



The
Jean Coutu
Group (PJC) Inc.

THIRD QUARTER REPORT TO SHAREHOLDERS
For the 13 and 39-week periods ended November 28 2009

To our shareholders:

The Jean Coutu Group is pleased to report its financial results for the third quarter and the 39-week period ended November 28, 2009.

Revenues increased by 9.3% to \$678.1 million during the third quarter of fiscal year 2010 compared with \$620.3 million during the comparable period of fiscal year 2009.

Operating income before amortization ("OIBA") amounted to \$71.5 million for the third quarter of fiscal year 2010 compared with \$60.1 million for the third quarter of fiscal year 2009, an increase of 19.0%. OIBA as a percentage of revenues ended the third quarter of fiscal 2010 at 10.5% compared with 9.7% during the third quarter of fiscal year 2009. OIBA as a percentage of revenues ended the 39-week period of fiscal 2010 at 10.4% compared with 9.7% during the 39-week period of fiscal year 2009.

No share of loss in Rite Aid was accounted in the Company's earnings during the third quarter of fiscal year 2010 compared with \$431.7 million (\$1.79 per share) during the third quarter of fiscal year 2009. This is a non-cash charge.

For the third quarter of fiscal year 2010, the net earnings amounted to \$44.6 million (\$0.19 per share) compared with a net loss of \$399.2 million (\$1.66 per share) for the third quarter of fiscal year 2009. For the 39-week period of fiscal year 2010, the net earnings amounted to \$69.8 million (\$0.30 per share) compared with a net loss of \$458.5 million (\$1.87 per share).

Earnings before specific items and share of loss in Rite Aid amounted to \$44.2 million (\$0.19 per share) during the third quarter of fiscal year 2010 compared with \$36.7 million (\$0.15 per share) during the third quarter of the previous fiscal year.

During the third quarter of fiscal year 2010, PJC network of franchised stores retail sales increased by 8.6% while these sales, on a same-store basis, increased by 6.3%. During the 39-week period of fiscal year 2010, PJC network of franchised stores retail sales increased by 7.4% while these sales, on a same-store basis, increased by 4.7%.

"We are very pleased with the third quarter's results. Our network's continuous growth, the solid operating performance of our organization and the strength of the pharmacy industry allowed us to show a significant increase in our OIBA" said Mr. François J. Coutu, President and Chief Executive Officer. "We are determined to continue applying our business plan efficiently in order to reach the goals we have set."

On November 28, 2009, there were 366 stores in the PJC network of franchised stores.

The Board of Directors of the Company declared a quarterly dividend of \$0.045 per share. This dividend will be payable on February 5, 2010 to all holders of Class A subordinate voting shares and holders of Class B shares listed in the Company's shareholder ledger as of January 22, 2010.

With its operations and financial flexibility, the Company is very well positioned to capitalize on the growth in the drugstore retail industry. Demographic trends are expected to contribute to growth in the consumption of prescription drugs and to the increased use of pharmaceuticals as the primary intervention in individual healthcare. Management believes that these trends will continue despite the current economic slowdown, and that the Company will grow its revenues through differentiation and quality of offering and service levels to its network of franchised stores, with a focus on sales growth, its real estate program and operating efficiency.

Yours truly,

/s/ François J. Coutu

Francois J. Coutu
President and Chief Executive Officer

Non-GAAP financial measures

Management used certain non-GAAP financial measures such as:

- Operating income before amortization ("OIBA");
- Earnings (and earnings per share) before specific items and share of loss in Rite Aid.

These measures have been reconciled with performance measures defined by the Canadian GAAP in the related section of the Management's Discussion and Analysis.

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Throughout this document, The Jean Coutu Group (PJC) Inc. and its subsidiaries, unless otherwise indicated, are referred to as "Company", "Jean Coutu Group", "we" or "our". This Management's Discussion and Analysis of the financial position and results of operations ("MD&A") should be read in conjunction with the Interim Consolidated Financial Statements and the notes thereto for the 13-week and 39-week periods ended November 28, 2009 (Q3-2010) and November 29, 2008 (Q3-2009) and with the Annual Report for the 2009 fiscal year.

The Jean Coutu Group is one of the most trusted names in Canadian pharmacy retailing. The Company operates a network of 366 franchised stores located in the provinces of Québec, New Brunswick and Ontario under the banners of PJC Jean Coutu, PJC Clinique, PJC Santé and PJC Santé Beauté, which employs more than 17,000 people. Furthermore, as of December 2007, we own Pro Doc Ltd ("Pro Doc"), a Québec-based subsidiary and manufacturer of generic drugs. The Company also holds a significant interest in Rite Aid Corporation ("Rite Aid"), a national chain of drugstores in the United States with more than 4,800 stores in 31 states and the District of Columbia.

Management's Discussion and Analysis

FINANCIAL STATEMENTS AND FISCAL YEARS

The Company's Consolidated Financial Statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). All amounts are in Canadian dollars, unless otherwise indicated.

The following table shows exchange rates based on the Bank of Canada closing rates expressed in Canadian dollars per US dollar.

	November 28, 2009	November 29, 2008
Average rate, fiscal quarter ⁽¹⁾	1.0670	1.1516
Average rate, year-to-date ⁽¹⁾	1.1320	1.0610
Closing rate ⁽²⁾	1.0615	1.2370

⁽¹⁾ Calculated using the average of the closing exchange rates for each day of the relevant period.

⁽²⁾ The closing exchange rate as at February 28, 2009 was 1.2723.

The fiscal year ended February 28, 2009, contained 52 weeks. The fiscal year ended March 1, 2008, exceptionally contained 38 weeks and 5 days due to the change in the fiscal year-end date.

Fiscal year	Year-end date	Number of weeks
2009	February 28, 2009	52
2008	March 1, 2008	38 and 5 days

DEFINITIONS

Revenues

Revenues consist of sales plus other revenues derived from franchising activities in Canada. Merchandise sales to PJC franchisees through our distribution centres account for most of our sales. PJC franchised stores retail sales are not included in our revenues. However, any change in their retail sales directly affects our revenues since PJC franchisees purchase most of their inventory from our distribution centres.

Other revenues consist of royalties from franchisees based on a percentage of retail sales, rental revenues and revenues related to certain services rendered to franchisees.

Share of loss in Rite Aid, a company subject to significant influence

The Company holds a 28.4% equity interest in Rite Aid and this investment is accounted for under the equity method in which the Company records its share of net earnings (or loss) in Rite Aid.

During the 39-week period ended November 28, 2009, the Company's share of loss in Rite Aid exceeded the carrying value of its investment. As required by Canadian GAAP, the Company reduced the carrying value of its investment down to zero and ceased recording its share of loss in Rite Aid exceeding the carrying value of its investment, since the Company has not guaranteed obligations of Rite Aid and is not committed to provide further financial support to Rite Aid.

General and operating expenses

General and operating expenses comprise costs associated with salaries and benefits, rent, advertising, repairs and maintenance, insurance and professional fees.

NON-GAAP FINANCIAL MEASURES

Management used certain non-GAAP financial measures such as:

- Operating income before amortization ("OIBA");
- Earnings (loss) before specific items or earnings (loss) per share before specific items;
- Earnings (and earnings per share) before specific items and share of loss in Rite Aid.

Operating income before amortization ("OIBA")

OIBA is not a measure of performance under Canadian GAAP; however, management uses this performance measure in assessing the operating and financial performance of its operations. Besides, we believe that OIBA is an additional measure used by investors to evaluate operating performance and capacity of a company to meet its financial obligations.

However, OIBA is not and must not be used as an alternative to net earnings or cash flow generated by operating activities as defined by Canadian GAAP. OIBA is not necessarily an indication that cash flow will be sufficient to meet our financial obligations. Furthermore, our definition of OIBA may not be necessarily comparative to a similar measure reported by other companies.

Net earnings (loss), which is a performance measure defined by Canadian GAAP, is reconciled hereunder with OIBA.

<i>(unaudited, in millions of dollars)</i>	13 weeks		39 weeks	
	Q3-2010	Q3-2009	2010	2009
	\$	\$	\$	\$
Net earnings (loss)	44.6	(399.2)	69.8	(458.5)
Financing (revenues) expenses	(0.4)	5.1	(4.5)	7.9
Share of loss in Rite Aid	-	431.7	55.2	558.2
Income taxes	19.5	16.3	54.8	46.8
Operating income	63.7	53.9	175.3	154.4
Amortization per financial statements	4.6	3.9	13.1	11.9
Amortization of incentives paid to franchisees ⁽¹⁾	3.2	2.3	9.2	5.0
Operating income before amortization ("OIBA")	71.5	60.1	197.6	171.3

⁽¹⁾ Amortization of incentives paid to franchisees is applied against other revenues in the Consolidated Financial Statements.

Earnings (loss) before specific items or earnings (loss) per share before specific items

Earnings (loss) (or earnings (loss) per share) before specific items and earnings (or earnings per share) before specific items and share of loss in Rite Aid are non-GAAP measures. The Company believes that it is useful for investors to be aware of significant items of an unusual or non-recurring nature that have adversely or positively affected its Canadian GAAP measures, and that the above-mentioned non-GAAP measures provide investors with measures of performance with which to compare its results between periods without regard to these items. The Company's measures excluding certain items have no standardized meaning prescribed by Canadian GAAP and are not necessarily comparable to similar measures presented by other companies and therefore should not be considered in isolation.

Net earnings (loss) and net earnings (loss) per share are reconciled hereunder to earnings (loss) (and earnings (loss) per share) before specific items and earnings (and earnings per share) before specific items and share of loss in Rite Aid. All amounts are net of income taxes when applicable.

<i>(unaudited, in millions of dollars, except per share amounts)</i>	13 weeks		39 weeks	
	Q3-2010	Q3-2009	2010	2009
	\$	\$	\$	\$
Net earnings (loss)	44.6	(399.2)	69.8	(458.5)
Unrealized foreign exchange losses (gains) on monetary items	0.3	0.6	(0.5)	0.8
Change in fair value of third party asset-backed commercial paper	(0.7)	3.6	(4.7)	3.6
Earnings (loss) before specific items	44.2	(395.0)	64.6	(454.1)
Share of loss in Rite Aid	-	431.7	55.2	558.2
Earnings before specific items and share of loss in Rite Aid	44.2	36.7	119.8	104.1
Net earnings (loss) per share	0.19	(1.66)	0.30	(1.87)
Unrealized foreign exchange losses (gains) on monetary items	-	-	-	-
Change in fair value of third party asset-backed commercial paper	-	0.02	(0.02)	0.02
Earnings (loss) per share before specific items	0.19	(1.64)	0.28	(1.85)
Share of loss in Rite Aid	-	1.79	0.23	2.28
Earnings per share before specific items and share of loss in Rite Aid	0.19	0.15	0.51	0.43

QUARTERLY RESULTS

SELECTED CONSOLIDATED FINANCIAL INFORMATION FOR FISCAL QUARTERS - UNAUDITED

The following table presents selected financial information and operating results for the quarters ended November 28, 2009 (Q3-2010) and November 29, 2008 (Q3-2009). Some of the figures provided for the previous period have been reclassified to conform to the presentation adopted for the current period

<i>(unaudited, in millions of dollars, except per share amounts)</i>	13 weeks		39 weeks	
	Q3-2010	Q3-2009	2010	2009
	\$	\$	\$	\$
Sales	616.1	562.1	1,724.7	1,588.7
Other revenues ⁽¹⁾	62.0	58.2	181.4	173.4
Revenues ⁽²⁾	678.1	620.3	1,906.1	1,762.1
Gross profit	61.5	50.7	169.7	142.3
Operating income before amortization ("OIBA") ⁽³⁾	71.5	60.1	197.6	171.3
Share of loss in Rite Aid	-	431.7	55.2	558.2
Net earnings (loss)	44.6	(399.2)	69.8	(458.5)
Per share	0.19	(1.66)	0.30	(1.87)
Earnings before specific items and share of loss in Rite Aid ⁽³⁾	44.2	36.7	119.8	104.1
Per share	0.19	0.15	0.51	0.43

⁽¹⁾ Including amortization of incentives paid to franchisees.

⁽²⁾ Revenues include sales and other revenues.

⁽³⁾ See the "Non-GAAP financial measures" section.

COMPARISON OF THE CONSOLIDATED QUARTERLY AND CUMULATIVE RESULTS FOR THE PERIODS ENDED NOVEMBER 28, 2009 AND NOVEMBER 29, 2008

Revenues

Revenues, which include sales and other revenues, amounted to \$678.1 million during the quarter ended November 28, 2009, compared with \$620.3 million during the quarter ended November 29, 2008, an increase of 9.3%. For the cumulative period of fiscal year 2010, revenues amounted to \$1,906.1 million compared with \$1,762.1 million during the same period last year, an increase of 8.2%. This increase is attributable to the overall market growth and the expansion of the Jean Coutu Group network of franchised stores. Furthermore, the consumers' cautiousness in view of the A(H1N1) flu contributed to the increase of the over-the-counter drug sales.

Other revenues amounted to \$62.0 million during the third quarter of fiscal year 2010 compared with \$58.2 million during the third quarter of fiscal year 2009. For the cumulative period of fiscal year 2010, they amounted to \$181.4 million compared with \$173.4 million during the cumulative period of the previous fiscal year. This increase is attributable to the increase in rental revenues and other services related to the expansion of the Jean Coutu Group network of franchised stores.

Gross profit

Gross profit from the third quarter of fiscal year 2010 amounted to \$61.5 million compared with \$50.7 million during the third quarter of fiscal year 2009. For the third quarter of fiscal year 2010, gross margin, calculated as percentage of sales, was 10.0% compared with 9.0% during the third quarter of fiscal year 2009. For the cumulative period of fiscal year 2010, gross margin was 9.8% compared with 9.0% during the cumulative period of the previous fiscal year.

OIBA

OIBA increased by \$11.4 million and amounted to \$71.5 million for the third quarter of fiscal year 2010 compared with \$60.1 million for the third quarter of fiscal year 2009. The increase in OIBA is mostly attributable to a strong operational performance in the franchising activities and of the subsidiary Pro Doc. Gross sales of Pro Doc products, net of intercompany's eliminations, amounted to \$26.8 million in the third quarter of fiscal year 2010 compared with \$9.2 million in the third quarter of fiscal year 2009. OIBA as a percentage of revenues ended the third quarter of fiscal year 2010 at 10.5% compared with 9.7% for the third quarter of the previous fiscal year.

For the 39-week period of fiscal year 2010, OIBA increased by \$26.3 million and amounted to \$197.6 million compared with \$171.3 million during the 39-week period of fiscal year 2009. OIBA as a percentage of revenues ended the 39-week period of fiscal year 2010 at 10.4% compared with 9.7% during the corresponding period of the previous fiscal year.

Financing (revenues) expenses

Financing revenues amounted to \$0.4 million during the third quarter of fiscal year 2010, compared with financing expenses of \$5.1 million recorded during the third quarter of fiscal year 2009. Readers are referred to the "Third party asset-backed commercial paper" section of this MD&A for more information.

For the cumulative period of fiscal year 2010, financing revenues amounted to \$4.5 million compared with financing expenses of \$7.9 million recorded during the cumulative period of the previous fiscal year.

Share of loss in Rite Aid, a company subject to significant influence

No share of loss in Rite Aid was accounted in the Company's earnings during the third quarter of fiscal year 2010 compared with \$431.7 million (\$1.79 per share) during the third quarter of fiscal year 2009.

For the cumulative period of fiscal year 2010, the share of loss in Rite Aid included in the Company's earnings amounted to \$55.2 million (\$0.23 per share) compared with \$558.2 million (\$2.28 per share) during the cumulative period of the previous fiscal year. These are non-cash charges.

Readers are referred to the "Information on Rite Aid" section of this MD&A for more information.

Net earnings (loss)

The net earnings amounted to \$44.6 million (\$0.19 per share) during the quarter ended November 28, 2009, compared with a net loss of \$399.2 million (\$1.66 per share) for the quarter ended November 29, 2008.

Earnings before specific items and share of loss in Rite Aid amounted to \$44.2 million (\$0.19 per share) during the third quarter of fiscal year 2010 compared with \$36.7 million (\$0.15 per share) during the third quarter of fiscal year 2009.

For the cumulative period ended November 28, 2009, net earnings amounted to \$69.8 million (\$0.30 per share) compared with a net loss of \$458.5 million (\$1.87 per share) for the cumulative period ended November 29, 2008.

For the cumulative period of fiscal year 2010, earnings before specific items and share of loss in Rite Aid amounted to \$119.8 million (\$0.51 per share) compared with \$104.1 million (\$0.43 per share) during the cumulative period of the fiscal year 2009.

SELECTED CONSOLIDATED QUARTERLY FINANCIAL INFORMATION - UNAUDITED

<i>(unaudited, in millions of dollars, except per share amounts)</i>	Q3-2010	Q2-2010	Q1-2010	Q4-2009	Q3-2009	Q2-2009	Q1-2009	Q3-2008 ⁽²⁾
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	678.1	608.7	619.3	607.2	620.3	567.5	574.3	553.0
Operating income before amortization ("OIBA")⁽¹⁾	71.5	61.4	64.7	61.5	60.1	56.8	54.4	56.5
Share of loss in Rite Aid	-	24.3	30.9	768.8	431.7	73.1	53.4	332.1
Net earnings (loss)	44.6	14.9	10.3	(733.6)	(399.2)	(39.1)	(20.2)	(269.2)
Per share	0.19	0.07	0.04	(3.11)	(1.66)	(0.16)	(0.08)	(1.08)
Earnings before specific items and share of loss in Rite Aid⁽¹⁾	44.2	37.1	38.5	38.5	36.7	34.2	33.2	32.3
Per share	0.19	0.16	0.16	0.16	0.15	0.14	0.13	0.12
Weighted average number of shares, diluted	236.2	236.2	236.0	236.0	240.0	245.1	248.3	250.1

⁽¹⁾ See the "Non-GAAP financial measures" section.

⁽²⁾ The fiscal year ended March 1, 2008 contained three fiscal quarters due to the change in the fiscal year-end date as described previously in this MD&A.

INFORMATION ON THE JEAN COUTU GROUP NETWORK OF FRANCHISED STORES

Our franchising activities include operating two distribution centres and providing many services to our PJC network of franchised stores. These services comprise centralized purchasing, distribution, marketing, training, human resources, management, operational consulting and information systems, as well as participation in our private label program. The PJC franchisees own and manage their stores and are responsible for merchandising and financing their inventory. They must provision their store from our distribution centres, provided that the products requested are available and priced competitively to those of other suppliers. The financial results of the franchised stores are not included in the Company's Consolidated Financial Statements.

Network performance	13 weeks		39 weeks	
	Q3-2010	Q3-2009	2010	2009
Retail sales (in millions of dollars)	\$923.2	\$850.0	\$2,685.9	\$2,501.7
Retail sales per square foot (in dollars) ⁽¹⁾	\$1,421	\$1,399		
Retail sales (in percentage)				
Pharmacy, prescription drugs	63%	63%	63%	62%
Front-end, non-prescription drugs	10%	9%	9%	9%
Front-end, general merchandise	27%	28%	28%	29%
Retail sales growth (in percentage) ⁽²⁾				
Total stores				
Total	8.6%	5.0%	7.4%	5.0%
Pharmacy	8.8%	6.5%	8.9%	6.9%
Front-end	8.9%	3.1%	5.4%	1.8%
Same store ⁽³⁾				
Total	6.3%	3.2%	4.7%	3.7%
Pharmacy	6.5%	4.5%	6.0%	5.6%
Front-end	6.6%	1.6%	3.0%	0.5%

⁽¹⁾ Same store annual sales for the last 12 months divided by average square footage.

⁽²⁾ Growth is calculated based on comparable periods.

⁽³⁾ Same store means a store that operated throughout the current fiscal year and previous fiscal year.

Retail sales increase reflects overall market growth and openings, renovations and relocations of network of franchised stores. Furthermore, the consumers' cautiousness in view of the A(H1N1) flu contributed to the increase of the over-the-counter drug sales. Data on the growth included in this MD&A was calculated based on comparable periods. During the third quarter of fiscal year 2010, on a same-store basis, PJC network retail sales grew 6.3%, pharmacy sales gained 6.5% and front-end sales increased by 6.6% compared with the same period last year. During the third quarter of fiscal year 2010, the sales of non-prescription drugs, which represented 10% of total retail sales, increased by 16.0%, whereas these sales had increased by 6.4% at the same period last year.

During the cumulative period of fiscal year 2010, on a same-store basis, PJC network retail sales grew 4.7%, pharmacy sales gained 6.0% and front-end sales increased by 3.0% compared with the same period last year. During the cumulative period of fiscal year 2010, the sales of non-prescription drugs, which represented 9% of total retail sales, increased by 10.1%, whereas these sales had increased by 3.5% at the same period last year.

Store network development

During the third quarter of fiscal year 2010, there were 5 store openings, including one relocation, in the PJC network of franchised stores, compared with 11 openings, including 6 relocations, during the third quarter of fiscal year 2009.

During the cumulative period of fiscal year 2010, there were 17 store openings, including 4 relocations, in the PJC network of franchised stores, compared with 27 openings, including 10 relocations, for the same period last year.

INFORMATION ON RITE AID

Investment in Rite Aid, a company subject to significant influence

The Company holds an equity interest of 28.4% (February 28, 2009 - 28.4%) in Rite Aid, one of the United States leading drugstore chain, operating more than 4,800 drugstores. The equity interest in Rite Aid represents an investment subject to significant influence, which is accounted for using the equity method since June 4, 2007, its acquisition date.

The Company performed a comprehensive analysis related to its investment in Rite Aid during the fiscal year ended February 28, 2009 and impaired it at its fair value. Consequently, the carrying value of the investment in Rite Aid was assessed at \$58.3 million as at February 28, 2009. The Company used the closing market value of Rite Aid's common shares as of February 27, 2009, adjusted by a liquidity discount to assess the fair value of its investment and record the other-than-temporary loss in value. This loss in value is included in the share of loss from investments subject to significant influence account in the consolidated statement of earnings of the Company for the year ended February 28, 2009. For the 13- and 39-week periods ended November 29, 2008, the Company recorded a preliminary provision for loss in value of \$357.8 million included in the share of loss in Rite Aid, a company subject to significant influence.

During the 39-week period ended November 28, 2009, the Company's share of loss in Rite Aid exceeded the carrying value of its investment. As required by Canadian GAAP, the Company reduced the carrying value of its investment down to zero and ceased recording its share of loss in Rite Aid exceeding the carrying value of its investment, since the Company has not guaranteed obligations of Rite Aid and is not committed to provide further financial support to Rite Aid. For the 13- and 39-week periods ended November 28, 2009, the Company's unrecognized share of loss in Rite Aid amounted to \$24.6 and \$35.6 million, respectively.

Selected Financial Information - Summary Consolidated Balance Sheets – Rite Aid

<i>(unaudited, in millions of US dollars and under US GAAP)</i>	November 28, 2009	February 28, 2009
	\$	\$
Current assets	4,915.6	4,364.9
Property, plant and equipment, net	2,390.0	2,587.4
Other intangibles, net	872.4	1,017.0
Other assets	419.9	357.2
Total assets	8,597.9	8,326.5
Current liabilities	2,478.5	2,302.4
Long-term debt	6,370.5	5,971.0
Other long-term liabilities	1,227.1	1,252.8
Stockholders' deficit	(1,478.2)	(1,199.7)
Total liabilities and stockholders' equity	8,597.9	8,326.5

Some of this information would have been different if Rite Aid had prepared its consolidated financial statements using the same Canadian GAAP as the Jean Coutu Group. The differences are primarily due to the fact that Rite Aid uses the last in, first out method to evaluate its inventory, whereas the Jean Coutu Group uses the first in, first out method.

The following table presents selected information from the Rite Aid balance sheet using the Canadian GAAP:

<i>(unaudited, in millions of US dollars)</i>	November 28, 2009	February 28, 2009
	\$	\$
Current assets	5,706.4	5,111.4
Current liabilities	2,411.2	2,232.3
Stockholders' deficit	(627.7)	(389.3)

CONSOLIDATED STATEMENTS OF OPERATIONS OF RITE AID FOR THE FISCAL QUARTERS ENDED NOVEMBER 28, 2009 AND NOVEMBER 29, 2008

<i>(unaudited, in millions of US dollars, except per share amounts and under US GAAP)</i>	13 weeks		39 weeks	
	Q3-2010	Q3-2009	2010	2009
	\$	\$	\$	\$
Revenues	6,352.3	6,468.6	19,205.4	19,581.7
Costs and expenses				
Cost of goods sold	4,665.9	4,743.1	14,056.6	14,269.8
Selling, general and administrative expenses	1,605.2	1,711.9	4,961.8	5,285.5
Lease termination and impairment charges	35.1	101.6	130.8	189.7
Interest expense	135.8	126.6	374.1	363.4
Loss on debt modifications and retirements, net	-	-	1.0	39.9
(Gain) loss on sale of assets, net	(1.5)	(1.0)	(25.6)	11.9
	6,440.5	6,682.2	19,498.7	20,160.2
Loss from continuing operations before income taxes	(88.2)	(213.6)	(293.3)	(578.5)
Income tax expense	(4.3)	29.5	5.0	39.9
Net loss from continuing operations	(83.9)	(243.1)	(298.3)	(618.4)
Loss from discontinued operations	-	-	-	(3.4)
Net loss	(83.9)	(243.1)	(298.3)	(621.8)
Basic and diluted loss per share	(0.10)	(0.30)	(0.35)	(0.77)

This information would have been different if Rite Aid had prepared its consolidated financial statements using the Jean Coutu Group's Canadian GAAP. The differences are primarily due to the fact that Rite Aid uses the last in, first out method to evaluate its inventory, whereas the Jean Coutu Group uses the first in, first out method.

The following table presents selected information from the Rite Aid statements of operations using the Canadian GAAP:

<i>(unaudited, in millions of US dollars)</i>	13 weeks		39 weeks	
	Q3-2010	Q3-2009	2010	2009
	\$	\$	\$	\$
Cost of goods sold	4,651.2	4,683.3	14,012.3	14,179.8
Loss from continuing operations before income taxes	(73.9)	(154.2)	(250.4)	(489.4)
Net loss	(69.6)	(183.7)	(255.4)	(532.6)

The Rite Aid selected financial information above is derived from their press release of December 17, 2009, for the 13- and 39-week periods ended November 28, 2009. In addition to information in Rite Aid's public disclosure documents, readers are referred to their website at www.riteaid.com. Readers are also referred to Note 6 of the Company's Interim Consolidated Financial Statements for the third quarter of fiscal year 2010 for further information on its investment in Rite Aid.

LIQUIDITY

The Company's cash flows are generated by: i) merchandise sales and rental revenues from PJC franchised stores, ii) the collection of royalties from PJC franchisees and iii) rent from properties leased to tenants other than franchisees. These cash flows are used: i) to purchase products and services for resale, ii) to finance operating expenses, iii) for real estate investments, iv) to finance capital expenditures incurred to renovate and open stores and replace equipment and v) for debt service. We have typically financed capital expenditures and working capital requirements through cash flow from operating activities. The Company's larger acquisitions have been financed through long-term debt and equity.

SELECTED CONSOLIDATED INFORMATION ON LIQUIDITY

The following table presents selected information from the consolidated statements of cash flows for the quarters ended November 28, 2009 and November 29, 2008:

<i>(unaudited, in millions of dollars)</i>	13 weeks		39 weeks	
	Q3-2010	Q3-2009	2010	2009
	\$	\$	\$	\$
Cash flow provided by operating activities	67.3	68.5	148.9	92.2
Cash flow used in investing activities	(15.7)	(35.4)	(60.8)	(92.6)
Cash flow provided (used) in financing activities	(51.6)	(33.1)	(88.1)	0.4

COMPARISON OF THE CONSOLIDATED INFORMATION ON LIQUIDITY FOR THE QUARTERS ENDED NOVEMBER 28, 2009 AND NOVEMBER 29, 2008

Cash flow from operating activities

Cash flow provided by operating activities amounted to \$67.3 million during the third quarter of fiscal year 2010 compared with \$68.5 million during the third quarter of fiscal year 2009. Net changes in non-cash asset and liability items represented a \$13.9 million increase in cash during the third quarter of fiscal year 2010 compared with \$22.8 million during the third quarter of the previous fiscal year. Readers are referred to Note 8 of the Interim Consolidated Financial Statements for a listing of the net changes in non-cash operating asset and liability items.

Cash flow from investing activities

Cash flow used in investing activities amounted to \$15.7 million during the third quarter of fiscal year 2010 compared with \$35.4 million during the third quarter of fiscal year 2009. During the third quarter of fiscal year 2010, \$10.9 million was used to acquire capital assets compared with \$19.6 million during the third quarter of previous fiscal year. During the third quarter of fiscal year 2010, \$5.4 million was used to acquire other long-term assets compared with \$13.5 million during the third quarter of previous fiscal year. During the third quarter of fiscal year 2010, 5 new stores were opened in the PJC network of franchised stores, including one relocation, and 14 stores were expanded or renovated.

Cash flow from financing activities

During the third quarter of fiscal year 2010, the Company used \$51.6 million for its financing activities compared with \$33.1 million during the third quarter of fiscal year 2009. During the third quarter of fiscal year 2010, \$38.3 million were used to reimburse the Company's revolving credit facilities compared with the use of \$21.4 million of these funds during the third quarter of fiscal year 2009. Furthermore, the Company repaid long-term debt in the amount of \$2.9 million during the third quarter of fiscal year 2010. The Company paid a quarterly dividend of \$0.045 per Class A subordinate voting share and Class B share during the third quarter of fiscal year 2010 for a total of \$10.6 million. The Company had paid a quarterly dividend of \$0.04 per Class A subordinate voting share and Class B share during the third quarter of fiscal year 2009 for a total of \$9.7 million. These dividends were declared respectively during the second quarter of the fiscal years 2010 and 2009.

THIRD PARTY ASSET-BACKED COMMERCIAL PAPER

On November 28, 2009, the Company held Canadian third party asset-backed commercial paper ("ABCP") of a nominal amount of \$31.9 million (of which \$0.5 million is denominated in US dollars). As at November 28, 2009, notional values of Master Asset Vehicles ("MAV") II and MAV III notes are \$24.8 million (A1 - \$10.4, A2 - \$10.3, B - \$1.9, C - \$0.7 and \$1.5 of ineligible assets tracking notes) and \$7.1 million (\$0.9 million of traditional assets tracking notes and \$6.2 million of ineligible assets tracking notes), respectively.

These ABCP are accounted for at their fair value, which was \$19.8 million as of November 28, 2009 (\$21.8 million as at February 28, 2009). As at November 28, 2009, the total loss in value recorded was \$12.1 million representing 38% of the ABCP's nominal amount. For the 13- and 39-week periods ended November 28, 2009, the Company received \$0.2 and \$3.3 million, respectively, in principal repayments on some of its ABCP. For the

13-week period ended November 28, 2009, the Company wrote off an amount of \$0.5 million (nil in 2008) related to capital losses on ABCP.

The Company assessed its ABCP as at November 28, 2009. Since there is no active market for ABCP, the Company has estimated their fair value by discounting the expected cash flows at yields comparable to prevailing market yields and credit spreads available for securities with similar characteristics to the restructured notes and other market inputs reflecting the Company's best available information.

This estimate of the fair value of the ABCP investments is subject to significant uncertainty. While management believes that its valuation technique is appropriate in the circumstances, changes in assumptions could affect the value of ABCP securities in the next fiscal year. The resolution of these uncertainties could be such that the ultimate fair value of these investments may vary from management's current best estimate. The Company tested the sensitivity of its ABCP valuation model, and a 100 basis point increase in the discount rate would result in a 4.0% or \$0.8 million pre-tax decrease in the fair value of these investments.

On May 28, 2009, the Company entered into revolving credit facilities in a total amount of \$17.6 million (of which \$0.5 million is denominated in US dollars) and maturing between May 28, 2011 and May 28, 2012. Borrowings under the credit facilities bear interest at the Canadian prime rate plus a variable margin or at banker acceptance rate plus a variable margin, and the credit facilities may be renewed for periods of 12 consecutive months until reaching a total term of 7 years. The total available revolving credit facilities is reduced in case of subsequent repayments on some ABCP. As at November 28, 2009, none of these credit facilities were used.

These credit facilities include options that allow the Company to use the restructured notes to repay the drawdowns as they become due, under certain conditions. The Company assessed and accounted these options to repay drawdowns of credit facilities with restructured notes at fair value under other long-term assets. As at May 28, 2009, the corresponding initial gains of \$3.4 million was recognized in net earnings under change in fair value of third party asset-backed commercial paper.

For the 13-week period ended November 28, 2009, the Company recorded a decrease in the fair value of the options to repay drawdowns of credit facilities with restructured notes of \$0.7 million in change in fair value of third party asset-backed commercial paper. For the 39-week period ended November 28, 2009, the gains on options to repay drawdowns of credit facilities with restructured notes amounted to \$3.2 million (including initial gains of \$3.4 million).

For the 13- and 39-week periods ended November 28, 2009, the change in fair value of its ABCP of \$0.7 and \$4.7 million, respectively, consists of a loss on options to repay drawdowns of credit facilities with restructured notes of \$0.7 million and a gain on options to repay drawdowns of credit facilities with restructured notes of \$3.2 million, respectively, and a gain in value of its ABCP of \$1.4 and \$1.5 million, respectively (loss in value of \$3.6 million for comparable periods).

The Company has sufficient credit facilities to satisfy its financial obligations as they come due and does not expect there will be a material adverse impact on its business as a result of the ABCP liquidity issue.



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