

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)  
(unaudited)

	<u>February 28, 2009</u>	<u>March 1, 2008</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 152,035	\$ 155,762
Accounts receivable, net	526,742	665,971
Inventories, net of LIFO reserve of \$746,467 and \$562,729	3,509,494	3,936,827
Prepaid expenses and other current assets	176,661	163,334
Total current assets	<u>4,364,932</u>	<u>4,921,894</u>
Property, plant and equipment, net	2,587,356	2,873,009
Goodwill	-	1,783,372
Other intangibles, net	1,017,011	1,187,327
Deferred tax assets	-	384,163
Other assets	357,241	338,258
Total assets	<u>\$ 8,326,540</u>	<u>\$ 11,488,023</u>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)/EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 40,683	\$ 185,609
Accounts payable	1,256,982	1,425,768
Accrued salaries, wages and other current liabilities	1,004,762	1,110,288
Deferred tax liabilities	-	76,374
Total current liabilities	<u>2,302,427</u>	<u>2,798,039</u>
Long-term debt, less current maturities	5,801,230	5,610,489
Lease financing obligations, less current maturities	169,796	189,426
Other noncurrent liabilities	1,252,739	1,178,884
Total liabilities	<u>9,526,192</u>	<u>9,776,838</u>
Commitments and contingencies	-	-
Stockholders' (deficit)/equity:		
Preferred stock - Series G	1	139,253
Preferred stock - Series H	143,498	135,202
Preferred stock - Series I	-	116,415
Common stock	886,113	830,209
Additional paid-in capital	4,265,211	4,047,499
Accumulated deficit	(6,452,696)	(3,537,276)
Accumulated other comprehensive loss	(41,779)	(20,117)
Total stockholders' (deficit)/equity	<u>(1,199,652)</u>	<u>1,711,185</u>
Total liabilities and stockholders' (deficit)/equity	<u>\$ 8,326,540</u>	<u>\$ 11,488,023</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Dollars in thousands, except per share amounts)  
(unaudited)

	Thirteen Weeks ended February 28, 2009	Thirteen Weeks ended March 1, 2008
Revenues	\$ 6,707,567	\$ 6,824,822
Costs and expenses:		
Cost of goods sold	4,983,847	4,936,493
Selling, general and administrative expenses	1,699,889	1,774,296
Lease termination and impairment charges	104,021	43,713
Goodwill impairment charge	1,810,223	-
Interest expense	114,207	127,315
(Gain) loss on sale of assets, net	(358)	958
	<u>8,711,829</u>	<u>6,882,775</u>
Loss from continuing operations before income taxes	(2,004,262)	(57,953)
Income tax expense	289,396	894,910
	<u>(2,293,658)</u>	<u>(952,863)</u>
Net loss from continuing operations	(2,293,658)	(952,863)
Income from discontinued operations	-	683
	<u>(2,293,658)</u>	<u>(952,180)</u>
Net loss	\$ (2,293,658)	\$ (952,180)
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (2,293,658)	\$ (952,180)
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	(4,687)	(8,238)
Loss attributable to common stockholders - basic and diluted	<u>\$ (2,298,370)</u>	<u>\$ (960,443)</u>
Basic and diluted weighted average shares	<u>861,647</u>	<u>797,335</u>
Basic and diluted loss per share	\$ (2.67)	\$ (1.20)

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION  
(Dollars in thousands, except per share amounts)  
(unaudited)

	Thirteen Weeks ended February 28, 2009	Thirteen Weeks ended March 1, 2008
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,707,567	\$ 6,824,822
Cost of goods sold	4,983,847	4,936,493
Gross profit	1,723,720	1,888,329
LIFO charge/(credit)	94,569	(25,259)
FIFO gross profit	1,818,289	1,863,070
Gross profit as a percentage of revenues	25.70%	27.67%
LIFO charge/(credit) as a percentage of revenues	1.41%	-0.37%
FIFO gross profit as a percentage of revenues	27.11%	27.30%
Selling, general and administrative expenses	1,699,889	1,774,296
Selling, general and administrative expenses as a percentage of revenues	25.34%	25.99%
Cash interest expense	106,245	120,681
Non-cash interest expense	7,962	6,634
Total interest expense	114,207	127,315
Securitization costs	9,142	5,025
Adjusted EBITDA	261,381	276,262
Adjusted EBITDA as a percentage of revenues	3.90%	4.05%
Net loss	(2,293,658)	(952,180)
Net loss as a percentage of revenues	-34.20%	-13.95%
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	59,397	209,098
Intangible assets acquired	5,035	12,109
Total cash capital expenditures	64,432	221,207
Equipment received for noncash consideration	-	3,121
Equipment financed under capital leases	304	5,310
Gross capital expenditures	\$ 64,736	\$ 229,638

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Dollars in thousands, except per share amounts)  
(unaudited)

	Fifty-two Weeks ended February 28, 2009	Fifty-two Weeks ended March 1, 2008
Revenues	\$ 26,289,268	\$ 24,326,846
Costs and expenses:		
Cost of goods sold	19,253,616	17,689,272
Selling, general and administrative expenses	6,985,367	6,366,137
Lease termination and impairment charges	293,743	86,166
Goodwill impairment charge	1,810,223	-
Interest expense	477,627	449,596
Loss on debt modifications and retirements, net	39,905	12,900
Loss (gain) on sale of assets, net	11,581	(3,726)
	<u>28,872,062</u>	<u>24,600,345</u>
Loss from continuing operations before income taxes	(2,582,794)	(273,499)
Income tax expense	329,257	802,701
	<u>(2,912,051)</u>	<u>(1,076,200)</u>
Loss from discontinued operations	(3,369)	(2,790)
Net loss	<u>\$ (2,915,420)</u>	<u>\$ (1,078,990)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (2,915,420)	\$ (1,078,990)
Accretion of redeemable preferred stock	(102)	(102)
Cumulative preferred stock dividends	(21,768)	(32,533)
Preferred stock beneficial conversion	-	(556)
Loss attributable to common stockholders - basic and diluted	<u>\$ (2,937,290)</u>	<u>\$ (1,112,181)</u>
Basic and diluted weighted average shares	<u>840,812</u>	<u>723,923</u>
Basic and diluted loss per share	\$ (3.49)	\$ (1.54)

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION  
(Dollars in thousands, except per share amounts)  
(unaudited)

	Fifty-two Weeks ended February 28, 2009	Fifty-two Weeks ended March 1, 2008
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 26,289,268	\$ 24,326,846
Cost of goods sold	19,253,616	17,689,272
Gross profit	7,035,652	6,637,574
LIFO charge	184,569	16,114
FIFO gross profit	7,220,221	6,653,688
Gross profit as a percentage of revenues	26.76%	27.28%
LIFO charge as a percentage of revenues	0.70%	0.07%
FIFO gross profit as a percentage of revenues	27.46%	27.35%
Selling, general and administrative expenses	6,985,367	6,366,137
Selling, general and administrative expenses as a percentage of revenues	26.57%	26.17%
Cash interest expense	450,896	425,135
Non-cash interest expense	26,731	24,461
Total interest expense	477,627	449,596
Securitization costs	26,064	22,314
Adjusted EBITDA	965,083	962,829
Adjusted EBITDA as a percentage of revenues	3.67%	3.96%
Net loss	(2,915,420)	(1,078,990)
Net loss as a percentage of revenues	-11.09%	-4.44%
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	460,857	687,529
Intangible assets acquired	80,489	52,846
Total cash capital expenditures	541,346	740,375
Equipment received for noncash consideration	23,878	3,411
Equipment financed under capital leases	8,117	11,667
Gross capital expenditures	\$ 573,341	\$ 755,453

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

	Thirteen Weeks ended February 28, 2009	Thirteen Weeks ended March 1, 2008
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (2,293,658)	\$ (952,180)
Adjustments:		
Interest expense	114,207	127,315
Income tax expense	289,396	895,278
Depreciation and amortization	144,859	134,532
LIFO charges (credits) (a)	94,569	(25,259)
Lease termination and impairment charges (b)	104,021	43,713
Goodwill impairment charge (c)	1,810,223	-
Stock-based compensation expense	5,527	12,821
Gain on sale of assets, net	(358)	(7,142)
Incremental acquisition costs (d)	206	37,658
Closed store liquidation expense (e)	5,043	7,100
Severance costs	3,164	-
Other (f)	(15,818)	2,426
Adjusted EBITDA	\$ 261,381	\$ 276,262
Percent of revenues	3.90%	4.05%
Results of discontinued operations (g)	-	4,325
Adjusted EBITDA from continuing operations	\$ 261,381	\$ 280,587

Notes:

- (a) Represents non-cash charges (credits) to value our inventories under the last-in first-out ("LIFO") method.
- (b) Includes store impairment charges of \$85,839 and \$22,672 in the thirteen weeks ended February 28, 2009 and March 1, 2008, respectively.
- (c) Represents the total write-off of the Company's goodwill due to sustained low stock price and reduced market capitalization
- (d) Represents incremental costs related to the acquisition of Jean Coutu, USA.
- (e) Represents costs to liquidate inventory at stores that are in the process of closing.
- (f) Other for the thirteen week period ended February 28, 2009 includes a non-recurring litigation settlement, partially offset by fees incurred to complete our second lien receivables facility.
- (g) Represents losses from our disposed Las Vegas market that are included in prior year's Adjusted EBITDA.

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

	Fifty-two Weeks ended February 28, 2009	Fifty-two Weeks ended March 1, 2008
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (2,915,420)	\$ (1,078,990)
Adjustments:		
Interest expense	477,627	449,596
Income tax expense	329,257	801,198
Depreciation and amortization	586,208	472,473
LIFO charges (a)	184,569	16,114
Lease termination and impairment charges (b)	293,743	86,166
Goodwill impairment charge (c)	1,810,223	-
Stock-based compensation expense	31,448	40,439
Loss (gain) on sale of assets, net	11,629	(11,826)
Loss on debt modifications and retirements, net (d)	39,905	12,900
Incremental acquisition costs (e)	85,633	154,222
Closed store liquidation expense (f)	19,353	14,396
Severance costs	13,653	-
Other	(2,745)	6,141
Adjusted EBITDA	\$ 965,083	\$ 962,829
Percent of revenues	3.67%	3.96%
Results of discontinued operations (g)	1,882	8,890
Adjusted EBITDA from continuing operations	\$ 966,965	\$ 971,719

Notes:

- (a) Represents non-cash charges to value our inventories under the last-in first-out ("LIFO") method.
- (b) Includes store impairment charges of \$157,335 and \$30,822 in the 52 weeks ended February 28, 2009 and March 1, 2008, respectively.
- (c) Represents the total write-off of the Company's goodwill due to sustained low stock price and reduced market capitalization.
- (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 disposed Las Vegas market that are included in prior year's Adjusted EBITDA.

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

	Thirteen Weeks ended February 28, 2009	Thirteen Weeks ended March 1, 2008
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (2,293,658)	\$ (952,180)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	144,859	134,532
Lease termination and impairment charges	104,021	43,713
Goodwill impairment charge	1,810,223	-
LIFO charges (credits)	94,569	(25,259)
Gain on sale of assets, net	(358)	(7,142)
Stock-based compensation expense	5,527	12,821
Changes in deferred taxes	280,734	895,076
Proceeds from sale of inventory	-	8,655
Changes in operating assets and liabilities:		
Net (repayments to) proceeds from accounts receivable securitization	(5,119)	35,000
Accounts receivable	70,700	28,776
Inventories	378,555	254,784
Accounts payable	(87,994)	(75,787)
Other assets and liabilities, net	(177,281)	(43,546)
Net cash provided by operating activities	<u>324,778</u>	<u>309,443</u>
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(59,397)	(209,098)
Intangible assets acquired	(5,035)	(12,109)
Expenditures for business acquisition	-	(220)
Proceeds from sale-leaseback transactions	-	28,228
Proceeds from dispositions of assets and investments	10,643	34,904
Net cash used in investing activities	<u>(53,789)</u>	<u>(158,295)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	-	1,862
Net payments to revolver	(308,000)	(159,000)
Principal payments on long-term debt	(7,892)	(5,020)
Proceeds from financing secured by owned property	-	44,267
Change in zero balance cash accounts	48,078	(41,452)
Net proceeds from the issuance of common stock	-	42
Payments for preferred stock dividends	-	(3,845)
Excess tax deduction on stock options	-	(5,882)
Net cash used in financing activities	<u>(267,814)</u>	<u>(169,028)</u>
Increase (decrease) in cash and cash equivalents	3,175	(17,880)
Cash and cash equivalents, beginning of period	148,860	173,642
Cash and cash equivalents, end of period	<u>\$ 152,035</u>	<u>\$ 155,762</u>

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

	Fifty-two Weeks ended February 28, 2009	Fifty-two Weeks ended March 1, 2008
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (2,915,420)	\$ (1,078,990)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	586,208	472,473
Lease termination and impairment charges	293,743	86,166
Goodwill impairment charge	1,810,223	-
LIFO charges	184,569	16,114
Loss (gain) on sale of assets, net	11,629	(11,826)
Stock-based compensation expense	31,448	40,439
Loss on debt modifications and retirements, net	39,905	12,900
Changes in deferred taxes	307,789	805,204
Proceeds from sale of inventory	-	16,811
Proceeds from insured loss	-	8,550
Changes in operating assets and liabilities:		
Net proceeds from accounts receivable securitization	104,881	85,000
Accounts receivable	33,784	36,820
Inventories	196,517	(306,360)
Accounts payable	(140,258)	(115,624)
Other assets and liabilities, net	(185,108)	11,691
Net cash provided by operating activities	359,910	79,368
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(460,857)	(687,529)
Intangible assets acquired	(80,489)	(52,846)
Expenditures for business acquisition	(112)	(2,306,774)
Proceeds from sale-leaseback transactions	161,553	48,985
Proceeds from dispositions of assets and investments	33,547	58,470
Proceeds from insured loss	-	5,950
Net cash used in investing activities	(346,358)	(2,933,744)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	900,629	2,307,867
Net (payments to) proceeds from revolver	(11,000)	549,000
Proceeds from financing secured by owned property	31,266	44,267
Principal payments on long-term debt	(870,054)	(15,939)
Change in zero balance cash accounts	(16,298)	79,606
Net proceeds from the issuance of common stock	1,117	12,764
Payments for preferred stock dividends	(3,466)	(15,380)
Financing costs paid	(49,473)	(58,195)
Net cash (used in) provided by financing activities	(17,279)	2,903,990
(Decrease) increase in cash and cash equivalents	(3,727)	49,614
Cash and cash equivalents, beginning of period	155,762	106,148
Cash and cash equivalents, end of period	\$ 152,035	\$ 155,762

RITE AID CORPORATION AND SUBSIDIARIES  
SUPPLEMENTAL INFORMATION  
RECONCILIATION OF NET LOSS GUIDANCE TO ADJUSTED EBITDA GUIDANCE  
YEAR ENDING FEBRUARY 27, 2010  
(In thousands, except per share amounts)

	<b>Guidance Range</b>	
	<b>Low</b>	<b>High</b>
Sales	\$ 26,300,000	\$ 26,700,000
Same store sales	0.50%	2.50%
Gross capital expenditures	\$ 250,000	\$ 250,000
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (435,000)	\$ (210,000)
Adjustments:		
Interest expense and securitization costs (a)	530,000	515,000
Income tax expense	17,000	16,000
Depreciation and amortization	565,000	545,000
LIFO charge	70,000	50,000
Store closing, liquidation, and impairment charges	242,000	204,000
Stock-based compensation expense	25,000	20,000
Other	11,000	(15,000)
Adjusted EBITDA (a)	<u>\$ 1,025,000</u>	<u>\$ 1,125,000</u>
Diluted loss per share	\$ (0.53)	\$ (0.26)

(a) Adjusted EBITDA of \$965,083 for the year ended February 28, 2009 included securitization costs of \$26,064.