THE JEAN COUTU GROUP (PJC) INC.

ANNUAL INFORMATION FORM

Fiscal year ended June 4, 2007

August 2, 2007

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

The Annual Information Form, which follows focuses on the fiscal year of The Jean Coutu Group (PJC) Inc., ended June 4, 2007. Unless stated otherwise, all amounts set forth herein are expressed in United States 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 Jean Coutu 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 Company'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 the Company's prospects, plans, financial position and business strategy, 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" or the negatives of these terms or variations of them or similar terminology. Although the Jean Coutu Group 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 our future operating results, financial position and cash flows and could cause our actual results to differ materially from those expressed in these forward-looking statements are:

- general economic, financial or market conditions;
- cyclical and seasonal variations in the industry in which we operate;
- changes in the regulatory environment as it relates to the sale of prescription drug;
- the ability to attract and retain pharmacists;
- the intensity of competitive activity in the industry in which we operate;
- certain property and casualty risks;
- risks in connection with third party service providers;
- technological changes that affect demand for our products and services;
- labour disruptions, including possibly strikes and labour protests;
- changes in laws and regulations, or in their interpretations;
- other factors that are beyond our control;
- changes in tax regulations and accounting pronouncements;
- the success of the Company's business model,
- supplier and brand reputations and the accuracy of management's assumptions

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 others 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 and www.jeancoutu.com. In particular, further details and descriptions of these and other factors are disclosed in this Annual Information Form under the “Risk Factors” section and in the “Risks and Uncertainties” section of our Management’s Discussion and Analysis for the year ended June 4, 2007. We expressly disclaim any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by the applicable securities laws.

ITEM 1. CORPORATE STRUCTURE

Name, Address and Incorporation

The Jean Coutu Group (PJC) Inc., which has its head office at 530 Bériault Street in Longueuil, Quebec, was incorporated on June 22, 1973, under the name Farmico Services Inc. (in French, Services Farmico inc.), under Part I of the Companies Act (Quebec). On January 24, 1979, the Company obtained supplementary patent letters to modify its authorized capital stock.

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

- change the Company’s name to The Jean Coutu Group (PJC) Inc. and, in French, Le Groupe Jean Coutu (PJC) inc.;
- modify the structure of authorized and issued capital stock;
- change the designation of the shares offered to Class A subordinate voting Shares.

On March 4, 1992, on September 29, 2000 and on September 25, 2002, the Company modified its statutes and proceeded, each time, to split its shares on a basis of two new shares for each existing share.

The Company’s 2007 fiscal year contains 53 weeks and 2 days and ended June 4, 2007.

Intercorporate Relationships

As of June 4, 2007, the total assets and the sales and operating revenues of the subsidiaries which were owned by the Company at that date did not represent respectively and in the aggregate more than 20% of the consolidated assets and the consolidated sales and operating revenues of the Company.

ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS

History and Profile

The Jean Coutu Group is one of Québec’s largest organizations specializing in the distribution and retailing of pharmaceutical and parapharmaceutical products.

The Company dates back to 1969, when Jean Coutu, co-founder and current Chairman, President and Chief Executive Officer, opened a first retail outlet. 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 started up the current franchise system and became organized to act as wholesaler/distributor for the network by acquiring a first warehouse.

The “Jean Coutu” formula was quickly embraced by consumers and, in less than ten years, the network won a major share of the Quebec market. In 1982 and 1983, when the network had grown to include some 60 outlets in Quebec, it expanded into New Brunswick and Ontario.

In 1987, the Company expanded into the north-eastern United States through its Jean Coutu Group (PJC) USA, Inc. subsidiary. The Company's American network had grown to include 22 corporate pharmacies in October 1994, when The Jean Coutu Group completed its largest acquisition thus far: the purchase of 221 Brooks Drug Store pharmacies in New England. In January 2002, another acquisition added 80 pharmacies to the American network.

Principal Development and Acquisitions of the Last Three Years

2005

On April 4, 2004, following the signature of an agreement, TDI Consolidated Corporation (“TDI”), a wholly-owned subsidiary of J.C. Penney Corporation, Inc., which operated more than 2,800 pharmacies under the Eckerd Banner, agreed to sell the chain to The Jean Coutu Group (PJC) Inc. and CVS Corporation. Through this transaction, closed on July 31, 2004, the Jean Coutu Group acquired 1,549 Eckerd drugstores in 13 states.

The total price of acquisition was $2.496 billion. The purchase price, together with the repayment of existing debts totalling $195.0 million at the date of acquisition, has been financed through (i) Debt financing consisting of secured first rank credit facilities of $1.7 billion, (ii) a $1.2 billion senior note offering consisting of: (1) $350.0 million of unsecured senior notes bearing interest at 7.625% and maturing on August 1, 2012; and (2) $850.0 million of unsecured senior subordinated notes bearing interest at 8.5% and maturing on August 1, 2014 (iii) the issue of 33,350,000 new Class A subordinate voting shares for gross proceeds of $424.4 million (C$ 582.0 million).

During the same period, the Company proceeded in the United States to the acquisition of 2 additional stores, the opening of 63 stores, the relocation of 54 stores and the closing of 28 existing stores. In Canada, 2 new stores were opened, 5 stores were relocated, while 22 stores were significantly renovated or expanded.

2006

In November 2005, the Company inaugurated a new 250,000 square feet distribution center in Hawkesbury, Ontario. The new facility manages the Company’s Canadian distribution of cosmetics and imported goods.

During the second quarter of 2006, the Company sold certain real estate assets of its Canadian franchising segment for a total consideration of $94.0 million ($C 111.7 million) in cash and entered into leaseback agreements for the areas used by the Jean Coutu drugstores.

During the third quarter, the Company sold the former Eckerd headquarters located in Largo, Florida for $24.0 million.

In Canada, the Company opened 11 new stores including 5 acquisitions, 6 existing stores were relocated, 8 stores were significantly renovated or expanded and 5 were closed or sold. In the US, for the same period, the Company opened 21 new stores including 2 acquisitions, completed to 19 relocations and 85 were closed or sold.

2007

On August 24, 2006, The Jean Coutu Group announced that it had entered into a definitive agreement (“Stock Purchase Agreement”) to sell its United States network of approximately 1,854 Brooks and Eckerd stores and six distribution centers, primarily located on the East Coast and in the Mid-Atlantic region, to Rite Aid Corporation (“Rite Aid”). This transaction was finalized on June 4, 2007, following the announcement that the Federal Trade

Commission ("FTC") had accepted the proposed consent agreement requiring Rite Aid to divest 23 stores in nine states. In consideration, the Jean Coutu Group received $2.3 billion in cash, subject to a working capital adjustment, and 250 million shares of Rite Aid common stock, giving it an approximate 32% common equity interest and approximately 30% of the voting power in the expanded Rite Aid. As a result, the Company no longer directly operates corporate pharmacies in the US but rather holds a participation in Rite Aid shareholders' equity.

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

In particular, the Stockholder Agreement provides the possibility for the Company to designate, as board and committee members, up to 4 directors, subject to the Company's percentage of voting powers in Rite Aid. Furthermore, this agreement confirms namely (i) the impossibility, except when specifically permitted, for the Company to increase its share participation in Rite Aid (ii) the conditions regarding the Company's voting rights at shareholders' meeting (iii) certain restriction regarding the transfer of shares and (iv) the subjects for which the approval of a super-majority of the board is required.

The parties also entered into a Registration Rights agreement pursuant to which, amongst other things, the Company has the rights, on six occasions, to demand that Rite Aid register with the competent authorities, the shares held by the Company for resale in an underwriting public offering, subject to certain usual conditions for this type of transaction.

Upon closing this transaction, the Company has repaid substantially all of its long-term debt comprised of two term loan facilities maturing on July 30, 2009 and 2011, as well as substantially all of its $350.0 million of unsecured senior notes and its $850.0 million of unsecured senior subordinated notes.

The Company also concluded, concurrently with the transaction with Rite Aid, a new financing for working capital and general corporate purposes. A group of banks lead by RBC Capital Markets and National Bank Financial committed to an unsecured revolving facility of C$500 million with an initial term of 5 years that could be extended each year to its initial 5-year term with the consent of the lenders.

In Canada, during fiscal 2007, the Company opened 4 new stores, acquired 5 others stores, 5 existing stores were relocated, 18 stores were significantly renovated or expanded and 3 were closed. During the same period, the Company also sold its 3 *Pharmasave* stores in Ontario.

As of June 4, 2007, The Jean Coutu Group operated a network of 328 franchise pharmacies under the PJC name located in three Canadian provinces.

Normal Course Issuer Bid

On June 29, 2007, the Company announced its intention to purchase up to 13,672,800 of its outstanding Class A subordinate voting shares during a 12-month period commencing July 4, 2007. These purchases will be made through the facilities of the Toronto Stock Exchange and in accordance with its requirements. This amount represents approximately 10% of the current outstanding Class A subordinate voting shares.

All Shares of The Jean Coutu Group purchased pursuant to this notice will be cancelled by the Company.

During the past 12 months, the Company has not purchased any of its Class A shares pursuant to any Normal Course Issuer Bid.

The Company has determined that the purchase of its Class A shares will allow it to optimize its capital structure and create long-term value for shareholders.

The Notice of Intention is available on SEDAR (www.sedar.com). It may also be obtained by contacting the Corporate Secretary at the head office of the Company, located at 530, Bériault Street, Longueuil, Quebec, J4G 1S8, telephone: (450) 646-9760.

ITEM 3. DESCRIPTION OF ACTIVITIES

We exercise our activities in the Canadian drugstore retailing industry mainly in Eastern Canada, through franchised drugstores under the banners of PJC Jean Coutu, PJC Santé Beauté and PJC Clinique.

Our franchising activities include operating two distribution centers and providing services to our 328 PJC franchised pharmacies. These services comprise centralised purchasing, distribution, marketing, training, human resources, management, operational consulting and information systems, as well as participation in our private label program.

General

The Jean Coutu Group is the second largest pharmacy chain in Canada and the first in Québec. The PJC name is a widely recognized brand in Quebec and our Company ranked first in recent survey conducted by Leger Marketing for the most admired companies in Quebec for the seventh time in its history.

Our operations are based on a franchise model because, under Quebec law, only pharmacists are permitted to own a pharmacy. Our PJC franchisees own their PJC businesses independently from us and, as a result, are responsible for managing their PJC franchised stores and for funding their investments in inventory and store fixtures. The Company generates revenues from royalties, based on a percentage of store sales, and from the sale of merchandise to franchisees from our distribution centers. We also generate revenue from real estate properties, including many strategically located pharmacy locations. In fact, the Group either owns or has the master lease for all of its stores.

During fiscal 2007, our PJC franchisee network filled approximately 55.2 million prescriptions, with an average of approximately 168,900 prescriptions per store, which we believe are among the highest prescription counts for any drugstore chain in Canada. In our PJC franchisee network during that same period, prescription drugs accounted for approximately 60 % of sales and front-end merchandise, including over-the-counter medication, accounted for approximately 40 % of sales.

Store Network

Our typical PJC franchised stores have an average retail sale space of approximately 8,000 square feet. Our PJC franchised stores are generally freestanding stores on corner locations or in strip shopping centers in high retail traffic areas. Approximately 39% of our PJC franchised stores are located adjacent to or in medical office buildings. Approximately 41% of the stores in our PJC franchisee network have either been opened, relocated, remodelled or reconfigured during the last five years.

Our PJC franchisees generally carry between 20,000 and 25,000 front-end products, including approximately 2,300 private label and exclusive brand products.

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

Province	Number of stores as of June 4, 2007
New Brunswick	18
Ontario	8
Quebec	302
Total stores	328

The following table provides a history of our PJC franchised store openings, additions and closings since the beginning of fiscal 2003.

	Fiscal year ended				
	2003	**2004**	**2005**	**2006**	**2007**
Number of stores at beginning of period	302	311	319	321	327
Added(1)	3	4	-	5	-
New(2)	8	5	2	6	4
Closed or sold	2	1	-	5	3
Number of stores at end of period	311	319	321	327	328

(1) Added stores are defined to be stores that were acquired by a franchisee and added to our drugstore chain 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 Canada, under laws that vary province by province, generally only pharmacists are permitted to own a pharmacy. As a result, we maintain a franchise relationship with all of our stores. Our franchise agreement grants the pharmacist franchisee the right to operate an establishment under the PJC banner in return for the payment of franchise royalties and other fees. Our PJC franchisees own their PJC businesses independently from us and, as a result, are responsible for managing their PJC franchised stores, for funding their investments in inventory and for their store layout. We believe that this substantial required investment helps ensure that the interests of our franchisees are aligned with ours and also attracts more motivated entrepreneurial franchisees.

Franchise Agreement. Under our franchise agreement, our PJC franchisees pay us a franchise royalty averaging approximately 4% of covered franchised store revenues and additional fees for accounting services when needed. The sales covered by the franchise royalty include sales of pharmacy and front-end merchandise, except postage and lottery tickets. Our PJC franchisees are required to purchase their inventory from our distribution centers so long as we carry the product and that it is at an equal or lower price than other suppliers. The Company supplies its PJC franchisees with approximately 75% of the products stocked in PJC franchised stores, including virtually all of the prescription drugs. The vast majority of the remaining 25% are items we have decided not to carry in our warehouses.

Our franchisees agree to abide by standards that we believe help make PJC franchised stores a strong customer value and offer convenience, such as maintaining operating hours seven days a week, including evening hours. In return for franchise royalties, we provide our franchisees with multiple services, including centralized purchasing, distribution, marketing, training, human resources, management, operational consulting and information systems, as well as participation in our private label program. Franchisees also pay an additional fee for additional human resources and information technology. In addition, franchisees are obligated to participate in all large-scale PJC advertising campaigns and benefit from the support of an experienced corporate management team that has significant resources and industry expertise.

The initial term of our typical franchise agreement is five years with renewal options. We have 311 PJC franchisees several of whom have franchises for multiple store locations. Among our current franchisees, 165 have been in our PJC store network for more than 10 years, including 35 who have been in the network 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 of our prospective franchisees are required to be licensed pharmacists in the province in which the prospective PJC franchise store is to be located. In addition to that requirement, we select 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, we invite each new franchisee to attend more than 100 hours of business training courses on several important aspects of operating a PJC store and owning and operating a business enterprise in general. Currently, we have a substantial number of pharmacist franchisee candidates who have been through our review process and are currently waiting for a franchise to become available.

Professional and Commercial Activities

Pharmacy. We believe that it is imperative that our PJC pharmacists provide high-quality and knowledgeable service and advice to customers. It is our strategy to have our PJC pharmacists become an integral part of the health care decision making process of our customers. We have developed a proprietary pharmacy information and workflow system designed to enable an efficient workflow process that optimizes our 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. We believe that our pharmacy information and workflow system is critical to our goal of providing professional pharmacy services and patient care. We believe that our efforts to continually improve pharmacy services at our PJC franchised stores contribute to customer loyalty and increased customer store visits.

Each PJC pharmacy is staffed with pharmacists and drug clerks at all times. 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 our PJC pharmacists are informed of the latest developments in pharmacology, we established the Jean Coutu Academy. The Jean Coutu Academy offers PJC pharmacists many continuing education programs, including:

- quarterly lectures pertaining to different illnesses and their treatments,
- continuing education through correspondence courses and seminars, and
- periodic publications updating current market and industry trends.

In addition, all PJC pharmacies have direct access to a prescription drug information center that answers questions or special requests concerning the use of a medication or other medical-related issues. We have also developed an in-house training program for our PJC drug clerks, which we believe is unique in our industry.

Front-End Merchandise. Our 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. Our PJC franchised stores also carry an extensive selection of high-quality beauty, cosmetics and fragrance merchandise. We hold 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. We believe that the selection and quality of such merchandise carried by our PJC franchised stores provides these stores with a competitive advantage relative to other Canadian drugstores, mass merchandisers and food retailers.

Private Label Products. Our PJC franchised stores carry approximately 2,300 private label products. PJC's private label offerings include our *Personnelle* line of beauty and cosmetic products, which we believe have developed a reputation for high quality, over-the-counter medications, personal care products. We intend to continue to promote and expand private label and exclusive brand merchandise offerings at our PJC franchised stores to drive sales of these products.

Marketing and Advertising

We maintain centralized marketing and advertising programs for our PJC franchised store network. We believe that our PJC franchisees benefit from our strong, recognizable brand name, experienced and professional marketing support, and lower advertising costs resulting from the scale of our operations. We regularly consult our franchisees on product selection and hold five purchasing exhibitions annually, one of which is devoted exclusively to cosmetics.

The PJC advertising circular is our top promotional vehicle, although we participate regularly in other marketing channels, such as radio, television, local newspapers and our website. These circulars are designed to increase sales of front-end products, to satisfy local tastes and demands and to emphasize our PJC Jean Coutu brand name, the quality of our pharmacy services and our commitment to customer service.

Other PJC marketing initiatives include participation in the Air Miles® Reward Program. Our PJC franchised stores network is the only pharmacy network in Quebec to offer it. Consumers in the Air Miles® Reward Program earn reward miles in connection with product purchases at retailers in various categories. Consumers may now exchange their reward miles to purchase PJC gift-card or, since January 28, 2007, use their reward miles to pay directly for their purchase.

Purchasing and Distribution

As a supplier to our PJC franchised stores, we purchase brand name and generic prescription drugs from numerous manufacturers and wholesalers. We believe that competitive sources are readily available for substantially all of the prescription drugs and front-end merchandise that we supply to our PJC franchised stores and that the loss of any one supplier would not have a material effect on our business. The largest supplier for fiscal 2007 was Pfizer Canada, which accounted for approximately 10 % of the dollar value of our supplier volume.

We utilize a data warehouse to track and analyze warehouse inventory levels and selling trends at our PJC franchised stores. We believe this enables us to optimize merchandise levels and product mix in our warehouse and to aid our franchisee purchasing decisions. Approximately 75% of PJC franchised store merchandise is purchased from us and distributed by our own trucks or third party providers from our distribution centers in Longueuil, Quebec and/or in Hawkesbury, Ontario. The remainder of PJC franchised store merchandise is purchased by our franchisees from other suppliers.

Real Estate

As of June 4, 2007, we owned 146 properties, including all or a portion of 54 strip malls and commercial buildings, 10 parcels of undeveloped land and 82 free-standing buildings, most of which house a PJC franchised store. We believe that PJC franchised stores attract other high-quality tenants to our properties because of the consistent retail traffic at our PJC franchised stores. We own and lease to our franchisees 113 of our PJC franchisee locations. Almost all of these leases contain two five-year renewal options and involve fair market value rent increases. In addition, we sublet 215 store locations to other PJC franchisees under leases we have entered into directly with landlords. The leases we have entered into with landlords generally have original terms of 10 years. Our PJC leases with other landlords generally contain two five-year renewal options, and involve fair market value rent increases. We believe that our real estate assets enable us to ensure that prime locations remain under the PJC banner.

Information Systems

Our warehouse supplier operations and the operations of our PJC franchised stores are supported by the use of modern technology, including point of sale scanners, that enables in-depth analysis of inventory and sales, which enhances the efficiency of our operations and those of our PJC franchisees. The information provided by our technology system enables us to refine, on an ongoing basis, our purchasing operation with our suppliers. We also work with PJC franchisees to customize their shelf space to customer preferences in an effort to increase sales volumes and gross margins. As part of our strategy to provide franchisees with the best possible information technology services, we established a subsidiary, Rx Information Centre Ltd., which is responsible for the development, installation and management of information systems for our PJC store networks, as well as related distribution centers.

Rx Information Centre has developed a sophisticated, proprietary pharmacy information and workflow system used in all our PJC franchised stores. This system is known as Rx Pro. 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 our customers to utilize any PJC store to refill prescriptions.

Specialized skill and knowledge

Our Company was founded in Quebec in 1969 by Jean Coutu, our Chairman of the Board, President and Chief Executive Officer. François J. Coutu pharmacist by profession and son of Jean Coutu is the Vice Chairman of the Board and the President of Canadian Operations. François J. Coutu has worked in the retail drugstore business for more than 29 years.

Our management team has developed extensive expertise in operating a drugstore franchisor and warehouse supplier business.

Human Resources

As of June 4, 2007, The Jean Coutu Group and its subsidiaries had approximately 983 employees.

As of June 4, 2007, 386 employees of the Company were unionized. These employees work at The Jean Coutu Group's distribution centre in Longueuil and are members of the Syndicat des travailleuses et travailleurs de PJC entrepôt-CSN. The current collective agreement, signed on May 1st, 2006, ends on December 31, 2011.

As of June 4, 2007, the franchised outlets employed a total of 14,570 persons, 32 of those employees in one outlet were unionized.

Trademarks

The Jean Coutu Group owns or holds rights to trademarks or trade names used in conjunction with the operation of its business including, but not limited to, "Personnelle", "PJC", "PJC Jean Coutu", "PJC Clinique" and "Rx Pro".

Cycles

The weather has an effect on the general population's health and, by extension, on the sales of our franchised outlets. For example, in winter, the Company sells more cold and flu medicine, while in summer, allergy and sun protection products are in greater demand. Franchised outlet 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 Company's third quarter of its fiscal year, which includes Christmas.

Economic and Competitive Environment

The PJC stores compete with local, regional and national companies, including other drugstore chains and banner groups, independently owned drugstores, supermarkets, mass merchandisers and discount stores. We primarily compete with national drugstore chains, but also increasingly face competition from supermarkets and mass merchandisers, who have expanded their offerings to include pharmacy products and services. See "Risk and Uncertainties — Competition" in the 2007 MD&A, which is incorporated to this Annual Information Form by reference. The 2007 MD&A is available on SEDAR at www.sedar.com.

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

Environmental Policy

The Company adopted an Environmental Policy which describes its approach on the subject. The content of this Policy is revised periodically and is available on the Company's website at www.jeancoutu.com.

Requirements related to environmental protection do not and will not, at the Company's knowledge, 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 our 2007 MD&A is incorporated herein by reference, as supplemented from time to time in the « Risks and Uncertainties » sections of our 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 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 years.

Fiscal year ended May 26, 2005, May 27, 2006 and June 4, 2007 CAN$ per share	
2007	0.12
2006	0.12
2005	0.12

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 other conditions prevailing at the time.

Event subsequent to June 4, 2007

On August 2, 2007, the Board of Directors of The Jean Coutu Group declared a quarterly dividend of Can$0.04 per Class A Subordinate Voting Share and Class B Share. This dividend will be paid on August 30, 2007 to all shareholders of the Company on record on August 16, 2007.

ITEM 5. CAPITAL STRUCTURE

Our authorized share capital consists of an unlimited number of Class “A” Subordinate Voting Shares without par value, an unlimited number of Class "B" Shares without par value (the "Class B Shares") and an unlimited number of Class "C" Shares without par value, issuable in one or more series (the "Class C Shares").

As of June 4, 2007, 144,525,306 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 our 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

The Class A Subordinate Voting Shares are entitled to one vote per share and the Class B Shares are entitled to ten votes per share.

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

Issue of Class B Shares

As long as any Class B Shares are outstanding, we 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 our Board of Directors, we offer 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

The Class A Subordinate Voting Shares and Class B Shares participate equally, share for share, in any dividend which may be declared, paid or reserved for payment by us.

Exchange privilege in the event of a Bid

Should a Bid (as defined below) be made in respect of the Class B Shares to the holders of Class B Shares without being concurrently made 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 permit such holder to accept such bid, subject however to the acceptance of the Bid by the holders of a number of outstanding Class B Shares which entitles them, at a given date, to more than 50% of the voting rights attaching to all of the shares in our share capital carrying voting rights.

"Bid" as defined in our Articles of Amendment, means a take-over bid, a take-over bid by way of an exchange of securities or an issuer bid (as defined in the Securities Act (Quebec), as currently enacted or as it may be amended or reenacted 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 may be exercised until the expiry date of a Bid by providing us or our transfer agent with a written notice of intention to exercise the said exchange privilege in respect of all or any part of the Class A Subordinate Voting Shares held accompanied by the share certificates representing such shares. The exchange privilege shall be deemed to have been exercised at the date at which such written notice accompanied by the share certificates are received by us or our transfer agent; our 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 our 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 Jean Coutu Group (PJC) Inc. or of any other distribution of our assets among our shareholders for the purposes of the winding-up of our affairs, the holders of Class A Subordinate Voting Shares and the holders of Class B Shares shall be entitled to divide equally all of our assets available for payment or distribution, on a share-for-share basis, based upon the number of shares they hold respectively, without preference or distinction.

Rank

Except as otherwise provided for above, each Class A Subordinate Voting Share and each Class B Share carry the same rights, are equal in all respects and must be treated by us 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

Our Articles of Amendment 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 our directors may determine by way of resolution the denomination, rights, privileges, conditions and restrictions attaching to each series. 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 our Company, and rank before the Class A Subordinate Voting Shares and Class B Shares as to dividends and reimbursement of capital.

Voting rights

The Class C Shares, as a class, are not entitled to any voting rights, save those instances where class voting rights are provided for in our Articles of Amendment.

Liquidation

In the event of liquidation or dissolution of The Jean Coutu Group (PJC) Inc. or any other distribution of our assets among our shareholders for the purpose of the winding-up of our affairs, the holders of Class C Shares shall be entitled to receive 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 our assets.

Amendment

Our Articles of Amendment 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 the Class C Shares duly held for that purpose.

ITEM 6. MARKET FOR THE NEGOCIATION OF SECURITIES

Class A subordinate voting shares of The Jean Coutu Group are traded on the Toronto Stock Exchange under the PJC. A symbol.

Trading Prices and Volumes

The information below pertaining to prices[1] is stated in Canadian dollars and per share.

Month	High	Low	Volume
May / June 2006[2]	12.80	11.70	9,206,859
July 2006	12.00	10.30	10,931,897
August 2006	12.76	10.04	42,808,187
September 2006	12.73	11.50	16,024,690
October 2006	12.10	11.38	6,518,851
November 2006	11.90	11.51	8,686,107
December 2006	13.90	11.70	10,446,412
January 2007	15.99	13.33	23,752,840
February 2007	15.82	14.40	8,331,777
March 2007	15.20	14.29	8,004,044
April 2007	15.70	14.45	7,619,597
May / June 2007[3]	15.00	14.59	10,875,337
			163,200,598

Notes

Upon closing the sale of its US operations to Rite Aid, the Company repaid substantially all of the \$350.0 million of unsecured senior notes (approximately 99.9% of these notes have been tendered) and US\$850.0 million of unsecured senior subordinated notes (approximately 99.7% of these notes have been tendered). The stability rating previously assigned to these notes by various rating agencies were withdrawn following the repayment.

[1] Source: TSX Historical Data

[2] For the period starting May 28, 2006

[3] For the period ending June 4, 2007

ITEM 7. DIRECTORS AND OFFICERS

Directors

The name and occupation of the directors of the Company and their place of residence along with the composition of the committees of the Board of Directors appear in the following tables. The information is accurate as of August 2, 2007.

List of Directors

Name / Place of Residence	**Function**	**Director Since**	**Principal Occupation**	**Previously Held Positions**[4]
Lise Bastarache Candiac , Quebec Canada	Director	March 2003	Corporate Director	Regional Vice President, Private Banking Quebec for RBC Financial Group.
François J. Coutu Montreal, Quebec Canada	Director, Vice Chairman and President of the Canadian Operations	December 1985	Vice Chairman and President of the Canadian Operations	President and Chief Executive Officer from 2002 to 2005 and President and Chief Operating Officer of the Company from 1992 to 2002.
Jean Coutu Montreal, Quebec Canada	Director, Chairman of the Board, President and Chief Executive Officer	June 1969	Chairman of the Board, President and Chief Executive Officer of the Company	Chairman of the Board from 2002 to 2005
Marie-Josée Coutu Montreal, Quebec Canada	Director	September 1997	President of the *Fondation Marcelle et Jean Coutu*	
Michel Coutu Providence, Rhode Island, USA	Director	December 1985	Co-Chairman of the Board of directors of Rite Aid Corporation	President of US Operations 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	Guest Director of the School of Management TELFER at the University of Ottawa	

[4] For the past five years.

List of Directors				
Name / Place of Residence	**Function**	**Director Since**	**Principal Occupation**	**Previously Held Positions[4]**
Marcel Dutil Montreal, Quebec Canada	Director	September 1995	Chairman of the Board and Chief Executive Officer of the Canam Group inc.	
Me Nicolle Forget Longueuil, Quebec Canada	Director	September 1993	Corporate Director	
Dr. Robert Lacroix Mont-Royal, Quebec Canada	Director	September 2006	Professor *Emeritus* of Université de Montréal	Rector of the Université de Montréal from 1998 to 2005
Me Yvon Martineau Montreal, Quebec Canada	Director	December 1985	Senior Partner, Fasken Martineau DuMoulin L.L.P.	
Érik Péladeau Ville Lorraine, Quebec, Canada	Director	September 1993	Vice Chairman and Executive Vice President of Quebecor Inc.	
Peter Simons Sillery, Quebec Canada	Director	May 2006	President – La maison Simons	
Dennis Wood Magog, Quebec Canada	Director	March 2004	Chairman of the Board and President and Chief Executive Officer of DWH Inc.	

As at August 2, 2007, to the knowledge of the Company, no Director of the Company is or has been, within ten (10) years before the date of this Circular, 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 its 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 the Bocenor Group Inc. when that company made a proposal to its unsecured creditors, which was approved on July 14, 2004.

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

Composition of the Committees of the Board of Directors		
Audit Committee L. Denis Desautels, President Lise Bastarache Marcel Dutil Robert Lacroix Dennis Wood	**Executive Committee** François J. Coutu, President Jean Coutu Érik Péladeau Dennis Wood	**Governance Committee** Yvon Martineau, President Lise Bastarache Marie-Josée Coutu L. Denis Desautels Nicolle Forget
Human Resources Committee Nicolle Forget, President Lise Bastarache Sylvie Coutu Robert Lacroix Yvon Martineau Érik Péladeau Peter Simons	**Ad Hoc Committee on Organizational Development** Yvon Martineau, President Marcel Dutil Nicolle Forget Érik Péladeau Dennis Wood	

Officers

The names, places 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 August 2, 2007.

Name, Place of Residence	Function	Previously Held Positions [5]
Andre Belzile Drummondville, Quebec, Canada	Senior Vice President, Finance and Corporate Affairs	Vice President and Chief Finance Officer of Cascades Inc. until May 2004
Michel Boucher Longueuil, Quebec, Canada	Vice President and Chief Information Officer	
Denis Courcy Laval, Quebec, Canada	Vice President, Human Resources and Legal Affairs	
François J. Coutu Montreal, Quebec, Canada	Vice Chairman of the Board and President of Canadian Operations	
Jean Coutu Montreal, Quebec, Canada	Chairman of the Board, President and Chief Executive Officer	
Louis Coutu Montreal, Quebec, Canada	Vice President, Commercial Policies	
Guy Franche Rosemere, Quebec, Canada	Vice President, Internal Audit	Director, Internal Audit then Vice-President, Internal Audit of Domtar Inc. until April 2006.
Yvon Goyer Lachenaie, Quebec, Canada	Vice President, Services and Promotions	
Kim Lachapelle Montreal-West, Quebec, Canada	Corporate Secretary	Legal Counsel and Corporate Secretary of Pebercan Inc. until August 2004

[5] For the past five years

Name, Place of Residence	Function	Previously Held Positions [5]
Alain Lafortune St-Sauveur, Quebec, Canada	Senior Vice President, Purchasing and Marketing	
Richard Mayrand Montreal, Quebec, Canada	Vice President, Pharmacy and Governmental Affairs	
Johanne Meloche Laval, Quebec	Vice President, Cosmetics, Exclusive Brands and Beauty Programs	
Normand Messier Longueuil, Quebec, Canada	Senior Vice President, Network Exploitation	
Jean-Pierre Normandin Varennes, Quebec, Canada	Vice President, Distribution Centre	
Marcel A. Raymond Lorraine, Quebec, Canada	Vice President, Control and Treasury	Vice President, Finances of Labatt Breweries Ltd. Until November 2004

As of June 4, 2007, the Directors and Officers of the Company, beneficially, as a group, owned, directly or indirectly, or exercised control over 5.39% of Class A Subordinated Voting Shares and 100% of Class B Shares.

ITEM 8. LEGAL PROCEEDINGS

As of this date, no legal proceeding considered individually (or collectively if related), whether covered or not by the Company's insurance, exceeds, considering the amounts claimed, 10% of its consolidated asset.

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

Mr. Jean Coutu, Chairman of the Board of Directors, President and Chief Executive Officer personally, as franchisee of one Jean Coutu outlet 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, Vice-President of the Board of Directors and President of Canadian Operations of the Company, as franchisee with respect to one outlet. 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 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, 1500 University Street, Suite 700, Montreal, Quebec H3A 3S8.

ITEM 11. MATERIAL CONTRACTS

The Company is not bound to any material contracts outside the ordinary course of business other than (i) the agreements relative to the transaction between the Company and Rite Aid (Share Purchase Agreement, Stockholder Agreement and Registration Rights Agreement) which are more fully described at pages 5 and 6 of this Annual Information Form and a new credit facility which is more fully described at page 6 of this Annual Information Form.

ITEM 12. INTEREST OF EXPERTS

Name of Expert

The consolidated financial statements of the Company for the year ended June 4, 2007 have been audited by Deloitte & Touche, L.L.P., independent chartered accountants.

Interest of Expert

During the year ended June 4, 2007, the Audit Committee of the Company obtained a written confirmation from Deloitte & Touche, s.r.l. 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**

   1) The Audit Committee shall consist of at least three (3) members and a maximum of seven (7) members.
   2) Each of the members of the Audit Committee shall be a director of the Company.
   3) Each member of the Audit Committee shall be independent.
   4) Each member of the Audit Committee shall be financially literate.

2. **Election of members**. The members, as well as the president of the Audit Committee, are elected by the Directors of the Company during the first meeting of the Board of Directors immediately following the general shareholders meeting of the Company.

3. **Terms of mandate.** The mandate of a member of the Audit 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 the member is replaced before the end of the term by resolution of the Board of Directors.

4. **Death, incapacity or resignation of a member.** In the event that the Board of Directors must fill a Audit Committee vacancy resulting from the death, the incapacity or the resignation of a member, the member of the Audit Committee appointed to fill the Audit Committee vacancy is dispensed from the application of paragraphs 3) and 4) of article 1 for a period ending at the latest of the two following dates:

   a) The next annual shareholders meeting of the Company, or
   b) six (6) months after the event leading to the vacancy.

The present article shall apply whenever the Board of Directors of the Company has reason to believe that this exemption could significantly reduce the capacity of the Audit Committee to act independently and to comply with other regulatory requirements.

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

6. **Invitation to attend**. A notice with the time, date and object of any meeting of the Audit Committee shall be sent by any mode of transmission permitted 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. **Conference call.** The members of the Audit Committee may participate to a meeting via means allowing all the said participants to communicate between themselves, more specifically by conference call.

8. **Quorum**. The quorum of the Audit Committee consists in the majority of members attending the meeting.

9. **President**. The meeting of the Audit Committee is presided by a member of the Audit Committee appointed by the Board of Directors and in his absence by a member chosen among the members then attending any given meeting.

10. **Procedure**. Audit Committee meeting procedures are the same as those in effect during Board of Director meetings.

11. **Majority required**. The questions debated during an Audit Committee meeting are decided by the majority of votes cast.

12. **Remuneration**. The members of the Audit Committee receive in compensation for their services on the said committee the remuneration determined via a resolution of the Board of Directors of the Company.

13. **Powers**. The Audit 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 or external auditors;
    b) to hire independent attorneys or other counselors it deems necessary to exercise its functions;
    c) to determine and pay the fees of the counselors it employs.

14. **Mandate**. The preparation and the presentation of the financial statements of the Company, their accuracy, as well as the efficiency of the internal audit are the responsibility of management. Management is also responsible for maintaining adequate internal control and procedures, as well as for the implementation of appropriate policies and standards regarding accounting and presentation of financial statements. The external auditors are responsible for the audit of annual financial statements in accordance to generally accepted accounting principles.
The Audit Committee is created to review on a continuous basis the pertinence and the efficiency of these activities and to assist the Board of Directors to oversee the accuracy of the financial statements of the Company, of the pertinence and the efficiency of internal controls, of the independence of external auditors, and of compliance by the Company to legal and regulatory requirements.

The Audit Committee must review its mandate each year.

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

14.1 *Responsibilities in respect to financial disclosure and financial reports*

- Each quarter, the Audit Committee reviews the financial statements as well as the management discussion and analysis of the Company before its approval by the Board of Directors;
- It ensures that the Company complies with regulatory standards relative 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 makes sure that all claims 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 taken by management or by the auditors relative 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 disclosure policy and practices of the Company conform to the regulatory requirements applicable to the Company.

14.2 *Relationship with external auditors*

- The Audit Committee 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, which report directly to this committee;
- It oversees the work of the external auditor 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 auditor 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 mission with the Company, as well as the rotation of the partner in charge or of the other partners involved on the engagement 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 policies, the main value judgments at the basis of the financial statements and how they are drafted;
- It preapproves all non-audit services that the external auditor of the Company or those of its subsidiaries must render to the Company or to its subsidiaries within the context of the Control Procedure Relative to the Employment of Auditors;
- It may contact the external auditors directly at any time;
- It meets management and the external auditors separately at least once a year and more often, as necessary.

- It questions 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.

14.3 ***Responsibilities concerning the internal audit***

- The Audit Committee meets the vice president, internal audit, as well as the management of the Company, to discuss the efficiency of internal controls implemented by the Company, as well as the measures taken to rectify any major weakness or failure discovered;
- It reviews the mandate and the internal audit programs, the resources granted to the function and the follow-ups made in accordance to the recommendations of the vice president, internal audit;
- It reviews the statements of the vice president, internal audit concerning the efficiency of the internal controls of the Company with regard to the audit work performed;

14.4 ***Responsibilities concerning internal controls***

- The Audit Committee supervises the presentation by management of information concerning internal controls.
- It requires that management implements appropriate internal and disclosure controls of financial information extracted or derived from the financial statements of the Company for the benefit of the public;
- It inquires with management about the Company's disclosure controls and procedures as well as the existence of a significant deficiency and/or material weakness in the conception or application of the internal controls over financial reporting.
- It reviews, evaluates and approves periodically such controls;
- 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 auditor(s) or an executive;
- It oversees the implementation of procedures concerning the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters;
- It oversees the implementation of procedures concerning the confidential, anonymous submission by employees of the issuer, including its divisions and subsidiaries, of concerns regarding questionable accounting or auditing matters.

14.5 ***Review of transactions between tied persons***

- The Audit Committee reviews management's report on related-parties transactions during the year.

14.6 ***Pension Plans***

- The Audit Committee inquires periodically about the funding policies of the Company's pension plans, the investment management, the structure and the performance of the pensions plans.

14.7 ***Responsibilities concerning oversight organizations***

- The Audit Committee reviews all important reports received from regulatory instances.

- The Audit Committee reviews the evaluation and the statements of management relative to compliance to particular regulatory requirements, as well as to the plans of management aiming to remedy any failure discovered.
- It ensures that the recommendations presented by regulatory bodies are implemented and then monitored.
- It prepares any report to be included in the proxy circular.

Lastly, the Audit Committee reviews all other financial matters that it deems fit or that the Board of the Directors decides to bring forward to its attention.

15. **Report**. The Audit Committee reports about its activities to the Board of Directors verbally during a meeting of the Board of Directors following an Audit Committee meeting and by submitting a meeting report at the next meeting of the Board of Directors.

Composition of the Audit Committee

The Audit Committee is presently formed of five independent directors, i.e. Mr. L. Denis Desautels, chairman of the committee and Mrs. Lise Bastarache, Mr. Marcel Dutil, Mr. Robert Lacroix and Mr. Dennis Wood.

Relevant Education and Experience

The following section names each member of the Audit Committee as well as his relevant education and experience regarding the execution of his responsibilities as a member of the said committee.

L. Denis Desautels. Mr. Desautels is a guest director at the School of Management TELFER of the University of Ottawa. He has been a chartered accountant since 1966. He 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, position that he held till 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 four listed companies and three non-profit organizations. He is the chair of three of these committees, 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 by way of consequence, he is quite familiar with generally accepted accounting principles. He is able to understand financial statements of a complexity generally presenting accounting problems 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 the last thirty-seven (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, in 2000, the Commercial Markets Group as Analyst. Mrs. Bastarache holds a Bachelor’s degree and a Master’s degree in Economics from the University of Quebec in Montreal 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 of 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 three listed companies and one crown corporation.

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 of directors 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 twenty years, as those of Québec Téléphone, Maax, and National Bank of Canada (for a period of one year).

Robert Lacroix. Mr. Lacroix holds a Ph.D. 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, 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 as such 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 Company. He is a member of the audit committees of Industrielle Alliance and the Company.

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

As President and Chief Executive Officer at 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 good understanding of internal controls and a good understanding 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, position that he occupied from 2001 to 2004. Mr. Wood's many years of experience as a businessman, board member and audit committee member (the like of Les industries C-MAC Inc. et MAAX Inc.) have exposed him to financial statements of a complexity at least comparable to those of The Jean Coutu Group (PJC) Inc.

For 25 years, Mr. Wood sat on different Canadian and American audit committees, e.g. those of Les Industries C-MAC Inc., National Bank Trust Inc., the Montreal Metropolitan Symphony Orchestra, Solectron Corporation and Victhom Human Bionics in which capacity he was able to appreciate the role and the functioning of an audit committee.

Policies regarding services rendered by Auditors

The Audit Committee has adopted a policy concerning the scope of the services rendered by the external auditors, which policy is in force since the 1st quarter of fiscal 2005. 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, in particular circumstances, the Company to engage the services of auditors to provide non-audit services, other than the prohibited services, only when the Audit Committee specifically approves these services.

All audit and non-audit services provided by the Company's independent auditors for the fiscal year ended June 4, 2007 were pre-approved by the Company's 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 of the Company located at 530 rue Bériault, Longueuil, Québec, J4G 1S8.

Remuneration of Auditors

The following table presents by category the fees billed by the independent auditors of the firm Deloitte & Touche L.L.P. for the fiscal years ended June 4, 2007 and May 27, 2006.

Category of fees	**2007**	**2006**
	Can $	Can $
Audit Fees	2,596,824	2,213,586
Audit-Related Fees	64,006	173,095
Tax Fees	312,521	1,389,198
Other fees	0	8,824
Total	**2,973,351**	**3,784,703**

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 L.L.P. 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 L.L.P. 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 L.L.P. 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 L.L.P. for all other 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 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 auditor 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, and

   iv. one copy of any other documents that are incorporated by reference into 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 per son 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 August 2, 2007, which was prepared for the 2007 Annual Meeting of Shareholders. Other financial information is included in the audited consolidated financial statements and the notes thereto for the fiscal year ended June 4, 2007 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.