

As is common practice, each of the above-noted credit rating agencies charged the Company for their rating services, which include annual monitoring fees for monitoring the Company and updating the ratings, in addition to one-time rating fees when debt is initially issued. The Company reasonably expects that such payments will continue to be made for rating services in the future. No additional payment was made to the above-noted credit rating agencies for other services provided to the Company during the last two fiscal years.

ITEM 7 - DIRECTORS AND OFFICERS

7.1 DIRECTORS

The following table sets forth each director's name, Province/State and Country of residence, the year each first became a director, principal occupation and the number of Common Shares and Deferred Share Units beneficially owned or over which control or direction was exercised, directly or indirectly, as of May 25, 2015. Directors are elected until the next annual meeting of shareholders or, in the case of a vacancy or resignation, until a successor is elected or appointed.

Name and Province/State and Country of Residence	Director Since	Principal Occupation ⁽¹⁾	Common Shares Beneficially Owned or Over Which Control or Direction was Exercised as of May 25, 2015	Deferred Share Units Beneficially Owned or Over Which Control or Direction was Exercised as of May 25, 2015
Emanuele (Lino) Saputo, C.M., O.Q., D ^r h.c. Québec, Canada	1992	Chairman of the Board of the Company	133,559,848 ⁽²⁾	–
Lino A. Saputo, Jr. Québec, Canada	2001	Chief Executive Officer and Vice Chairman of the Board of the Company	136,730	–
Lucien Bouchard ^{(3) (8)} Québec, Canada	2004	Senior Partner, Davies Ward Phillips & Vineberg LLP ⁽⁴⁾	–	95,164
Pierre Bourgie ^{(3) (6)} Québec, Canada	1997	President and Chief Executive Officer of Société Financière Bourgie (1996) Inc. (a diversified investment company)	1,335,820	54,394
Henry E. Demone ⁽³⁾ Nova Scotia, Canada	2012	Chairman of High Liner Foods Incorporated (a processor and marketer of prepared frozen seafood)	3,300	18,831

Name and Province/State and Country of Residence	Director Since	Principal Occupation ⁽¹⁾	Common Shares Beneficially Owned or Over Which Control or Direction was Exercised as of May 25, 2015	Deferred Share Units Beneficially Owned or Over Which Control or Direction was Exercised as of May 25, 2015
Anthony M. Fata ^{(5) (7)} Québec, Canada	2008	President of Sager Food Products Inc. (a food products manufacturing and distribution company)	12,000	50,981
Annalisa King, ICD.D ⁽⁵⁾ British Columbia, Canada	2012	Senior Vice President and CFO of Best Buy Canada Ltd. (a retailer and e-tailer of consumer electronics, computers and entertainment products)	–	16,364
Tony Meti ⁽⁵⁾ Québec, Canada	2008	President of G.D.N.P. Consulting Services, Inc. (a consulting company)	20,800	60,604
Caterina Monticciolo, CPA, CA Québec, Canada ⁽⁸⁾	1997	President of Julvest Capital Inc. (a holding company)	476,000	58,186
Patricia Saputo, CPA, CA, ICD.D Québec, Canada	1999	Chief Financial Officer of Placements Italcen Inc. (a diversified investment company)	4,000	55,696
Annette Verschuren, O.C. ⁽⁵⁾ Ontario, Canada	2013	Chairman and Chief Executive Officer, NRstor Inc. (a commercial energy storage project developer)	7,000	8,530

- (1) Reference is made to the Company's Management Proxy Circular dated June 4, 2015, under the section entitled "Election of Directors", for information on other occupations during the last five years. This information is incorporated herein by reference.
- (2) The shares are held by Jolina Capital Inc., a holding company controlled by Mr. Emanuele (Lino) Saputo.
- (3) Member of the Corporate Governance and Human Resources Committee. The Chairman of the Committee is Mr. Pierre Bourgie.
- (4) Mr. Bouchard also serves on the Board of Directors of BMT Group Inc., Transcontinental Inc. and Transforce Inc.
- (5) Member of the Audit Committee. The Chairman of the Committee is Mr. Tony Meti.
- (6) Lead Director.
- (7) Mr. Anthony M. Fata was a director of Verona Foods Inc., an importer of specialty foods, until August 3, 2012. Verona Foods Inc. commenced proposal proceedings under the *Bankruptcy and Insolvency Act* (Canada) on October 3, 2012, by filing a notice of intent to make a proposal. On January 29, 2013, Verona Foods Inc. made a voluntary assignment into bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada).
- (8) Mr. Lucien Bouchard and Mrs. Caterina Monticciolo have advised the Company that they do not intend to renew their mandates as directors. Reference is made to the Company's Management Proxy Circular dated June 4, 2015, for additional information regarding nominees to the Board of Directors of Saputo to be elected at the annual meeting of shareholders to be held on August 4, 2015.

During the last five years, all of the above-listed directors have been engaged in their present principal occupations or in other executive capacities with the companies indicated opposite their name or with related or affiliated companies, except for Ms. Annette Verschuren, who was President of The Home Depot from 1996 to 2011.

Information as to shares beneficially owned by each director, or over which each exercised control or direction, directly or indirectly, as of May 25, 2015, has been provided by the directors individually.

Additional information concerning the Common Shares and Deferred Share Units held by directors is included in the Company's Management Proxy Circular dated June 4, 2015, under the section entitled "Election of Directors". This information is incorporated herein by reference.

7.2 EXECUTIVE OFFICERS

The following table sets forth the name, Province/State and Country of residence and position with the Company of each person who is an executive officer of the Company as of May 25, 2015:

Name and Province/State and Country of Residence	Position
Emanuele (Lino) Saputo, C.M., O.Q., D ^r h.c. Québec, Canada	Chairman of the Board
Lino A. Saputo, Jr. Québec, Canada	Chief Executive Officer and Vice Chairman of the Board
Kai Bockmann Illinois, US	President and Chief Operating Officer Dairy Division (International)
Terry Brockman Wisconsin, US	President and Chief Operating Officer Cheese Division (USA)
Louis-Philippe Carrière, FCPA, FCA Québec, Canada	Chief Financial Officer and Secretary
Carl Colizza Québec, Canada	President and Chief Operating Officer Dairy Division (Canada)
Paul Corney Texas, US	President and Chief Operating Officer Dairy Foods Division (USA)
Dino Dello Sbarba, FCPA, FCMA Québec, Canada	President and Chief Operating Officer
Gaétane Wagner Québec, Canada	Chief Human Resources Officer

During the last five years, all of the above-listed executive officers have held the principal occupation indicated opposite their names or other executive capacities with the Company, except for Mr. Kai Bockmann who, until December 2011, was Managing Director for Asia Division of McCain Foods Limited, a food company.

As of May 25, 2015, the directors and executive officers of Saputo, as a group, beneficially owned or exercised control or direction over, directly or indirectly, an aggregate of 135,749,533 Common Shares, representing approximately 35% of the outstanding Common Shares of the Company.

ITEM 8 - LEGAL PROCEEDINGS

The Company is defendant to certain claims arising from the normal conduct of its business. Management believes that the final resolution of these claims will not have a material adverse effect on its earnings or financial position.

ITEM 9 - INTEREST OF MANAGEMENT AND OTHERS IN TRANSACTIONS

In the normal course of business, the Company receives and provides goods and services from and to companies subject to control or significant influence through ownership by its principal shareholder. These goods and services are of an immaterial amount and compensated by a consideration equal to their fair value, comparable to similar arms' length transactions. Reference is made to the note in the Company's Consolidated Financial Statements describing the related party transactions (see "Additional Information").

ITEM 10 - EXPERTS

Saputo's auditors are Deloitte LLP. Saputo's Consolidated Financial Statements as of March 31, 2015 and 2014 and for the years then ended have been filed under National Instrument 51-102 — Continuous Disclosure Obligations in reliance on the report of Deloitte LLP, independent chartered accountants, given on their authority as experts in auditing and accounting. Deloitte LLP have advised Saputo that they are independent within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

ITEM 11 - TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and the MTNs is Computershare Trust Company of Canada at its principal offices in Montreal and Toronto.

ITEM 12 - MATERIAL CONTRACTS

No material contracts outside the ordinary course of business of the Company were entered into within the year ended March 31, 2015, or before such year that are still in effect, and which are required to be filed with Canadian securities regulatory authorities in accordance with section 12.2 of National Instrument 51-102 — Continuous Disclosure Obligations.

ITEM 13 – AUDIT COMMITTEE INFORMATION

13.1 AUDIT COMMITTEE’S CHARTER

The Audit Committee’s mandate is included in Appendix A.

13.2 COMPOSITION AND RELEVANT EDUCATION AND EXPERIENCE

All members of the Audit Committee are independent and financially literate.

The following table sets forth each Audit Committee member’s name and education, as well as experience relevant to the performance of his responsibilities as an Audit Committee member:

Name	Education and Experience
Anthony M. Fata	Completed a Bachelor’s degree in civil law (BCL), a Bachelor’s degree in common law (LLB) and a Master’s degree in business and administration (MBA) and is a member of the Québec Bar. From 1993 to 1999, he occupied various positions in the Corporate Finance and Mergers and Acquisitions department of a Canadian Chartered Bank, including Executive Director. During this period, he was actively involved in various equity and debt issues, as well as numerous merger and acquisition transactions. In 1999, he became Vice-President of sales and marketing of Sager Food Products Inc. and was appointed President in November 2004. In this role, he is responsible for the financial results and financial statements and is also required to understand internal controls and procedures. Mr. Fata’s professional experiences required and contributed to the development of his ability to analyze financial statements and understand the accounting principles used by the Company.
Annalisa King	Completed a Bachelor’s degree in business administration. Ms. King has occupied senior positions, primarily in finance, throughout her career at consumer packaged goods companies. She is currently Senior Vice President and Chief Financial Officer of Best Buy Canada Ltd., where she leads the company’s finance and accounting departments, as well as the information and ecommerce technology, legal and real estate functions. Ms. King’s professional experiences required and contributed to the development of her ability to analyze financial statements and understand the accounting principles used by the Company.

Name	Education and Experience
Tony Meti	Completed a Bachelor's degree in Commerce. Mr. Meti occupied over the past thirty (30) years various positions within Canadian Chartered Banks, including Senior Vice-President, Commercial Banking and International and Senior Vice-President, Commercial, North America. He is now the President of G.D.N.P. Consulting Services, Inc. Mr. Meti's professional experiences required and contributed to the development of his ability to analyze financial statements and understand the accounting principles used by the Company.
Annette Verschuren	Completed a Bachelor's degree in business administration. Ms. Verschuren has occupied senior functions throughout her career, such as President of The Home Depot from 1996 to 2011. She has been the Chairman and Chief Executive Officer of NRstor Inc. since March 2012. Ms. Verschuren's professional experiences required and contributed to the development of her ability to analyze financial statements and understand the accounting principles used by the Company.

13.3 POLICIES AND PROCEDURES REGARDING THE SERVICES RENDERED BY THE EXTERNAL AUDITORS

The Company has a policy with respect to services rendered by its external auditors (the “**Policy**”). The Policy divides the services in three categories: (i) services that are considered audit related (“**Audit Services**”) and therefore covered by the annual audit budget; (ii) services that do not qualify as Audit Services (“**Other Mandates**”); and (iii) services that cannot be provided by the external auditors (“**Prohibited Mandates**”). Pursuant to the Policy, no Other Mandate(s) can be provided by the Company's external auditors, unless one of the following conditions is met:

- (i) the Audit Committee has pre-approved the Other Mandate(s); or
- (ii) the amount of the fees to be paid for any individual Other Mandate not pre-approved by the Audit Committee does not exceed \$75,000 and the aggregate amount of this and all Other Mandate(s) not pre-approved by the Audit Committee and granted since the beginning of the Company's fiscal year does not exceed \$250,000.

Finally, the Policy requires that Management presents to the Audit Committee, on a quarterly basis, a statement of the services (other than the Audit Services) rendered by the external auditors of the Company, as well as any mandate given to other accounting firms.

13.4 EXTERNAL AUDITORS' FEES (BY CATEGORY)

The following table sets out, by categories, the fees billed by Deloitte LLP, the Company's external auditors, for fiscal years 2015 and 2014:

Fee Category	2015 (\$)	2014 (\$)
Audit Fees	1,386,516	1,086,148
Audit Related Fees	184,324	154,606
Tax Fees	501,396	748,366
All Other Fees	200,864	450,011
Total	2,273,100	2,439,131

"Audit Fees" include the aggregate professional fees billed by Deloitte LLP for the audit of the consolidated annual financial statements.

"Audit Related Fees" include the aggregate fees billed by Deloitte LLP for assurance and related services that are reasonably related to the performance of the audit of the financial statements and not reported as part of Audit Fees. More specifically, these services include, among other things, pension plan audits, attest services that are required by statute or regulation, consultations regarding financial reporting and accounting standards, and translation services.

"Tax Fees" include the aggregate fees billed by Deloitte LLP for tax compliance, tax advice, tax planning and advisory services relating to the preparation of corporate tax, capital tax and sales tax returns.

"All Other Fees" include the aggregate fees billed by Deloitte LLP for all services other than those reported under Audit Fees, Audit Related Fees and Tax Fees, and related to services performed with respect to warehouse management and due diligence assistance.

ITEM 14 - ADDITIONAL INFORMATION

Additional information, including disclosure of the Company's corporate governance practices, remuneration and indebtedness to the Company of the directors and officers, principal holders of Saputo's securities, and securities authorized for issuance under the equity compensation plan, where applicable, is included in Saputo's Management Proxy Circular dated June 4, 2015, and may be found on SEDAR at www.sedar.com. Additional financial information is included in the Consolidated Financial Statements of Saputo and Notes thereto and in the accompanying Management's Discussion and Analysis for the fiscal year ended March 31, 2015, and may be found on SEDAR at www.sedar.com. Copies of these documents may be obtained upon request to the Secretary of the Company, at its head office, 6869 Métropolitain Boulevard East, Montréal, Québec, H1P 1X8, Telephone: 514-328-6662.

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APPENDIX “A”

AUDIT COMMITTEE MANDATE

1. AUTHORITY

The audit committee (the “Committee”) is a standing committee of the board of directors (the “Board”), which has the responsibilities described under the heading “Responsibilities”. The Committee reports to the Board.

The Committee has free access to the personnel and documents of Saputo Inc. (the “Company”) and its affiliates, and is granted the resources necessary to carry out its duties.

2. STRUCTURE

- 2.1. The Committee is made up of a minimum of three directors of the Company, each being independent and financially literate, except to the extent permitted by the requirements concerning the Committee as per applicable securities legislation. The terms “independent” and “financially literate” each have the meaning respectively provided under the requirements concerning the Committee as per the applicable securities legislation.
- 2.2. The mandate of the members is for one year and may be renewed. The members are appointed by the Board at the first meeting following the annual meeting of shareholders, or at any other meeting to fill a vacancy. The Board may dismiss or replace a member at any time.
- 2.3. The chairman is appointed by the Board for a one-year term, which may be renewed. In the absence or failure of the chairman to sit, the chair is filled by a member chosen by the Committee.
- 2.4. The Committee meets at least four times annually. The Chairman of the Board, the Lead Director, the members of the Committee, the external auditors, the person responsible for internal audit, the Chief Executive Officer or the Chief Financial Officer may call special meetings as needed. The Committee determines the place, date and time of its meetings. The meetings may be held by telephone or by any other means allowing the members to communicate with each other. Unless waived by the members of the Committee, the Committee shall meet *in camera* at each meeting.
- 2.5. The quorum for meetings of the Committee is a majority of the members and decisions are made by the majority of the votes cast by the members present.
- 2.6. Minutes of meetings of the Committee are taken by the secretary of the Board (or any other person designated by the Committee) and must give an exact account of the decisions made at the meetings. The minutes of the Committee meetings are presented to and filed with the Board. The president of the Committee presents a verbal report at the following Board meeting.
- 2.7. In addition to the members of the Committee, any other person may be called before the meetings at the request of the chairman of the Committee.

- 2.8. The Committee has the power to retain, at the cost of the Company, independent legal counsels or other advisors it considers necessary to carry out its mandate and to fix their compensation.
- 2.9. The Committee has the power to communicate directly with the external auditors and the internal auditor of the Company and its accounting personnel and members of its management and shall ensure that they have unrestricted access to the Committee. For the purpose of its duties, the Committee may examine the pertinent books and accounts of the Company and its affiliates.
- 2.10. The external auditors report and account directly to the Committee.

3. **RESPONSIBILITIES**

3.1 Financial Disclosure

- Review the unaudited interim financial reports and audited annual financial statements accompanied by the external auditors' report, management's discussion and analysis and press releases regarding the financial results before their public release and recommend their approval to the Board. This review includes discussions with management, in the presence of the external auditors, regarding the interim financial reports and with management and the external auditors regarding the annual financial statements and material questions concerning the accounting principles and practices of the Company.
- Review the content of all public documents disclosing financial information, audited or unaudited, including all prospectuses, the management proxy circular, annual information form and annual report of the Company before their public release and recommend their approval to the Board.
- Review and monitor practices and procedures relating to the certifications by the Chief Executive Officer and the Chief Financial Officer with respect to financial disclosures and internal controls and procedures over financial reporting to ensure compliance with applicable securities legislation.
- Review and discuss with management and the external auditors the appropriateness, quality and disclosure of the accounting principles and practices, the underlying assumptions and the reporting practices of the Company, and the appropriateness of any significant changes thereto or any proposed material change, and ensure they are appropriate and in compliance with the applicable legislation.
- Review, examine and discuss the foreseeable repercussions of any new audit and accounting standards or new securities rules with management and the external auditors.
- Review, at least annually, the dividends policy and recommend the approval by the Board of all payments of dividends, if any.
- Review the financial statements of the pension plans of the Company.

3.2 Risk Management and Internal Control

- Periodically review, evaluate and discuss with management and internal audit the risk factors inherent to the Company (in particular, financial, strategic and operational risks) and ensure that appropriate measures are in place to enable management to identify and manage them effectively.
- Oversee the application and respect of the environmental policy of the Company and make periodical reports to the Board with respect thereto.
- Oversee the application and respect of the food safety and quality policy of the Company and make periodical reports to the Board with respect thereto.
- Periodically monitor the presence and the effectiveness of the necessary internal control systems of the Company through reports prepared by management, the internal auditor and the external auditors (which reports would also identify weaknesses or would make recommendations in respect of controls that could have a material impact on the financial information of the Company), as well as the measures implemented to remedy the situation and ensure proper follow-up.
- Periodically evaluate and assess the adequacy of the procedures set up by the Company to communicate publicly its financial information taken or derived from its financial statements.
- Establish and maintain a policy concerning the disclosure of material information.
- Review the report of the management on transactions with related parties.
- Review any legal matters (including litigation proceedings and claims) that could have a material effect on the financial statements or on the affairs of the Company and ensure that they are appropriately disclosed in the financial statements.
- Ensure that the annual information form and the proxy circular include the required and mandatory information concerning the Committee.
- Review communications with the Autorité des marchés financiers or any other regulatory authority regarding the financial statements and continuous disclosure documents.
- Establish and maintain procedures regarding:
 - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters;
 - the confidential and anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Review the delegation of authority and oversee its application.

3.3 Internal Auditors

- Oversee and control the internal audit function.
- Review and approve annually the internal audit plan prepared by the person responsible for internal audit.
- Review periodically the reports, observations and recommendations of the internal auditor intended for the Committee, as well as the implementation of the recommendations.
- Review the adequacy of the resources attributed to, and the organizational structure of, the internal audit department in order to fulfill its mandate and responsibilities.
- Meet periodically with the person responsible for internal audit, with and without the presence of management. During private meetings, discuss, among other things, the level of cooperation received from management, any unresolved differences of opinion, if any, the risk management framework and the internal control systems in place.
- Evaluate the performance of the internal audit function at least once per year.

3.4 External Auditors

- Oversee the work of the external auditors retained to prepare or issue the auditors' report or render other audit, examination or certification services to the Company and resolve disagreements, if any, between management and the external auditors regarding financial reporting.
- Recommend to the Board the appointment of external auditors for the upcoming fiscal year and the fees to be paid to them.
- Review, discuss with the external auditors and adopt annually the audit plan prepared by the external auditors, determine whether it meets the needs of the Company and, at least once per year, obtain an official written declaration from the external auditors attesting to their independence and delineating all relationships the external auditors have with the Company which may affect the independence and objectivity of the external auditors.
- Review and evaluate, at least once per year, the qualifications, independence and performance of the external auditors and make appropriate recommendations to the Board.
- Review the external auditors' letters of recommendations to management, management's reply thereto and the implementation of the recommendations.
- Adopt and maintain a policy concerning the prior approval of all services not related to the audit which the external auditors of the Company may render to the Company and its subsidiaries in accordance with applicable legislation, as well as the fees for such services, and ensure the enforcement of and compliance with such policy.

- Examine and approve the hiring policy of the Company with respect to former or current partners and employees of current and former external auditors of the Company, and ensure the enforcement of and compliance with such policy.
- Meet periodically with the external auditors, with and without the presence of management, in regard to the audited financial statements and discuss with them (i) the results of the audit, (ii) the assessment of the control systems in place and their recommendations, (iii) any significant risks or exposures identified during the course of the audit, and (iv) any other material matter relating to the audit, including the level of cooperation received from management and the internal auditor and any material differences in opinion between the external auditors and management that occurred during the course of the audit.
- Ensure that there is a rotation of audit partners, lead and concurring partner and other audit partners as per applicable requirements.
- Review any other issue which the Board, in the opinion of the external auditors, should be informed about and report thereon to the Board.

3.5 Evaluation of the Committee

- Annually assess the accomplishments and performance of the Committee and submit the result of this assessment to the Board.
- Annually review the mandate of the Committee and recommend any changes to the Board.

3.6 Other Responsibilities

- Carry out any other duty related to the performance of its mandate, including, in particular, any investigations about matters related to its mandate.
- Carry out any other mandate which the Board may entrust to it from time to time.
- Act as a channel of communication between management, the internal auditor, the external auditors and the Board.