

THE JEAN COUTU GROUP (PJC) INC.

ANNUAL INFORMATION FORM

Financial year ended May 31, 2003



October 17, 2003

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ITEM 1 - INCORPORATION

1.1 INCORPORATION OF THE ISSUER

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

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

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

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

1.2 CAPITAL STRUCTURE

On October 28, 1986, the Company issued 6,000,000 Class A subordinate voting Shares for a total of \$ 48,000,000. These shares were listed on the Montreal Stock Exchange and the Toronto Stock Exchange.

On March 4, 1992, on September 29, 2000 and on September 25, 2002 the Company's Class A subordinate voting Shares and Class B Shares were each time split on the basis of two new shares for each existing share.

On January 9, 2001, the Company issued 6,500,000 new Class A subordinate voting Shares for a net proceed of \$ 140,400,000. The shares were listed on the Toronto Stock Exchange.

The Company's capital stock comprised 102,569,550 Class A subordinate voting Shares and 124,000,000 Class B Shares as of May 31, 2003. Each Class A subordinate voting Share gives its holder one voting right while each Class B Share gives its holder 10 voting rights.

1.3 SUBSIDIARIES

As of May 31, 2003, the main subsidiaries wholly owned by The Jean Coutu Group (PJC) Inc. were the following:

- **The Jean Coutu Group (PJC) U.S.A. Inc.**, incorporated under the laws of Delaware on August 6, 1986. This company, whose head office is in Warwick, Rhode Island, specialises in retail sales through a network which comprised 332 Brooks corporate pharmacies as of May 31, 2003, warehousing and distribution, as well as managing the real estate portfolio of The Jean Coutu Group in the United States.
- **RX Information Centre Ltd.**, based in Longueuil, was incorporated on August 11, 1972, under the Canada Business Corporations Act and continued on May 4, 1979, to handle the development, installation and management of information-processing systems within the Company and the franchised network.
- **Services Sécurivol inc.** was incorporated on August 3, 1984, under the Canada Business Corporations Act. This company, also based in Longueuil, provides security and prevention services for the network outlets and the Company's head office.

ITEM 2 - GENERAL DEVELOPMENT OF THE BUSINESS

2.1 HISTORY AND PROFILE

The Jean Coutu Group is one of North America's largest organisations specialising in the distribution and retailing of pharmaceutical and parapharmaceutical products.

The Company dates back to 1969, when Jean Coutu, co-founder and current Chairman of the Board, opened a first retail outlet. He introduced an innovative formula to the retail pharmaceutical and parapharmaceutical sector, featuring low prices on a wide range of products, superior customer service and extended business hours. Four years later, in 1973, the Company started up the current franchise system and became organised to act as wholesaler/distributor for the network by acquiring a first warehouse.

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

In 1987, the Company expanded into the north-eastern United States through its Jean Coutu Group (PJC) U.S.A. subsidiary. The Company's American network had grown to include 22 corporate pharmacies in October 1995, when The Jean Coutu Group

completed its largest acquisition ever: the purchase of 221 Brooks Drug Store pharmacies in New England.

Due to this acquisition, the Company now ranks among the 10 largest organisations in its North American industry. In January 2002 another acquisition added 80 pharmacies to the American network.

As of May 31, 2003, the Canadian and American network comprised of 643 corporate and franchised outlets which achieved total retail sales of more than \$ 5,096,888,000 in the financial year ended May 2003.

In Canada, The Jean Coutu Group manages, as a franchisor, the second-largest network of pharmaceutical and parapharmaceutical retail outlets. On May 31, 2003, The network of franchised stores, the distribution centre and the head office employed 13,442 people. The network of franchisees includes 311 stores, i.e 270 pharmacies, 39 PJC Clinic and two PJC Santé Beauté.

In its capacity as franchisor and distributor, The Jean Coutu Group provides a broad range of support services for its franchisees. It is also responsible for the purchase and warehousing of different pharmaceutical, parapharmaceutical, and other consumer products for delivery throughout its network.

Through its subsidiary, The Jean Coutu Group (PJC) U.S.A., The Jean Coutu Group is also the second-largest player in the New England market, as owner-operator of 332 Brooks Pharmacy outlets in seven states. This network is served from a central warehouse in Dayville, Connecticut, and a head office in Warwick, Rhode Island. The American subsidiary's pharmacies, warehouse and head office employed a total of 8,773 people on May 31, 2003.

The real estate divisions of The Jean Coutu Group and its American subsidiary manage leases and acquire, develop and manage buildings and shopping centres that house network outlets.

2.3 NOMINATION

At the Annual General and Special Meeting held on September 10, 2002, Mr. Jean Coutu, Chairman of the Board and Chief Executive Officer of the Company announced that Mr. François Jean Coutu, President and Chief Operating Officer would be taking over the general management of the Company from now on as President and Chief Executive Officer. Mr. Coutu will stay on as Chairman of the Board of the Company

2.3 PRINCIPAL DEVELOPMENT AND ACQUISITIONS OF THE LAST FIVE YEARS

1998-1999

The Jean Coutu Group further expanded its Brooks Pharmacy network through the acquisition of 11 pharmacies located in Vermont and the State of New York from City

Drug Inc. The Jean Coutu Group also acquired five independent outlets and opened six new Brooks Pharmacy outlets. Meanwhile, two new franchised outlets were added to the network in Canada.

1999-2000

In order to maintain its position as one of the leaders in the industry, the Company coordinated along with its franchisees the renovation of 45 outlets in Canada while 17 outlets of its American subsidiary were the focus of renovations. The Brooks Pharmacy network also proceeded to relocate seven outlets.

2000-2001

The Jean Coutu Group continued to focus on improving its image as several stores were renovated (38 in Canada and 26 in the United States). Some of these renovations were in fact relocations as stores actually moved into new premises.

On the Canadian scene, a new store concept, the “PJC Santé Beauté”, was rolled out. A first outlet opened its doors under this banner in Quebec City.

2001-2002

A significant event during the 2001-2002 financial year was our acquisition in January of 80 Osco pharmacies. These stores are located in New England, in the United States, and now operate under the Brooks banner.

During the financial year 2001-2002, an additional 10 PJC, 1 PJC Santé Beauté and 4 Brooks pharmacies were opened. Also, 30 PJC outlets and 16 Brooks were enlarged, renovated or relocated.

2002-2003

Actively pursuing a growth-oriented strategy with regard to its Canadian and American networks, The Jean Coutu Group (PJC) Inc. opened 9 PJC drug stores and 4 Brooks drug stores during fiscal 2002-2003. In addition, 22 PJC drug stores and 26 Brooks drug stores were either expanded, remodelled or relocated.

ITEM 3 - DESCRIPTION OF ACTIVITIES

3.1 FRANCHISING

3.1.1 Franchising Business

The Company conducts its business in Canada by operating a network of franchised outlets granted exclusively to pharmacists. In Quebec, the network includes 247 pharmacies, two PJC Santé Beauté and 36 PJC Clinic. In Ontario, there are eight pharmacies and one PJC Clinic as in New Brunswick there are 15 pharmacies and two PJC Clinic.

The franchising agreement confers the right to operate an outlet in exchange for the payment of royalties based on a percentage of sales volume. Under the franchising agreement, franchisees receive certain benefits in return for the royalties they pay the Company. These include participation in large-scale advertising, access to services and advice pertaining to operating and managing an outlet, the right to use The Jean Coutu Group's trademarks, and access to supplies of products, some of which are exclusive.

The franchisee must adhere to The Jean Coutu Group's operating and marketing policies and practices to ensure that, as part of the network, the outlet enjoys sound management and a good reputation. Furthermore, as part of the franchising agreement, the franchisee is obligated to purchase the majority of the products and items sold by the outlet from the Company's distribution centre.

The franchisee must also live up to the standards set by the Company in terms of business hours, working conditions and employee training.

Each outlet comprises a pharmaceutical section and a commercial section.

The pharmaceutical section offers customers professional prescription and laboratory services, seven days and seven evenings a week. This sector is the backbone of the franchised network. Indeed, in addition to its substantial contribution to the sales and profits of the franchised outlets, this section promotes customer loyalty and is a valuable source of goodwill.

The commercial section is made up of several departments offering a wide range of products: cosmetics, personal grooming, baby care, hair care, natural products, household items, confectionery and a large selection of other products to meet the everyday needs of customers.

3.1.2 Distribution Activities

Franchisees purchase the majority of the products sold in their outlets from the Company. For those products not kept by the Company's warehouse, "direct shipping" practices allow franchisees to buy directly from the supplier and still benefit from

attractive prices negotiated in advance by The Jean Coutu Group. Because of its strong buying power, The Jean Coutu Group is able to negotiate favourable prices and terms of payment with suppliers.

While outlets in Ontario and New Brunswick purchase some products from local suppliers, especially food products, most of their purchasing is done through the distribution centre of The Jean Coutu Group. As well, on-site managers make necessary recommendations and adjustments to the merchandise carried, to ensure that the selection of products offered in those outlets corresponds to the specific expectations of local customers.

Located near the head office in Longueuil (Quebec), the Company's distribution centre covers 500,000 square feet and is among the largest of its kind in Canada.

The Company has built a 22,000 square foot cross-dock equipped with 40 doors and a waiting area capable of holding 50 trailers. These facilities allow the cross docking of some 7,000 trailers a year thereby substantially increasing the inventory turnover rate.

3.1.3 Franchisee Support and Training Activities

The Jean Coutu Group has developed highly specialised support services for its franchisees, covering all areas of commercial activity.

Franchisees benefit from The Jean Coutu Group's expertise in marketing and management through the Company's supervision team. They also have access to management services and prescription information services provided by the RX Information Centre, and security services provided by Services Sécurivol, as well as a range of professional services in the fields of human resources and finance.

3.2 RETAIL OPERATIONS

3.2.1 Corporate Pharmacy Network

Through its subsidiary, The Jean Coutu Group (PJC) U.S.A., the Company has been operating in the north-eastern United States since 1987.

The Brooks Pharmacy network is the second-largest drugstore chain in New England. As of May 31, 2003, it comprised 332 outlets located as follows: 164 in Massachusetts, 44 in Connecticut, 47 in Rhode Island, 32 in Vermont, 37 in New Hampshire, 6 in Maine and 2 in New York State.

Among other initiatives, the Company's subsidiary designed the computerised RX Watch system, which gives customers using a personalised card free access at any time to information in their patient file: prescribed medication, allergies, contraindications and any other details needed in the event of an emergency. The Company has also developed a new patient record, which, as each prescription is issued, incorporates into

a single printout the bill, along with personalised information about the prescribed medication, contraindications and possible side effects.

In the commercial section, The Jean Coutu Group (PJC) U.S.A. developed a new layout concept, which highlights the variety and quality of the products, and gives greater prominence to cosmetics and beauty aids, seasonal items and food. Priority was also given to increasing the range of private label products, an important customer loyalty factor.

3.2.2 Distribution Activities

Following the acquisition of the Brooks Drug Store network, The Jean Coutu Group (PJC) U.S.A. established a suitable management structure, recruited competent staff, and purchased a new building for its head office in Warwick, Rhode Island.

The Jean Coutu Group (PJC) U.S.A. then reorganised its storage and distribution activities and acquired a warehouse in Dayville, Connecticut, with over 450,000 square feet of storage space and 50 merchandise-receiving docks. The warehouse was entirely reconfigured and fitted out with state-of-the-art equipment to handle tens of thousands of different items. The American operation's distribution centre, like the distribution centre in Longueuil, now benefits from all the advantages of radiofrequency systems, the first being optimum inventory management.

Commercial point-of-sale (POS) management is now implemented throughout the Brooks Pharmacy network, and all the corporate pharmacies, along with the head office and distribution centre, can reap the benefits of this leading-edge technology, particularly in terms of business strategy planning.

3.3. REAL ESTATE

3.3.1 Management of Real Estate Properties

Given the strategic importance of the location and physical quality of its outlets, The Jean Coutu Group's core organisation retains responsibility for, and manages all leases on buildings occupied by its franchised outlets in Canada and its corporate pharmacies in the United States.

As a rule, The Jean Coutu Group is the owner or principal tenant of the premises which, in Canada, are then let or sublet to franchisees. After selecting a site for a new outlet, the Company takes charge of negotiating the terms of acquisition or rental. Once these terms have been established, the Company plans the layout of the space and ensures that the construction, repair and improvement work is done according to previously agreed on plans and estimates.

The real estate divisions of The Jean Coutu Group and its American subsidiary operate directly out of their respective head offices, employing real estate professionals.

As of May 31, 2003, The Jean Coutu Group and its American subsidiary owned 254 properties, including 92 strip malls and buildings and 162 free-standing buildings, most of which house a Jean Coutu outlet; 143 of these properties are in Quebec, 8 in Ontario, 8 in New Brunswick, and 95 in the United States.

Because of the business they attract, the Jean Coutu outlets located in strip malls help bring in high-quality tenants. The Jean Coutu Group is planning to continue investing in this strategic sector, which adds considerable value to its assets and strengthens the positioning of the network.

The management of The Jean Coutu Group's own real estate portfolio, coupled with centralised lease management, is designed to provide continuity for the Jean Coutu outlets, and thus protect the major competitive advantage the Company derives from the quality of outlet locations throughout the network.

This strategy seeks to benefit shareholders by recovering the value added to these buildings through the presence of Jean Coutu outlets. The real estate divisions of The Jean Coutu Group and its American subsidiary thus play a strategic role, using the Group's expertise in identifying superior locations to maximise the value of its assets and realise the network's full potential.

The book value of The Jean Coutu Group's Canadian real estate portfolio totalled \$262,709,000 on May 31, 2003, and it carried mortgages totalling \$8,843,000 at the same date.

3.3.2 Type and Location of the Company's Real Estate Holdings

In addition to the buildings housing its head offices and warehouses, The Jean Coutu Group is the owner of the following properties:

Strip Malls and Buildings ¹

CANADA

Quebec

Alma (2)
Ancienne-Lorette
Anses-aux-Gascons
Baie-Comeau (a)
Baie Saint-Paul (f)
Beauport (3)
Boisbriand
Bois-des-Filion
Boucherville
Cap-de-la-Madeleine
Cartierville (2)
Charlesbourg (2)
Châteauguay
Chicoutimi
Donnacona
Dorion
Drummondville (2)
Farnham
Fleurimont
Gatineau (3)
Gaspé
Greenfield Park (2)
Hull
Ile des Sœurs

Ile-Perrot
Joliette (2)
Jonquière
Laval (2)
Lévis (2) (b)
Louiseville
Magog (c)
Montréal (12) (d)
Nicolet
Paspébiac
Pierrefonds (2)
Québec
Rawdon
Roberval
Rock Forest
Saint-Basile-le-Grand
Saint-Hyacinthe (2)
Saint-Jean-sur-Richelieu
Saint-Lambert
Saint-Nicolas
Sainte-Anne-de-Beaupré
Sainte-Anne-des-Monts
Sainte-Marie-de-Beauce

Sainte-Julie
Shawinigan (2)
Sherbrooke (2)
Varenes (e)
Verdun (2)
Victoriaville (2)

Ontario

Brockville
Casselman
Embrun
Timmins

New Brunswick

Moncton
Riverview
Newcastle
Bathurst

United States

Massachusetts
Springfield

New Hampshire

Manchester

-
- (a) The Company owns 74% of this complex.
(b) The Company owns 47% of one of these complexes.
(c) The Company owns 90% of this complex.
(d) The Company owns 34% of one of these complexes.
(e) The Company owns 84% of this complex.
(f) The Company owns 11% of this complex.

¹ The numbers represent the number of properties owned by the Company in each city.

Land and Free-Standing Buildings ²

CANADA

Quebec

Amos
Anjou
Beaconsfield
Beauport
Cap-aux-Meules
Cap-de-la-Madeleine (2)
Caplan
Carleton
Chandler
Charny (2)
Charlesbourg
Dorion
Granby (2)
Grande-Rivière
Joliette (2)
Kirkland
La Tuque

Laval (3)
Lavaltrie (2)
Les Méchins
Longueuil
Mirabel
Montmagny
Montréal (13)
Neufchâtel
New Richmond
Québec (2)
Rouyn
Saint-Constant
Saint-Eustache
Saint-Jérôme
Saint-Léonard
Saint-Raymond
Saint-Romuald
Sainte-Foy

Sainte-Marthe-sur-le-Lac
Shawinigan
Sherbrooke
Trois-Rivières (2)
Verdun

Ontario

Bowmanville
Casselman
Peterborough
Vanier

New-Brunswick

Campbellton
Moncton (2)
Sackville

² The numbers represent the number of properties owned by the Company in each city.

Land and Free-Standing Buildings

UNITED STATES

Connecticut

Bloomfield
Dayville
Hamden
Jewett City
New Britain
New London
Northford
Norwich
Stratford

Maine

Bangor
Brewer
Waterville

Massachusetts

Adams
Amesbury
Arlington
Billerica
Braintree
Brockton
Cambridge
Clinton
Chicopee
Dorchester
Everett
Fairhaven
Gardner
Greenfield
Hingham
Haverhill

Hyannis
Hyde Park
Lawrence
Mansfield
Marlborough
Marshfield
Methuen
Middleboro
New Bedford (2)
North Adams
North Andover
North Tewksbury
Pepperell
Pittsfield
Reading (2)
Revere
Somerville (2)
South Attleboro
Southbridge
Springfield
Taunton
Ware
Westford
West Springfield
Wilmington

New Hampshire

Bedford
Claremont
Concord
Derry
Dover
Manchester
Nashua
Newmarket
Peterborough

Rhode Island

Central Falls
Cranston
Cumberland
Johnston
Narrangansett (2)
North Kingstown (2)
North Providence
Pawtucket (2)
Portsmouth
Providence (3)
Tiverton
Warwick (4)
Westerly (2)
West Warwick (2)
Woonsocket

Vermont

Bellows Falls
Bennington
Hardwick

3.4 HUMAN RESOURCES

As of May 31, 2003, The Jean Coutu Group and its subsidiaries had 9,799 permanent employees: 1,026 in Canada³ and 8,773 in the United States. Employees were distributed as follows:

The Jean Coutu Group (PJC) Inc.	761
RX Information Centre	124
Services Sécurivol	<u>141</u>
Total employees in Canada	1,026
The Jean Coutu Group (PJC) U.S.A. Inc.	<u>8,773</u>
TOTAL	<u>9,799</u>

On May 31, 2003, 373 employees of the Company in Canada were unionised. These employees work at The Jean Coutu Group's distribution centre in Longueuil and are members of the Syndicat des travailleuses et travailleurs de PJC entrepôt-CSN

As of May 31, 2003, a group of 373 employees of the Company in Canada were unionized. These employees are assigned to the distribution center of The Jean Coutu Group in Longueuil and they are affiliated to the Syndicat des travailleuses et travailleurs de PJC entrepôt-CSN (Union workers of PJC warehouse-CSN). The renewal of the collective agreement was negotiated last year and operations at the distribution center were disrupted by an eight-week labour dispute. The three-year collective agreement, ending December 31, 2005, was signed on January 18, 2003.

In the United States, 8,075 employees work in the corporate pharmacies and 698 at the head office and distribution centre. None of the American subsidiary's 8,773 employees are unionised. As of May 31, 2003, the Canadian franchised outlets employed a total of 12,416 people, 32 of those employees in one outlet were unionised.

In terms of human resources management, The Jean Coutu Group favours participatory management based on communications, training, internal promotion, and quality of life in the workplace.

The Human Resources department of The Jean Coutu Group also offers franchisees a team of professional human resources consultants whose main task is to help introduce the participatory management programme and to ensure the application of uniform and equitable policies into the network.

³ This number includes corporate employees only and excludes Canadian franchised network personnel.

In the area of employee training, The Jean Coutu Group, well aware of the crucial role played by the franchised network employees in building customer loyalty, has established programmes for the development of internal resources and customer service.

3.5 TRADEMARKS

The Jean Coutu Group owns and uses some thirty trademarks related to its various banners as well as certain house products. The Company's principal trademarks are Jean Coutu, PJC, PJC Jean Coutu, PJC Clinic and Brooks Pharmacy for its banners, and Personnelle, Economy and PJC Premier for its products.

3.6 ECONOMIC AND COMPETITIVE ENVIRONMENT

In Canada, The Jean Coutu Group does not foresee any major obstacle in the short and medium-term that might compromise its commercial and financial development. The Jean Coutu Group considers that it is well positioned to respond efficiently, as it has done in the past, to the stiff competition that prevails in the pharmaceutical and parapharmaceutical retail industry, as well as to the arrival of new types of competitors. The Group's competitive advantages will continue to be based on strong purchasing power, efficient core organisation, and the capacity to constantly adapt its commercial policies in order to support the market share and profitability of its franchised network. The Jean Coutu Group continues to enjoy a solid position in its traditional market, Quebec.

Furthermore, The Jean Coutu Group considers that it is well positioned to continue to operate profitably in the United States. Its American experience of more than 15 years in that market has allowed it to adapt its commercial policies and cost management to the very competitive United States environment. It has also enabled The Jean Coutu Group to adapt to the special requirements related to the operation of corporate pharmacies. The Company is therefore confident that it can sustain and increase the Brooks Pharmacy network's profitability, considering the extensive measures implemented over the last years, its proven expertise in merchandising, as well as the Brooks Pharmacy network's current strengths in terms of positioning, location and physical qualities of its stores.

Lastly, considering the quality of its real estate assets and its major cash flow, among other things, the Company benefits from a sound financial position to support its continued development.

ITEM 4 - SELECTED CONSOLIDATED FINANCIAL INFORMATION

4.1 CONSOLIDATED FINANCIAL INFORMATION FOR THE LAST FIVE FINANCIAL YEARS

(In thousands of dollars, except per share amounts)	Financial years ended May 31				
	2003	2002	2001	2000	1999
Sales and other revenues⁴	4,052,173	3,481,277	2,835,063	2,494,656	2, 203,355
Earnings before unusual items and income taxes	234,995	209,592	163,170	133,535	119,457
Net earnings	163,622	139,879	105,941	86,191	74,307
Total assets	1,723,567	1,661,605	1,230,805	1,032,671	920,101
Long-term debt	291,611	356,701	145,446	167,063	182,323
Data per share⁵					
Net earnings (basic)	0.72	0.62	0.49	0.41	0.35
Dividends	0.12	0.09	0.08	0.06	0.05

4.2 CONSOLIDATED FINANCIAL INFORMATION FOR THE LAST EIGHT QUARTERS

(unaudited)

(In thousands of dollars except per share amounts)	2002-2003				2001-2002			
	31/08/02	30/11/02	28/02/03	31/05/03	31/08/01	30/11/01	28/02/02	31/05/02
Sales and other revenues⁶	1,061,864	1,033,716	938,858	1,017,735	747,169	801,675	895,923	1,036,510
Net earnings	39,594	41,927	42,400	39,701	31,433	33,829	37,628	36,989
Per share								
• Basic	0.175	0.186	0.188	0.175	0.140	0.150	0.167	0.164
• Diluted	0.173	0.184	0.186	0.174	0.139	0.149	0.166	0.162
Dividend per share	0.04	0.05	0.05	0.05	0.04	0.04	0.04	0.04

⁴ The figures were restated by the company to take into account the retroactive application of the CICA's new problems committee recommendations (CPN-123)..

⁵ On September 29, 2000 and on September, 25 2002, the Company subdivided its Subordinate Voting Shares and Class B Shares on the basis of two new shares for each existing share. The per share data has been calculated considering the share subdivision.

⁶ 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.

4.3 MANAGEMENT'S COMMENTS

The sales of The Jean Coutu Group increased significantly during the last fiscal. The importance of the sales growth during the first two quarters of fiscal 2002-2003 compared to the previous fiscal can be attributed to the acquisition of 80 Osco stores in the United States in January 2002.

Net earnings and earnings per share for each quarter were higher compared to the same period of the previous fiscal.

The last six-month period reflects the negative effect of two elements: the labour dispute and a drop in translation rates. The labour dispute impacted negatively net earnings per share by \$0.025 while the drop of translation rates decreased net earnings per share by \$0.005.

4.4 DIVIDEND POLICY

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. During the 2002-2003 fiscal year, a total dividend of \$0.12 per share was paid to all holders of Class A Shares and Class B Shares.

4.5 INTERNET SITE

The Company's financial and corporate information is available on the Internet at the address: www.jeancoutu.com. The Company also offers on line prescription refills, a first in Canada.

Information on the Company's American subsidiary is available at the Internet address: www.brooks-rx.com.

4.6 EVENTS SUBSEQUENT TO MAY 31, 2003

4.6.1 Declaration of a Dividend

On July 29, 2003, the Board of Directors of The Jean Coutu Group declared a quarterly dividend of \$0.03 per Class A Share and Class B Share. This dividend was paid on August 28, 2003 to all shareholders of the Company on record on August 14, 2003.

ITEM 5 - MARKET FOR THE NEGOTIATION OF SECURITIES

Due to the restructuring of the Canadian Stock Exchanges, the Company's stock is no longer traded on the Montreal Stock Exchange since December 6, 1999.

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

Stock Market Information

(As of May 31, 2003)

- Symbol: PJC.A
- Listed on the Toronto Stock Exchange in October 1987
- Number of participating shares issued and outstanding:
 - 102,569,550 Class A subordinate voting Shares (public float)
 - 124,000,000 Class B Shares
- High/low for the 12-month period ended May 31, 2003: \$20.00/\$13.25 ⁷
- Trading volume: 38,987,000
- Share price on May 31, 2003: \$15.71

Per-Share Data ⁵

- Net Earnings: \$0.72
- Cash Flow: \$1.09
- Book Value: \$4.51
- Annual Dividend: \$0.12

⁷ On September 25, 2002, the Company subdivided its Subordinate Voting Shares and Class B Shares on the basis of two new shares for each existing share. This data has been calculated considering the share subdivision.

ITEM 6 - DIRECTORS AND OFFICERS

6.1 DIRECTORS

The names, principal occupations and places of residence of the Directors of The Jean Coutu Group, as well as the number of Class A subordinate voting Shares and Class B Shares directly or indirectly owned by each one as of July 29, 2003, are detailed on pages 7 to 9 of the Management Proxy Circular.

6.2 OFFICERS

The names, places of residence, and principal occupations of the past five years of the Officers of The Jean Coutu Group and its subsidiaries appear in the following table.

Name, place of residence	Occupation ⁸
<i>THE JEAN COUTU GROUP (PJC) INC.</i>	
Jean Coutu Montreal, Quebec	Chairman of the Board
François J. Coutu Montreal, Quebec	President and Chief Executive Officer
Yvon Béchard Montreal, Quebec	Senior Executive Vice President and Assistant Secretary
Michel Boucher Longueuil, Quebec	Vice President, Information Systems
Carole Bouthillette Longueuil, Quebec	Vice President, Finance
Denis Courcy Laval, Quebec	Vice President, Human Resources
Louis Coutu Montreal, Quebec	Vice President, Commercial Policies
Alphonse Galluccio Montreal, Quebec	Vice President, Internal Audit

⁸ For the past five years, all Officers of the Company and the American Subsidiary have occupied the positions given above or other management positions within the Company, except for Caroline Guay who, before 1998, was a lawyer for Provigo Distribution Inc., Susan Manville who left in 1997 to become Account Manager for Insko Group and joined the American Subsidiary again in 1998 and Normand Messier, who left in 1995 to join Groupe Cadieux as a Vice-President and joined the Company again in 2001.

Name, place of residence	Occupation ⁶
Yvon Goyer Lachenaie, Quebec	Vice President, Services and Promotions
Caroline Guay Montreal, Quebec	Director, Legal Affairs and Corporate Secretary
Alain Lafortune Montreal, Quebec	Vice President, Purchasing, Merchandising and Advertising
Jacques Lamoureux Longueuil, Quebec	Vice President, Operations
Richard Mayrand Montreal, Quebec	Vice President, Professional Activities
Johanne Meloche Laval, Quebec	Vice President, Cosmetics, Exclusive Brands and Beauty Programs
Normand Messier Longueuil, Quebec	Vice President, Real Estate
Jean-Pierre Normandin Varenes, Quebec	Vice President, Distribution Centre
Carole Rennie Longueuil, Quebec	Controller
<i>THE JEAN COUTU GROUP (PJC) U.S.A. INC.</i>	
Michel Coutu Providence, Rhode Island	President and Chief Executive Officer
Barbara Donnellan Franklin, Massachusetts	Vice President, Information Systems
Kai Goto Chepachet, Rhode Island	Vice President, Warehouse and Distribution
C. Daniel Haron Warwick, Rhode Island	Vice President, Pharmacy and Professional Affairs
Donald Kinney Franklin, Massachusetts	Vice President, Drugstore Operations
Susan Manville Smithfield, Rhode Island	Controller
David A. Morocco Newton, Massachusetts	Senior Vice President, Marketing

Name, place of residence	Occupation ⁶
Robert Pouliot North Kingstown, Rhode Island	Vice President, Purchasing
Peter Schmitz Newport, Rhode Island	Vice President, Real estate
Kenneth Spader Cumberland, Rhode Island	Vice President, Construction, Facilities and Store Planning
Kathleen Topor North Providence, Rhode Island	Treasurer
William Z. Welsh, Jr. East Greenwich, Rhode Island	Executive Vice President and Chief Operating Officer
Randy Wyrofsky North Providence, Rhode Island	Senior Vice President, Finance and Chief Financial Officer

As of May 31, 2003, the Directors and Officers of the Company beneficially, as a group, owned, directly or indirectly, or exercised control over 1.20% of Class A subordinate voting Shares and 100% of Class B Shares.

ITEM 7 - ADDITIONAL INFORMATION

The Company will provide the following documents to any person or company, upon request to the Corporate Secretary:

- (a) When the securities of the Company are in the course of 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 Annual Information Form of the Company, 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 consolidated financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditors and one copy of any interim financial statements for its most recently completed financial year, (iii) one copy of the information circular of the Company in respect of its most recent annual meeting of shareholders that involved the election of Directors, or one copy of any annual filing prepared in lieu of that information circular, as appropriate, and (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any other documents referred to in (a) (i) to (iii) above, provided the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a security holder of the Company.

Information regarding the principal holders of shares of the Company, the remuneration of Officers and loans to Officers is contained in management's proxy solicitation circular, dated July 29, 2003 (pages 4, 5, 10, and 16, respectively). Information regarding Corporate Governance Practices is presented on pages 18 to 25 of the same document.

Additional financial information pertaining to the fiscal year ended May 31, 2003, is presented in the Company's 2003 Annual Report in the section entitled "Management's Analysis" (pages 15 to 17) and in the Comparative Financial Statements (pages 20 to 45).

These documents are available from the Company's head office:

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

**ITEM 8 - MANAGEMENT'S COMMENTS AND ANALYSIS OF OPERATING RESULTS
AND FINANCIAL CONDITION**

Management's Analysis of Operating Results and Financial Condition can be found in the Company's Annual Report under the Item "Management's Discussion and Analysis" at pages 15 o 17, whereas Financial Consolidated Statements for the years ended May 31, 2003 and 2002 are presented at pages 19 to 45 of the Annual Report.