

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(unaudited)

	<u>March 1, 2008</u>	<u>March 3, 2007</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 155,762	\$ 106,148
Accounts receivable, net	665,971	374,493
Inventories, net of LIFO reserve of \$562,729 and \$546,614	3,936,827	2,335,679
Prepaid expenses and other current assets	163,334	136,668
Total current assets	<u>4,921,894</u>	<u>2,952,988</u>
Property, plant and equipment, net	2,873,009	1,743,104
Goodwill	1,783,372	656,037
Other intangibles, net	1,187,327	178,220
Deferred tax assets	384,163	1,380,942
Other assets	338,258	179,733
Total assets	<u>\$ 11,488,023</u>	<u>\$ 7,091,024</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 185,609	\$ 16,184
Accounts payable	1,425,768	902,807
Accrued salaries, wages and other current liabilities	1,110,288	670,934
Deferred tax liabilities	76,374	-
Total current liabilities	<u>2,798,039</u>	<u>1,589,925</u>
Long-term debt, less current maturities	5,610,489	2,909,983
Lease financing obligations, less current maturities	189,426	174,121
Other noncurrent liabilities	1,178,884	754,149
Total liabilities	<u>9,776,838</u>	<u>5,428,178</u>
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock - Series E	-	120,000
Preferred stock - Series G	139,253	129,917
Preferred stock - Series H	135,202	127,385
Preferred stock - Series I	116,415	116,415
Common stock	830,209	536,686
Additional paid-in capital	4,047,499	3,118,299
Accumulated deficit	(3,537,276)	(2,462,197)
Accumulated other comprehensive loss	(20,117)	(23,659)
Total stockholders' equity	<u>1,711,185</u>	<u>1,662,846</u>
Total liabilities and stockholders' equity	<u>\$ 11,488,023</u>	<u>\$ 7,091,024</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(unaudited)

	Thirteen Weeks ended March 1, 2008	Thirteen Weeks ended March 3, 2007
Revenues	\$ 6,824,822	\$ 4,533,502
Costs and expenses:		
Cost of goods sold	4,936,493	3,313,737
Selling, general and administrative expenses	1,774,296	1,114,878
Store closing and impairment charges	43,713	25,164
Interest expense	127,315	69,516
Loss on debt modifications and retirements, net	-	18,662
Loss (gain) on sale of assets and investments, net	958	(9,736)
	<u>6,882,775</u>	<u>4,532,221</u>
(Loss) income from continuing operations before income taxes	(57,953)	1,281
Income tax expense (benefit)	894,910	(14,541)
	<u>(952,863)</u>	<u>15,822</u>
Net (loss) income from continuing operations	(952,863)	15,822
Income (loss) from discontinued operations, net of gain on disposal and income tax expense/benefit	683	(725)
	<u>(952,180)</u>	<u>15,097</u>
Net (loss) income	<u>\$ (952,180)</u>	<u>\$ 15,097</u>
Basic and diluted (loss) income per share:		
Numerator for (loss) income per share:		
Net (loss) income	\$ (952,180)	\$ 15,097
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	(8,238)	(7,961)
(Loss) income attributable to common stockholders - basic and diluted	<u>\$ (960,443)</u>	<u>\$ 7,111</u>
Denominator:		
Basic weighted average shares	797,335	527,427
Outstanding options and restricted shares	-	19,867
	<u>797,335</u>	<u>547,294</u>
Diluted weighted average shares	<u>797,335</u>	<u>547,294</u>
Basic and diluted (loss) income per share	\$ (1.20)	\$ 0.01

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(unaudited)

	Fifty-two Weeks ended March 1, 2008	Fifty-two Weeks ended March 3, 2007
Revenues	\$ 24,326,846	\$ 17,399,383
Costs and expenses:		
Cost of goods sold	17,689,272	12,710,609
Selling, general and administrative expenses	6,366,137	4,338,462
Store closing and impairment charges	86,166	49,317
Interest expense	449,596	275,219
Acquisition related financing commitment charge	12,900	-
Loss on debt modifications and retirements, net	-	18,662
Gain on sale of assets and investments, net	(3,726)	(11,139)
	<u>24,600,345</u>	<u>17,381,130</u>
(Loss) income before income taxes	(273,499)	18,253
Income tax expense (benefit)	802,701	(11,609)
	<u>(1,076,200)</u>	<u>29,862</u>
Net (loss) income from continuing operations	(1,076,200)	29,862
Loss from discontinued operations, net of gain on disposal and income tax benefit	(2,790)	(3,036)
	<u>\$ (1,078,990)</u>	<u>\$ 26,826</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net (loss) income	\$ (1,078,990)	\$ 26,826
Accretion of redeemable preferred stock	(102)	(102)
Cumulative preferred stock dividends	(32,533)	(31,455)
Preferred stock beneficial conversion	(556)	-
Loss attributable to common stockholders - basic and diluted	<u>\$ (1,112,181)</u>	<u>\$ (4,731)</u>
Denominator:		
Basic and diluted weighted average shares	<u>723,923</u>	<u>524,460</u>
Basic and diluted loss per share	\$ (1.54)	\$ (0.01)

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET (LOSS) INCOME TO ADJUSTED EBITDA
(In thousands)

	Thirteen Weeks ended March 1, 2008	Thirteen Weeks ended March 3, 2007
Reconciliation of net (loss) income to adjusted EBITDA:		
Net (loss) income	\$ (952,180)	\$ 15,097
Adjustments:		
Interest expense	127,315	69,516
Income tax expense (benefit) (a)	895,278	(14,932)
Depreciation and amortization	134,532	69,079
LIFO (credits) charges (b)	(25,259)	16,168
Store closing and impairment charges	43,713	25,164
Stock-based compensation expense	12,820	6,480
Gain on sale of assets and investments, net (c)	(7,142)	(9,736)
Loss on debt modifications and retirements, net (d)	-	18,662
Incremental acquisition costs (e)	37,658	2,824
Closed store liquidation expense (f)	7,100	1,457
Other	2,427	1,254
Adjusted EBITDA	\$ 276,262	\$ 201,033
Percent of revenues	4.05%	4.43%
Results of discontinued operations (g)	4,325	820
Adjusted EBITDA from continuing operations	\$ 280,587	\$ 201,853

Notes:

- (a) Includes tax impact of the disposal of our Las Vegas market, which is included as a component of results from discontinued operations on the statement of operations
- (b) Represents non-cash (credits) charges to value our inventories under the last-in first-out ("LIFO") method.
- (c) Includes gain on disposal of our Las Vegas market, which is included as a component of results from discontinued operations on the statement of operations
- (d) Represents loss related to debt modifications and retirements, net
- (e) Represents incremental costs related to the acquisition of Jean Coutu, USA.
- (f) Represents costs to liquidate inventory at stores that are in the process of closing.
- (g) Represents losses from our recently disposed Las Vegas market that are included in Adjusted EBITDA.

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET (LOSS) INCOME TO ADJUSTED EBITDA
(In thousands)

	Fifty-two Weeks ended March 1, 2008	Fifty-two Weeks ended March 3, 2007
Reconciliation of net (loss) income to adjusted EBITDA:		
Net (loss) income	\$ (1,078,990)	\$ 26,826
Adjustments:		
Interest expense	449,596	275,219
Income tax expense (benefit) (a)	801,198	(13,244)
Depreciation and amortization	472,473	270,307
LIFO charges (b)	16,114	43,006
Store closing and impairment charges	86,166	49,317
Stock-based compensation expense	40,438	22,331
Gain on sale of assets and investments, net (c)	(11,826)	(11,139)
Loss on debt modifications and retirements, net (d)	-	18,662
Acquisition related financing commitment charge (e)	12,900	-
Incremental acquisition costs (f)	154,222	3,566
Closed store liquidation expense (g)	14,396	8,628
Other	6,142	3,431
Adjusted EBITDA	\$ 962,829	\$ 696,910
Percent of revenues	3.96%	4.01%
Results of discontinued operations (h)	8,890	3,595
Adjusted EBITDA from continuing operations	\$ 971,719	\$ 700,505

Notes:

- (a) Includes tax impact of the disposal of our Las Vegas market, which is included as a component of results from discontinued operations on the statement of operations
- (b) Represents non-cash charges to value our inventories under the last-in first-out ("LIFO") method.
- (c) Includes gain on disposal of our Las Vegas market, which is included as a component of results from discontinued operations on the statement of operations
- (d) Represents loss related to debt modifications and retirements, net
- (e) Represents a charge for financing commitments related to the acquisition of Jean Coutu, USA.
- (f) Represents incremental costs related to the acquisition of Jean Coutu, USA.
- (g) Represents costs to liquidate inventory at stores that are in the process of closing.
- (h) Represents losses from our recently disposed Las Vegas market that are included in Adjusted EBITDA.

RITE AID CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

	Thirteen Weeks ended March 1, 2008	Thirteen Weeks ended March 3, 2007
	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES:		
Net (loss) income	\$ (952,180)	\$ 15,097
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	134,532	69,079
Store closing and impairment charges	43,713	25,164
LIFO (credits) charges	(25,259)	16,168
Gain on sale of assets and investments, net	(7,142)	(9,736)
Stock-based compensation expense	12,820	6,480
Loss on debt modifications and retirements, net	-	18,662
Changes in deferred taxes	895,076	(18,664)
Proceeds from sale of inventory	8,655	-
Proceeds from insured loss	-	593
Changes in operating assets and liabilities:		
Net proceeds from (payments on) accounts receivable securitization	35,000	(20,000)
Accounts receivable	28,776	(32,672)
Inventories	254,784	116,575
Accounts payable	(75,787)	(40,124)
Other assets and liabilities, net	(43,545)	(20,222)
Net cash provided by operating activities	<u>309,443</u>	<u>126,400</u>
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(209,098)	(110,477)
Intangible assets acquired	(12,109)	(5,430)
Expenditures for business acquisition	(220)	(18,369)
Proceeds from sale-leaseback transactions	28,228	23,881
Proceeds from dispositions of assets and investments	34,904	1,634
Proceeds from insured loss	-	4,406
Net cash used in investing activities	<u>(158,295)</u>	<u>(104,355)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	1,862	1,000,000
Net payments to revolver	(159,000)	(575,000)
Principal payments on long-term debt	(5,020)	(501,412)
Proceeds from financing secured by owned property	44,267	15,455
Change in zero balance cash accounts	(41,453)	6,020
Net proceeds from the issuance of common stock	43	16,085
Payments for preferred stock dividends	(3,845)	(3,845)
Excess tax deduction on stock options	(5,882)	1,153
Financing costs paid	-	(22,750)
Net cash used in financing activities	<u>(169,028)</u>	<u>(64,294)</u>
Decrease in cash and cash equivalents	(17,880)	(42,249)
Cash and cash equivalents, beginning of period	173,642	148,397
Cash and cash equivalents, end of period	<u>\$ 155,762</u>	<u>\$ 106,148</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Fifty-two Weeks ended March 1, 2008	Fifty-two Weeks ended March 3, 2007
	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES:		
Net (loss) income	\$ (1,078,990)	\$ 26,826
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	472,473	270,307
Store closing and impairment charges	86,166	49,317
LIFO charges	16,114	43,006
Gain on sale of assets and investments, net	(11,826)	(11,139)
Stock-based compensation expense	40,438	22,331
Acquisition related financing commitment charge	12,900	-
Loss on debt modifications and retirements, net	-	18,662
Changes in deferred taxes	805,204	(13,362)
Proceeds from sale of inventory	16,811	-
Proceeds from insured loss	8,550	593
Changes in operating assets and liabilities:		
Net proceeds from accounts receivable securitization	85,000	20,000
Accounts receivable	36,820	(39,543)
Inventories	(306,360)	(37,275)
Accounts payable	(115,624)	14,219
Other assets and liabilities, net	11,692	(54,797)
Net cash provided by operating activities	<u>79,368</u>	<u>309,145</u>
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(687,529)	(334,485)
Intangible assets acquired	(52,846)	(29,243)
Acquisition of Jean Coutu, USA, net of cash acquired	(2,306,774)	(18,369)
Proceeds from sale-leaseback transactions	48,985	55,563
Proceeds from dispositions of assets and investments	58,470	9,348
Proceeds from insured loss	5,950	4,406
Net cash used in investing activities	<u>(2,933,744)</u>	<u>(312,780)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	2,307,867	1,145,000
Net proceeds from (payments to) revolver	549,000	(234,000)
Proceeds from financing secured by owned property	44,267	26,527
Principal payments on long-term debt	(15,939)	(901,297)
Change in zero balance cash accounts	79,605	15,662
Net proceeds from the issuance of common stock	12,765	20,386
Payments for preferred stock dividends	(15,380)	(15,380)
Excess tax deduction on stock options	-	1,587
Financing costs paid	(58,195)	(24,769)
Net cash provided by financing activities	<u>2,903,990</u>	<u>33,716</u>
Increase in cash and cash equivalents	49,614	30,081
Cash and cash equivalents, beginning of period	106,148	76,067
Cash and cash equivalents, end of period	<u>\$ 155,762</u>	<u>\$ 106,148</u>

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET LOSS GUIDANCE TO ADJUSTED EBITDA GUIDANCE
YEAR ENDING FEBRUARY 28, 2009
(In thousands, except per share amounts)

	Guidance Range	
	Low	High
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (375,000)	\$ (260,000)
Adjustments:		
Interest expense	490,000	485,000
Income tax expense, net	12,000	7,000
Depreciation and amortization	560,000	555,000
LIFO charge	60,000	60,000
Store closing, liquidation, and impairment charges	95,000	95,000
Non recurring Brooks-Eckerd integration expenses	110,000	110,000
Stock-based compensation expense	38,000	38,000
Other	10,000	10,000
Adjusted EBITDA	\$ 1,000,000	\$ 1,100,000
 Diluted loss per share	\$ (0.48)	\$ (0.34)