
THE JEAN COUTU GROUP (PJC) INC.

ANNUAL INFORMATION FORM
Fiscal year ended February 27, 2010



April 27, 2010

TABLE OF CONTENTS

CAUTION REGARDING FORWARD-LOOKING STATEMENTS	3
ITEM 1. CORPORATE STRUCTURE	4
Name, Address and Incorporation	4
Intercorporate Relationships	4
ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS	4
History of the Enterprise	4
General Development of the Last Three Fiscal Years	5
ITEM 3. DESCRIPTION OF ACTIVITIES	6
General	7
Store Network	7
Franchise Operations	8
Professional and Commercial Activities	9
Marketing and Advertising	9
Purchasing and Distribution	10
Generic Drug Manufacturing	10
Real Estate	10
Information Systems	11
Human Resources	11
Trademarks	11
Cycles	11
Trends and Competitive Environment	11
Environmental Policy	12
Risks Factors	12
ITEM 4. DIVIDENDS	13
ITEM 5. CAPITAL STRUCTURE	13
Class "A" subordinate voting shares and Class "B" shares	13
Class "C" shares	15
ITEM 6. MARKET FOR THE NEGOTIATION OF SECURITIES	16
Trading Prices and Volumes	16
Notes	16
ITEM 7. DIRECTORS AND OFFICERS	17
Directors	17
Officers	19
ITEM 8. LEGAL PROCEEDINGS	20
ITEM 9. INTEREST OF INFORMED PERSONS AND OTHER PERSONS IN MATERIAL TRANSACTIONS	20
ITEM 10. TRUST AGENT AND REGISTRAR	20
ITEM 11. MATERIAL CONTRACTS	20
ITEM 12. INTEREST OF EXPERTS	20
Name of Experts	20
Interest of Experts	21
ITEM 13. AUDIT COMMITTEE DISCLOSURE	21
Charter	21
Composition of the Audit Committee	25
Relevant Experience	25
Policies regarding services rendered by Auditors	26
Remuneration of Auditors	27
ITEM 14. ADDITIONAL INFORMATION	27

Unless the context indicates otherwise, the use in this Annual Information Form of the terms “our” and “we”, the “Company”, “Group” and the “Jean Coutu Group” collectively refer to The Jean Coutu Group (PJC) Inc. and barring contrary requirements or indications, to its subsidiaries.

This Annual Information Form pertains to the fiscal year of The Jean Coutu Group (PJC) Inc. ended on February 27, 2010. Unless stated otherwise, all amounts set forth herein are expressed in Canadian dollars.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains “forward-looking statements”, that involve risks and uncertainties, and which are based on the Company’s current expectations, estimates, projections and assumptions and were made by the Group in light of its experience and its perception of historical trends. All statements that address expectations or projections about the future, including statements about the Jean Coutu Group’s strategy for growth, costs, operating or financial results are forward-looking statements. All statements other than statements of historical facts included in this Annual Information Form, including statements regarding the prospects of the Company’s industry and prospects, plans, financial position and business strategy of the Company, may constitute forward-looking statements within the meaning of the Canadian securities legislation and regulations. Some of the forward-looking statements may be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intend”, “estimate”, “project”, “could”, “anticipate”, “plan”, “foresee”, “believe” or “continue”, the negatives of these terms, the variations of them or the use of other similar terms. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. These statements do not reflect the potential impact of any non-recurring items or of any mergers, acquisitions, dispositions, asset write-downs or other transactions or charges that may be announced or that may occur after the date hereof. While the below list of cautionary statements is not exhaustive, some important factors that could affect the future operating results, financial position and cash flows of the Company and could cause its actual results to differ materially from those expressed in these forward-looking statements, namely:

- changes in the legislation or the regulatory environment as it relates to the sale of prescription drugs and the pharmacy exercise;
- the success of the Company’s business model;
- changes in laws and regulations, or in their interpretations;
- changes to tax regulations and accounting pronouncements;
- the cyclical and seasonal variations in the industry in which we operate;
- the intensity of competitive activity in the industry in which we operate;
- the supplier and brand reputations;
- our equity interest in Rite Aid Corporation (“Rite Aid”);
- our ability to attract and retain pharmacists;
- labour disruptions, including possibly strikes and labour protests;
- the accuracy of management’s assumptions; and
- other factors that are beyond our control.

These and other factors could cause our actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. Investors and any other person are cautioned that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that would cause the Company's actual results to differ from current expectations, please also refer to the Company's public filings available at www.sedar.com or www.jeancoutu.com. Further details and descriptions of these and other factors are disclosed in this Annual Information Form under the "Risk Factors" section as well as "Risks and Uncertainties" section of the Company's Management Discussion and Analysis for the fiscal year ended February 27, 2010. The Jean Coutu Group expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or any other reason, unless required by the applicable securities laws.

ITEM 1. CORPORATE STRUCTURE

Name, Address and Incorporation

The Company, which has its head office at 530 Bériault Street in Longueuil, Quebec, was incorporated on June 22, 1973, under the name *Services Farmico inc.*, under Part I of the *Companies Act* (Quebec). On January 24, 1979, the Company obtained supplementary letters patent in order to amend its authorized share capital.

On January 27, 1986, the Company was continued under Part IA of the *Companies Act* (Quebec) by means of a certificate of continuance. At the time of its initial public offering, the articles of the Company were amended by certificates of amendment dated August 8, 1986 and October 9, 1986 in order to:

- amend the Company's legal name to Le Groupe Jean Coutu (PJC) inc. and, in its English version, The Jean Coutu Group (PJC) Inc.;
- amend the structure of the share capital;
- amend the designation of the shares offered to Class "A" subordinate voting shares (*actions à droit de vote subalterne catégorie « A »*).

On March 4, 1992, September 29, 2000 and September 25, 2002, the Company also amended its articles and in order to proceed, each time, to a split of its shares on a basis of two new shares for each issued and outstanding share.

Intercorporate Relationships

As of February 27, 2010, the total assets, sales and operating revenues of the subsidiaries owned by the Company did not represent more than 20% of the consolidated assets, consolidated sales and operating revenues of the Company.

ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS

History of the Enterprise

The Jean Coutu Group is one of Quebec's most prominent organizations specializing in the distribution and retailing of pharmaceutical, parapharmaceutical and other products.

The Company dates back to 1969, when Mr. Jean Coutu, co-founder and current Chairman of the Board of Directors, opened a first retail store. He introduced an innovative formula to the retail pharmaceutical and

parapharmaceutical sector, featuring low prices on a wide range of products, superior customer service and extended business hours. Four years later, in 1973, the Company instituted the current franchise system and began its operations as wholesaler-distributor for its network by acquiring a first warehouse.

The “Jean Coutu” formula was quickly embraced by consumers and, in less than ten years, the network gained a major share of the Quebec market.

On August 24, 2006, the Company announced the entering into a definitive agreement (“*Stock Purchase Agreement*”) with Rite Aid providing for the sell of its United States network of approximately 1,854 Brooks Eckerd stores and six distribution centers, primarily located on the East Coast and in the Mid-Atlantic region (the “*Transaction*”). The Transaction was finalized on June 4, 2007, following the announcement that the Federal Trade Commission had accepted the proposed consent agreement requiring Rite Aid to divest 23 stores in nine states. In consideration, the Jean Coutu Group received US\$2.3 billion in cash, subject to a working capital adjustment, as well as 250 million shares of common stock of Rite Aid, giving it, at the time, an approximate 32% common equity interest and approximately 30% of the voting rights in Rite Aid. As a result, the Company no longer operates corporate establishments itself in the United States, but rather holds a participation in Rite Aid shareholder equity.

Concurrently with the execution of the Stock Purchase Agreement, the parties also entered into a Stockholder Agreement and a Registration Rights Agreement.

The Stockholder Agreement provides, among other things, the possibility for the Company to designate up to 4 directors on Rite Aid’s Board of Directors and board committees, subject to the Company maintaining a certain percentage of the voting powers in Rite Aid. Furthermore, this agreement stipulates namely: (i) the impossibility for the Company to increase its share participation in Rite Aid, except when specifically permitted, (ii) certain conditions regarding the Company’s voting rights at shareholders meetings, (iii) certain restrictions regarding the transfer of shares and (iv) certain subjects for which the approval of a super-majority of the Board of Directors is required.

The Registration Rights Agreement provides, among other things, that the Company has the right, on six occasions, to demand that Rite Aid register with the competent authorities the shares held by the Jean Coutu Group for resale in an underwriting public offering, subject to certain standard conditions for this type of transaction.

In August 2007, the Company filed a Business Acquisition Report on SEDAR (www.sedar.com) with respect to its acquisition of said equity interest in Rite Aid. A copy of the report may also be obtained by contacting the Corporate Secretary of the Company at its head office located at 530 Bériault Street, Longueuil, Quebec, J4G 1S8, telephone (450) 646-9760.

Upon closing of the Transaction, the Company repaid substantially all of its long-term debt comprised of term loan facilities maturing on July 30, 2009 and July 30, 2011, as well as substantially all of its US\$350 million of unsecured senior notes and its US\$850 million of unsecured senior subordinated notes.

General Development of the Last Three Fiscal Years

For the nine month period ended on March 1, 2008

On June 29, 2007, the Company announced its intention to redeem up to 13,672,800 Class “A” subordinate voting shares during a twelve month period commencing July 4, 2007, representing approximately 10% of the then outstanding Class “A” subordinate voting shares. These redemptions were completed through the facilities of the Toronto Stock Exchange and in accordance with its requirements, at an average price of \$12.93 per share for a

total amount of \$177 million for which the carrying value was \$75 million. As of March 1, 2008, all the redeemed shares had been cancelled.

In August 2007, the independent members of the Board of Directors, upon the recommendations of the Human Resources and Compensation Committee, approved a succession plan whereby Mr. Jean Coutu was replaced as President and Chief Executive Officer by Mr. François J. Coutu. This appointment is effective since October 16, 2007.

As part of its Canadian development strategy, the Jean Coutu Group announced, on December 20, 2007, the acquisition of *Pro Doc Itée* ("Pro Doc"), a Quebec-based generic drug manufacturer with headquarters in Laval. Further to this transaction, Pro Doc became a wholly-owned subsidiary of the Jean Coutu Group.

During fiscal 2008, the Company opened 3 new stores, 6 existing stores were relocated and 20 stores were significantly renovated or expanded.

For the twelve month period ended February 28, 2009

On July 8, 2008, the Company announced its intention to redeem up to 12,311,000 Class "A" subordinate voting shares during a twelve month period commencing July 11, 2008, representing approximately 10% of the then outstanding Class "A" subordinate voting shares. These redemptions were completed through the facilities of the Toronto Stock Exchange and in accordance with its requirements, at an average price of \$7.42 per share for a total amount of \$91.4 million for which the carrying value was \$67.3 million. As of February 28, 2009, all the redeemed shares had been cancelled.

On November 7, 2008, the Company redeemed the balance of the US\$350 million of unsecured senior notes which were not redeemed upon closing of the Transaction.

During fiscal 2009, the Company opened 33 stores, which includes 22 new stores and the relocation of 11 existing stores. Furthermore, 28 stores were significantly renovated or expended.

For the twelve month period ended February 27, 2010

On September 8, 2009, the Company redeemed the balance of the US\$850 million of unsecured senior subordinated notes which were not redeemed upon closing of the Transaction.

During fiscal 2010, the Company opened 17 stores, relocated 5 existing stores and 41 franchised stores were significantly renovated or expended.

As of February 27, 2010, the Group operated a network of 370 franchised stores under the banners of PJC Jean Coutu, PJC Santé Beauté, PJC Santé and PJC Clinique, all located in Quebec, Ontario and New Brunswick.

ITEM 3. DESCRIPTION OF ACTIVITIES

The Jean Coutu Group exercises its activities in the Canadian drugstore retail industry, mainly in Eastern Canada, through franchised stores.

Within the franchising segment, the Company carries on the franchising activity under its banners, operates two distribution centres and coordinates several other services for the benefit of its 370 franchised stores as at February 27, 2010. These services include centralised purchasing, distribution, marketing, training, human resources, management, operational consulting, information systems as well as the private labels program of the Company.

General

The Jean Coutu Group is the second-largest pharmacy chain in Canada and the first in Quebec. The Jean Coutu name is a widely-recognized brand in Quebec. The Company ranked third in a recent survey conducted by Léger Marketing for the most admired companies in Quebec.

Operations of the Jean Coutu Group are based on a franchise model. Under Quebec law, only pharmacists are permitted to own a pharmacy. PJC franchisees own their businesses and are responsible for managing their stores and for funding their investments in inventory and their stores layout. The Jean Coutu Group generates revenues from royalties, based on a percentage of store sales, from the sale of merchandise to franchisees from its distribution centers and from services rendered to them. The Jean Coutu Group also generates important revenues from real estate properties, including many strategically-located pharmacy locations. In fact, the Group is the owner or holds the rights to the master lease for nearly all of its stores.

During fiscal 2010, the PJC franchisee network filled approximately 67.6 million prescriptions, with an average of approximately 186,500 prescriptions per store. During that same period, prescription drugs accounted for approximately 62.9% of sales while front-end merchandise, including over-the-counter medication, accounted for approximately 37.1% of sales.

Store Network

The preferred PJC franchised store format is 12,000 to 14,000 square feet. However, different formats adapted to the communities the Company serves are built. PJC franchised stores are, generally, freestanding stores on corner locations or in strip shopping centers, in high retail traffic areas. Approximately 40% of the PJC franchised stores are located adjacent to or in medical office buildings. Approximately 74% of the stores in the PJC franchisee network have either been opened, relocated, remodelled or reconfigured during the last five years.

PJC Jean Coutu franchisees generally carry over 125,000 front-end products, including approximately 2,850 private label and exclusive brand products.

The table below sets forth the provinces in which PJC franchised stores are located.

Province	Number of stores as of February 27, 2010
New Brunswick	18
Ontario	10
Quebec	342
Total stores	370

The following table provides a history of PJC franchised store openings, additions and closings since the beginning of fiscal 2006.

	Fiscal years ended in				
	2006	2007	2008	2009	2010
Number of stores at beginning of period	321	327	328	331	353
Added stores ⁽¹⁾	5	-	-	15	7
New stores ⁽²⁾	6	4	3	7	10
Closed or sold stores	5	3	-	-	-
Number of stores at end of period	327	328	331	353	370

¹ "Added stores" are defined to be stores that were acquired by a franchisee, which were therefore added to the PJC franchised store network and where all existing operations were kept at the same location.

² "New stores" are defined to be stores that were opened without buying or transferring any prescriptions from other locations.

Franchise Operations

In Quebec, only pharmacists are permitted to own a pharmacy. Elsewhere in Canada, even though laws vary province by province, only pharmacists are permitted to perform pharmaceutical acts in a pharmacy. As a result, the Jean Coutu Group maintains a franchise relationship with all the stores within its network. The franchise agreement grants the franchised pharmacists the right to operate an establishment under any of the Jean Coutu Group banners in return for the payment of franchise royalties and other fees.

Franchise Agreement. Under the franchise agreement, PJC franchisees pay the Company a franchise royalty of approximately 4 to 5% of covered franchised store revenues, and, when need be, additional fees for accounting services. The Jean Coutu Group franchisees are required to purchase their inventory from the Jean Coutu Group's distribution centers which supply them with approximately 85% of their stocked product value, including prescription drugs.

The franchisees agree to abide by standards that, the Company believes, help franchised stores to have strong customer value and to offer convenience, such as maintaining operating hours seven days a week, including evening hours. In return for franchise royalties, the Jean Coutu Group provides its franchisees with multiple services, including centralized purchasing, distribution, marketing, training, human resources, management, operational consulting, information systems, professional services, as well as participation in the Group's private label program. Franchisees also pay additional fees for additional human resources and information technology. Furthermore, franchisees are obligated to participate in all Jean Coutu Group advertising campaigns and benefit from the support of an experienced corporate management team that has significant resources and industry expertise.

The initial term of a typical franchise agreement is five years with renewal options. The Group has 362 franchisees, several of whom have franchises for multiple store locations. Among the current franchisees, 187 have been with the PJC store network for more than 10 years, including 76 for more than 20 years.

Franchisee Selection Process. Potential franchisees undergo rigorous scrutiny before being invited to become part of the PJC franchisee network. All prospective franchisees are required to be licensed pharmacists in the province in which the prospective store is to be located. The Group selects franchisees based on a number of factors, including the candidate's business and pharmacy experience, management style, customer service experience and commitment to the PJC store network business strategy. In addition, to ensure that each newly selected franchisee is prepared to operate a PJC store, the Jean Coutu Group invites each new franchisee to attend more than 150 hours of business training courses on several important aspects of operating a PJC store and owning and

operating a business enterprise in general. Currently, the Company has a substantial number of candidates who have been through the review process and are currently waiting for a franchise to become available.

Professional and Commercial Activities

Pharmacy. The Company believes that it is imperative that PJC pharmacists provide high-quality and knowledgeable service and advice to customers. One aspect of the Company's strategy is to have PJC pharmacist become an integral part of the customer's health care decision process. The Group has therefore developed a proprietary pharmacy information and workflow system designed to enable an efficient workflow process that optimizes pharmacy services through: fast prescription filling, verification of quality control, reduction in filling errors, examination of workflow data and maximization of the availability of high demand prescription products. The Company believes that pharmacy information and workflow system is critical to its goal of providing professional pharmacy services and patient care. The Group believes that its efforts to continually improve pharmacy services at PJC franchised stores contribute to customer loyalty and increased in-store traffic.

Each PJC pharmacy is staffed at all times during business hours with pharmacists and drug clerks. PJC pharmacist and drug clerk staffing levels are maintained in accordance with business needs to ensure accurate and timely service. Each PJC franchisee carries a complete line of both brand name and generic prescription drugs.

In order to ensure that PJC pharmacists are informed of the latest developments in pharmacology, the Company created the Jean Coutu Academy. The Jean Coutu Academy offers PJC pharmacists many continuing education programs, namely:

- continuing education through correspondence courses and seminars; and
- periodic publications updating current market and industry trends.

The Company also developed an in-house training program for its drug clerks, which, the Company believes, is unique in its industry.

Front-End Merchandise. PJC franchised stores carry a wide variety of front-end merchandise, including: over-the-counter medications, personal care products, private label products, as well as consumable, seasonal and promotional items, tailored to local consumer tastes and demands for convenience and quality. PJC franchised stores also carry an extensive selection of high-quality beauty, cosmetics and fragrance merchandise.

Private Label and Exclusive Brand Products. PJC franchised stores carry over 2,850 private label and exclusive brand products. PJC's private label offerings include: the *Personnelle* line of beauty and cosmetic products, over-the-counter medications as well as personal care products. The private label and exclusive brand products took a turn for "the green" in 2009 and four new lines of cosmetics products are now available: *Personnelle Bio*, *Bio Cosmetic Jean d'Estrées Paris*, *Melvita* and *Plant System*. The Company also offers a new selection of household biodegradable products, *PJC Éco Nature*. The Group also holds the exclusive rights for the sale in Canada of the *Garraud Paris* and *Jean d'Estrées Paris* lines of French cosmetic products and the *Solfine Color* line of Italian hair coloring. The Company believes that the selection and quality of such merchandise carried by its PJC franchised stores provide these stores with a competitive advantage relative to other Canadian drugstores, mass merchandisers and food retailers. The Group intends to continue to promote and expand private label and exclusive brand merchandise offerings at PJC franchised stores to drive sales of these products.

Marketing and Advertising

The Company maintains centralized marketing and advertising programs for its PJC franchised store network. The Group believes that PJC franchisees benefit from the Company's strong and recognizable brand name, its experienced and professional marketing support and the lower advertising costs resulting from the scale of its

operations. The Company regularly consults the franchisees on product selection and holds five purchasing exhibitions annually, one of which is devoted exclusively to cosmetics.

The PJC advertising circular and the website are among the Group's top promotional vehicles, although the Company also uses other marketing tools, such as radio, television and local newspapers. The circulars are designed to increase sales of front-end products, to satisfy local needs and demands, but also to emphasize the PJC brand name, the quality of the pharmacy services and the commitment of the Group to customer service. The Company's website offers various online services to better complete the PJC shopping experience, such as: prescription refill, photo printing services, gift cards purchases and the advertisement of the ongoing promotions.

Another marketing initiative of the Company includes the participation in the Air Miles[®] Reward Program. In the province of Quebec, the PJC franchised stores are the only pharmacy network to offer this program. Consumers in the Air Miles[®] Reward Program earn reward miles in connection with product purchases at retailers in various categories. Consumers may also exchange their reward miles to purchase Jean Coutu gift card or use their reward miles to pay directly for their purchases.

Purchasing and Distribution

As a supplier to the PJC franchised stores, the Company purchases brand name and generic prescription drugs from numerous manufacturers and wholesalers. The Group believes that many competitive supply sources are readily available for substantially all of the prescription drugs and front-end merchandise that it supplies to PJC franchised stores and that the loss of any one supplier would not have a material effect on its business. The largest supplier for the fiscal year ended February 27, 2010 was Pfizer Canada, which accounted for approximately 10% of the dollar value of the Group's supplier volume.

A data warehouse is used to track and analyze selling trends at PJC franchised stores. This system enables the Company to optimize stock levels and product mix in its warehouse and to help franchisees with their purchasing decisions. Approximately 85% of the value of PJC franchised store merchandise is purchased from the Group and distributed by its trucks or third party providers from the distribution centers located in Longueuil, Quebec or Hawkesbury, Ontario. The remainder of PJC franchised store merchandise is purchased directly by PJC franchisees from other suppliers.

Generic Drug Manufacturing

As of December 20, 2007, the Group acquired Pro Doc, a generic drug manufacturer. With a portfolio of over 250 generic drugs classified in 7 categories, Pro Doc carries on its mission to supply the drug wholesalers in Quebec, including the Jean Coutu Group, and the pharmacists in Quebec.

Real Estate

As of February 27, 2010, the Company owned 169 buildings, including 7 strip malls, 5 professional buildings, 11 parcels of undeveloped land and 146 free standing buildings, most of which house a PJC franchised store. The Company believes that PJC franchised stores attract high-quality tenants to its properties because of the consistent retail traffic at PJC franchised stores. The Company owns and leases to franchisees 129 of its PJC locations. Almost all of these leases contain two five-year renewal options and involve fair market value rent increases. In addition, the Group sublets 241 store locations to other PJC franchisees. The leases the Company has entered into with the owners generally have original terms of ten years, two five-year renewal options and involve fair market value rent increases. The Company believes that its real estate assets enable it to ensure that prime locations remain under the Jean Coutu Group banners.

Information Systems

The distribution operations of the Company and the operations of PJC franchised stores are supported by the use of information systems, including point of sale scanners (POS), that enable in-depth analysis of inventory and sales, which enhances the efficiency of the operations of the Company and those of PJC franchisees. The information provided by these systems enables the Company to refine purchasing operation with its suppliers, on an ongoing basis. The Company also works with PJC franchisees to customize their shelf space to customer preferences in an effort to increase sales volumes and gross margins. Rx Information Centre Ltd. (wholly-owned subsidiary of the Company) is responsible for the development, installation and management of information systems for the PJC store network, as well as distribution centers of the Company.

Rx Information Centre Ltd. has, among other things, developed sophisticated proprietary pharmacy information and workflow system, known as Rx Pro, which is used in nearly all PJC franchised stores. This system is designed to enable an efficient workflow process that optimizes pharmacy services through: fast prescription filling, verification of quality control, reduction in filling errors, reduced chances of adverse drug interaction, examination of workflow data and maximization of the availability of high-demand prescription products. At the customer's request, this system also allows customers to refill their prescriptions at any PJC store within the same province (except for Ontario).

Human Resources

As of February 27, 2010, the Jean Coutu Group and its subsidiaries had 1,023 employees.

As of February 27, 2010, a group of 383 employees of the Company were unionized. These employees work at the Jean Coutu Group's distribution centre located in Longueuil and are members of the *Syndicat des travailleuses et travailleurs de PJC entrepôt-CSN*. The current collective agreement, signed on May 1, 2006, ends on December 31, 2011.

As of February 27, 2010, franchised stores employed a total of 17,359 persons, 37 of those employees in one store were unionized.

Trademarks

The Jean Coutu Group owns trademarks used in conjunction with the operation of its business including, but not limited to, "*Personnelle*", "*PJC*", "*Jean Coutu*", "*Notre passion... votre beauté*", "*PJC Délices*" and "*PJC Éco Nature*".

Cycles

The weather has an effect on the general population's health and, by extension, on the sales of PJC franchised stores. For example, in the winter, the Company sells more cold and flu medicine, while in the summer, allergy and sun protection products are in greater demand. PJC franchised store sales are affected by holidays such as Christmas, Easter, Halloween, Valentine's Day, Mother's Day and Father's Day. The peak sales period is generally the fourth quarter of the fiscal year, which includes Christmas.

Trends and Competitive Environment

According to a press release published by IMS Health Canada on April 1, 2010, the number of retail prescriptions filled by Canadians grew 5.5% percent in 2009 to \$483 million, fueled by an aging population and growing utilization of specialty pharmaceutical products. Generics currently comprise 54.3% of Canada's pharmaceutical market, up from 51.8% in 2008. Greater demand for lower-cost generics is expected to continue as blockbuster drugs with a current value of \$7.1 billion will lose patent protection through 2014; these drugs currently represent 42% of sales for branded medications in Canada. Pharmaceutical drugs purchased by Canadian pharmacies and hospitals grew by

6.3% in 2009 compared with 6.9% in 2008, totaling \$22.03 billion, and fared better than other markets worldwide despite the recession. For 2010, IMS expects sales growth of pharmaceutical drugs for the Canadian pharmaceutical market in the 4.5 – 5.5% range, reflecting the impact of cost containment across the provinces.

The Company generally believes there is an increased consumer focus on prevention, general wellness, early diagnosis of medical conditions and on the purchase of self-care products, such as vitamins, analgesics, herbals, smoking-cessation products and lifestyle drugs. This is expected to continue to have a positive impact on sales of prescription drugs, over-the-counter medications, nutrition supplements and other drugstore merchandise.

The PJC franchised store network competes with local, regional and national companies, including independently owned drugstores, supermarkets, mass merchandisers, hardware stores, discount stores and other drugstore chains, groups and banners. The Company primarily competes with national drugstore chains, but also increasingly faces competition from supermarkets and mass merchandisers, which have expanded their offerings to include pharmacy products and services. See "Risk and Uncertainties — Competition" in the 2010 MD&A, which is incorporated to this Annual Information Form by reference. The 2010 MD&A of the Company is available on SEDAR at www.sedar.com.

Drugstore chains remain the main channel for prescription drug sales and have increased their share of prescription sales at the expense of independently owned drugstores, which have difficulty competing with drugstore chains on the pricing of front-end merchandise. Another major factor for the competitiveness of drugstore chains is the convenience of drugstore chain locations.

Environmental Policy

The Company adopted an Environmental Policy. The content of this policy is periodically revised by the Company's Environmental Policy Committee. The text of this policy is available on the Company's website at www.jeancoutu.com.

The promotion of reusable bags, recuperation of expired medication and a new "green" line of products, *PJC Éco Nature*, are amongst the various environmental initiatives adopted by the Company.

To the Company's knowledge, requirements related to environmental protection do not and will not have any significant impact on the Company's capital spending, earnings or competitiveness within the normal course of its business.

Risks Factors

The "Risks and Uncertainties" section of the Company's 2010 MD&A is incorporated herein by reference, as supplemented from time to time in the "Risks and Uncertainties" section of the Company's quarterly reports to shareholders. The Company's MD&A is available on SEDAR at www.sedar.com.

ITEM 4. DIVIDENDS

The following table provides a summary of the cash dividends declared and paid by the Company to all holders of Class "A" subordinate voting shares and Class "B" shares for the three most recent fiscal years.

Fiscal years ended March 1, 2008, February 28, 2009 and February 27, 2010
\$ per share

2010	0.18
2009	0.16
2008	0.12 ¹

During the next fiscal year, the Jean Coutu Group intends to maintain its dividend policy, which provides for the payment to shareholders of four quarterly dividends based on financial forecasts for the current year.

The declaration, amount and date of any future dividends will continue to be considered by the Board of Directors of the Company based upon and subject to the Company's earnings and financial requirements and any other factors prevailing at the time.

Event subsequent to February 27, 2010

On April 27, 2010, the Board of Directors of the Jean Coutu Group declared a quarterly dividend of \$0.055 per Class "A" subordinate voting share and Class "B" share. This dividend will be paid on May 28, 2010 to all shareholders of the Company on record on May 14, 2010.

ITEM 5. CAPITAL STRUCTURE

The authorized share capital of the Company consists of an unlimited number of Class "A" subordinate voting shares (*actions à droit de vote subalterne catégorie « A »*) without par value, an unlimited number of Class "B" shares (*actions catégorie « B »*) without par value and an unlimited number of Class "C" shares (*actions catégorie « C »*) without par value, issuable in one or more series.

As of February 27, 2010, 118,916,582 Class "A" subordinate voting shares and 117,385,000 Class "B" shares were issued and outstanding as fully paid. No Class "C" shares are presently issued and outstanding.

The following is a summary of the material provisions concerning the various classes of shares of the Company's authorized share capital and is subject to the complete text of the rights, privileges, conditions and restrictions attached to these shares.

Class "A" subordinate voting shares and Class "B" shares

Voting rights

Each Class "A" subordinate voting share is entitled to one vote and each Class "B" share is entitled to ten votes.

¹ During fiscal 2008, which only had 39 weeks, the Company paid three quarterly dividends of \$0.04 each.

Change in voting rights attached to the Class "B" Shares

In the event that the "Coutu Family" ceases to be the beneficial owner, directly or indirectly, of shares representing 50% or more of the votes attaching to all shares then outstanding, the Class "B" shares shall thereupon confer upon their holder the right to one vote per share instead of ten votes per share.

"Coutu Family" means Jean Coutu and his descendants, born or to be born, or any one of them, as well as any corporate body, controlled by one or more of them.

Issue of Class "B" shares

As long as Class "B" shares are outstanding, the Company shall not, at any time, unless the holders of such shares shall have given their consent by way of special resolution, issue Class "A" subordinate voting shares unless, at the time of issue and in the manner determined by the Board of Directors, the Company offers to the holders of Class "B" shares the right to subscribe for, pro rata the number of shares they respectively hold, an aggregate number of Class "B" shares such that, if the holders of Class "B" shares decided to subscribe for all of the Class "B" shares that they will be entitled to subscribe for at that time, the proportion of voting rights attaching to the Class "B" shares issued and outstanding immediately following such subscription in relation to all the voting rights attaching to all of the issued and outstanding shares immediately following the issue of Class "A" subordinate voting shares shall be the same immediately following the issue of Class "A" subordinate voting shares as immediately prior to that issue.

Dividends

Holders of Class "A" subordinate voting shares and Class "B" shares are entitled to any dividend declared by the Company, at a rate to be fixed by the directors. A dividend shall not be declared nor paid on Class "A" subordinate shares unless a dividend in the same amount per share is simultaneously declared and paid on Class "B" shares.

Exchange privilege in the event of a Bid

Should a bid (as defined below) be made to the holders of Class "B" shares without being made concurrently upon the same terms to the holders of Class "A" subordinate voting shares, each Class "A" subordinate voting share will become exchangeable into one Class "B" share at the holder's option in order to allow such holder to accept such bid, subject however to the acceptance of the bid by the holders of Class "B" shares holding, at a given date, more than 50% of the voting rights attaching to all of the shares in the Company's share capital carrying voting rights.

"Bid", as defined in the Articles of Amendment, means a take-over bid, a take-over bid by way of an exchange or an issuer bid (as defined in the *Securities Act* (Quebec), as currently enacted or as it may be amended or re-enacted thereafter) in order to purchase Class "B" shares; provided, however, that a bid does not include (i) a bid made at the same time, price and conditions to all of the holders of Class "B" shares and to all of the holders of Class "A" subordinate voting shares, (ii) a bid for all or any part of the Class "B" shares issued and outstanding at the time of the bid, where the purchase price for each Class "B" share does not exceed 115% of the average market price obtained by averaging the closing prices of the Class "A" subordinate voting shares during the 20 days of market activity preceding the date of the bid, or (iii) a bid made by one or more members of the Coutu Family, to one or more members of the Coutu Family.

The exchange privilege of the Class "A" subordinate voting shares may be exercised by providing the Company, at its head office, or its transfer agent, with a written notice accompanied by the share certificate(s) representing such shares. The exchange privilege shall be deemed to have been exercised at the date at which such written notice and share certificate(s) representing the shares to be exchanged are received by the Company or its transfer agent; the Articles of Amendment provide for the processing of notices and share certificates, the issuance of share certificates, the exercise of voting rights, the sending of notices by its transfer agent to the

holders of Class "A" subordinate voting shares and the payment of the purchase price for the shares sold pursuant to the bid.

Exchange privilege attached to Class "B" Shares

Each Class "B" share may, at any time, at the holder's option, be exchanged for one Class "A" subordinate voting share.

Liquidation

In the case of liquidation or dissolution of the Company or of any other distribution of the Company's assets among its holders for the purpose of winding-up its affairs, the holders of Class "A" subordinate voting shares and the holders of Class "B" shares shall be entitled to divide equally all of the assets of the Company available for payment or distribution, on a share-for-share basis, based upon the number of shares they hold respectively.

Rank

Except as otherwise provided for above, Class "A" subordinate voting shares and Class "B" shares carry the same rights, are equal in all respects and must be treated by the Company as if they were shares of one class. The Class "A" subordinate voting shares and the Class "B" shares rank, as to dividends and reimbursement of capital in the event of liquidation or dissolution, after the Class "C" shares.

Amendment

The Articles of Amendment of the Company provide that certain amendments, the effect of which is to affect the rights, privileges, conditions and restrictions attached to the Class "A" subordinate voting shares and to the Class "B" shares, must be authorized by at least 3/4 of the votes cast at a meeting of the holders of Class "A" subordinate voting shares or, as the case may be, of the holders of Class "B" shares, duly held for that purpose.

Class "C" shares

The Class "C" shares may be issued, from time to time, in one or more series and the rights, privileges, conditions and restrictions attaching to each series may be determined by the directors of the Company by way of resolution. The Class "C" shares of each series rank equally with the Class "C" shares of any other series as to dividends and reimbursement of capital in the event of liquidation or dissolution of the Company, and rank before the Class "A" subordinate voting shares and Class "B" shares as to dividends and reimbursement of capital.

Voting rights

The holders of Class "C" shares, as a class, are not entitled to any voting rights, save those instances where class voting rights are provided for in the Articles of Amendment of the Company.

Liquidation

In the event of liquidation or dissolution of the Company or any other distribution of the assets of the Company among its holders for the purpose of winding-up its affairs, the holders of Class "C" shares shall be entitled to receive, prior to any distribution of assets among holders of other classes of shares, the paid-up capital in respect of such shares, as well as any non-cumulative dividend declared and remaining unpaid at the time of distribution or, as the case may be, any cumulative dividend accumulated and remaining unpaid, whether declared or not, but will be entitled to no further participation in the assets of the Company.

Amendment

The Articles of Amendment of the Company provide that certain amendments, the effect of which is to affect the rights, privileges, conditions and restrictions attached to Class "C" shares, must be authorized by at least 3/4 of the votes cast at a meeting of the holders of Class "C" shares duly held for that purpose.

ITEM 6. MARKET FOR THE NEGOTIATION OF SECURITIES

Class "A" subordinate voting shares are traded on the Toronto Stock Exchange under the symbol PJC.A.

Trading Prices and Volumes

The information below pertaining to prices¹ is stated in dollars per share.

Month	High	Low	Volume
March 2009 ²	8.35	7.21	4,859,698
April 2009	9.13	7.86	4,847,119
May 2009	9.80	8.93	5,104,293
June 2009	9.88	9.00	4,305,835
July 2009	10.88	9.38	8,858,606
August 2009	10.26	9.72	5,115,875
September 2009	10.00	9.39	7,207,893
October 2009	9.87	8.82	8,273,854
November 2009	9.30	8.75	5,541,453
December 2009	9.71	9.26	4,630,930
January 2010	10.07	9.63	8,988,242
February 2010	9.82	9.40	5,422,798

	High	Low	Volume
Annual	10.88	7.21	73,156,596

Notes

Upon closing the sale of its US operations to Rite Aid, in June 2007, the Company repaid substantially all of the US\$350 million of unsecured senior notes (approximately 99.9% of these notes have been tendered) and US\$850 million of unsecured senior subordinated notes (approximately 99.7% of these notes have been tendered). The stability ratings previously assigned to these notes by various rating agencies were withdrawn following the repayment.

In November 2008, the Company redeemed the balance of the US\$350 million of unsecured senior notes as provided for by the Trust Indenture.

In September 2009, the Company also redeemed the balance of the US\$850 million of unsecured senior subordinated notes.

¹ Source: TSX Historical Data

² For the period starting March 2, 2009

ITEM 7. DIRECTORS AND OFFICERS

Directors

The names and occupations of the directors of the Company and their places of residence along with the composition of the committees of the Board of Directors appear in the following table. The information is accurate as of April 27, 2010. The directors of the Company are elected annually and the term of office of each of these directors expires upon the election of his successor unless he should resign or his office should become vacant because of death, removal or any other reason.

Name / Place of Residence	Function	Director Since	Principal Occupation	Previously Held Positions ¹
Lise Bastarache Candiac, Quebec Canada	Director	March 2003	Corporate Director and Economist	Regional Vice President, Private Banking Quebec for RBC Financial Group until 2005.
François J. Coutu Montreal, Quebec Canada	Director, President and Chief Executive Officer	December 1985	President and Chief Executive Officer of the Company	Vice Chairman and President of Canadian Operations of the Company from 2005 to 2007 and President and Chief Executive Officer from 2002 to 2005.
Jean Coutu Montreal, Quebec Canada	Director, Chairman of the Board	June 1969	Chairman of the Board of Directors of the Company	Chairman of the Board, President and Chief Executive Officer from 2005 to 2007 and Chairman of the Board of Directors from 2002 to 2005.
Marie-Josée Coutu Montreal, Quebec Canada	Director	September 1997	President of the <i>Fondation Marcelle et Jean Coutu</i>	
Michel Coutu Montreal, Quebec Canada	Director	December 1985	Co-Chairman of the Board of Directors of Rite Aid Corporation	President of US Operations of the Company and President and Chief Executive Officer of The Jean Coutu Group (PJC) USA, Inc. from 1986 to June 2007.
Sylvie Coutu Montreal, Quebec Canada	Director	September 1997	President of Sylvie Coutu Design	
L. Denis Desautels Ottawa, Ontario Canada	Director	January 2003	Corporate Director	

Name / Place of Residence	Function	Director Since	Principal Occupation	Previously Held Positions ¹
Marcel Dutil Montreal, Quebec Canada	Director	September 1995	Chairman of the Board and Chief Executive Officer of the Canam Group Inc.	
Mtre Nicole Forget Longueuil, Quebec Canada	Director	September 1993	Corporate Director	
Dr. Robert Lacroix Mont-Royal, Quebec Canada	Director	September 2006	Professor <i>Emeritus</i> of the <i>Université de Montréal</i>	Rector of the <i>Université de Montréal</i> from 1998 to 2005.
Mtre Yvon Martineau Montreal, Quebec Canada	Director	December 1985	Partner, Blake, Cassels, Graydon L.L.P. since March 2009	Senior Partner, Fasken Martineau DuMoulin L.L.P. from 1993 to March 2009.
Dennis Wood Magog, Quebec Canada	Director	March 2004	Chairman of the Board of Directors and President of DWH Inc.	

¹ For the past five years.

As at April 27, 2010, to the best knowledge of the Company, no director of the Company is or has been, within ten years before the date of this Annual Information Form, a director or executive officer of any company, that, while this person was acting in such capacity or within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets, except for: (i) Mr. Marcel Dutil, who sat on the Board of Directors of Total Containment, Inc. when that corporation filed for bankruptcy under Chapter 11 (Bankruptcy) of the United States Code on March 4, 2004 and (ii) Mr. Dennis Wood, who sat on the Board of Directors of Bocenor Group Inc. (now GBO Inc.) when that company made a proposal to its unsecured creditors under the *Bankruptcy and Insolvency Act* (Canada), which was approved on July 14, 2004.

No penalties or sanctions were imposed to the aforementioned directors as a result of the above described events.

Composition of the Committees of the Board of Directors		
Audit Committee	Human Resources and Compensation Committee	Governance and Nominating Committee
L. Denis Desautels, Chair Lise Bastarache Marcel Dutil Robert Lacroix Dennis Wood	Nicolle Forget, Chair Lise Bastarache Sylvie Coutu Robert Lacroix	Yvon Martineau, Chair Lise Bastarache Marie-Josée Coutu L. Denis Desautels Nicolle Forget Michel Coutu

Officers

The name, place of residence and principal occupations of the past five years of the officers of the Jean Coutu Group and its subsidiaries appear in the following table. The information is accurate as of April 27, 2010.

Name, Place of Residence	Function	Previously Held Positions ¹
André Belzile Drummondville, Quebec, Canada	Senior Vice President, Finance and Corporate Affairs	
Hélène Bisson Île des Soeurs, Quebec, Canada	Vice President, Communications	Senior Director, Communications
Michel Boucher Boucherville, Quebec, Canada	Vice President and Chief Information Officer	
Denis Courcy Laval, Quebec, Canada	Vice President, Human Resources	Vice President, Human Resources and Legal Affairs
François J. Coutu Montreal, Quebec, Canada	President and Chief Executive Officer	See page 17 of this Annual Information Form.
Jean Coutu Montreal, Quebec, Canada	Chairman of the Board	See page 17 of this Annual Information Form.
Louis Coutu Montreal, Quebec, Canada	Vice President, Commercial Policies	
Véronique Duval Boucherville, Quebec, Canada	Assistant Corporate Secretary	Lawyer (Commercial and Corporate) at Lamarre Perron Lambert Vincent s.e.n.c. from 2005 to 2006 and legal counsel for the Company from April 2006 to January 2009.
Guy Franche Rosemère, Quebec, Canada	Vice President, Control and Treasury	Vice-President, Internal Audit of Domtar Inc. until April 2006 and Vice President, Internal Audit of the Company from 2006 to 2007.
Jean H. Gagnon Verchères, Quebec, Canada	Vice President, Legal Affairs and Corporate Secretary	Private practice from September 2002 to October 2007 as legal counsel, mediator, arbitrator and expert in franchising. In October 2007, he became Vice President, Legal Affairs of the Company and since January 2009, he also acts as Corporate Secretary.
Alain Lafortune St-Sauveur, Quebec, Canada	Senior Vice President, Purchasing and Marketing	
Éric Laurence Laval, Quebec, Canada	Vice President, Logistics and Distribution	Director, Operations IKEA Wholesale from 2003 to 2006; Director, Operations RONA Wholesale in Terrebonne from 2006 to 2007 and Director, Logistics, RONA from 2007 to 2009.
Richard Mayrand Montreal, Quebec, Canada	Vice President, Pharmacy and Governmental Affairs	
Johanne Meloche Laval, Quebec, Canada	Vice President, Cosmetics and Exclusive Brands	
Normand Messier Longueuil, Quebec, Canada	Senior Vice President, Network Operation Informer	
Sylvain Prud'Homme Verdun, Quebec, Canada	Vice President, Retail Operations	Head Director Store Planning, Layout and Openings
Marcel A. Raymond Outremont, Quebec, Canada	President, Pro Doc Itée	Vice-President, Control and Treasury of the Jean Coutu Group until December 2007.

¹ For the past five years.

As of April 27, 2010, the directors and officers of the Company, owned or exercised control, directly or indirectly, on 7,777,650, or 6.54%, of the Class "A" subordinate voting shares and on 117,385,000, or 100%, of the Class "B" shares.

ITEM 8. LEGAL PROCEEDINGS

As of February 27, 2010, the Company was not the subject of any legal proceedings, whether covered or not by the Company's insurance, which could have a material impact on the Company except for an action instituted against it by one of its franchisees. The plaintiff claims that the clause of its franchise agreement regarding the payment of royalties on the sale of medications of its pharmacies would be illegal because it would lead to the contravention of an article of the Code of ethics for pharmacists. The Company contests the grounds upon which this action is based and intends to defend its position. However, due to the inherent uncertainties of litigation, it is not possible to predict the final outcome of this lawsuit or determine the amount of any potential losses, if any. No provision for contingent loss has been recorded in the Company's consolidated financial statements.

ITEM 9. INTEREST OF INFORMED PERSONS AND OTHER PERSONS IN MATERIAL TRANSACTIONS

Mr. Jean Coutu, Chairman of the Board of Directors of the Company, personally, as franchisee of four PJC Jean Coutu stores as well as through certain corporations in which he holds an interest, is involved in a number of transactions with the Company and its subsidiaries. The same is true of Mr. François J. Coutu, President and Chief Executive Officer of the Company, as franchisee with respect to two PJC Jean Coutu stores. These transactions have no material impact on the Company and are concluded in the normal course of the Company's business, in accordance with the same terms and conditions applicable to other PJC franchisees. These transactions involve the supply of products and the payment of royalties, rent, interests, store opening expenses, accounting and management fees as well as fees for information technology services.

ITEM 10. TRUST AGENT AND REGISTRAR

The transfer agent and registrar for the shares of the Company is Computershare Trust Company of Canada located at 1500 University Street, Suite 700, Montreal, Quebec H3A 3S8.

ITEM 11. MATERIAL CONTRACTS

The Company is not a party to any material contracts outside the ordinary course of business or that would otherwise be required to be filed pursuant to a requirement of the Canadian Securities Administrators other than the agreements relative to the Transaction entered into with Rite Aid in 2007 namely: the Share Purchase Agreement, the Stockholder Agreement and the Registration Rights Agreement, which are more fully described at page 5 of this Annual Information Form.

ITEM 12. INTEREST OF EXPERTS

Name of Experts

The consolidated financial statements of the Company for the year ended February 27, 2010 have been audited by Deloitte & Touche LLP, independent chartered accountants.

Interest of Experts

During the fiscal year ended February 27, 2010, the audit committee of the Company obtained a written confirmation from Deloitte & Touche LLP chartered accountants, confirming their independence according to the Code of Ethics of the *Ordre des comptables agréés du Québec*.

ITEM 13. AUDIT COMMITTEE DISCLOSURE

Charter

1. Composition

- a) The Audit Committee of the Company (the “**Committee**”) shall consist of at least three (3) members and a maximum of seven (7).
- b) Each member of the Committee shall sit on the Board of Directors of the Company.
- c) Each member of the Committee shall be independent.
- d) Each member of the Committee shall be competent in financial matters.

2. Election of members. The members, as well as the Chair of the Committee, are elected by and among the Directors of the Company during the first meeting of the Board of Directors immediately following the annual general shareholders’ meeting of the Company.

3. Term of mandate. The mandate of each member of the Committee begins at the date of the meeting of the Board of Directors during which he is elected to this position and expires at the date of the first meeting of the Board of Directors during which his successor is duly elected or appointed, unless he resigned or his position became vacant as a result of his death, removal or any other cause.

4. Death, incapacity or resignation of a member. In the event that the Board of Directors must fill a Committee vacancy resulting from the death, incapacity or resignation of a member, the member of the Committee appointed to fill the Committee vacancy is dispensed from the application of paragraphs c) and d) of section 1 for a period ending at the later of the two (2) following dates:

- a) the next annual general shareholders’ meeting of the Company; or
- b) six (6) months after the event leading to the vacancy.

The present section shall not apply if the Board of Directors of the Company has reasons to believe that this exemption could significantly reduce the capacity of the Committee to act independently and to comply with other regulatory requirements.

5. Meeting of the Committee. The Committee is required to meet at least four (4) times a year in the place, and at the date and time determined by the Corporate Secretary after consultation with the Chairman and the members of the Committee. A member of the Committee may request the holding of an extraordinary meeting at any time by sending to the Corporate Secretary a notice to this effect.

6. Calling of meeting. A notice with the time, date, place and object of any meeting of the Committee shall be sent by any mode of transmission allowed by law or communicated by telephone to each member and to the auditors of the Company at least two (2) days before the date of the meeting.

7. **Attendance by telephone.** The members of the Committee may participate in a meeting via any means allowing all participants to communicate orally between themselves, including via conference call.
8. **Quorum.** The quorum of the Committee consists of the majority of its acting members.
9. **Chairman.** The meetings of the Committee are presided by a member of the Committee chosen by the Board of Directors and, in his absence, by a member chosen among the members then attending.
10. **Procedure.** Committee meeting procedures are the same as those in effect during the meetings of the Board of Directors.
11. **Majority required.** The questions debated during a Committee meeting are decided by the majority of votes cast.
12. **Compensation.** The members of the Committee receive, for their services on the said committee, the compensation determined by a resolution of the Board of Directors of the Company.
13. **Powers.** The Committee has the following powers:
 - a) to communicate directly with or to meet privately with any manager or employee of the Company, as well as its internal and/or external auditors;
 - b) to hire independent attorneys and/or other counsellors it deems necessary to assist it in its functions;
 - c) **to determine and pay the fees of the counsellors from whom it receives services.**
14. **Mandate.** The preparation and the presentation of the financial statements of the Company, their accuracy, as well as the efficiency of the internal audits is the responsibility of management. Management is also responsible for maintaining adequate internal control and procedures, as well as for the use of appropriate principles and standards regarding accounting and presentation of financial statements. The external auditors are responsible for the audit of annual financial statements in accordance with generally accepted accounting principles.

The Committee is created to review, on a continuous basis, the pertinence and the efficiency of these activities and to assist the Board of Directors in overseeing the accuracy of the financial statements of the Company, the relevancy and the efficiency of internal controls, the competence and independence of external auditors, and the compliance by the Company to legal and regulatory requirements.

The Committee must review its mandate annually.

The Committee's mandate extends to the Company, its divisions and subsidiaries and is described more particularly as follows:

14.1 Responsibilities with respect to financial disclosure and financial reports

- the Committee reviews the quarterly financial statements and the management's discussion and analysis (MD&A) of the Company before their approval by the Board of Directors;
- it ensures that the Company complies with regulatory standards relating to the preparation and the disclosure of financial statements and the management report;
- it inquires about changes to accounting policies having a material impact on the presentation of financial statements;
- it reviews and ensures that all claims and/or lawsuits, which may have a material impact on the finances of the Company, are correctly recorded in the financial statements;
- it ensures that the financial statements of the Company are accurate, reliable and honest;

- it evaluates the decisions made by management and/or by the external auditors relating to the presentation of financial statements;
- it reviews the press releases concerning the annual and quarterly releases of financial results of the Company before their approval by the Board of Directors;
- it ensures that the Company's disclosure practices and policy comply with the regulatory requirements applicable to the Company;

14.2 Relationship with external auditors

- it recommends to the Board of Directors the appointment of the external auditors as well as their fees, and reviews their employment perquisites, as well as other services they may be called upon to provide to the Company and the circumstances which may justify and warrant a change of external auditors, whom report directly to the Committee;
- it oversees the work of the external auditors employed to deliver an audit report or render other audit, review or attestation services to the Company, including the resolution of disagreements between management and the external auditors concerning financial information;
- it discusses and reviews the competence, independence and objectivity of the external auditors and of the partner of the external audit firm in charge of the mandate with the Company, as well as the rotation of the partner in charge or of the other associates involved with the audit team;
- it reviews the mandate and the external audit program, the letter of recommendation which follows the annual audit and the corresponding follow-ups, the major changes to accounting guidelines, the principal value judgements at the basis of the financial statements and how they are drafted;
- it approves beforehand all non-audit services that the external auditors of the Company or those of its subsidiaries must render to the Company or to its subsidiaries pursuant to the Company's Policy concerning the scope of services provided by external auditors;
- it can communicate directly with the external auditors at any time;
- it meets separately management and the external auditors at least once per quarter;
- it questions the external auditors regarding their relationship with the management of the Company, as well as the difficulties encountered during their audit mandate, as the case may be;
- it reviews and approves the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;

14.3 Responsibilities concerning internal audit

- it meets the Senior Director, Internal Audit, as well as the management of the Company, to discuss the efficiency of internal and risk management controls implemented by the Company, as well as the measures taken to rectify any major weakness or failure identified;
- it reviews the mandate and the internal audit programs, the resources granted to such function and the follow-ups made with respect to the recommendations of the Senior Director, Internal Audit;
- it reviews the statements of the Senior Director, Internal Audit concerning the efficiency of the Company's internal controls with respect to the audit work performed;

14.4 Responsibilities concerning internal controls and risk management

- it supervises the presentation by management of information concerning internal controls;
- it requires that management implement appropriate internal controls and communication mechanisms of financial information extracted or derived from the financial statements of the Company for the benefit of the public;

- it enquires with management as to the information disclosure controls and procedures (“IDCP”) and the internal control of financial information (“ICFI”) of the Company as well as material weaknesses in the design or operation of IDCP and ICFI;
- it ensures that the conclusions of management’s evaluation of the efficiency of the IDCP are adequately presented in the management’s discussion and analysis (MD&A);
- it enquires with management as to the internal controls in place to manage the risks that the Company may be facing in its operations;
- it periodically reviews the risk evaluation programs and the management of such programs;
- it reviews, evaluates and approves periodically such controls;
- it reviews the short term liquidity investment policies of the Company with respect to cash management;
- it verifies all investments and operations likely to impact negatively the sound financial situation of the Company when it is brought to its attention by the external auditors and/or an executive;
- it oversees the implementation of procedures concerning the receiving, recording and processing of complaints received by the Company regarding its accounting or its internal accounting or auditing controls;
- it oversees the implementation of procedures concerning the confidential communication, on an anonymous basis, by the employees of the Company, including its divisions and subsidiaries, concerning questionable accounting or audit practices;

14.5 Review of transactions between related persons

- it reviews management’s report on all transactions conducted during the previous year between employees and/or officers on one hand and the Company and/or related entities on the other hand;

14.6 Retirement Plan

- it periodically enquires as to the funding of the retirement plans as well as the investment management, structure and performance of the retirement plans;

14.7 Responsibilities concerning surveillance authorities

- it reviews all material reports received from regulatory authorities regarding financial matters;
- it reviews the evaluation and statements of management relating to compliance with particular regulatory requirements, as well as the plans of management aiming to remedy any failure identified;
- it ensures that the recommendations from regulatory authorities be implemented and then monitored;
- it reviews all reports to be included in the management proxy circular; and
- it reviews all other financial matters that it deems fit or that the Board of Directors decides to bring forward to its attention.

15. Report. The Committee reports on its activities to the Board of Directors verbally at the next meeting of the Board which usually follows the meeting of the Committee and in writing by submitting the minutes of its meeting at the subsequent meeting of the Board of Directors.

Composition of the Audit Committee

The audit committee is presently formed of five “independent” directors as defined in Regulation 52-110 regarding the audit committee, namely Mr. L. Denis Desautels, chair of the Committee, Mrs. Lise Bastarache, Mr. Marcel Dutil, Mr. Robert Lacroix and Mr. Dennis Wood.

Relevant Experience

The following section names each member of the audit committee as well as his or her relevant experience regarding the execution of his or her responsibilities as a member of the audit committee.

L. Denis Desautels. Mr. Desautels has chaired the audit committee since 2003. He has been a chartered accountant since 1966. Mr. Desautels has practiced as a certified public accountant, auditor and one of the senior partners of the firm Ernst & Young LLP (formerly Clarkson Gordon) from 1964 to 1991. In 1991, Mr. Desautels was appointed Auditor General of Canada, a position that he held until 2001. In this capacity, he was notably responsible for the auditing of financial statements of the Government of Canada, the governments of the Territories and several crown corporations. He is presently a member of audit committees of three listed companies and three non-profit organizations, which provides him with a first-hand opportunity to appreciate the role and the functioning of an audit committee.

Over the course of his career, Mr. Desautels has acquired competence in the audit of major public and private companies and he is consequently quite familiar with generally accepted accounting principles. He is capable of understanding financial statements and accounting problems of a degree of complexity that is comparable to those that could be found in the financial statements of The Jean Coutu Group (PJC) Inc. In addition, his experience as external auditor during 37 years has allowed him to acquire a solid understanding of internal controls and of the process leading to the preparation of financial statements.

Lise Bastarache. Mrs. Bastarache was, until January 2005, Regional Vice President, Private Banking Quebec for RBC Financial Group. She joined the Economics Department of RBC Financial Group in 1996, where she acted as Deputee Chief Economist before joining the Commercial Markets Group as Analyst in 2000. Mrs. Bastarache holds a Bachelor’s degree and a Master’s degree in Economics from the *Université du Québec à Montréal* as well as the course requirements of a PhD in Economics from McGill University. As a Commercial Markets’ Analyst for RBC, Mrs. Bastarache has analyzed the financial statements of many large corporations that presented accounting problems generally comparable in scope and complexity to those found in the financial statements of The Jean Coutu Group (PJC) Inc.

In addition, as Vice President of RBC Private Banking, Mrs. Bastarache was ultimately responsible for the internal controls and for the preparation of the income statements of her division. Since January 2005, Mrs. Bastarache continues to act as member of various boards of directors and committees. She is a member of the audit committee of two publicly-traded companies.

Marcel Dutil. Mr. Dutil is Chairman of the Board of Directors and Chief Executive Officer of the Canam Group Inc., company that he created in 1973 following the acquisition of *Les Aciers Canam Inc.* As Chairman of the Board and Chief Executive Officer of the Canam Group Inc., and as director of several public companies since 1974, such as Border Trust, National Bank of Canada, Transcontinental inc., Québec Téléphone and others, Mr. Dutil has acquired a good understanding of generally accepted accounting principles in Canada and has regularly been called upon to analyze and evaluate financial statements presenting accounting problems generally comparable to those that could reasonably be expected to be found in the financial statements of The Jean Coutu Group (PJC) Inc. He has acted as a member of several audit committees for some 20 years, including Québec Téléphone, Maax Inc., and National Bank of Canada.

Robert Lacroix. Mr. Lacroix holds a PhD in Economics and has been a professor in the Department of Economics of the *Université de Montréal* since 1970. From 1998 to 2005, Mr. Lacroix was Rector of the *Université de Montréal* and in this quality, he also served on the budget and the finance committees. As such, he managed an operating and research budget surpassing one billion dollars. As Rector and member of these committees, he acquired a solid comprehension of internal controls and the establishment process of financial statements.

Mr. Lacroix was a member of the audit committee of the *Université de Montréal* during his mandate as Rector and in this capacity he had to analyse financial statements presenting accounting problems generally comparable to those that could reasonably be expected to be found in the financial statements of The Jean Coutu Group (PJC) Inc. He is a member of the audit committees of Industrielle Alliance, of Pomerleau Inc. and of the Company.

Dennis Wood. Mr. Wood is currently President and Chairman of DWH Inc., a company constituted in 1973 to support his various entrepreneurial ventures. Through this company, Mr. Wood has been actively involved in the acquisition, the sale and the merger of some seventy-five different companies, ranging in value from a few million dollars to a few billion dollars.

As President and Chief Executive Officer of C-MAC Industries Inc. and through his active involvement in the financial management of this company, Mr. Wood acquired a deep understanding of the generally accepted accounting principles in Canada, the United States and Europe, as well as a solid understanding of internal controls and of the process surrounding the preparation of financial statements. Following the sale of C-MAC Industries Inc. to Solectron Corporation, Mr. Wood was asked to sit on the audit committee of the latter company, a position that he occupied from 2001 to 2004. Mr. Wood's many years of experience as a businessman, board member and audit committee member have exposed him to financial statements of a complexity comparable to those of The Jean Coutu Group (PJC) Inc.

For 25 years, Mr. Wood sat on different Canadian and American audit committees, namely those of C-MAC Industries Inc., National Bank Trust Inc., the *Orchestre Métropolitain du Grand Montréal*, Solectron Corporation and Victhom Human Bionics in which capacity he was able to master the role and the functioning of an audit committee.

Policies regarding services rendered by Auditors

Upon the recommendation of the audit committee, the Company adopted, in 2005, a policy concerning the scope of the services rendered by the external auditors. The policy requires the audit committee to pre-approve all audit and non-audit services, subject to the *de minimis* exception. This policy forbids the Company from engaging auditors to provide certain non-audit services to the Company and its subsidiaries, including bookkeeping or other services related to accounting records or financial statements, financial information systems design and implementation, appraisal or valuation services, actuary services, internal audit services, investment banking services, management functions or human resources functions, legal services and expert services not associated to the audit function. The policy allows however the Company, in particular circumstances, to engage the services of auditors to provide non-audit services, other than the prohibited services, when the audit committee specifically approves these services.

All audit and non-audit services provided by the independent auditors for the fiscal year ended February 27, 2010 were pre-approved by the audit committee.

A copy of the policy concerning the scope of the services rendered by external auditors may be obtained free of charge upon request to the Corporate Secretary of the Company, at the head office located at 530 Bériault Street, Longueuil, Quebec, J4G 1S8.

Remuneration of Auditors

The following table presents, by category, the fees billed by the independent auditors of the Company, Deloitte & Touche LLP, for the fiscal years ended February 27, 2010 and February 28, 2009.

Category of fees	2010	2009
	(\$)	(\$)
Audit Fees	555,745	618,174
Audit-Related Fees	82,450	61,810
Tax Fees	2,800	168,437
Other fees	0	0
Total	640,995	848,421

In the table above, the terms in the column “**Category of Fees**” have the following meanings: “**Audit Fees**” include the aggregate fees billed by Deloitte & Touche LLP for the audit of annual consolidated financial statements, the review of the quarterly financial statements and other audits and regulatory filings. “**Audit-Related Fees**” include the aggregate fees billed by Deloitte & Touche LLP for assurance and other related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under Audit Fees including the audit of the retirement plan and the consultation relative to the accounting and financial disclosure standards. “**Tax Fees**” include the aggregate fees billed by Deloitte & Touche LLP for professional services rendered for tax compliance, tax advice as well as tax planning services. “**All Other Fees**” include the aggregate fees billed by Deloitte & Touche LLP for all products and services other than those presented in the categories of Audit Fees, Audit-Related Fees and Tax Fees.

ITEM 14. ADDITIONAL INFORMATION

Further financial and corporate information on the Company is available on Internet at: www.sedar.com or www.jeancoutu.com.

In addition, the Company shall provide to any person, upon request to the Corporate Secretary of the Company:

- (a) when the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities:
- i) one copy of the Company's annual information form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the annual information form;
 - ii) one copy of the comparative financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditors and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;
 - iii) one copy of the management proxy circular of the Company in respect of its most recent annual meeting of shareholders that involved the election of directors;
 - iv) one copy of any other documents that are incorporated by reference to the preliminary short form prospectus or the short form prospectus and are not required to be provided under i) to iii) above.

(b) at any other time, one copy of any documents referred to in i), ii) and iii) above, provided the Company may require the payment of a reasonable fee if the person requiring the information is not a securities holder of the Company.

Additional information, including officers' and directors' remuneration and loans granted to them, if any, principal shareholders of the Company, stock options and the interest of insiders in material transactions, if any, is contained in the Management Proxy Circular dated April 27, 2010, which was prepared for the 2010 Annual Meeting of Shareholders. Other financial information is included in the audited consolidated financial statements and the notes thereto for the fiscal year ended February 27, 2010 as well as Management's Discussion and Analysis thereon. All such additional information relating to the Company is available on SEDAR at www.sedar.com.

The foregoing documents may be obtained by contacting the Corporate Secretary at the head office of the Company located at 530 Bériault Street, Longueuil, Quebec, J4G 1S8.