
THE JEAN COUTU GROUP (PJC) INC.

ANNUAL INFORMATION FORM
Fiscal year ended March 3, 2012



May 2, 2012

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Unless the context indicates otherwise, the use in this Annual Information Form of the terms “our” and “we”, the “Corporation”, “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 March 3, 2012. 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 Corporation’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 Corporation’s industry and prospects, plans, financial position and business strategy of the Corporation, 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 Corporation 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 Corporation 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;
- changes in laws and regulations, or in their interpretations;
- the success of the Corporation’s business model;
- 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");
- labour disruptions, including possibly strikes and labour protests;
- our ability to attract and retain pharmacists;
- 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 Corporation's actual results to differ from current expectations, please also refer to the Corporation'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 Corporation's Management Discussion and Analysis for the fiscal year ended March 3, 2012. 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 Corporation, 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 Corporation obtained supplementary letters patent in order to amend its authorized share capital.

On January 27, 1986, the Corporation was continued under Part IA of the *Companies Act* (Quebec) by means of a certificate of continuance. It is a corporation governed by the *Business Corporations Act* (Quebec) since the implementation of this law on February 14, 2011. At the time of its initial public offering, the articles of the Corporation were amended by certificates of amendment dated August 8, 1986 and October 9, 1986 in order to:

- amend the Corporation'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; and
- 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 Corporation 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

Pro Doc Ltd. ("Pro Doc") is a corporation governed by the *Business Corporations Act* (Quebec) and a wholly-owned subsidiary of the Corporation.

As of March 3, 2012, the total assets, sales and operating revenues of the other subsidiaries owned by the Corporation did not represent more than 20% of the consolidated assets, consolidated sales and consolidated operating revenues of the Corporation.

ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS

History of the Business

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 Corporation 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 Corporation instituted the current franchise system and began its operations as wholesaler-distributor 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. 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 Jean Coutu Group expanded into the North-Eastern United States. The Company's American network had grown to include 22 corporate pharmacies in October 1994, when the Corporation completed the acquisition of 221 Brooks Drug Store pharmacies in New England. In January 2002, another significant acquisition added 80 pharmacies to the American network.

In July 2004, the Corporation acquired 1,549 stores and various facilities located in 13 US states which operated under the Eckerd banner.

In November 2005, the Corporation opened a new distribution center in Hawkesbury, Ontario.

On August 24, 2006, the Corporation announced the entering into a definitive agreement ("*Stock Purchase Agreement*") with Rite Aid providing for the sale 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 Corporation 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 Corporation to designate up to 4 directors on Rite Aid's Board of Directors and board committees, subject to the Corporation maintaining a certain percentage of the voting powers in Rite Aid. Furthermore, this agreement stipulates namely: (i) the impossibility for the Corporation to increase its share participation in Rite Aid, except when specifically permitted, (ii) certain conditions regarding the Corporation'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 Corporation 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 Corporation 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 Corporation at its head office located at 530 Bériault Street, Longueuil, Quebec, J4G 1S8, telephone (450) 646-9611.

Upon closing of the Transaction, the Corporation 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.

As of December 20, 2007, the Group acquired Pro Doc, a generic drug manufacturer located in Laval, Quebec. Pro Doc then became a wholly-owned subsidiary of the Corporation.

General Development of the Last Three Fiscal Years

For the twelve month period ended February 27, 2010

During fiscal 2010, the Corporation opened 17 stores, relocated 5 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 Jean Coutu Santé Beauté, PJC Jean Coutu Santé and PJC Clinique, all located in Quebec, Ontario and New Brunswick.

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

For the twelve month period ended February 26, 2011

During fiscal 2011, the Corporation opened 21 new stores, relocated 9 stores and 26 franchised stores were significantly renovated or expended.

As of February 26, 2011, the Group operated a network of 389 franchised stores under the banners of PJC Jean Coutu, PJC Jean Coutu Santé Beauté, PJC Jean Coutu Santé and PJC Clinique, all located in Quebec, Ontario and New Brunswick.

On April 29, 2010, the Corporation announced its intention to redeem up to 11,110,000 Class "A" subordinate voting shares during a twelve month period commencing May 4, 2010, representing approximately 10% of the then outstanding public float for the Class "A" subordinate voting shares. During the period, the redemption of 6 819 900 shares has been completed through the facilities of the Toronto Stock Exchange and in accordance with its requirements, at an average weighted price of \$9.23 per share for a total amount of \$63 million for which the carrying value was \$36.6 million. All the redeemed shares have been cancelled.

For the twelve month period ended March 3, 2012

During fiscal 2012, the Corporation opened 11 stores, relocated 9 stores, closed 1 store and 28 franchised stores were significantly renovated or expended.

As of March 3, 2012, the Group operated a network of 399 franchised stores under the banners of PJC Jean Coutu, PJC Jean Coutu Santé Beauté, PJC Jean Coutu Santé and PJC Clinique, all located in Quebec, Ontario and New Brunswick.

On May 2, 2011, the Corporation announced its intention to redeem up to 10,400,000 Class "A" subordinate voting shares during a twelve month period commencing May 4, 2011, representing approximately 10% of the then outstanding public float for the 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 weighted price of \$11.93 per share for a total amount of \$124.1 million for which the carrying value was \$55.5 million. All the redeemed shares had been cancelled.

During the quarter ended on August 27, 2011, the Corporation sold 17,574,100 Rite Aid ordinary shares for a total amount of \$22 million (\$22.9 US dollars).

On November 10, 2011, the Corporation contracted a five-year unsecured revolving credit facility that expires on November 10, 2016, for a total amount of 500 million dollars.

ITEM 3. DESCRIPTION OF ACTIVITIES

The Corporation's activities consist of three operating segments: franchising, generic drugs and an investment in Rite Aid.

Rite Aid. Rite Aid operates a national chain of drugstores in the United States with approximately 4 700 stores in 31 states and in the District of Columbia. Rite Aid is a public corporation having its shares listed on the New York Stock Exchange. Following the sales of Rite Aid's shares during the quarter ended on November 26, 2012, the Corporation reduced its equity interest in it from 28.3% to 26.1%. Finally, from April 17 to April 20, 2012, the Corporation proceeded to additional sales of 56 million shares of Rite Aid, reducing its equity interest in it to 19,85 %.

Information on Rite Aid's activities is available on its Website and in its public documents available at www.riteaid.com.

Pro Doc. With a portfolio of about 130 generic molecules and 270 different products, Pro Doc's mission is to supply with drugs the wholesalers, among which The Jean Coutu Group, as well as the Quebec pharmacists.

A generic drug is equivalent to a brand-name drug. Each generic molecule contains the same active ingredients as the original molecule, that is, chemical substances that act on the body and produce the desired effect. All generic drugs are assessed by Health Canada with regard to safety, efficiency and quality and must be approved before being marketed.

Pro Doc ensures that manufacturing standards are complied to and required authorizations are obtained when it markets a generic products. In order to do so, it implements within the framework of its operations all the required procedures and measures regarding the quality control of its products. It also enters into long-term agreements with its major generic molecule suppliers to ensure the quality of its procurement. These agreements also regulate the management of licenses that enable Pro Doc to distribute and sell its products and to obtain the regulatory approvals for its operations.

The generic drugs manufactured by Pro Doc are almost exclusively sold in Quebec under its trademark “Pro Doc”.

Pro Doc is one of the three leading generic drug manufacturers in Quebec considering the number of prescriptions and one of the few suppliers to offer more than 80% of the 100 best-selling generic molecules on the Quebec market.

Franchising. The Jean Coutu Group exercises its franchising activities in the Canadian drugstore retail industry, mainly in Eastern Canada. The following paragraphs of this Item 3. mainly describe these activities.

Within its activities, the Corporation carries on the franchising activity under its banners, operates two distribution centres and coordinates several other services for the benefit of its 399 franchised stores as at March 3, 2012. These services include centralised purchasing, distribution, marketing, training, human resources, management, operational consulting, information systems and the private labels program of the Corporation.

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. Moreover, since many years, the Corporation is among the most admired corporations in Québec according to a survey conducted annually by Léger Marketing.

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 their layout. They are also responsible for funding their inventory. The Jean Coutu Group generates revenues from royalties, based on a percentage of store sales, from the sale of merchandise to franchisees, mainly delivered 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 PJC franchised pharmacy locations. In fact, the Group is the owner or holds the rights to the master lease for nearly all of its PJC franchised stores.

During fiscal 2012, the PJC franchisee pharmacist network filled approximately 79.4 million prescriptions, with an average of approximately 202,181 prescriptions per franchised pharmacy. During that same period, prescription drugs accounted for approximately 62.8% of sales while front-end merchandise of the PJC franchised stores, including over-the-counter medication, accounted for approximately 37.2% of sales.

Store Network

The preferred PJC Jean Coutu franchised store format is 11,000 to 14,000 square feet. However, different formats, especially under its other banners, adapted to the communities the Corporation 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.

PJC Jean Coutu franchisees generally carry over 20,000 front-end products, including approximately 3,000 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 March 3, 2012
New Brunswick	21
Ontario	10
Quebec	368
Total stores	399

The following table provides a history of PJC franchised store openings, additions and closings since the beginning of fiscal 2008.

	Fiscal years ended in				
	2008	2009	2010	2011	2012
Number of stores at beginning of period	328	331	353	370	389
Added stores ¹	-	15	7	12	6
New stores ²	3	7	10	9	5
Closed or sold stores	-	-	-	2	1
Number of stores at end of period	331	353	370	389	399

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 PJC 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 must pay the Corporation 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 Corporation 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. Pursuant to the franchise agreement, 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 services. 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 408 franchisees, several of whom have franchises for multiple store locations. Among the current franchisees, many of them have been with the PJC store network for more than 10 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 Corporation 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 Corporation believes that it is imperative that PJC franchised pharmacists provide high-quality and knowledgeable service and advice to customers. One aspect of the Corporation's strategy is to have PJC franchised pharmacist become an integral part of the patient'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 Corporation believes that pharmacy information and workflow system is critical to its goal of helping PJC franchised pharmacists to provide professional pharmacy services and patient care of the highest quality. The Group believes that its efforts to continually improve pharmacy services offered by the PJC franchised stores contribute to customer loyalty and increased in-store traffic of the network franchised stores.

At all times during business hours, PJC franchised pharmacies ensure the service of 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 franchised pharmacy carries a complete line of both brand name and generic prescription drugs.

Through the Jean Coutu Academy, the Corporation ensures that PJC pharmacists stay informed of the latest developments in pharmacology. Therefore, 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 Corporation also developed an in-house training program for the PJC drug clerks, which, the Corporation 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 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 close to 3,000 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 Corporation holds the exclusive rights for the sale in Canada of the *Jean d'Estrées Paris* line of French cosmetic products and the *Solfine* line of Italian hair coloring. The Corporation believes that the choice 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 Corporation maintains centralized marketing and advertising programs for its PJC franchised store network. The Group believes that PJC franchisees greatly benefit from the Corporation'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 Corporation 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 Corporation also regularly 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 Jean Coutu brand name, the services' quality of the PJC franchised pharmacists, of the PJC stores and the commitment of the Group to customer service. The Corporation's website offers various online services to better complete the PJC shopping experience, such as: prescription refill, photo printing services, gift cards sales and the advertisement of the ongoing promotions.

The AIR MILES Reward Program is Canada's premier coalition loyalty program. More than 10 million active households, representing approximately two-thirds of all Canadian households, actively participate in the Program. The Program is found in the PJC franchised stores in Quebec, New-Brunswick and Ontario.

Besides giving the Corporation the opportunity to attract and retain customers through promotions, the AIR MILES Reward Program is a source of information about its customers and their buying habits. This strategic marketing tool allows the Corporation to differentiate with targeted marketing initiatives, but above all to adapt its marketing and merchandising strategies in regards to the real and unique behaviors of its customers.

Purchasing and Distribution

As a supplier to the PJC franchised stores, the Corporation purchases brand name and generic prescription drugs from numerous manufacturers. 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, consequently, that the loss of any one supplier would not have a material effect on its business. The largest supplier for the fiscal year ended March 3, 2012 was Astra Zeneca, which accounted for approximately 7% 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 Corporation to optimize stock levels and product mix available 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.

Selling Prices of Medications

The selling prices of medications and fees applicable to certain activities of the Corporation as a distributor of drugs are regulated. For more information regarding these measures, see the section "Overall Performance for fiscal years 2012 and 2011" in our 2012 MD&A, which is incorporated into this Annual Information Form by reference. The 2012 MD&A of the Corporation is available on SEDAR at www.sedar.com.

Real Estate

As of March 3, 2012, the Corporation owned 170 buildings, including strip malls, professional buildings and free standing buildings, most of which house a PJC franchised store. In addition, the Corporation owned 9 lands for future development. The Corporation believes that PJC franchised stores attract high-quality tenants to its properties because of the consistent retail traffic at PJC franchised stores. The Corporation owns and leases to franchisees 136 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 258 store locations to other PJC franchisees. The leases the Corporation has entered into with the owners generally have original terms of ten years, two to four five-year renewal options and involve fair market value rent increases. The Corporation 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 Corporation 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 Corporation and those of PJC franchisees. The information provided by these systems enables the Corporation to refine purchasing operation with its suppliers, on an ongoing basis. The Corporation regularly 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. (a wholly-owned subsidiary of the Corporation) is responsible for the development, installation and management of information systems for the PJC store network, as well as distribution centers of the Corporation.

Rx Information Centre Ltd. has, among other things, developed sophisticated proprietary pharmacy information and workflow system which is used in nearly all PJC franchised pharmacies. 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 patient's request, this system also allows customers to refill their prescriptions at any PJC franchised pharmacy within the same province (except for Ontario).

Human Resources

As of March 3, 2012, the Jean Coutu Group and its subsidiaries had 1,056 employees (including the 42 employees of the subsidiary Pro Doc).

As of March 3, 2012, a group of 376 employees of the Corporation 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 in December 2011, ends on December 31, 2019.

As of March 3, 2012, franchised stores employed a total of 18,745 persons, 30 of those employees in one franchised store were unionized.

Trademarks

The Jean Coutu Group owns many trademarks used in conjunction with the operation of its business including "Personnelle", "PJC", "Jean Coutu", "Jean Coutu Santé Beauté", "Jean Coutu Santé", "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 Corporation 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

The Corporation 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, medicinal herbs, 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 businesses, including independently owned drugstores, supermarkets, mass merchandisers, hardware stores, discount stores and other drugstore chains, groups and banners. The Corporation 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 2012 MD&A, which is incorporated to this Annual Information Form by reference. The 2012 MD&A of the Corporation 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 Corporation adopted an Environmental Policy. The content of this policy is periodically revised by the Corporation's Governance and Nominating Committee. The text of this policy is available on the Corporation's website at www.jeancoutu.com.

The promotion of reusable bags, recuperation of expired medication and new green lines of products, PJC Éco Nature and Personnelle Éco Nature, are amongst the various environmental initiatives adopted by the Corporation.

At the end of fiscal 2012, the Corporation filed a registration form to be certified Level 3 with the " Ici on recycle ! " program, implemented by the Recyc-Québec crown corporation.

This level acknowledges companies whom have reached high performances in residual materials reclamation. Once certified, the Corporation will be acknowledged to have set in place processes to reduce, reuse, recycle and reclaim residual materials targeted by the "Politique québécoise de gestion des matières résiduelles 1998-2008".

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

Risks Factors

The "Risks and Uncertainties" section of the Corporation's 2012 MD&A is incorporated herein by reference, as supplemented from time to time in the "Risks and Uncertainties" section of the Corporation's quarterly reports to shareholders. The Corporation'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 Corporation to all holders of Class "A" subordinate voting shares and Class "B" shares for the three most recent fiscal years.

Fiscal years ended February 27, 2010, February 26, 2011 and March 3, 2012 (\$ per share)

2012	0.24
2011	0.22
2010	0.18

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 Corporation based upon and subject to the Corporation's earnings and financial requirements and any other factors prevailing at the time.

Event subsequent to March 3, 2012

On May 2, 2012, the Board of Directors of the Jean Coutu Group declared a quarterly dividend of \$0.07 per Class "A" subordinate voting share and Class "B" share. This dividend will be paid on June 1, 2012 to all shareholders of the Corporation on record on May 18, 2012.

ITEM 5. CAPITAL STRUCTURE

The authorized share capital of the Corporation 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 March 3, 2012, 104,790,188 Class "A" subordinate voting shares and 114,385,000 Class "B" shares were issued and outstanding as fully paid. No Class "C" shares are presently issued and outstanding.

As of March 3, 2012, the Class "A" subordinate voting shares represented 8.39% of the total voting rights attached to all issued and outstanding shares of the Corporation.

The following is a summary of the material provisions concerning the various classes of shares of the Corporation'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.

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 Corporation 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 Corporation 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 Corporation, 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 Corporation'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 Corporation, 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 Corporation 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 Corporation or of any other distribution of the Corporation’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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation, 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 Corporation.

Liquidation

In the event of liquidation or dissolution of the Corporation or any other distribution of the assets of the Corporation 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 Corporation.

Amendment

The Articles of Amendment of the Corporation 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 2011	10.40	9.89	4,225,781
April 2011	10.64	9.78	3,065,898
May 2011	11.55	10.40	7,280,351
June 2011	11.35	10.38	3,206,558
July 2011	12.18	10.96	8,388,450
August 2011	12.21	10.76	8,768,584
September 2011	12.72	11.85	7,723,849
October 2011	12.80	11.26	4,447,117
November 2011	13.17	12.21	3,457,288
December 2011	13.66	12.65	3,740,027
January 2012	13.51	12.79	4,538,065
February 2012	13.43	12.15	4,379,455
	High	Low	Volume
Annual	13.66	9.78	63,221,423

¹ Source: TSX Historical Data

Notes

Upon closing the sale of its US operations to Rite Aid, in June 2007, the Corporation 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 Corporation redeemed the balance of the US\$350 million of unsecured senior notes as provided for by the Trust Indenture.

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

ITEM 7. DIRECTORS AND OFFICERS

Directors

The names and occupations of the directors of the Corporation and their places of residence appear in the following table. The information is accurate as of May 2, 2012. The directors of the Corporation 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	
François J. Coutu Nun's Island, Quebec Canada	Director, President and Chief Executive Officer	December 1985	President and Chief Executive Officer of the Corporation	Vice Chairman and President of Canadian Operations of the Corporation, 2005 to 2007.
Jean Coutu Montreal, Quebec Canada	Director, Chairman of the Board	June 1969	Chairman of the Board of Directors of the Corporation	Chairman of the Board, President and Chief Executive Officer, 2005 to 2007.
Marie-Josée Coutu Outremont, Quebec Canada	Director	September 1997	President of the <i>Fondation Marcelle et Jean Coutu</i>	

Name / Place of Residence	Function	Director Since	Principal Occupation	Previously Held Positions ¹
Michel Coutu Montreal, Quebec Canada	Director	December 1985	President of MMC Consulting Inc.	Co-Chairman of the Board of the Rite Aid Corporation from June 2007 to 2010. President of US Operations of the Corporation and President and Chief Executive Officer of The Jean Coutu Group (PJC) USA, Inc., 1986 to 2007.
Sylvie Coutu Outremont, Quebec Canada	Director	September 1997	President of Sylvie Coutu Design	
L. Denis Desautels Ottawa, Ontario Canada	Director	January 2003	Corporate Director	
Marcel Dutil Outremont, Quebec Canada	Director	September 1995	Chairman of the Board and of the Canam Group Inc.	President and Chief Executive Officer of the Canam Group Inc , 1973 to 2011.
Nicolle 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>	
Mtre Yvon Martineau Montreal, Quebec Canada	Director Vice Chairman of the Board	December 1985	Partner, Blake, Cassels & Graydon, S.E.N.C.R.L./ LLP	Senior Partner, Fasken Martineau DuMoulin LLP, 1993 to 2009.
Annie Thabet Nun's Island, Quebec Canada	Director	July 2010	Partner, Celtis Capital inc.	
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 of May 2, 2012, to the best knowledge of the Corporation, no director of the Corporation is or has been, within ten years before the date of this Annual Information Form, a director or executive officer of any corporation, 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 corporation 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.

As of May 2, 2012, the composition of the committees of the Board of Directors of the Corporation is as follows:

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 L. Denis Desautels Annie Thabet	Yvon Martineau, Chair Lise Bastarache Marie-Josée Coutu Robert Lacroix 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 May 2, 2012.

Name, Place of Residence	Function	Previously Held Positions ¹
André Belzile Drummondville, Quebec, Canada	Senior Vice President, Finance and Corporate Affairs	
Hélène Bisson Nun's Island, Quebec, Canada	Vice President, Communications	Senior Director, Public Relations of the Corporation, 2005 to 2010.
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 of the Corporation, 2004 to 2007.
François J. Coutu Nun's Island, Quebec, Canada	President and Chief Executive Officer	See page 16 of this Annual Information Form.
Jean Coutu Montreal, Quebec, Canada	Chairman of the Board	See page 16 of this Annual Information Form.

Name, Place of Residence	Function	Previously Held Positions ¹
Jean-Michel Coutu Outremont, Québec, Canada	Vice President, Retail Operations	Account Director, McKesson, 2006 to 2008; Director, Marketing McKesson's manufacturers, 2009; Head Director, computerized system for the Corporation, 2009 to 2011; Assistant Vice-President, pharmacy and government affairs for the Corporation, 2011.
Louis Coutu Montreal, Quebec, Canada	Vice President, Commercial Policies	
Brigitte Dufour Montréal, Québec, Canada	Senior Director, Legal Affairs and General Counsel and Corporate Secretary	Vice-President and General Counsel of Uniboard Canada inc., 2004 to 2010; Lawyer in private practice, 2010 to 2011.
Véronique Duval Boucherville, Quebec, Canada	Assistant Corporate Secretary	Legal counsel for the Corporation, 2006 to 2009.
Guy Franche Rosemère, Quebec, Canada	Vice President, Control and Treasury	Vice-President, Internal Audit of the Corporation, 2006 to 2007.
Alain Lafortune St-Sauveur, Quebec, Canada	Executive Vice President, Purchasing and Marketing	
Éric Laurence Laval, Quebec, Canada	Vice President, Logistics and Distribution	Director, Operations IKEA Wholesale, 2003 to 2006; Director, Operations RONA Wholesale (Terrebonne), 2006 to 2007; Director, Logistics, RONA, 2007 to 2009.
Richard Mayrand Anjou, Quebec, Canada	Senior Vice President, Pharmacy and Governmental Affairs	Vice President, Pharmacy and Governmental Affairs of the Corporation.
Johanne Meloche Longueuil, Quebec, Canada	Vice President, Cosmetics and Exclusive Brands	Vice President, Cosmetics and Exclusive and private Brands for the Corporation, 2004 to 2007.
Normand Messier Longueuil, Quebec, Canada	Executive Vice President, Network Operation	
Marcel A. Raymond Outremont, Quebec, Canada	President, Pro Doc ltée	Vice-President, Control and Treasury of the Corporation, 2004 to 2007.

¹ For the past five years.

As of May 2, 2012, the directors and officers of the Corporation, owned or exercised control, directly or indirectly, on 10,805,302, or 10.31%, of the Class "A" subordinate voting shares and on 114,385,000, or 100%, of the Class "B" shares.

ITEM 8. LEGAL PROCEEDINGS

As of March 3, 2012, the Corporation was involved in only two legal proceedings, ongoing or expected and whether covered or not by the Corporation's insurance, which could have a material impact on the Corporation, being two lawsuits instituted against it on November 27, 2008 and on April 27, 2010 in the Quebec Superior Court by one of its franchisees. In the first proceeding, 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 and he seeks the reimbursement of royalties paid to the Corporation on sales of medications. In the second proceeding, the plaintiff claims damages due to abuse of rights asserted against the Corporation in his respect and the annulment or termination of several contracts and the assignment of certain leases. The main parties to these proceedings are, in the first action, Mr. Michel Quesnel, the Corporation and l'Ordre des pharmaciens du Québec and in the second action, Mr. Michel Quesnel, 153927 Canada Inc. and the Corporation. These two actions are at the stage of preliminary proceedings and the Corporation has not yet filed its defense. The Corporation contests the grounds upon which these actions are 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 these lawsuits or determine the amount of any potential losses, if any. No provision for contingent loss has been recorded in the Corporation's consolidated financial statements.

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

As of May 2, 2012, Mr. Jean Coutu, Chairman of the Board of Directors of the Corporation, personally, by participating in three stores franchised under the PJC Jean Coutu banner as well as through certain corporations in which he holds an interest, is involved in a number of transactions with the Corporation and its subsidiaries. The same is true of Mr. François J. Coutu, President and Chief Executive Officer of the Corporation, as franchisee with respect to two stores franchised under the PJC Jean Coutu banner as well as for Mr. Jean-Michel Coutu (a grandson of Mr. Jean Coutu) as franchisee of two stores franchised under the PJC Jean Coutu banner. These transactions, collectively, have no material impact on the Corporation and are concluded in the normal course of the Corporation'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 Corporation is Computershare Trust Corporation of Canada located at 1500 University Street, Suite 700, Montreal, Quebec, H3A 3S8.

ITEM 11. MATERIAL CONTRACTS

The Corporation 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 Stock Purchase Agreement, the Stockholder Agreement and the Registration Rights Agreement, which are more fully described at pages 3 and 4 of this Annual Information Form.

ITEM 12. INTEREST OF EXPERTS

Name of Experts

The consolidated financial statements of the Corporation for the year ended March 3, 2012 have been audited by Deloitte & Touche LLP, independent chartered accountants.

Interest of Experts

During the fiscal year ended March 3, 2012, the audit committee of the Corporation 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 Corporation (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 Corporation.
- 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 Corporation during the first meeting of the Board of Directors immediately following the annual general shareholders’ meeting of the Corporation.

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 Corporation; 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 Corporation 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 Corporation 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 Corporation.
13. **Powers.** The Committee has the following powers:
 - a) to communicate directly with or to meet privately with any manager or employee of the Corporation, as well as its internal and/or independent 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 Corporation, 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 independent 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 Corporation, the relevancy and the efficiency of internal controls, the competence and independence of independent auditors, and the compliance by the Corporation to legal and regulatory requirements.

The Committee must review its mandate annually.

The Committee's mandate extends to the Corporation, 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 Corporation before their approval by the Board of Directors;
- it ensures that the Corporation 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 Corporation, are correctly recorded in the financial statements;
- it ensures that the financial statements of the Corporation are accurate, reliable and honest;
- it evaluates the decisions made by management and/or by the independent auditors relating to the presentation of financial statements;
- it reviews the press releases concerning the annual and quarterly releases of financial results of the Corporation before their approval by the Board of Directors;

- it ensures that the Corporation's disclosure practices and policy comply with the regulatory requirements applicable to the Corporation;

14.2 Relationship with independent auditors

- it recommends to the Board of Directors the appointment of the independent auditors as well as their fees, and reviews their employment prerequisites, as well as other services they may be called upon to provide to the Corporation and the circumstances which may justify and warrant a change of independent auditors, whom report directly to the Committee;
- it oversees the work of the independent auditors employed to deliver an audit report or render other audit, review or attestation services to the Corporation, including the resolution of disagreements between management and the independent auditors concerning financial information;
- it discusses and reviews the competence, independence and objectivity of the independent auditors and of the partner of the independent audit firm in charge of the mandate with the Corporation, 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 independent 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 independent auditors of the Corporation or those of its subsidiaries must render to the Corporation or to its subsidiaries pursuant to the Corporation's Policy concerning the scope of services provided by independent auditors;
- it can communicate directly with the independent auditors at any time;
- it meets separately management and the independent auditors at least once per quarter;
- it questions the independent auditors regarding their relationship with the management of the Corporation, as well as the difficulties encountered during their audit mandate, as the case may be;
- it reviews and approves the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditors of the Corporation;

14.3 Responsibilities concerning internal audit

- it meets the Senior Director, Internal Audit, as well as the management of the Corporation, to discuss the efficiency of internal and risk management controls implemented by the Corporation, 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 Corporation'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 Corporation 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 Corporation 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 Corporation 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 Corporation with respect to cash management;
- it verifies all investments and operations likely to impact negatively the sound financial situation of the Corporation when it is brought to its attention by the independent auditors and/or an executive;
- it oversees the implementation of procedures concerning the receiving, recording and processing of complaints received by the Corporation 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 Corporation, including its divisions and subsidiaries, concerning questionable accounting or audit practices;

14.5 Review of transactions between affiliated persons

- it reviews management’s report on all transactions conducted during the previous year between employees and/or officers on one hand and the Corporation and/or affiliated 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 regulatory 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 of the Audit Committee Members

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 two 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 Corporation. In addition, his experience as independent 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 Deputy 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 Corporation.

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 was President 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 Corporation. 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 from the *Université de Louvain* and has been a professor in the Department of Economics of the *Université de Montréal* from 1970 to 2006. He is now Professor Emeritus. 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 has been a member of the audit committees of Industrielle Alliance and he is currently a member of the audit committees of Pomerleau Inc. and of the Corporation.

Dennis Wood. Mr. Wood is currently President and Chairman of DWH Inc., a corporation constituted in 1973 to support his various entrepreneurial ventures. Through this corporation, Mr. Wood has been actively involved in the acquisition, the sale and the merger of some seventy-five different businesses, 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 corporation, 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 corporation, 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 Corporation.

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 Corporation adopted, in 2005, a policy concerning the scope of the services rendered by the independent auditors. This policy is annually reviewed by the Committee. The policy requires the audit committee to pre-approve all audit and non-audit services. This policy forbids the Corporation from engaging auditors to provide certain non-audit services to the Corporation 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 and legal services. The policy allows however the Corporation, 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 March 3, 2012 were pre-approved by the audit committee.

A copy of the policy concerning the scope of the services rendered by independent auditors may be obtained free of charge upon request to the Corporate Secretary of the Corporation, 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 Corporation, Deloitte & Touche LLP, for the fiscal years ended March 3, 2012 and February 26, 2011.

Category of Fees	2012	2011
	(\$)	(\$)
Audit Fees	550,200	561,623
Audit-Related Fees	88,000	243,500
Tax Fees	--	13,800
Other fees	22,880	169,520
Total	661,080	988,443

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 plans 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 related, among other things, to the preparation of income tax returns of the Company, capital tax and sales tax. **“All Other Fees”** include the aggregate fees billed by Deloitte & Touche LLP for all products and services other than those presented in the preceding categories.

ITEM 14. ADDITIONAL INFORMATION

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

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

- (a) when the securities of the Corporation 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 Corporation'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 Corporation 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 Corporation subsequent to the financial statements for its most recently completed financial year;
 - iii) one copy of the management proxy circular of the Corporation 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 Corporation may require the payment of a reasonable fee if the person requiring the information is not a securities holder of the Corporation.

Additional information, including officers' and directors' remuneration and loans granted to them, if any, principal shareholders of the Corporation, stock options and the interest of insiders in material transactions, if any, is contained in the Management Proxy Circular dated May 2, 2012, which was prepared for the 2012 Annual Meeting of Shareholders. Other financial information is included in the audited consolidated financial statements and the notes thereto for the fiscal year ended March 3, 2012 as well as Management's Discussion and Analysis thereon. All such additional information relating to the Corporation 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 Corporation located at 530 Bériault Street, Longueuil, Quebec, J4G 1S8.