Saputo

Management Proxy Circular

June 5, 2008

VOTING INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation by the Management of SAPUTO INC. (the "Company") of proxies which will be used to vote at the Annual Meeting (the "Meeting") of the holders of common shares of the Company (the "Common Shares") to be held on August 6, 2008, at the time and place and for the purposes set forth in the foregoing Notice and at any adjournment thereof.

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

Appointment of Proxy Holders

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

Voting by Proxy

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

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

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

Revocation of Proxies

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

Non-Registered Shareholders

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

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

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

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

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

VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES

The Common Shares are the only securities of the share capital of the Company which carry voting rights. All references to numbers of Common Shares, Deferred Share Units and prices of Common Shares made herein have been adjusted to reflect the 100% stock dividend on the Common Shares declared on December 10, 2007, which had the same effect as a two-for-one split (the "Stock Split"). As at May 27, 2008, the Company had 206,080,915 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 19, 2008 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 27, 2008, the only persons or companies who or which owned of record or beneficially, directly or indirectly, or exercised control or direction over 10% or more of the issued and outstanding Common Shares were the following:

Name	Type of ownership	Number of Common Shares	Percentage of class
Gestion Jolina Inc.(1)	of record	69,879,924(2)	33.91%

(1) Gestion Jolina Inc. is a holding company controlled by Mr. Emanuele (Lino) Saputo.

(2) Includes 3,023,256 Common Shares held by Jolina Capital Inc., the sole shareholder of Gestion Jolina Inc.

ELECTION OF DIRECTORS

For fiscal 2009, Management proposes that the Board of Directors be composed of twelve (12) members, following the appointment of two (2) new directors. **Except where the authority to vote in favour of the directors is withheld, the persons whose names are printed on the form of proxy intend to vote FOR the election of the twelve nominees whose names are set forth in the following table.** The vote for each director will be conducted on an individual basis. Each director elected will hold office until the next annual meeting or until that director's successor is duly elected, unless the office is vacated earlier in accordance with the relevant provisions of the applicable laws.

The following table sets forth, for each person nominated by Management for election as a director, his or her name, place of residence, the year in which he or she first became a director, his or her principal occupation, his or her independence with respect to the Company, his or her biography, his or her presence on board of directors of other public companies, the committees of the Board of the Company on which he or she serves, if any, the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised and the number of options and deferred share units ("DSU") owned, the whole as at May 27, 2008.

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

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

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

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

Director since 2001
Non-independent
Holdings: 67,241 Common Shares and 251,492 Options(3)

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

ANDRÉ BÉRARD
Corporate Director
Québec, Canada

Director since 1997
Independent
Holdings: 20,250 Common Shares, 20,000 Options(3) and 25,093 DSU

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 BCE Inc., Bell Canada, BMTC Group Inc., Bombardier Inc. and Transforce Income Fund.

Mr. Bérard is the Lead Director of the Board and Chairman of the Corporate Governance and Human Resources Committee of the Company.

LUCIEN BOUCHARD
Senior Partner, Davies Ward Phillips & Vineberg LLP
Québec, Canada

Director since 2004
Independent
Holdings: 16,903 DSU

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

Mr. Bouchard sits on the Corporate Governance and Human Resources Committee of the Company.

PIERRE BOURGIE
President and Chief Executive Officer, Société Financière Bourgie Inc. (a holding company)
Québec, Canada

Director since 1997
Independent
Holdings: 938,000 Common Shares, 16,000 Options(3) and 7,220 DSU

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 National Bank of Canada.

Mr. Bourgie sits on the Corporate Governance and Human Resources Committee and on the Audit Committee of the Company.

FRANK A. DOTTORI[4]
President, Fadco Consulting Inc. (a consulting company) **and**
Managing Director, Greenfield Ethanol's Cellulosic Ethanol division
(an ethanol and industrial alcohol manufacturer and distributor)
Québec, Canada

Director since 2003
Independent
Holdings: 400 Common Shares, 2,000 Options[3] and 17,222 DSU

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

Mr. Dottori sits on the Audit Committee of the Company.

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

Independent
Holdings: 4,000 Common Shares

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

JEAN GAULIN
Corporate Director
Texas, USA

Director since 2003
Independent
Holdings: 57,400 Common Shares, 2,000 Options(3) and 2,382 DSU

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

Mr. Gaulin sits on the Corporate Governance and Human Resources Committee of the Company.

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

Independent
Holdings: 400 Common Shares

Tony Meti held various executive positions within Canadian Chartered Banks over the past 30 years, including Senior Vice-President, Commercial Banking and International from 2002 to 2007 and Senior Vice-President, Commercial, North America, from 2000 to 2002. Since 2007, he is the President of G.D.N.P. Consulting Services, Inc., a consulting company.

CATERINA MONTICCIOLO, CA
President of Julvest Capital Inc. (a holding company)
Québec, Canada

Director since 1997
Independent
Holdings: 238,000 Common Shares, 16,000 Options(3) and 9,441 DSU

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

PATRICIA SAPUTO, CA, ICD.D
Chief Financial Officer of Placements Italcan Inc. (a diversified investment company)
Québec, Canada

Director since 1999
Independent
Holdings: 2,000 Common Shares, 16,000 Options(3) and 11,391 DSU

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. 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(5)
Corporate Director
Québec, Canada

Director since 1997
Independent
Holdings: 12,000 Common Shares, 20,000 Options(3) and 22,946 DSU

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

Mr. Tanguay is the Chairman of the Audit Committee of the Company.

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

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

(3) Effective in fiscal 2005, the options granted to the outside directors of the Company were replaced by DSU. The DSU shown in the table represent both the annual grants of DSU and the DSU 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 for Directors". 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".

(4) 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.

(5) Mr. Louis A. Tanguay is a director of SR Telecom which was subject to a management cease-trade order imposed on all directors and officers of the company as well as certain significant shareholders for failure to file in time the fourth quarter and year-end financial results for the period ended December 31, 2006 and related filings of its annual financial statements, management discussion and analysis related to those financial statements and annual information form. The cease-trade order was removed on July 19, 2007. Also, on November 19, 2007, SR Telecom filed for creditor protection under the *Companies' Creditors Arrangement Act.* It obtained a court order on May 1, 2008 to extend the period of the court-ordered stay of proceedings to August 15, 2008. The purpose of the stay of proceedings is to provide the company with an opportunity to develop a plan of arrangement to propose to its creditors.

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; Mr. Frank A. Dottori who, until January 26, 2006, was President and Chief Executive Officer of Tembec Inc. (a forest products company) and became managing director of Greenfield Ethanol's Cellulosic Ethanol division (an ethanol and industrial alcohol manufacturer and distributor) on March 7, 2008, in addition to his functions as President of Fadco Consulting Inc.; and Mr. Tony Meti who, until April 2007, was Senior Vice-President, Commercial Banking and International at a Canadian Chartered Bank.

Information as to shares and options beneficially owned by each nominee, or over which each exercised control or direction, as at May 27, 2008, has been furnished by the nominees individually.

COMPENSATION OF DIRECTORS

During fiscal 2008, 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 and Human Resources Committee (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 2008, each director who was not a salaried officer or employee of the Company was allocated an annual total of 2,000 DSU granted on a quarterly basis pursuant to the Company's DSU plan (the "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 1,000 additional DSU. See "Deferred Share Unit Plan for Directors". Mr. Emanuele (Lino) Saputo received $500,000 from the Company for his services as Chairman of the Board of Directors in fiscal 2008.

The following table shows the compensation paid to each director for his or her services in fiscal 2008 :

Fees paid and DSU granted to Directors in fiscal 2008									
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 DSU	DSU annual grant	Options granted
Emanuele (Lino) Saputo(1)	500,000	--	--	--	500,000	100	--	--	--
Lino A. Saputo, Jr.	--	--	--	--	--	--	--	--	--
André Bérard(2)	55,000	5,000	10,500	10,500	81,000	--	100	3,000	--
Lucien Bouchard	30,000	3,000	10,500	10,500	54,000	--	100	2,000	--
Pierre Bourgie	30,000	6,000	10,500	19,500	66,000	100	--	2,000	--
Frank A. Dottori	30,000	3,000	10,500	10,500	54,000	--	100	2,000	--
Jean Gaulin	30,000	3,000	10,500	9,000	52,500	100	--	2,000(3)	--
Caterina Monticciolo	30,000	n/a	10,500	n/a	40,500	100	--	2,000	--
Patricia Saputo	30,000	n/a	10,500	n/a	40,500	100	--	2,000	--
Louis A. Tanguay(4)	30,000	10,000	9,000	10,500	59,500	--	100	3,000	--

(1) Chairman of the Board.

(2) Lead Director and Chairman of the Corporate Governance Committee.

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

(4) Chairman of the Audit Committee.

Deferred Share Unit Plan for Directors

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

ATTENDANCE TO BOARD OF DIRECTORS AND COMMITTEE MEETINGS

The following table provides the number of meetings of the Board of Directors and its committees held during the fiscal year ended March 31, 2008 and the attendance record. During the year, there were 7 meetings of the Board of Directors, 7 meetings of the Audit Committee and 7 meetings of the Corporate Governance Committee. There was a 98.6% attendance rate for the Board of Directors' meetings, 95.2% attendance rate for the Audit Committee meetings and a rate of 96.4% for the Corporate Governance Committee.

Summary of Attendance of Directors

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

REPORT ON CORPORATE GOVERNANCE AND PRACTICES

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

The Company's principal shareholder is its founder who holds in the aggregate, directly or indirectly, or exercises control or direction over shares representing 33.91 % of all of the outstanding Common Shares, as disclosed previously in this Circular. The Board of Directors believes that the value of the principal shareholder's equity stake in the Company ensures that his interests are aligned with those of the other shareholders of the Company. The Board of Directors believes that the Company's existing corporate governance practices are appropriate to its circumstances and effective and that there are in place appropriate structures, procedures and practices to ensure board efficiency, board independence from management and fair representation of the investment of minority shareholders of the Company.

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

THE BOARD OF DIRECTORS

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

THE BOARD MANDATE

The mandate of the Board 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 Committee and to the Audit Committee. A copy of the mandate of the Board of Directors is reproduced in Schedule "A" 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 Board of Directors is currently made up of eight (8) directors out of ten (10) having no participation, relationship or business ties with the Company, its subsidiaries or principal shareholder, which would affect the status of such member as an independent member under the definition of Multilateral Instrument 52-110, the whole as disclosed hereafter. The Company is of the opinion that the presence of the existing eight (8) independent directors more than adequately reflects the investment of minority shareholders in the Company. Moreover, the independent directors meet without Management and without the Chairman of the Board following each Board meeting. With the appointment of the two new candidates, the Board of Directors would be made up of ten (10) directors out of twelve (12) having no participation, relationship or business ties with the Company, its subsidiaries or principal shareholder as defined hereabove.

- 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.
- Mrs. Caterina Monticciolo is an independent director. Considering that the principal shareholder, Gestion Jolina Inc., no longer has the authority to vote, under a power of attorney, the shares held directly and/or indirectly by Mrs. Monticciolo, niece of Mr. Emanuele (Lino) Saputo and cousin of Mr. Lino A. Saputo, Jr., the Board, after reviewing the family ties existing with Mr. Emanuele (Lino) Saputo and Mr. Lino A. Saputo, Jr., determined that Mrs. Monticciolo qualified as an independent member.
- Mrs. Patricia Saputo is an independent director. Considering that the principal shareholder, Gestion Jolina Inc., no longer has the authority to vote, under a power of attorney, the shares held directly and/or indirectly by Mrs. Saputo, niece of Mr. Emanuele (Lino) Saputo and cousin of Mr. Lino A. Saputo, Jr., the Board, after reviewing the family ties existing with Mr. Emanuele (Lino) Saputo and Mr. Lino A. Saputo, Jr., determined that Mrs. Saputo qualified as an independent member.
- Mr. Louis A. Tanguay is an independent director.

Independent Director's Meetings

The independent members of the Board have an opportunity to meet after each meeting of the Board of Directors without any members of the Board who are not independent and without management. During fiscal 2008, independent members of the Board held five (5) 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 seven (7) 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 principal shareholder of the Company and its founder, Mr. Emanuele (Lino) Saputo, holds the position of Chairman of the Board. The experience and expertise of Mr. Emanuele (Lino) Saputo in those sectors in which the Company is engaged benefit all members of the Company's management team and the Board of Directors. However, as the position of Chairman of the Board is held by a member who is not independent, the Board appointed the Chairman of the Corporate Governance Committee, Mr. André Bérard, as Lead Director. The responsibilities of the Lead Director are, amongst other things, to ensure that the Board is able to function independently of management, set Board agendas with the Chairman of the Board, 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.

COMMITTEES

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

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

Position Descriptions

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

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

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

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

Corporate Governance and Human Resources Committee

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

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; (vii) implement a uniform and transparent process for selecting nominees for election to the Board of Directors and the recruiting of new candidates for Board membership, and make recommendations to the Board of Directors with respect thereto; and (viii) present quarterly reports to the Board of Directors with respect to its achievements and current projects. During fiscal 2008, the Corporate Governance Committee met seven (7) times. All members of the Corporate Governance Committee are independent as defined under applicable regulations.

Audit Committee

The Audit Committee is composed of three members of the Board of Directors, Messrs. Pierre Bourgie, Frank A. Dottori and Louis A. Tanguay. It has the mandate to (i) review the annual and quarterly financial statements of the Company and certain other public disclosure documents required by regulatory authorities; (ii) review the nature and scope of the annual audit as proposed by the external auditors and management, including the appropriateness of the accounting principles and practices used by the Company; (iii) monitor periodically the adequacy and the effectiveness of the internal control and management information systems of the Company; (iv) approve all services not related to audit services which the external auditors may render to the Company and its subsidiaries, subject to the policy of the Company on services which may be provided by the Company's external auditors and by other accounting firms; (v) review and approve the annual internal audit plan; (vi) oversee the application of the Company's procedure regarding complaints of an auditing or a financial nature; (vii) 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; (viii) 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 (ix) 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 2008, 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 31 of the Annual Report under the heading "Risk and Uncertainties" for a list of the principal risks relating to the Company's business. The Audit Committee, which reports to the Board of Directors, is responsible for ensuring the adequacy and the effectiveness of the internal control and management information systems of the Company. The Audit Committee regularly meets with the Executive Vice-President, Finance and Administration and the external auditors in order to examine issues pertaining to the presentation of financial information, accounting practices, upcoming accounting norms, internal accounting systems as well as financial controls and procedures, auditing procedures and programs. 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 2009. In this regard, the Audit Committee reviews and monitors the practices and procedures adopted by the Company to assure compliance of management certification of financial information. In the exercise of its mandate, the Audit Committee meets periodically with the internal audit director of the Company.

For additional information on the Audit Committee, reference is hereby made to pages 30 to 33 of the Annual Information Form of the Company for the year ended March 31, 2008. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, telephone: 514.328.6662.

Compensation

The Corporate Governance Committee evaluates annually the compensation of the directors and officers in their respective capacity in light of the practices of the market, as well as the risks and responsibilities involved. Reference is made to page 23 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.

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. The evaluation takes into consideration namely the competencies, qualifications, knowledge and experience present within the Board and those that should be developed and/or acquired. 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, at the quarterly Board meetings, a summary of the achievements and current projects of the Committee. Directors also meet with members of Management to discuss the affairs of the Company, the continuous disclosure documents, sector of activities of the Company, its competitive and regulated environment as well as its business and operational strategies. In addition, educational presentations are made periodically to the committees and the Board of Directors, as the case may be, on matters that are of interests to them and their role as directors. Moreover, the directors are invited to attend the Company's meeting of shareholders and visit every year certain Company facilities. Board members also hold a strategic planning meeting annually with Management. Finally, each Board member is invited to address to the Corporate Governance Committee any request he may have regarding additional information or education. The Corporate Governance Committee reviews such requests and takes the measures it deems appropriate.

Nomination of Directors

The Corporate Governance Committee is responsible for (i) the implementation of a uniform and transparent process for selecting nominees for election to the Board of Directors and the recruiting of new candidates for Board membership and making recommendations to the Board of Directors with respect thereto; and (ii) the implementation and conducting of a process to assess, 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 ten (10) to twelve (12) is appropriate for decision-making purposes. The Board of Directors is presently composed of ten (10) members and it is proposed that it be composed of twelve (12) members to better reflect the growth of the Company during the recent years.

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* was recently updated and a new version has been filed on June 5, 2008, and 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.

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.

EXECUTIVE COMPENSATION

The following table provides a summary of compensation earned during the fiscal years ended March 31, 2008, 2007 and 2006, 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 ($)	Bonus ($)	Other annual compensation[1] ($)	Number of Common Shares under options granted	All other compensation ($)
Lino A. Saputo, Jr. President and Chief Executive Officer	2008 C$ 2007 C$ 2006 C$	950,000 800,000 725,000	1,396,500 800,000 672,500	– – –	– – –	– – –
Louis-Philippe Carrière Executive Vice-President, Finance and Administration and Secretary	2008 C$ 2007 C$ 2006 C$	535,000 520,000 500,000	394,696 260,000 231,900	– – –	57,926 63,608 48,410	– – –
Pierre Leroux Executive Vice-President, Human Resources and Corporate Affairs	2008 C$ 2007 C$ 2006 C$	535,000 520,000 500,000	394,696 260,000 231,900	– – –	57,926 63,608 48,410	– – –
Dino Dello Sbarba President and Chief Operating Officer Dairy Products Division (Canada) and by interim (Europe and Argentina)	2008 C$ 2007 C$ 2006 US$[2]	590,000 550,000 440,000	442,500 411,125 245,700	– – –	63,880 67,278 51,508	– – –
Terry Brockman President and Chief Operating Officer Dairy Products Division (USA)[3]	2008 US$ 2007 US$ 2006 US$	350,000 275,000 162,000	262,500 121,468 30,805	– – –	37,896 33,640 12,200	– – –

(1) 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.

(2) In fiscal 2006, Mr. Dello Sbarba was the President and Chief Operating Officer of the Dairy Product Division (USA), therefore his compensation was paid in US dollars.

(3) Mr. Terry Brockman became President and Chief Operating Officer, Dairy Products Division (USA) on April 1, 2006. Prior to such date, Mr. Brockman was Vice-President, Human Resources for the Dairy Products 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, 2008.

Name	Number of Common Shares under options granted	% of total options granted to employees in financial year	Exercise price (1) ($/Share)	Market value of Common Shares underlying options on the date of grant ($/Share)	Expiration date
Lino A. Saputo, Jr.	–	–	–	–	–
Louis-Philippe Carrière	57,926	3.26	23.09	23.09	04/01/2017
Pierre Leroux	57,926	3.26	23.09	23.09	04/01/2017
Dino Dello Sbarba	63,880	3.59	23.09	23.09	04/01/2017
Terry Brockman	37,896	2.13	23.09	23.09	04/ 01/2017

(1) Corresponds to the closing price of the Common Shares on the Toronto Stock Exchange (the “TSX”) on March 31, 2007, which is the business day immediately preceding April 1, 2007 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, 2008, as well as the unexercised options and the value of the unexercised in-the-money options as at March 31, 2008 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) ($)	Number of unexercised options as at 03/31/08		Value of unexercised in-the-money options as at 03/31/08 (2)	
			Exercisable	Unexercisable	Exercisable ($)	Unexercisable ($)
Lino A. Saputo, Jr.	–	–	237,492	14,000	3,843,760	230,020
Louis-Philippe Carrière	24,900	395,666	148,652	168,140	1,860,284	1,526,025
Pierre Leroux	186,964	2,668,123	171,764	168,140	2,240,015	1,526,025
Dino Dello Sbarba	270,820	4,025,551	175,916	180,342	2,284,540	1,620,681
Terry Brockman	–	–	46,900	80,572	620,720	661,650

(1) The value realized on exercise is equal to the difference between the market value of the Common Shares on the TSX at exercise 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, 2008, being $27.68 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 6.375 years of service as of March 31, 2008.

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.

REPORT ON EXECUTIVE COMPENSATION

General Principles of Executive Compensation

The Corporate Governance 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, 2008, the Company revised its compensation policy pursuant to a review conducted in fiscal year 2007 by Perrault Conseil, a compensation consulting firm, and updated as per 2008 guidelines of compensation consulting firms. The review was based on the compensation policies of several Canadian and American manufacturing companies and distributors 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 operating in the agri-food, distribution and retail sectors, including a majority of manufacturing companies, both in Canada and the United States, which provided a reliable source of comparative information. The Corporate Governance Committee believes that the compensation policy of the Company is competitive with that offered by Canadian corporations of similar size having operations in the US and at the international level.

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 $7,975 during the last fiscal year. Perrault Conseil was not retained to perform other work for the Company in fiscal 2008.

The following constitutes a summary of the principles based upon which the compensation of the executive officers was determined for fiscal 2008.

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 2008, the compensation for the executive officers of the Company, including the Named Executive Officers, consisted of four components: base salary, bonus, long-term incentive in the form of options and supplementary retirement plan which is discussed above under Defined Benefit Plan. 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 2008, base salary was re-evaluated in light of the principles established under the updated review of the Comparative Group, as well as on other criterias 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 the President and Chief Operating Officer of the Dairy Products Division (USA) is paid in US dollars, to take into account compensation packages paid in the US for similar positions.

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 2008, 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 2008, the financial performance target was based on the earnings before interest, income taxes, depreciation and amortization ("EBITDA") as determined in the budget approved by the Board of Directors, taking into account certain market conditions having an effect on the EBITDA but on which the executive officers have no control.

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 2008, the Company surpassed 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, but the Corporate Governance Committee considers that such performances are closely related to the individual's performance.

Each year, the Corporate Governance Committee establishes payout percentages for the bonuses. For fiscal 2008, payout percentages established for the bonuses to be awarded to the executive officers, other than the Chief Executive Officer, ranged from 55% of base salary to 75% of base salary if the financial performance targets set forth in the budgets were exceeded. For fiscal 2008, the amount of bonus paid to each senior executive, other than the Chief Executive Officer, represented between 0% 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, the bonus for the President and Chief Operating Officer of the Dairy Products Division (USA) was paid in US dollars in order to take into account compensation packages paid in the US 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 to third quartile of bonus plans offered by the corporations included in the Comparative Group.

Long-Term Incentive Plan (Options)

Options to purchase Common Shares may be granted from time to time to executive officers and other key employees pursuant to the Equity Compensation Plan. For fiscal 2008, the Corporate Governance Committee reviewed this Long-Term Incentive Plan and determined that it was appropriate and should not be modified and/or complemented. In fact, the terms and conditions of the Equity Compensation Plan adequately meets the objectives to attract and retain quality executive officers while promoting long term profitability and maximizing shareholder value.

As per the Equity Compensation Plan, on April 1, 2007, the Corporate Governance Committee granted options to executive officers for the fiscal year ended March 31, 2008. 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 2008, 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 $950,000 for fiscal 2008. The payout percentages for his annual bonus ranged from 100% of his base salary to 150% 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 2008, the amount of bonus paid to the Chief Executive Officer represented 147% of his base salary. For fiscal 2008, 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. For fiscal 2008, the Company surpassed its financial target. Bonus payments were made proportionately to the level actually achieved.

Base salary and bonus of the Chief Executive Officer is competitive with the third quartile of the base salaries and bonus offered by the Canadian corporations and the American corporations included in the Comparative Group.

Reference is made to the section titled "Position Descriptions" of this Circular for a description of the annual review process of the Chief Executive Officer's performance.

TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL

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

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out the only equity compensation plan (the "Equity Compensation Plan") previously approved by security holders as of May 27, 2008 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	10,338,170	14.65	7,260,515

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

The terms, exercise price and number of Common Shares covered by each option as well as the vesting periods of such options are determined by the Corporate Governance Committee at the time the options are granted. However, the Equity Compensation Plan for options granted prior to July 31, 2007 provided that the exercise price may not be less than the closing price of the Common Shares on the TSX on the business day immediately preceding the date of grant. For options granted thereafter, the Equity Compensation Plan provides that the exercise price may not be less than the weighted average market price for the five trading days immediately preceding the date of grant. Options granted under the Equity Compensation Plan may not be assigned, and expire ten years from the date of grant. The maximum number of Common Shares which may be optioned in favour of any single individual shall not exceed 5% of the total number of outstanding Common Shares. The maximum number of Common Shares which may be issuable at any time to insiders of the Company shall not exceed 10% of the total number of outstanding Common Shares at such time. Moreover, the maximum number of Common Shares issued to insiders of the Company within any one-year period shall not exceed 10% of the total number of outstanding Common Shares at such time.

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

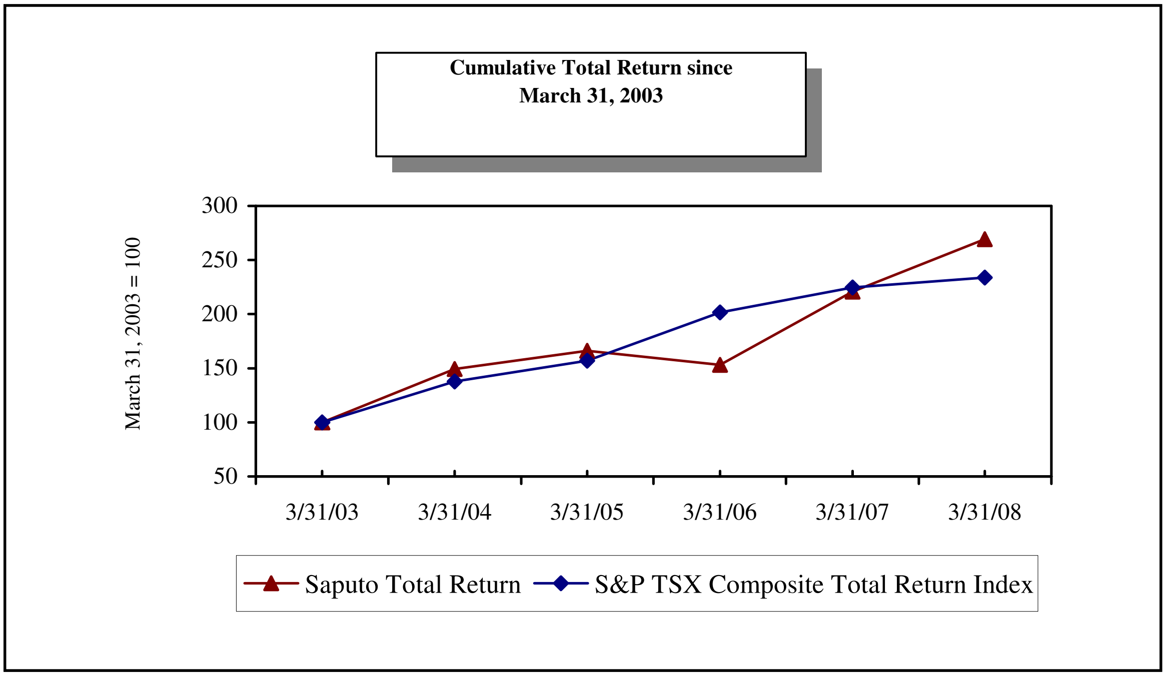
As per the amendments to the TSX Company Manual and the TSX's staff notice published on June 6, 2006 regarding equity compensation plan, the shareholders of the Company approved at the Meeting held on July 31, 2007, certain amendments to the Equity Compensation Plan to address these amendments and guidelines.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

As at March 31, 2008, 8,893,428 options were outstanding. As of April 1, 2008, the Corporate Governance Committee granted an aggregate of 1,634,393 options to participants under the Equity Compensation Plan at an exercise price of $27.81 per share. Of the 10,338,170 options outstanding as at May 27, 2008, which represents 5% of the outstanding Common Shares, 5,191,753 options were exercisable and 5,146,417 will vest at a rate of 20% per year, on each of the first five anniversaries of their date of grant.

As at May 27, 2008, out of the basket of 28,000,000 Common Shares, there were 10,338,170 options outstanding and 7,260,515 Common Shares remaining available, which represents a total of 17,598,685 Common Shares, being 8.5% of the outstanding Common Shares.

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, 2008.



	3/31/03	3/31/04	3/31/05	3/31/06	3/31/07	3/31/08
Saputo Total Return	100	149	166	153	221	269
S&P TSX Composite Total Return Index	100	138	157	202	225	234

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 2008, the total annual premium in respect of such insurance was $170,077, all of which was paid by the Company and charged to earnings.

INDEBTEDNESS OF EXECUTIVE OFFICERS

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

APPOINTMENT OF AUDITORS

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

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

During fiscal 2008, the Company retained its auditor, Deloitte & Touche to provide services. Details of the services and amounts paid to Deloitte & Touche are presented on page 32 of the Annual Information Form of the Company for the year ended March 31, 2008. Copy of this document can be found on SEDAR at www.sedar.com or by contacting the Secretary of the Company at its head office, 6869 Métropolitain Boulevard East, Saint-Léonard, Québec H1P 1X8, telephone: 514.328.6662.

INTEREST OF MANAGEMENT AND OTHERS IN TRANSACTIONS

In the normal course of business, the Company receives and provides goods and services from and to companies subject to significant influence by its principal shareholder. These goods and services of an immaterial amount are compensated by a counterpart equal to the fair market value. Reference is made to note 18 to the Consolidated Financial Statements of the Company that describes the related party transactions. See "Additional Information".

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, 2008. 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 27, 2008. 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, 2008.

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

SCHEDULE A

BOARD MANDATE

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

BOARD ORGANIZATION

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

RESPONSIBILITIES

The Board takes on the following responsibilities:

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

2) reviewing and approving the Company's annual budget;

3) studying and approving periodically the results obtained by the Company in comparison with objectives pursued; determining the causes of any discrepancies and approving the appropriate corrective actions, if any;

4) adopting and reviewing the dividend policy and approving the declaration of dividends for payment, when required;

5) monitoring, where possible, the integrity of the Chief Executive Officer and other senior executives as well as ensuring that each of them promotes a culture of integrity within the Company;

6) reviewing and approving the appointment, compensation, indemnification as well as the succession and education plans for the President and Chief Executive Officer, Division Presidents and Executive Vice-Presidents;

7) reviewing the performance of the Chief Executive Officer in light of his position description and objectives to be met;

8) implementing and overseeing a process for assessing the performance of the Board and the directors, as well as evaluating annually their performance;

9) implementing and overseeing the process to select and recruit candidates for the Board of directors;

10) determining the independence, or lack thereof, of each director;

11) implementing and overseeing the orientation and continuing professional development programs of directors;

12) reviewing and approving the compensation and indemnification of directors;

13) ensuring, as feasible, that each director acts with integrity and good faith in the best interest of the Company, the whole with the diligence and the skills that would present, in such circumstances, a prudent and diligent person;

14) identifying the main risks associated with the Company's business, ensuring the deployment and efficiency of measures to enable risk management;

15) overseeing the integrity of the Company's management information and internal control systems;

16) monitoring the compliance of the Company with laws, regulations and norms applicable to it and its activities;

17) adopting an environmental policy and overseeing its implementation;

18) adopting a Company's communication policy, and reviewing and approving the continuous disclosure documents such as the financial statements, management proxy circular, annual information form and annual report;

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

20) approving the Company's approach to corporate governance, in particular adopting corporate governance principles and guidelines that apply specifically to the Company;

21) adopting a code of ethics and overseeing its implementation;

22) adopting and deploying appropriate measures to receive comments from Company shareholders;

23) reviewing annually the Board's mandate; and

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

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

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