THE JEAN COUTU GROUP (PJC) INC.
CHANGE ACCOUNTING POLICY

June 23, 2004

Following the announcement of the Eckerd acquisition earlier this year, The Jean Coutu Group (PJC) Inc. changed its basis of accounting for banner development costs during the fourth quarter of the year ended May 31, 2004, in order to harmonize it to generally accepted accounting principles in the United States. Banner development costs were previously considered indefinite life intangible assets, and therefore not subject to amortization. Banner development costs are now considered deferred costs representing incentives paid to franchisees. These costs are amortized over a ten-year period and are applied against royalties included in other revenues. This change in accounting policy has been applied retroactively and the consolidated financial statements have been restated accordingly.

The Company has restated its annual report for the year ended May 31, 2003 to incorporate these changes into the financial highlights, message to shareholders, management's discussion and analysis, quarterly consolidated earnings, and consolidated financial statements. The annual information form for the year ended May 31, 2003 and the quarterly report for the period ended February 29, 2004 have also been restated.

This change in the accounting policy appears as follows:

YEARS ENDED *(in thousands of dollars except for per share amounts)*	**May 31, 2003**		May 31, 2002	
	Increase	**Decrease**	Increase	Decrease
	$	**$**	$	$
Intangible assets	**-**	**31,933**	-	25,577
Other assets:				
Incentives paid to franchisees	**22,877**	**-**	21,131	-
Future income tax	**2,121**	**-**	1,041	-
Other revenues	**-**	**4,610**	-	4,446
Income taxes	**-**	**1,080**	-	1,041
Net income	**-**	**3,530**	-	3,405
Earnings per share				
Basic		**0.016**		0.015
Diluted		**0.016**		0.015

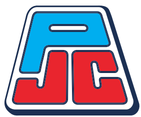
THE JEAN COUTU GROUP (PJC) INC.
CHANGE ACCOUNTING POLICY

PERIODS ENDED	3 MONTHS				9 MONTHS			
	2004		2003		**2004**		2003	
February 29 (28) *(in thousand of dollars except for per share amounts)*								
	Increase	**Decrease**	Increase	Decrease	**Increase**	**Decrease**	Increase	Decrease
	$	**$**	$	$	**$**	**$**	$	$
Intangible assets	**-**	**37,114**	-	30,599	**-**	**37,114**	-	30,599
Other assets								
Incentives paid to franchisees	**24,769**	**-**	22,810	-	**24,769**	**-**	22,810	-
Future income tax	**2,891**	**-**	1,814	-	**2,891**	**-**	1,824	-
Other revenues	**-**	**1,096**	-	1,114	**-**	**3,289**	-	3,343
Income taxes	**-**	**257**	-	261	**-**	**770**	-	783
Net income	**-**	**839**	-	853	**-**	**2,519**	-	2,560
Earnings per share								
Basic		**0.004**		0.004		**0.011**		0.011
Diluted		**0.004**		0.004		**0.011**		0.011

Contact information:

André Belzile
Senior Vice-President Finance and Corporate Affairs
450-646-9760

A Growing Presence in North America



The Jean Coutu Group (PJC) Inc.

2003 Restated Annual Report

2003 Annual Report

Company profile

Inspired for over 30 years by its unique customer approach, desire to offer a wide range of products and services and commitment to delivering superior customer service, The Jean Coutu Group (PJC) Inc. has for many years ranked among the top ten names in retail sales and the distribution of pharmaceutical and para-pharmaceutical products in North America.

This pioneer and undisputed industry leader in Quebec today numbers 643 outlets in eastern Canada and the northeastern United States. Indeed, the *Jean Coutu* and *Brooks Pharmacy* banners dominate their respective markets where they are recognized for the quality of their service.

An organization that leverages talent, resources and expertise to meet the needs of its customers, the Jean Coutu Group is an important, value-added presence in the community. Moreover, as a leader in its field, the Company plays an influential role in advancing professional pharmacy practice with a view to ensuring the continuity of high-quality pharmaceutical services.

Summary

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Our banners
synonymous with excellence

In Canada, the Company's network of franchised outlets consists of 270 *PJC*, 39 *PJC Clinic* and 2 *PJC Santé Beauté*.

	PJC Jean Coutu	PJC Clinic	PJC Santé Beauté
Quebec	247	36	2
Ontario	8	1	
New Brunswick	15	2	

The American *Brooks Pharmacy* network of corporate outlets consists of 332 drugstores in the northeastern United States.

Brooks Pharmacy	
Connecticut	44
Maine	6
Vermont	32
New Hampshire	37
New York	2
Rhode Island	47
Massachusetts	164

Our more than 22,000 specialized employees in North America are dedicated to offering unmatched service in pharmaceutical and para-pharmaceutical care.

Financial Highlights

Years ended May 31 *(in thousands of dollars except per share data and ratios)*	2003	2002	2001	2000	1999
Financial performances					
Sales and other revenues					
Canada [1]	1,355,163	1,422,285	1,282,858	1,151,491	1,033,153
United States	2,692,400	2,054,546	1,547,684	1,338,447	1,165,446
Total	4,047,563	3,476,831	2,830,542	2,489,938	2,198,599
Earnings before income taxes [1]	230,385	205,146	163,170	133,535	119,457
Net earnings [1]	160,092	136,474	105,941	86,191	74,307
Cash flow	247,703	177,842	146,437	131,094	114,519
Financial position					
Real estate	262,709	218,645	182,302	163,266	154,291
Capital assets	425,181	415,495	224,733	202,676	185,028
Total assets [1]	1,716,632	1,658,200	1,230,805	1,032,671	920,101
Shareholders' equity [1]	1,012,934	942,654	831,927	588,578	509,465
Per share data					
Net earnings (basic) [1] [2]	0.71	0.61	0.49	0.41	0.35
Cash flow [2]	1.09	0.79	0.67	0.62	0.54
Dividends [2]	0.12	0.09	0.08	0.06	0.05
Shareholders' equity [1] [2]	4.48	4.19	3.84	2.79	2.41
Financial ratios					
Working capital	1.88:1	2.03:1	2.62:1	1.82:1	1.84:1
Long-term debt on equity [1]	0.29:1	0.38:1	0.17:1	0.28:1	0.36:1
Return on average shareholders' equity (%) [1]	16.4	15.4	14.9	15.7	15.5
Network performances					
Franchised outlets (Canada)	2,418,363	2,264,451	2,065,244	1,880,891	1,742,610
Corporate outlets (United States)	2,678,525	2,040,698	1,534,436	1,330,750	1,158,689
Total	5,096,888	4,305,149	3,599,680	3,211,641	2,901,299
Share information					
High [2]	20.00	19.72	13.97	9.06	9.75
Low [2]	13.25	11.82	8.55	6.74	4.75
Close [2]	15.71	19.12	13.22	7.50	8.06

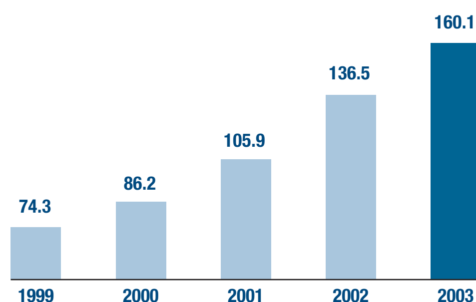
[1] The figures were restated to take into account the retroactive application by the Company of the new recommendations made by the Emerging Issues Committee (EIC-123) of the CICA and the change of accounting policy for incentives paid to franchisees, as mentioned in Note 2b) and 2g).

[2] On September 29, 2000 and September 25, 2002, the Company declared a 2-for-1 split of its Class A subordinate voting shares and Class B shares. The per share figures have been calculated taking into consideration these stock splits.

Proactive management that pays off

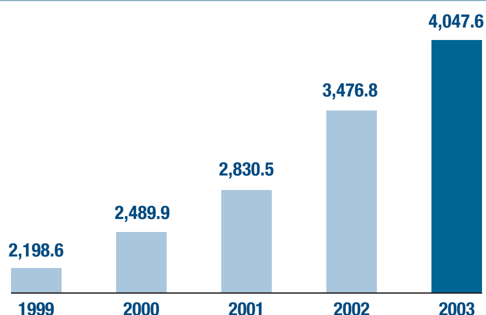
Net earnings [1]

(in millions $)



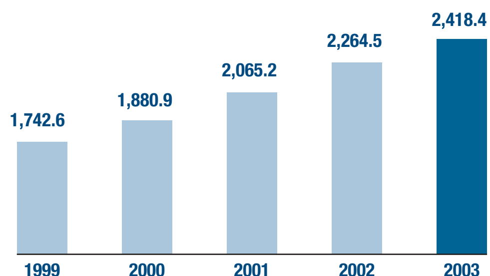
Sales and other revenues [1]

(in millions $)



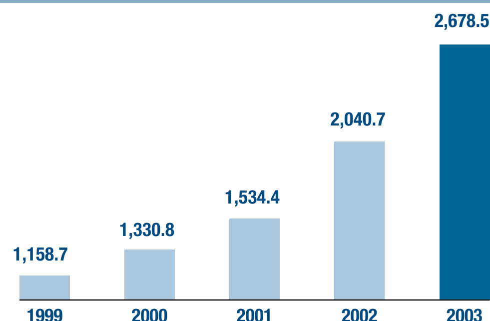
PJC retail sales

(in millions $)



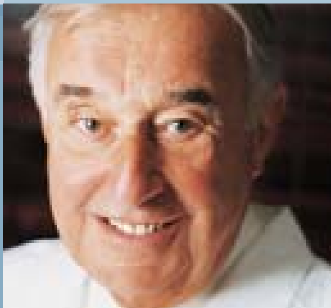
Brooks retail sales

(in millions $)

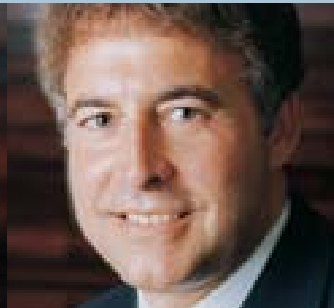


[1] *Restated*

Message
to shareholders


Jean Coutu
Chairman of the Board
The Jean Coutu Group (PJC) Inc.

François J. Coutu
President and Chief Executive Officer
The Jean Coutu Group (PJC) Inc.


Michel Coutu
President and Chief Executive Officer
The Jean Coutu Group (PJC)
U.S.A. Inc.

Continuity, the key to success

In the spirit of continuity and success, the Jean Coutu Group forged ahead in fiscal 2002-2003. Setting new profitability records, the Company achieved revenues of some $4.05 [(1)] billion as at May 31, 2003, up 16.4% over last year. This represents a gain of 17.3% in net earnings [(1)], which advanced to $160.1 million ($0.71 basic [(1)] and $0.70 diluted [(1)] per share) over last year.

After more than ten years as President and Chief Operating Officer, François J. Coutu took the helm as the Company's President and Chief Executive Officer so as to ensure continuity and maintain a growth pace that is both sustainable and lasting. This move paved the way to an excellent balance sheet for fiscal 2002-2003.

The Company's solid performance this past year stems from its ability to efficiently and rigorously pursue revenue growth while at the same time completing the vast integration of the 80 Osco drugstores acquired a year earlier.

These results attest to the Jean Coutu Group's know-how and proactive employee-centric management style that emphasizes excellence in customer service and pharmaceutical care across its Canadian and American networks.

[(1)] *Restated*

Message

With the customer always in mind

Following another successful year, we once again set ourselves apart by always keeping our customers in mind. Guided by a constant concern to offer the best, we align our strategies to keep pace with market demands. We faithfully invest to optimize our resources and processes with a view to making our franchised and corporate outlets the destination of choice for consumers, recognized for the quality and variety of their products and services.

Keeping people in mind is a key factor of our success and the reason we look to develop networks of outlets that are easily accessible and that carry a line of products and services tailored to the needs of their local clientele.

To achieve this twofold objective, we do much more than simply expand the number of outlets, choosing instead to invest in choice locations, continuous improvement projects and new drugstore concepts suited to the communities of our North American clientele. The *PJC Clinic* and *PJC Santé Beauté* banners, and outlets offering drive-thru service, are eloquent testimonials in this regard.

Anticipating needs

The expansion of our networks stems in large part from our ability as a company to leverage powerful tools and use creative methods to identify and respond to customer needs, efficiently and profitably.

To this end, all our initiatives converge to:

- win the loyalty of our customers by offering advantageous programs and a variety of products and services that fulfill their expectations;
- guarantee top-quality pharmaceutical services by providing our employees with continuous training, and developing technology solutions and new layout concepts to improve the workspace;
- create a unique environment that strives to deliver superior customer service through proven quality control methods and training programs based on best industry practices;
- promote a rapprochement with the next generation of pharmacists by supporting future graduates and interns through various initiatives and by contributing to the advancement of the profession.

A growing presence in North America

The Company once again affirmed its leadership thanks to the commitment and professionalism of its franchisees and employees in North America. The invaluable synergy between our two networks – founded on genuine teamwork and the sharing of best practices – has enabled us to achieve our objectives and provided us with the necessary strength to position us favourably in the years to come. We share this success with the employees in all our spheres of activity, who, thanks to their talents and abilities, have made the Jean Coutu Group a symbol of excellence and assured its future.

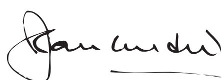
Outlook

We will forge ahead with the expansion of our Canadian and American networks by continuing to seek out business opportunities and opening new outlets in the coming months both in Canada and the United States.

We will continue to exercise sound management focused on efficiency and profitability, deploy new initiatives and implement strategies to ensure our clientele has access to high-level professional services while working to increase our market share in a flourishing sector.

With the support of our franchisees and employees, we will strive to win customer loyalty by offering a more extensive variety of products and services, advantageous programs and a pleasant shopping environment. In short, we will continue our concerted efforts to maintain success and profitability.

The Jean Coutu Group ranked second in the survey of the most admired companies in Quebec, published in *Revue Commerce* in 2003.



Jean Coutu
Chairman of the Board
The Jean Coutu Group (PJC) Inc.

François J. Coutu
President and Chief Executive Officer
The Jean Coutu Group (PJC) Inc.

Michel Coutu
President and Chief Executive Officer
The Jean Coutu Group (PJC)
U.S.A. Inc.

Message to shareholders

Review
of operations

Consistent quality

The Jean Coutu Group places great importance on the location and physical quality of its outlets and thus continues to invest in strategic properties, which boost the value of its assets and strengthen its position in North America. The Company also always strives to create value-added environments to ensure the commercial success of all its *Jean Coutu* and *Brooks Pharmacy* outlets.

June 1, 2002 to May 31, 2003
Openings and improvement projects in Canada

- 8 new PJC Jean Coutu
- 1 new PJC Clinic
- 14 renovation projects
- 5 expansion projects
- 3 relocations

Acquisition of 11 new properties, including 10 in Quebec and one in New Brunswick

12 new PJC Jean Coutu outlets underway in Quebec and New Brunswick

Fiscal years ended May 31	2003	2002
Sales by franchised outlets *(in thousand of dollars)*	2,418,363	2,264,451
Number of franchised outlets		
PJC Jean Coutu	270	262
PJC Clinic	39	38
PJC Santé Beauté	2	2
Employees at franchised outlets	12,416	11,799

June 1, 2002 to May 31, 2003
Openings and improvement projects in the U.S.

- 4 new Brooks drugstores, including two in Massachusetts, one in Rhode Island and one in Connecticut
- 9 renovation projects
- 17 relocations

Acquisition of nine new properties in northeastern United States

Six new Brooks drugstore projects underway

Fiscal years ended May 31	2003	2002
Sales by corporate outlets *(in thousand of Canadian dollars)*	2,678,525	2,040,698
Number of corporate outlets	332	331
Employees at corporate outlets	8,075	8,514

Canada *United States*

The science of satisfying

With 643 outlets in North America, the Jean Coutu Group must use state-of-the-art technology tools to efficiently and profitably manage its operations. The Company also leverages the best technology solutions on the market with a view to better understanding and satisfying its clientele.

To this end, the Company counts on the Rx Information Centre, its subsidiary charged with developing and implementing leading edge technology solutions aimed at improving the operations of its Canadian and American networks.

During the year, a new building was erected to house the Rx Information Centre's employees and operations, providing it with its own premises from which to execute its mandate even more efficiently.

Technology to serve our customers

In a bid to offer its customers greater flexibility, the consumers can now refill prescriptions online or through an interactive voice response system.

Moreover, owners of digital cameras can now have their films developed at any PJC outlet or rapidly obtain professional quality picture processing online.

The Jean Coutu Group inaugurated its largest outlet, measuring over 1,579 m² (17,000 ft²), in Montreal on Sainte-Catherine Street, at the corner of St-Mathieu.

Review

An efficient distribution system

The Jean Coutu Group operates two distribution centres to serve its franchised and corporate outlets. All the *Jean Coutu* and *Brooks Pharmacy* outlets depend on these state-of-the-art distribution centres for delivery of over 18,000 pharmaceutical, para-pharmaceutical and consumer products.

Every year, the Company allocates substantial resources to this critical area of activity in order to improve processes through leading-edge technologies that will enable the centres to enhance their performance. Thus, during the year, the Rx Information Centre launched a major project to automate the warehouse in the U.S. and plans to replace the radio frequency system with wireless technology in the Canadian distribution centre.

The prescription system, an effective tool

The Company's computerized prescription system is one of the key tools providing administrative support to increasingly busy pharmacists. Very well received in Canada, this proven system was adapted to meet the specific requirements of the U.S. market. Its rollout continues, with all *Brooks Pharmacy* outlets slated to be equipped with this efficient system by September 2003.

The next few months will see the launch of the final phase during which the customized versions for the franchised outlets in Ontario and New Brunswick will be fine-tuned.

The cosmetic department in the Nun's Island outlet garnered one of the 20 Jury Grand Prizes awarded by Commerce Design Montréal 2003. This prestigious contest honours stores that contribute to the quality of life of Montrealers.

Serving people

One of the Jean Coutu Group's greatest assets is its human resources on which its brand image and reputation are built. Training, recognition of excellence at work and social responsibility have always been a part of the Company's intrinsic values.

Training, a major asset

To maintain high standards and encourage the integration of best practices designed to boost efficiency, the Company allocates substantial resources to developing the competence of the employees in its franchised and corporate outlets. Several training programs have been developed and implemented to allow the Company to achieve its objectives. Managers, lab technicians, cosmeticians and customer service staff are required to perfect their knowledge by attending training and professional development programs designed specifically for their area of activity.

In fiscal 2002-2003, more than 23,000 and over 4,400 attendances were noted in such programs in Canada and the U.S. respectively.

The Jean Coutu Academy and the excellence of professional services

The Jean Coutu Academy was created to provide pharmacists working in franchised outlets with access to professional development and ongoing training programs. Given the critical importance of pharmaceutical services, the Company spares no effort to provide interested pharmacists with an opportunity to update their knowledge. In addition to the numerous training activities offered, the pharmacists have at their disposal a medical and pharmacological information centre.

Brooks Pharmacy continues to fulfill customer expectations

The 2003 *Third Annual Shopper Report*, a U.S. consumer survey published by *Chain Store Age* and Cap Gemini Ernst & Young, ranked the Brooks Pharmacy chain first in its area of activity for the northeastern United States in all categories:

- easy to shop
- price
- product assortment
- service
- making shopping enjoyable
- trust

This study confirms the strong, popular standing of the corporate outlet network in the region and is a testimony to the Company's commitment to create stores that cater to their customers' expectations.

The Brooks Pharmacy chain ranked first in all six categories related to its area of activities in the 2003 *Third Annual Shopper Report* in the northeastern United States.

A focus on recognition

Recognizing excellence is part of the Company's intrinsic values. Indeed, for the past several years, the Jean Coutu Group has been honouring employees in its network of franchised outlets for their exceptional work through five programs, consisting of several awards:

- The *Peter Jon Breau* trophy is awarded to the outlet demonstrating overall excellence.
- The *Service Distinction* trophy is presented to the outlet with the best customer service.
- The *Excell-Pro* trophy is given to the outlet demonstrating exceptional quality in the delivery of professional services.
- The *Passion for Beauty Performance* award is reserved for the outlet that generates the most cosmetic sales.
- The *Passion for Beauty Card Program* award is presented to the outlet with the most successful Passion for Beauty card program.
- The *Passion for Beauty Industry* award honours the outlet with the best performance in cosmetics, for training, merchandising, sales and customer service management.
- The *Initiative Awards* are presented to outlets that distinguish themselves by setting up innovative sales, merchandising or community service programs that generate benefits and enhance their image among employees and the general public.

In keeping with the Company's emphasis on customer service quality, the Jean Coutu Group has launched a new program called *Coup de cœur* whereby employees who demonstrate an exemplary attitude towards their customers receive a "Coup de cœur" award.

Social commitment, a fundamental value

Having established itself for over three decades within the community, the Jean Coutu Group has always set itself apart by its social commitment, investing in such worthy causes as health, education and the underprivileged. Many organizations count on the Company's support to continue with initiatives geared to the well-being and advancement of society.

The next generation of pharmacists, a guarantee for the future

The quality of professional care remains a concern for the future. Both in Canada and the U.S., the Company is working hard to encourage a lasting rapprochement with pharmaceutical students. Through initiatives such as scholarships, activities and succession programs, the Company is doing its utmost to achieve its recruitment objectives.

Diversity and quality go hand in hand

The Jean Coutu Group harnesses all its energy to offer products and services that will keep customers coming back. To meet this daily challenge, the Company uses proven management methods to make it easier for customers to shop, develops customer loyalty strategies and actively promotes its brand image in its target markets.

AIR MILES™ reward program takes off

The Jean Coutu Group deploys considerable efforts on customer loyalty by leveraging its unique offering. Once again, the Company set itself apart by being the first drugstore chain in Quebec to offer the AIR MILES™ rewards program.

With 43% of Quebec households already enrolled in this plan, AIR MILES™ offers a unique opportunity for the Company to maintain and develop its clientele while further entrenching its leadership on the Quebec market.

Real added value to facilitate purchasing

Five buying shows are held annually for the Canadian network. Each show is organized at strategic times of the year to help stores better plan their purchases of seasonal products. On this occasion, suppliers and the purchasing managers of franchised outlets gather under one roof, thus facilitating purchasing activities. This highly appreciated formula has proven its merit in terms of performance, efficiency and time savings.

A vast selection for greater satisfaction

The Jean Coutu Group works tirelessly to fulfill its customers' changing expectations and needs by continuously remaining abreast of new trends. The Company has successfully met this challenge, stocking its stores with a broad range of health and beauty products, photography products and processing services, and convenience items.

The Jean Coutu Group also stands apart through its competitively priced, quality house brand items and exclusive beauty products. The Company is always refining its offering with a view to satisfying consumer tastes.

Dermocosmetics arrive in the U.S.

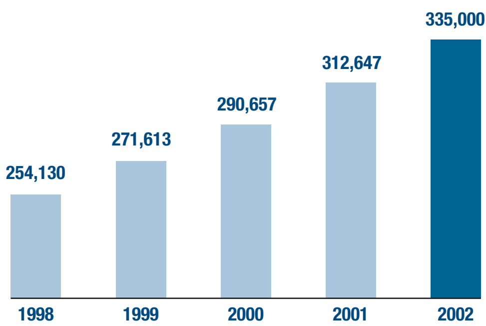
Following the unqualified success of dermocosmetics in Canada, the Jean Coutu Group once again broke new ground by introducing the concept to the American market. Thus the Group's corporate outlets are the only ones in the U.S. to offer an extensive line of dermocosmetic products. Five outlets in Massachusetts and Rhode Island now have a derma-skincare centre, where customers can determine their skin moisture level in just a few seconds and, with the help of a trained cosmetician, find the right product for their skin type.

Poised to meet
market requirements

The number of prescriptions on the North American market continues to rise. The aging population, the growing number of new drugs and the decrease in the duration of hospital stays are the main reasons behind the growth of the retail market for pharmaceutical products.

Number of prescriptions filled in Canada

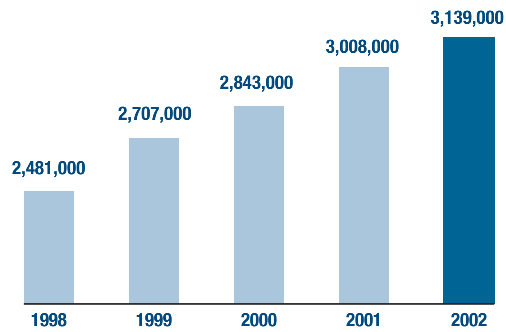
(000)



Source: IMS Health

Number of prescriptions filled in the United States

(000)



Source: IMS Health

Management's analysis

The discussion that follows provides an analysis of the operating results and financial position of the Company for the fiscal year ended May 31, 2003. This analysis should be read concurrently with the restated consolidated financial statements and related notes. All amounts are in Canadian dollars unless otherwise indicated.

All numbers in this Management's discussion and analysis take into account the Company retroactive restatement regarding the change of accounting policy for incentives paid to franchisees as mentioned in Note 2g).

Description of activities

The activities of the Jean Coutu Group are divided into three spheres: franchising, real estate and retail sales.

In Canada, the Company operates two spheres of activity. Its franchising operation involves running a distribution centre and coordinating a number of services for its franchised network, which at May 31, 2003, consisted of 270 PJC Jean Coutu, 39 PJC Clinic and 2 PJC Santé Beauté outlets. Through its real estate sphere of activity, the Company manages the properties that house PJC outlets.

In the U.S., the Company operates a network in New England comprising 332 corporate outlets that retail pharmaceutical and para-pharmaceutical products under the Brooks banner.

Revenues

For the fiscal year ended May 31, 2003, the Jean Coutu Group posted consolidated revenues of $4,047,563,000 an increase of 16.4%, compared with $3,476,831,000 a year earlier.

This increase stems primarily from the U.S. operation, which achieved revenues of $2,692,400,000 in 2003, a gain of 31.0% over the $2,054,546,000 recorded in 2002. This substantial growth is attributable to the acquisition in January 2002 of 80 Osco stores whose improved performance is the result of active efforts during the year aimed at their integration and optimization. In this regard, the U.S. team also merits credit for always seeking new ways to improve its stores.

In the United States, on a same-store basis, the network of corporate stores recorded an increase of 6.3%. Prescription sales rose 8.3% while sales of other products categories grew 2.1%.

U.S. operations generated 66.5% of the Jean Coutu Group's revenues, compared with 59.1% in 2002.

Revenues from Canadian operations slipped 4.7% as a result of the closure of the distribution centre due to a 58-day employee strike from November 22, 2002 to January 18, 2003.

Retail sales for the franchised network

In fiscal 2003, the franchised network in Canada recorded sales in the order of $2,418,363,000, up 6.8% over last year despite the provisioning difficulties experienced by the franchisees during the warehouse employee conflict. Thanks to their competence, our franchisees were nevertheless able to manage their stores during this critical time of the year. The opening of nine stores and remodelling of several others also contributed to this increase.

In fiscal 2003, on a same-store basis, sales grew 4.5%, prescription sales advanced 8.5% and sales of other product categories rose 0.4%.

EBITDA

Earnings before consolidated interest, taxes, depreciation and amortization (EBITDA) were $316,776,000 [(1)], compared with $269,276,000 [(1)] in 2002, an increase of 17.6%. The Company also improved its revenue to consolidated EBITDA ratio from 7.74% to 7.83%.

Both the Canadian and U.S. operations posted gains in their EBITDA and EBITDA margin over revenues.

Canadian operations generated an EBITDA of $154,798,000, compared with $151,570,000 last year, up 2.1%. This EBITDA represents 11.4% of the revenues realized in 2003, against a ratio of 10.6% in 2002.

(1) Consolidated EBITDA is calculated as follows: Net income plus amortization (including amortization of incentives paid to franchisees), income taxes, interest on long-term debt and other interest.

For its part, the U.S. subsidiary reached an EBITDA of $161,978,000 in 2003, as compared with $117,706,000 a year earlier, an increase of 37.6%. This EBITDA represents 6.0% of revenues realized in 2003, against 5.7% a year earlier. These results stem from the Company's integration, streamlining and innovation measures. Information technology, on which the Company places great importance, also contributed to boosting the efficiency of administrative services and the distribution centres.

Currency

For the purposes of its consolidated financial statements, the Company converts the financial statements of its U.S. subsidiary, which is considered self-sustaining, at the current rate of exchange. Based on this method, assets and liabilities are translated at the exchange rate in effect at the end of the fiscal year, and revenue and expense items are translated at the average monthly rate.

The drop in translation rates of the past few months has had an impact on results. The average rates used for converting the results varied from 1.39 to 1.58 during the year, compared with 1.52 and 1.60 in fiscal 2002. The effect of this variation represents a decrease of approximately $0.005 in earnings per share for 2003.

With respect to the balance sheet, the translation rate used at May 31, 2003 was 1.37 (US$0.73 per Canadian dollar), whereas it was 1.53 (US$0.65 per Canadian dollar) at May 31, 2002.

Interest rates

In order to hedge against the effect of interest rate fluctuations on its results, the Company uses interest rates swap contracts on a substantial portion of its long-term debt. Thus, the balance of the debt covered by swap contracts was $280,542,000 as at May 31, 2003, representing 96.2% of the long-term debt.

Tax in the State of Massachusetts

The financial statements reflect all charges associated with the Massachusetts tax implemented in January 2003.

Net earnings

At $160,092,000 consolidated net earnings advanced 17.3% over the $136,474,000 recorded a year earlier. Basic and diluted earning per share were respectively $0.71 and $0.70 compared with $0.61 and $0.60 in 2002. The Company believes that the labour dispute at the Canadian warehouse had an impact of $0.025 on net earnings per share for fiscal 2003. Moreover, as discussed earlier, currency variations had an impact of $0.005 on net earnings per share.

Cash flows

By the end of fiscal 2003, the Company had amassed cash flows in the order of $247,703,000, a solid increase of 39.3% over the $177,842,000 recorded a year earlier.

The Company was especially active on the investment front, spending $153,264,000, or $40,358,000 more than last year on the acquisition of capital assets, real estate, intangible assets, goodwill and incentives paid to franchisees. During the year, the Jean Coutu Group invested slightly more than $50,000,000 in its Canadian real estate inventory to construct buildings to house new outlets in some cases and to provide existing outlets with new premises better suited to their clientele's needs. The Company also invested nearly $5,000,000 in computer equipment and in the construction of a new building for its information technology operations. Close to $90,000,000 was spent to improve U.S. operations, notably, by purchasing new buildings, remodelling existing outlets and rolling out a new prescription system across the network.

Management is of the opinion that its available credit facilities and cash flows from operations will enable the Company to finance its operating and investment activities as well as fulfill its short-term commitments.

Changes in accounting standards

During the fourth quarter of the year ended May 31, 2004, the Company changed its basis of accounting for banner development costs. Banner development costs were previously considered indefinite life intangible assets and therefore not subject to amortization. Banner development costs are now considered deferred costs representing incentives paid to franchisees. These costs are amortized over a ten-year period and are applied against royalties included in other revenues. This change in accounting policy has been applied retroactively. Impact on the Company's financial position and operating results are described in Note 2g).

During the year, the Company began prospectively implementing the new recommendations of section 3870 of the CICA Handbook regarding stock-based compensation and other stock-based payments. The details of these new standards and their applications are described in Note 2 of the financial statements. The adoption of these new recommendations had no impact on the Company's financial position and operating results.

Moreover, the Company retroactively adopted the new recommendations of the CICA's Emerging Issues Committee (EIC-123) regarding reporting revenue based on the gross or net amount. The Company is henceforth required to record

the net value of transactions resulting from merchandise shipped directly to the stores but whose billing is assumed by the Jean Coutu Group before being charged back to the outlets (“dropped sales”). Before the application of this standard, this type of transaction was recorded as gross revenue and cost of goods sold. These sales will henceforth be reported as net revenue. The comparative data in the financial statements and tables in this annual report were restated to reflect this change. However, the application of these recommendations has had no impact on the Jean Coutu Group’s net results. Still, because the amounts were reclassified, some ratios using revenues were modified.

Stock split

On September 25, 2002, the Jean Coutu Group declared, for the third time in its history, a 2-for-1 split of its Class A and B shares. The earnings per share presented in the financial statements and tables in the annual report take this stock split into account.

Stock transactions

The number of traded shares on the Toronto Stock Exchange amounted to 38,987,000 for the 12-month period ended May 31, 2003. These transactions were made at between $13.25 and $20.00. The closing price on May 31, 2003 was $15.71.

Risk management

Today’s competitive market represents risks that could have an influence on the Company’s market share. However, thanks to its ever-improving outlets, effective customer loyalty and marketing programs and first-rate customer service, the Company believes that it can stand up to the competition.

The health industry in which the Company operates is regulated by legislation that has an effect on the cost of prescription medications and, as a result, on the sales and profitability of the Jean Coutu Group.

The shortage of pharmacists is another factor that can have repercussions on the Company’s operations. The Jean Coutu Group is doing all it can to address this problem.

Of the Company’s 9,101 Canadian and American employees, only 373 at the Canadian distribution centre are governed by a collective agreement. The Jean Coutu Group places great importance on sound employee relations.

Outlook

At the end of fiscal 2003, the Jean Coutu Group found itself in a strong financial position. Our financial health, as well as that of most of our franchisees, gives us the necessary means to pursue our development strategy aimed at constantly improving our position on the North American market.

In terms of market conditions, statistical analyses of demographic trends point to a sustained increase in the demand for pharmaceutical and para-pharmaceutical products. To benefit from this situation and boost traffic in our outlets, the Company plans to continue focusing on the quality of its services and outlets in order to respond to its customers’ needs.

Lastly, we will pursue our plans to expand and improve our Canadian and American networks. To this end, a number of projects are already in the planning stage and will be launched in the upcoming months. The Company will continue to be on the lookout for acquisition opportunities.

Quarterly
Consolidated Earnings

3-month period ended *(in thousands of dollars except for per share amounts)*	August 31 2002 $	November 30 2002 $	February 28 2003 $	May 31 2003 $	Total 2003 $
Sales and other revenues					
Franchising [(1)]	345,234	351,381	228,726	367,483	1,292,824
Real estate	14,951	14,640	15,675	17,073	62,339
Retail sales	700,602	666,543	693,343	631,912	2,692,400
	1,060,787	1,032,564	937,744	1,016,468	4,047,563
Expenses					
Cost of goods sold, general and operating expenses [(1)]	982,807	953,018	857,570	942,002	3,735,397
Amortization	14,529	14,374	14,244	13,146	56,293
Interest on long-term debt	5,689	5,165	4,946	4,465	20,265
Other interest	1,251	1,167	1,499	1,306	5,223
	1,004,276	973,724	878,259	960,919	3,817,178
Income before income taxes [(1)]	56,511	58,840	59,485	55,549	230,385
Income taxes [(1)]	17,742	17,795	17,938	16,818	70,293
Net income [(1)]	38,769	41,045	41,547	38,731	160,092
Earnings per share:					
Basic [(1)]	0.172	0.181	0.183	0.171	0.707
Diluted [(1)]	0.170	0.180	0.182	0.170	0.702

3-month period ended *(in thousands of dollars except for per share amounts)*	August 31 2001 $	November 30 2001 $	February 28 2002 $	May 31 2002 $	Total 2002 $
Sales and other revenues					
Franchising [(1)]	320,158	352,056	337,330	356,031	1,365,575
Real estate	13,834	13,463	14,348	15,065	56,710
Retail sales	412,065	435,045	543,133	664,303	2,054,546
	746,057	800,564	894,811	1,035,399	3,476,831
Expenses					
Cost of goods sold, general and operating expenses [(1)]	688,115	738,372	823,226	962,288	3,212,001
Amortization	8,889	9,163	11,830	13,659	43,541
Interest on long-term debt	2,089	2,144	3,151	5,229	12,613
Other interest	651	760	835	1,284	3,530
	699,744	750,439	839,042	982,460	3,271,685
Income before income taxes [(1)]	46,313	50,125	55,769	52,939	205,146
Income taxes [(1)]	15,731	17,147	18,993	16,801	68,672
Net income [(1)]	30,582	32,978	36,776	36,138	136,474
Earnings per share:					
Basic [(1)]	0.136	0.146	0.163	0.161	0.606
Diluted [(1)]	0.134	0.145	0.162	0.160	0.601

[(1)] *The figures were restated to take into account the retroactive application by the Company of the new recommendations made by the Emerging Issues Committee (EIC-123) of the CICA and the change of accounting policy for incentives paid to franchisees, as mentioned in Note 2b) and 2g).*

Management's report
with respect to the financial statements

The restated consolidated financial statements of The Jean Coutu Group (PJC) Inc. contained in this report, including the notes thereto, were prepared by management in accordance with Canadian generally accepted accounting principles. In addition, the restated financial information contained elsewhere in the annual report is consistent with the financial statements.

The Board of Directors is responsible for the restated financial statements included in this annual report. The Audit Committee reviews the contents of the financial statements prior to their approval by the Board of Directors. The external auditors discuss their audit work with the Committee.

The Company's external auditors, Samson Bélair/Deloitte & Touche, s.e.n.c.r.l., are responsible for auditing the financial statements and providing an opinion thereon. Their report is presented below.

François J. Coutu
President and Chief Executive Officer
The Jean Coutu Group (PJC) Inc.

Yvon Béchard
Senior Executive Vice-President
and Assistant Secretary

Auditors'
report

To the Shareholders of
The Jean Coutu Group (PJC) Inc.,

We have audited the consolidated balance sheets of The Jean Coutu Group (PJC) Inc. as at May 31, 2003 and 2002 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at May 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Samson Bélair/Deloitte & Touche, s.e.n.c.r.l.
Chartered Accountants

July 16, 2003 (except for Notes 1j), 1k), 1m), 1r), 2d), 2e), 2f), 2g), 6, 8, 10, 13, 17, 19, 24, 25 which are dated June 2, 2004).
Montreal, Canada

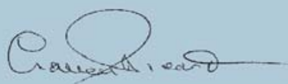
Consolidated balance sheets

as at May 31 *(in thousands of dollars)*	2003 $ (Restated)	2002 $ (Restated)
Assets		
Current assets		
Accounts receivable	284,762	231,142
Inventories	490,755	515,483
Future income taxes	11,738	23,323
Prepaid expenses	12,005	8,493
	799,260	778,441
Investments (Note 3)	21,376	18,034
Real estate (Note 4)	262,709	218,645
Capital assets (Note 5)	425,181	415,495
Intangible assets (Note 6)	26,354	39,341
Goodwill (Note 7)	128,779	140,345
Other assets (Note 8)	52,973	47,899
	1,716,632	1,658,200
Liabilities		
Current liabilities		
Bank overdraft and bank loans (Note 9)	76,617	46,360
Accounts payable and accrued liabilities	296,564	293,384
Income taxes payable	2,327	10,106
Future income taxes	21,095	641
Current portion of long-term debt (Note 10)	28,630	32,618
	425,233	383,109
Deferred revenue	2,425	4,388
Deferred lease obligations	8,673	2,660
Long-term debt (Note 10)	262,981	324,083
Future income taxes	4,386	1,306
	703,698	715,546
Shareholders' equity		
Capital stock (Note 11)	209,678	203,763
Retained earnings	851,138	718,180
Foreign currency translation adjustments (Note 14)	(47,882)	20,711
	1,012,934	942,654
	1,716,632	1,658,200

Guarantees, contingencies and commitments (Notes 15 and 16)

Approved by the Board

Director



Director

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of income

years ended May 31 *(in thousands of dollars except for per share amounts)*	2003 $	2002 $
	(Restated)	(Restated)
Sales	3,839,189	3,283,171
Other revenues (Note 17)	208,374	193,660
	4,047,563	3,476,831
Expenses		
Cost of goods sold, general and operating expenses	3,735,397	3,212,001
Amortization (Note 18)	56,293	43,541
Interest on long-term debt	20,265	12,613
Other interest	5,223	3,530
	3,817,178	3,271,685
Income before income taxes	230,385	205,146
Income taxes (Note 19)	70,293	68,672
Net income	160,092	136,474
Earnings per share (Note 12)		
Basic	0.71	0.61
Diluted	0.70	0.60

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of retained earnings

years ended May 31 *(in thousands of dollars)*	2003 $	2002 $
	(Restated)	(Restated)
Balance, beginning of year		
As previously reported	721,585	603,110
Restatement related to the change in accounting policy (Note 2g)	(3,405)	-
As restated	718,180	603,110
Net income	160,092	136,474
	878,272	739,584
Dividends	27,134	21,404
Balance, end of year	851,138	718,180

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

years ended May 31 *(in thousands of dollars)*	2003 $	2002 $
	(Restated)	(Restated)
Operating activities		
Net income	160,092	136,474
Items not affecting cash		
Amortization	56,293	43,541
Amortization of incentives paid to franchisees applied against other revenues	4,610	4,446
Loss on disposal of assets	924	363
Future income taxes	25,977	(7,183)
Share in income of companies subject to significant influence	(193)	201
	247,703	177,842
Net changes in non-cash working capital items and other operating items	(34,108)	(59,328)
	213,595	118,514
Investing activities		
Receipt of temporary investments	-	156,645
Business acquisition (Note 21)	1,555	(387,136)
Loans and advances	(7,161)	(3,724)
Receipts on loans and advances	3,358	3,746
Acquisition of investments	(2,134)	(193)
Purchase of capital assets and real estate	(143,579)	(102,741)
Proceeds from the disposal of capital assets and real estate	3,651	2,440
Intangible assets and goodwill	(3,283)	(4,321)
Incentives paid to franchisees	(6,402)	(5,844)
Proceeds from the disposal of other assets	-	274
Other assets	(183)	(6,633)
	(154,178)	(347,487)
Financing activities		
Changes in bank loans	26,723	20,857
Long-term debt	-	368,000
Repayment of long-term debt	(33,275)	(146,023)
Issuance of capital stock	5,915	5,643
Dividends	(27,134)	(21,404)
	(27,771)	227,073
Foreign currency translation adjustments	(42,471)	(5,746)
Decrease in cash and cash equivalents	(10,825)	(7,646)
Cash (bank overdraft), beginning of year	(520)	7,126
Bank overdraft, end of year	(11,345)	(520)
Cash flows include the following items:		
Interest paid	23,627	12,613
Income taxes paid	57,927	81,464

The accompanying notes are an integral part of these consolidated financial statements.

Notes
to the consolidated financial statements

years ended May 31, 2003 and 2002

(Tabular amounts are in thousands of dollars except for shares and options data)

1. SIGNIFICANT ACCOUNTING POLICIES

a) Financial statements

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. Amounts are expressed in Canadian currency.

b) Consolidation

The consolidated financial statements include the accounts of the Company and all its subsidiaries.

c) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the utilisation of estimates and assumptions that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses and disclosure of contingent assets and liabilities. Consequently, actual amounts could differ from those estimates.

d) Revenue recognition

Revenues from external franchises from franchising and real estate activities are recognized when merchandise is shipped or when services are rendered.

Revenues from external franchises from retail sales are recognized at the time of the sale to the consumer.

Royalties, based on the franchisee's sales, are recorded as income as they are earned.

Revenues are recognized when reasonable assurance exists regarding collectability.

e) Foreign currency translation

Transactions concluded in foreign currencies are translated according to the temporal method. Therefore, monetary assets and liabilities are translated at the rate of exchange in effect at the balance sheet date, non-monetary assets and liabilities at their historical rates and revenue and expense items at the average monthly rates of exchange. All exchange gains and losses are current in nature and included in the statements of income.

The financial statements of self-sustaining subsidiaries are converted according to the current rate method. Based on this method, assets and liabilities are translated at the exchange rate in effect at the balance sheet date and revenue and expense items are translated at the average monthly rates. Translation adjustments resulting from exchange rate fluctuations are included in "Foreign currency translation adjustments" in Shareholders' Equity.

f) Inventory valuation

Inventories are valued at the lower of cost and net realizable value, the cost being determined using the first in, first out basis and selling price less a normal gross profit.

g) Investments

Investments in companies subject to significant influence are accounted for using the equity method. Other investments are accounted for using the cost method. Periodically, management analyzes each loan, advance and long-term receivable and when a serious doubt as to their recovery is identified, a provision is applied to reduce their book value to the estimated realizable value.

h) Real estate

The Company holds real estate for leasing purposes, which are accounted for at cost.

Amortization is calculated using the straight-line, diminishing and the compound interest methods at the rates of 5% and 10%.

Notes
to the consolidated financial statements

years ended May 31, 2003 and 2002

(Tabular amounts are in thousands of dollars except for shares and options data)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Capital assets

Capital assets are accounted for at cost.

Amortization is based on the estimated useful lives of the assets using the straight-line and the diminishing balance methods at the following rates:

Buildings	3% to 5%
Furniture and equipment	14% to 20%
Computer equipment and software	20% to 33 1/3%
Leasehold improvements	Term of the lease or useful life, whichever is shorter
Vehicles	14% to 30%

j) Intangible assets and goodwill (restated)

Intangible assets with a definite service life, are accounted for at cost. These are mainly the customer prescription files, non-compete agreements and leasehold interests. The prescription files are generally amortized over a five-year period. Non-compete agreements are amortized over the service lives of the agreements. Leasehold interests are amortized over the residual term of the leases.

Goodwill represents the excess of the acquisition cost of companies over the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or more frequently if changes in circumstances indicate a potential impairment.

k) Impairment of long-lived assets (restated)

The Company evaluates the carrying value of its long-lived assets on an ongoing basis. In order to determine whether an impairment exists, management considers the undiscounted cash flows estimated to be generated by those assets as well as other indicators. Any permanent impairment in the carrying value of assets is charged against earnings in the period an impairment is determined.

l) Deferred costs

Deferred costs are accounted for at cost and are mainly rental costs.

Amortization is calculated using the straight-line method over the term of the long-term loan or of the lease.

m) Future income taxes (restated)

Future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates which will be in effect when the differences are expected to reverse. Future tax assets are recognized only to the extent that, in the opinion of management, it is more likely than not that the future income tax assets will be realized.

n) Deferred revenue

The Company receives revenue from its vendors as consideration for exclusivity agreements. The revenue related to these agreements is deferred when cashed and recognized at the time of the sale to the consumer.

o) Deferred lease obligations

The Company conducts a part of its operation in leased premises. Some store leases include escalation clauses. The deferred lease obligations represent, on the one hand, the rent expense in excess of cash paid, that is amortized on a straight-line basis over the life of the original lease, and on the other hand, the value attributed to defavorable leases resulting from a business acquisition. The value of the defavorable leases is amortized on a straight-line basis over the term of the leases.

Notes
to the consolidated financial statements

years ended May 31, 2003 and 2002

(Tabular amounts are in thousands of dollars except for shares and options data)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Defined benefit pension plans

The Company accrues its obligations under employee benefit plans and the related costs, net of plan assets. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement age of employees.

For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

Past service costs are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.

The excess of the net actuarial gain or loss over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

q) Defined contribution pension plans

For the defined contribution plan, the pension expense is equal to the contributions paid by the Company.

r) Stock-based compensation plan (restated)

The Company has a stock-based compensation plan, which is described in Note 13. The Company accounts for stock-based compensation by measuring compensation cost for employee stock options as the excess, if any, of the quoted market price of the Class A subordinate voting shares at the date of grant over the amount an employee must pay to acquire these shares. Any consideration paid by executive officers on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from executive officers, the excess of the consideration paid over the carrying amount of the stock or the stock option cancelled is charged to retained earnings.

s) Derivative financial instruments

Interest rate swap contracts are used to hedge current and anticipated rate risks. Interest to be paid or received under such swap contracts is recognized over the life of the contracts as adjustments to interest expense. Unrealized gains or losses resulting from market movements are not recognized.

t) Cash and cash equivalents

For purposes of the Consolidated Financial Statements, cash and cash equivalents are defined as cash, bank overdraft and highly liquid investments, which have maturities of less than three months at the date of acquisition.

2. CHANGES IN ACCOUNTING POLICIES

a) Stock-based compensation

On June 1st, 2002, the Company prospectively adopted the new recommendations of Section 3870 of the Canadian Institute of Chartered Accountants (CICA) Handbook related to stock-based compensation and other stock-based payments. The CICA recommends, but does not require, the fair value method of recognizing stock options granted to employees. Companies using another method are required to disclose in a note to the financial statements the pro forma values of net income and net earnings per share obtained by calculating the cost of the stock-based compensation in accordance with the fair value accounting method. The recommendations of the Section apply to awards granted on or after the date of adoption.

The Company has elected not to apply the fair value accounting method for stock options granted to its employees and discloses the required information in Note 13. The adoption of these new recommendations has no impact on the financial position and the results of operation of the Company.

Notes
to the consolidated financial statements

years ended May 31, 2003 and 2002

(Tabular amounts are in thousands of dollars except for shares and options data)

2. CHANGES IN ACCOUNTING POLICIES (continued)

b) Reporting drop shipment revenue net

During the year, the Company retroactively adopted the new recommendations of the Emerging Issues Committee of the CICA related to reporting revenues gross when the company acts as a principal versus net when it acts as an agent (EIC-123). Under these recommendations, the Company is required to report its transactions resulting from merchandise shipped directly to the franchises by the suppliers, but charged to the Company and recharged to the franchises as a net income. Before, these transactions were reported gross in the sales and in the cost of goods sold and general and operating expenses. Comparative figures have been restated. The impact of these recommendations was to decrease the sales and the cost of goods sold and general and operating expenses by $104,899,000 (2002 - $89,034,000). The application of these recommendations had no impact on the net income of the Company.

c) Earnings per share

On June 1st, 2001, the Company retroactively adopted the recommendations of Section 3500 of the CICA Handbook related to the disclosure of earnings per share. Under these recommendations, the Company is required to apply the treasury stock method to determine the dilutive effect of stock options instead of the "if-converted" method.

d) Intangible assets and goodwill (restated)

On June 1st, 2001, the Company prospectively adopted the recommendations of Section 3062 of the CICA Handbook related to goodwill and other intangible assets. Under the new Section, goodwill and other intangible assets with deemed indefinite lives are no longer amortized, but tested for impairment annually, or more frequently if changes in circumstances indicate a potential impairment.

Transitional impairment tests on goodwill were performed during the prior year and no transitional loss was recognized as an adjustment to the retained earnings balance as at June 1st, 2001.

e) Generally accepted accounting principles (restated)

In July 2003, the CICA issued Handbook Section 1100, "Generally Accepted Accounting Principles." The Section establishes standards for financial reporting in accordance with Canadian GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicity in the primary sources of Canadian GAAP. The Company will implement the new Section prospectively beginning on June 1, 2004. Due to the prospective nature of this change, there is no impact on the Company's consolidated financial statements as of the implementation date; however, the Standard will require the Company to record depreciation on its real estate on a straight-line basis instead of on a compounded interest basis.

f) Consolidation of variable interest entities (restated)

In June 2003, the CICA issued Accounting Guideline 15, Consolidation of Variable Interest Entities. The guideline addresses consolidation of variable interest entities (VIEs) to which the usual condition for consolidation does not apply because the VIEs have no voting interests or otherwise are not subject to control through ownership of voting interests. It requires existing unconsolidated VIEs to be consolidated by the primary beneficiary. The Company has identified that some of its franchises may be VIEs and is currently reviewing AcG-15 to determine to what extent, if at all, consolidation or note disclosure will be required. The rules are complex and views on interpretation are still evolving. Further clarification is expected and amendments to AcG-15 are forthcoming. The guideline is expected to be effective for annual and interim periods beginning on or after November 1, 2004. The Company has not yet determined what impact, if any, the application of Accounting Guideline 15 will have on its financial statements.

g) Incentives paid to franchisees (restated)

During the fourth quarter of the year ended May 31, 2004 the Company changed its basis of accounting for banner development costs. Banner development costs were previously considered indefinite life intangible assets and therefore not subject to amortization. Banner development costs are now considered deferred costs representing incentives paid to franchisees. These costs are amortized over a ten-year period and are applied against royalties included in other revenues. This change in accounting policy has been applied retroactively, and the consolidated financial statements have been restated as follows:

Notes
to the consolidated financial statements

years ended May 31, 2003 and 2002

(Tabular amounts are in thousands of dollars except for shares and options data)

2. CHANGES IN ACCOUNTING POLICIES (continued)

g) Incentives paid to franchisees (restated) (continued)

	2003 $		2002 $	
	Increase	Decrease	Increase	Decrease
Intangible assets	-	31,933	-	25,577
Other assets:				
Incentives paid to franchisees	22,877	-	21,131	-
Future income taxes	2,121	-	1,041	-
Other revenues	-	4,610	-	4,446
Income taxes	-	1,080	-	1,041
Net income	-	3,530	-	3,405
Earnings per share				
Basic	-	0.016	-	0.015
Diluted	-	0.016	-	0.015

3. INVESTMENTS

	2003 $	2002 $
Loans, advances and long-term operating receivables from franchisees, variable interest, some of which carry repayment terms until 2015 and are renewable (net of a provision for losses of $1,210,000; 2002 - $1,250,000)	28,263	22,420
Other	3,905	3,070
	32,168	25,490
Current portion (included in accounts receivable)	10,792	7,456
	21,376	18,034

The provision for losses relates to loans, advances and long-term operating receivables from franchisees amounting to $3,319,000 (2002 - $2,659,000). During the year, a $600,000 bad debt expense was accounted for in respect of these receivables (2002 - nil).

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4. REAL ESTATE

	2003 $	2002 $
Land	80,144	70,573
Buildings	200,279	165,277
Construction in progress	6,056	3,670
	286,479	239,520
Accumulated amortization	23,770	20,875
	262,709	218,645

5. CAPITAL ASSETS

	2003		
	Cost $	Accumulated amortization $	Net book value $
Land	92,198	-	92,198
Buildings	227,023	31,346	195,677
Furniture and equipment	79,707	43,288	36,419
Computer equipment and software	62,224	43,562	18,662
Leasehold improvements	126,008	47,343	78,665
Vehicles	4,120	2,554	1,566
Computer equipment and software under capital leases	3,947	1,953	1,994
	595,227	170,046	425,181

	2002		
	Cost $	Accumulated amortization $	Net book value $
Land	107,200	-	107,200
Buildings	194,074	26,857	167,217
Furniture and equipment	80,913	42,289	38,624
Computer equipment and software	56,080	38,832	17,248
Leasehold improvements	122,543	41,563	80,980
Vehicles	3,548	1,855	1,693
Computer equipment and software under capital leases	8,354	5,821	2,533
	572,712	157,217	415,495

During the year, capital assets of $824,000 (2002 - $757,000) were acquired through capital leases.

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6. INTANGIBLE ASSETS

Intangible assets are related to the retail sales operating segment. The variance in the value of intangible assets is as follows:

	2003			
	Cost	Accumulated amortization	Net book value	Acquisition
	$	$	$	$
Amortized intangible assets:				
Prescription files	49,366	27,862	21,504	1,930
Non-compete agreements	5,694	4,303	1,391	88
Leasehold interests	6,912	3,453	3,459	1,083
	61,972	35,618	26,354	3,101

	2002			
	Cost	Accumulated amortization	Net book value	Acquisition
	$	$	$	$
Amortized intangible assets:				
Prescription files	53,186	20,769	32,417	29,264
Non-compete agreements	6,269	4,099	2,170	1,046
Leasehold interests	7,438	2,684	4,754	4,399
	66,893	27,552	39,341	34,709

The changes in the book value of intangible assets are as follows:

	2003	2002
	$	$
Balance, beginning of year (1)	39,341	14,580
Acquisition (1)	3,101	34,709
Amortization	(13,108)	(8,418)
Foreign currency translation adjustments	(2,980)	(1,530)
Balance, end of year (1)	26,354	39,341

(1) *Restated*

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7. GOODWILL

The changes in the book value of goodwill are as follows:

	2003		
	Franchising	Retail sales	Total
	$	$	$
Balance, beginning of year	19,993	120,352	140,345
Acquisition and adjustment of purchase price (Note 21)	-	1,111	1,111
Foreign currency translation adjustments	-	(12,677)	(12,677)
Balance, end of year	19,993	108,786	128,779

	2002		
	Franchising	Retail sales	Total
	$	$	$
Balance, beginning of year	19,993	37,048	57,041
Acquisition	-	87,911	87,911
Foreign currency translation adjustments	-	(4,607)	(4,607)
Balance, end of year	19,993	120,352	140,345

8. OTHER ASSETS

	2003	2002
	$	$
Deposits on acquisition of assets	455	461
Deferred costs	4,429	7,161
Incentives paid to franchisees (1)	22,877	21,131
Future income taxes (1)	25,212	19,146
	52,973	47,899

(1) *Restated*

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9. BANK OVERDRAFT AND BANK LOANS

	2003	2002
	$	$
Bank overdraft	11,345	520
Bank loans	65,272	45,840
	76,617	46,360

The Company has authorized lines of credit renewable annually and bearing interest at a rate based on the prime rate or LIBOR plus a variable margin. The authorized lines of credit are as follows:

	2003		2002	
	CAN	US	CAN	US
	$	$	$	$
Canadian dollar loan	75,000	-	75,000	-
American dollar loan	75,268	55,000	84,040	55,000
Letters of credit	20,528	15,000	22,920	15,000
Issued letters of credit	6,689	4,888	6,679	4,371

Under the terms of the credit agreements, the Company must satisfy certain restrictive covenants as to minimum financial ratios and must satisfy certain conditions.

In accordance to the credit agreement relative to Canadian operations, the Company may not give its short-term assets relative to these operations, nor the shares of its American subsidiaries as security to other creditors.

In accordance with the credit agreement relative to United States operations, the Company gave the accounts receivable and inventories of its American subsidiaries as security to its creditors, but may not give its long-term assets, except for an amount of US$10,000,000 as security to other creditors.

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10. LONG-TERM DEBT

	2003 $	2002 $
Term loan of US$205,000,000 (2002 - US$225,000,000), bearing interest at rate LIBOR plus a variable margin, repayable by quarterly instalments of $6,842,500 (US$5,000,000) and the balance in June 2005 [1], subject to the same terms and conditions as the credit agreement relative to United States operations	280,542	343,800
Loans, secured by real estate having a net book value of $18,490,000 (2002 - $17,802,000), repayable by maximum monthly cumulative instalments of $97,000 (2002 -$102,000) including principal and interest at rates varying from 6.7% to 7.85% (2002 - 4.6% to 7.85%) and the balance in December 2007 (2002 - May 2007)	8,843	9,977
Computer equipment and software lease agreements, repayable through May 2008 (2002 - August 2006) in maximum monthly cumulative instalments of $71,000 (2002 - $184,000) including interest calculated at rates varying from 4.55% to 6.55% (2002 - 3.3% to 6.55%), with purchase options of $331,000 (2002 - $760,000) at maturity	2,226	2,924
	291,611	356,701
Current portion	28,630	32,618
	262,981	324,083

Repayments to be made during the following years are as follows:

	Long-term debt	Lease contracts	
	Principal $	Principal $	Interest $
2004	27,920	710	101
2005	255,049	607	64
2006	582	453	37
2007	5,165	291	13
2008	669	165	4

[1] *Restated*

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10. LONG-TERM DEBT (continued)

Interest rate swap agreements

The Company has entered into interest rate swap agreements relative to its term debt under which floating rates will be converted into fixed rates and spreads will be settled on a quarterly basis.

These agreements are detailed as follows:

	2003			
	US	CAN	Interest rate	Cost on the notional amount
	$	$	%	%
Agreement maturing in June 2003	60,000	82,110	5.175	1.25
Agreement maturing in January 2005*	145,000	198,432	4.34	1.25
	205,000	280,542		

	2002			
	US	CAN	Interest rate	Cost on the notional amount
	$	$	%	%
Agreement maturing in June 2003	60,000	91,680	5.175	1.25
Agreement maturing in January 2005	165,000	252,120	4.34	1.25
	225,000	343,800		

* In June 2003, the US$145,000,000 swap agreement was increased to US$205,000,000 subject to the same conditions.

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11. CAPITAL STOCK

Authorized

Unlimited number of Class A subordinate voting shares, participating, one vote per share, exchangeable, at the option of the holder, for the same number of Class B shares in the event of a take-over bid being made in respect to Class B shares, without par value

Unlimited number of Class B shares, participating, ten votes per share, exchangeable for Class A subordinate voting shares on the basis of one Class A subordinate voting share for one Class B share, without par value

Unlimited number of Class C shares, to be issued in one or more series subject to rights, privileges, conditions and restrictions to be determined, non-participating, non-voting, without par value

	2003 $	2002 $
Issued		
102,569,550 Class A subordinate voting shares (2002 - 101,717,880)	209,676	203,761
124,000,000 Class B shares	2	2
	209,678	203,763

Issued

During the year, some executive officers exercised their stock options and, accordingly, the Company issued 851,670 (2002 - 957,960) Class A subordinate voting shares for a cash consideration of $5,915,000 (2002 - $5,643,000).

On June 1st and September 14, 2001, 5,000,000 and 1,000,000 Class B shares were exchanged for an equal number of Class A subordinate voting shares.

Stock split

On September 25, 2002, the Company proceeded to a two-for-one stock split for Class A subordinate voting shares and Class B shares.

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12. EARNINGS PER SHARE

The reconciliation of the number of shares used to calculate the diluted earnings per share, considering the September 25, 2002 stock split, is established as follows:

	2003	2002
Weighted average number of shares used to compute basic earnings per share	226,052,767	225,175,874
Dilution effect	1,637,382	2,091,616
Weighted average number of shares used to compute diluted earnings per share	227,690,149	227,267,490

13. STOCK-BASED COMPENSATION PLAN

The Company has one fixed stock option plan. Under the 1995 executive officers Stock Option Plan, the Company may grant options to those employees for up to 8 million Class A subordinate voting shares. Under the plan, the exercise price of each option equals the market average ending price of the Company's stock at the Montreal and Toronto stock exchanges on the date of grant and an option's maximum term is 10 years. Granted options become available annually by increments of 20% for a period of 5 years.

Changes that occurred during the year, considering the September 25, 2002 stock split, are presented as follows:

	2003		2002	
	Shares	Weighted average exercise price $	Shares	Weighted average exercise price $
Options outstanding, beginning of year	3,552,360	7.98	4,165,920	7.08
Options granted	256,100	17.49	344,400	13.00
Options exercised	(851,670)	6.95	(957,960)	5.90
Options outstanding, end of year	2,956,790	9.10	3,552,360	7.98
Options exercisable, end of year	1,518,102	8.35	1,414,504	7.47

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13. STOCK-BASED COMPENSATION PLAN (continued)

The following table summarizes information about the fixed stock options outstanding at May 31, 2003:

	Options outstanding		Options exercisable
Price	Number of options	Weighted average remaining contractual life	Number of options
$		(years)	
2.18	44,750	1.9	44,750
2.30	10,000	3.5	10,000
4.24	8,000	4.5	8,000
7.01	1,433,700	6.5	790,532
8.85	604,640	7.3	323,840
9.37	255,200	7.5	152,000
13.00	344,400	8.5	137,760
17.49	256,100	9.5	51,220
	2,956,790		1,518,102

The Company has elected not to apply the fair value accounting method for stock options granted. Had compensation cost been determined using the fair value based method at the date of grant (for awards granted on June 1st, 2002 and after), the Company's pro forma net income, net earnings per share and diluted net earnings per share would have been as presented in the table below.

	2003 $
Net income as reported [(1)]	160,092
Pro forma impact	284
Pro forma net income [(1)]	159,808
Pro forma net earnings per share	
Basis [(1)]	0.71
Diluted [(1)]	0.70

The following assumptions were used in the valuation of stock options in accordance with the Black-Scholes model:

Dividend yield	0.70%
Expected volatility	27.00%
Risk-free interest rate	4.75%
Expected life (years)	6
Average fair value of options granted	$5.91

[(1)] *Restated*

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14. FOREIGN CURRENCY TRANSLATION ADJUSTMENTS

These adjustments represent unrealized gains (loss) pursuant to the translation of the financial statements of the Company's self-sustaining American subsidiaries. The variation of this item is due to the fluctuation of the exchange rate during the year and to the increase or reduction in the net investment in subsidiaries.

15. GUARANTEES AND CONTINGENCIES

Guarantees

The Company has guaranteed the reimbursement of certain bank loans contracted by franchisees to a maximum amount of $17,626,000 (2002 - $43,453,000). As at May 31, 2003, these loans amount to approximately $16,353,000 (2002 - $42,703,000).

Buyback agreements

Under buyback agreements, the Company is committed to financial institutions to purchase the inventories of some of its franchisees up to the amount of advances made by those financial institutions to the franchisees. However, under these agreements, the Company is not committed to cover any deficit that may arise should the value of these inventories be less than the amount of the advances.

Under buyback agreements, the Company is committed to financial institutions, to purchase equipment held by franchisees and financed by capital leases and loans. For capital leases, the buyback value is linked to the net balance of the lease at the date of the buyback. For equipment financed by bank loans, the minimum buyback value is set by contract with the financial institution. As at May 31, 2003, financing related to the equipment amounts to approximately $29,858,000. However, it is the opinion of management that the realizable value of the assets cannot be lower than the eventual amount of the buyback.

16. COMMITMENTS

The balance of the commitments under the terms of building and vehicle leases maturing in 2022 totals $349,816,000. Minimum payments payable over the next five years are as follows:

	2003 $
2004	62,449
2005	52,088
2006	43,802
2007	35,729
2008	28,275

Under the terms of building leases and subleases, the Company will receive, up to the year 2022, minimum payments totalling $287,613,000. This amount takes into account the renewal of subleases at the same terms and conditions as the lease agreements.

The Company concluded agreements with suppliers under which it is committed to purchase a minimum of CAN$923,471,000 or US$674,805,000 until 2005 (2002 - CAN$779,280,000 or US$510,000,000 until 2005).

The Company has a $1,500,000 agreement with contractors for the construction of real estate.

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17. OTHER REVENUES

	2003 $	2002 $
Royalties [1]	84,324	78,922
Rent	59,028	54,134
Advertising	26,585	23,171
Sundry	38,437	37,433
	208,374	193,660

18. AMORTIZATION

	2003 $	2002 $
Capital assets and real estate	40,653	33,638
Amortized intangible assets	13,108	8,418
Deferred costs	2,532	1,485
	56,293	43,541

19. INCOME TAXES

The Company's effective tax rate differs from the combined statutory rate. The difference is attribuable to the following items:

	2003 %	2002 %
Combined statutory rate	36.0	37.8
Tax rate increase (decrease) resulting from:		
Income taxable at reduced rates [1]	(4.7)	(4.3)
Deducted input tax credits	(0.6)	-
Other [1]	(0.2)	-
	30.5	33.5

The provision for income taxes is as follows:

	2003 $	2002 $
Current taxes	44,316	75,855
Future taxes [1]	25,977	(7,183)
	70,293	68,672

[1] *Restated*

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19. INCOME TAXES (continued)

Future income tax asset and liability are as follows:

	2003 $	2002 $
Future income tax asset:		
Inventory	5,717	10,133
Capital assets	13,562	9,085
Intangible assets, goodwill and incentives paid to franchisees [1]	11,787	12,025
Current liabilities	5,663	10,996
Deferred revenue and deferred lease obligations	2,655	3,734
Capital stock issuance expenses	841	1,335
Other	2,350	2,026
	42,575	49,334
Future income tax liability:		
Current liability	22,120	-
Capital assets	8,842	8,383
Other	144	429
	31,106	8,812
Future income tax asset, net	11,469	40,522
As follows:		
Short-term future income tax asset	11,738	23,323
Long-term future income tax asset [1]	25,212	19,146
Short-term future income tax liability	(21,095)	(641)
Long-term future income tax liability	(4,386)	(1,306)
	11,469	40,522

20. PENSION PLANS

The Company offers defined benefit and defined contribution pension plans providing pension benefits to its employees. The defined benefit and defined contribution plans expenses are as follows:

	2003 $	2002 $
Defined contribution plan	3,120	1,793
Defined benefit plans		
Current service cost	602	517
Interest expense	642	571
Expected return on plans assets	(289)	(179)
Amortization of past service cost	834	769
Net actuarial loss (gain)	104	(23)
Benefit plans expense	1,893	1,655

[1] *Restated*

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20. PENSION PLANS (continued)

Information about the Company's defined benefit plans is as follows:

	2003 $	2002 $
Accrued benefit obligations		
Balance, beginning of year	10,420	9,178
Current service cost	602	517
Interest cost	642	571
Past service cost	-	307
Actuarial gains	(151)	(153)
Balance, end of year	11,513	10,420
Plans assets		
Fair value, beginning of year	2,254	1,493
Actual return on plans assets	34	49
Employer contributions	862	712
Fair value, end of year	3,150	2,254
Accrued benefit obligations	11,513	10,420
Plans assets	3,150	2,254
	8,363	8,166
Unamortized past service cost	5,577	6,411
Accrued benefit liability (included in accounts payable and accrued liabilities)	2,786	1,755

The main actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows:

	2003 %	2002 %
Discount rate	6.00	6.00
Expected long-term rate of return on plan assets	6.75	6.75
Rate of compensation increase	4.00	4.00

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21. BUSINESS ACQUISITION

On December 5, 2001, the Company entered into an agreement to purchase the assets of 80 retail drug stores operating under the OSCO banner and five drug store development projects located in the northeast United States ("OSCO Acquisition").

In accordance with CICA Handbook Section 1581, the acquisition of OSCO has been accounted for under the purchase method. The results of OSCO operations have been included in the consolidated financial statements of the Company as of January 2002 (acquisition date).

During the year ended May 31, 2003, the Company completed the final purchase price allocation, resulting in a net increase in goodwill of CAN$929,000 (US$578,000) from the amount initially recorded. The goodwill adjustments related to the finalization of the closed store reserve, which resulted of the decision to keep certain OSCO stores open, the inclusion of deferred lease obligations related to defavorable leases, the settlement of a legal dispute with the seller resulting in net proceeds of CAN$1,555,000 (US$967,000), which has been reflected as a reduction of the purchase price, and other adjustments, primarily to deferred taxes.

Purchase price allocation:	2003 final $	2002 initial $
Assets acquired		
Non-cash working capital	99,590	91,693
Capital assets	169,915	169,915
Future income tax assets	5,837	7,228
Intangible assets:		
Prescription files	25,330	25,330
Non-compete agreements	976	976
Leasehold interests	4,278	4,278
Deferred lease obligations	(8,990)	-
Goodwill (tax deductible, $76,000,000)	88,645	87,716
Non-cash assets acquired	385,581	387,136
Cash and cash equivalent	321	321
Net assets acquired	385,902	387,457
Cash consideration	385,902	387,457

22. RELATED PARTIES TRANSACTIONS

During the year, the Company entered into the following transactions with enterprises controlled by shareholders having a significant influence over the Company:

	2003 $	2002 $
Revenues		
Sales	23,980	42,518
Royalties	1,318	2,502
Rent	1,497	1,492
Sundry	1,377	1,297
	28,172	47,809

As at May 31, 2003, accounts receivable include an amount of $1,304,000 (2002 - $3,866,000) resulting from these transactions.

These transactions are carried in the ordinary course of business and are measured at the exchange amount.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of receivables, bank loans and accounts payables and accrued liabilities approximates their book value because of their forthcoming maturity.

The fair value of loans, advances and long-term receivables from franchisees was not determined, since these balances result from transactions carried out in the context of privileged commercial relationships and under terms and conditions that may differ from those that could be negotiated with non-franchisees.

The fair value of the long-term debt, obtained by discounting contractual cash flows at the interest rates in effect for debts having similar characteristics, approximates its book value.

The interest rate swap agreements have a negative fair value of CAN$13,480,000 or US$9,850,000 (2002 - CAN$5,826,000 or US$3,813,000).

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24. SEGMENTED INFORMATION

The Company has three reportable segments: franchising, real estate and retail sales. Within the segment of franchising, the Company carries on the franchising activity of retail stores under the "PJC Jean Coutu" banner, operates a distribution centre and coordinates several other services for the benefit of its franchisees. As at May 31, 2003, the number of franchises totalled 272 (2002 - 264).

The Company operates 332 (2002 - 331) retail sales outlets selling pharmaceutical and other products under the "Brooks" banner.

Segmented information is summarized as follows:

	2003				
	Franchising $	Real estate $	Retail sales $	Elimination $	Total $
Revenues from external franchises [1]	1,292,824	62,339	2,692,400	-	4,047,563
Amortization of incentives paid to franchisees applied against other revenues	4,610	-	-	-	4,610
Intersegment interest revenue	28,637	-	-	(28,637)	-
Amortization:					
Capital assets and real estate	5,033	3,047	32,573	-	40,653
Intangible assets	-	-	13,108	-	13,108
Deferred costs	529	130	1,873	-	2,532
Financial expenses:					
Interest on long-term debt	108	626	19,531	-	20,265
Other interest	1,095	8	4,120	-	5,223
Intersegment interest	-	-	28,637	(28,637)	-
Income before income taxes [1]	151,226	17,023	62,136	-	230,385
Total assets [1]	352,246	262,709	1,101,677	-	1,716,632
Acquisition of capital assets, real estate, intangible assets and goodwill (excluding the business acquisition) [1]	8,311	51,059	88,316	-	147,686

[1] *Restated*

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24. SEGMENTED INFORMATION (continued)

	2002				
	Franchising	Real estate	Retail sales	Elimination	Total
	$	$	$	$	$
Revenues from external franchises [1]	1,365,575	56,710	2,054,546	-	3,476,831
Amortization of incentives paid to franchisees applied against other revenues	4,446	-	-	-	4,446
Intersegment interest revenue	14,960	-	-	(14,960)	-
Amortization:					
Capital assets and real estate	5,039	2,606	25,993	-	33,638
Intangible assets	-	-	8,418	-	8,418
Deferred costs	-	125	1,360	-	1,485
Financial expenses:					
Interest on long-term debt	222	909	11,482	-	12,613
Other interest	202	19	3,309	-	3,530
Intersegment interest	-	-	14,960	(14,960)	-
Income before income taxes [1]	139,566	13,396	52,184	-	205,146
Total assets [1]	284,368	218,645	1,155,187	-	1,658,200
Acquisition of capital assets, real estate, intangible assets and goodwill (excluding the business acquisition) [1]	4,201	41,293	62,325	-	107,819

[1] *Restated*

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24. SEGMENTED INFORMATION (continued)

The Company's sales and other revenues, capital assets, real estate, intangible assets and goodwill attributed to Canada and the United States are as follows:

	2003		
	Canada	United States	Total
	$	$	$
Sales and other revenues [1]	1,355,163	2,692,400	4,047,563
Capital assets, real estate, intangible assets and goodwill [1]	311,845	531,178	843,023

	2002		
	Canada	United States	Total
	$	$	$
Sales and other revenues [1]	1,422,285	2,054,546	3,476,831
Capital assets, real estate, intangible assets and goodwill [1]	264,607	549,219	813,826

[1] *Restated*

25. SUBSEQUENT EVENT

On April 5, 2004, the Company announced that it had concluded an agreement for the acquisition of approximately 1,539 outlets of the Eckerd pharmacy drug chain located in the northeast and mid-Atlantic of the United States. The transaction is expected to close in July 2004. The expected acquisition price is US$2,375,000,000 subject to a working capital adjustment at closing. This acquisition will mainly be financed through long-term debt.

26. COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform with the presentation adopted in 2003.

Board of Directors

Jean Coutu
Chairman of the Board

François J. Coutu
President and
Chief Executive Officer

Lise Bastarache
Regional Vice-President, Quebec
RBC Private Banking

Yvon Béchard
Senior Executive Vice-President
and Assistant Secretary

Jacques Boisvert
President, Dosex Inc.

Louis Coutu
Vice-President, Commercial Policies

Marie-Josée Coutu
President,
Fondation Marcelle et Jean Coutu

Michel Coutu
President and
Chief Executive Officer,
The Jean Coutu Group (PJC) U.S.A. Inc.

Sylvie Coutu
President, Sylvie Coutu Design

L. Denis Desautels
Executive-in-Residence
at the School of Management
at the University of Ottawa

Marcel Dutil
Chairman of the Board and
Chief Executive Officer,
The Canam Manac Group Inc.

Nicolle Forget
Corporate Director

Claire Léger
Chairman of the Board,
St-Hubert Group Inc.

Yvon Martineau
Senior Partner,
Fasken Martineau DuMoulin l.l.p.

Érik Péladeau
Vice-Chairman of the Board,
Quebecor Inc. and
Quebecor Media Inc. and
Vice-Chairman of the Board and
Senior Executive Vice-President,
Quebecor World Inc.

Laurent Picard
Vice-Chairman of the Board and
Corporate Director

Director

Corporate Officers

The Jean Coutu Group (PJC) Inc.

Jean Coutu
Chairman of the Board

François J. Coutu
President and
Chief Executive Officer

Yvon Béchard
Senior Executive Vice-President
and Assistant Secretary

Michel Boucher
Vice-President,
Information Systems

Carole Bouthillette
Vice-President,
Finance

Denis Courcy
Vice-President,
Human Resources

Louis Coutu
Vice-President,
Commercial Policies

Alphonse Galluccio
Vice-President,
Internal Audit

Yvon Goyer
Vice-President,
Services and Promotions

Caroline Guay
Director,
Legal Affairs and
Corporate Secretary

Alain Lafortune
Vice-President,
Purchasing, Merchandising
and Advertising

Jacques Lamoureux
Vice-President,
Operations

Richard Mayrand
Vice-President,
Professional Activities

Johanne Meloche
Vice-President,
Cosmetics,
Exclusive Brands and
Beauty Programs

Normand Messier
Vice-President,
Real Estate and Development

Jean-Pierre Normandin
Vice-President,
Distribution Centre

Carole Rennie
Controller

The Jean Coutu Group (PJC) U.S.A. Inc.

Michel Coutu
President and
Chief Executive Officer

Kai Goto
Vice-President,
Warehouse and Distribution

C. Daniel Haron
Vice-President,
Pharmacy and Professional Affairs

Don Kinney
Vice-President,
Drugstore Operations

Susan Manville
Controller

David A. Morocco
Senior Vice-President,
Marketing

Robert Pouliot
Vice-President,
Purchasing

Kathleen Topor
Treasurer

William Z. Welsh, Jr.
Executive Vice-President and
Chief Operating Officer

Randy Wyrofsky
Senior Vice-President Finance,
and Chief Financial Officer

General Information

The Jean Coutu Group (PJC) Inc.
530 Bériault Street
Longueuil, QC J4G 1S8
(450) 646-9760

The Jean Coutu Group (PJC) U.S.A. Inc.
50 Service Avenue
Warwick, Rhode Island
02886 U.S.A.
(401) 825-3900

Auditors
Samson Bélair/Deloitte & Touche, S.E.N.C.
1 Place Ville-Marie, Suite 3000
Montreal, QC H3B 4T9

Transfer agent and registrar
National Bank Trust
1100 University Street
9th Floor
Montreal, QC H3B 2G7

Financial communications
Draft
600 de Maisonneuve Blvd. West
27th Floor
Montreal, QC H3A 3J2

Stock market information
Ticker symbol: PJC.A
Toronto Stock Exchange

Internet sites
The Jean Coutu Group (PJC) Inc.
www.jeancoutu.com

The Jean Coutu Group (PJC) U.S.A. Inc.
www.brooks-rx.com

Annual General Meeting
The Annual General Meeting of Shareholders of The Jean Coutu Group (PJC) Inc. will be held on September 16, 2003, at 9:30 a.m. at the head office of the Company, 551 Bériault Street, Longueuil, (Quebec) Canada.

Annual Information Form
The Annual Information Form for the year ended May 31, 2003, will be available upon request as of October 17, 2003.

Pour obtenir la version française de ce rapport, veuillez écrire à :
Le Groupe Jean Coutu (PJC) inc.
a/s de Céline Lamonde
530, rue Bériault
Longueuil, QC J4G 1S8

A Growing Presence in North America

www.jeancoutu.com

2003 Annual Report