

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)
(unaudited)

	November 29, 2008	March 1, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 148,860	\$ 155,762
Accounts receivable, net	592,323	665,971
Inventories, net of LIFO reserve of \$652,729 and \$562,729	3,982,628	3,936,827
Prepaid expenses and other current assets	96,543	163,334
Total current assets	4,820,354	4,921,894
Property, plant and equipment, net	2,725,778	2,873,009
Goodwill	1,810,223	1,783,372
Other intangibles, net	1,087,723	1,187,327
Deferred tax assets	328,478	384,163
Other assets	353,480	338,258
Total assets	\$ 11,126,036	\$ 11,488,023
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 42,065	\$ 185,609
Accounts payable	1,311,263	1,425,768
Accrued salaries, wages and other current liabilities	1,075,115	1,110,288
Deferred tax liabilities	47,744	76,374
Total current liabilities	2,476,187	2,798,039
Long-term debt, less current maturities	6,109,553	5,610,489
Lease financing obligations, less current maturities	196,035	189,426
Other noncurrent liabilities	1,233,082	1,178,884
Total liabilities	10,014,857	9,776,838
Commitments and contingencies	-	-
Stockholders' equity:		
Preferred stock - Series G	146,692	139,253
Preferred stock - Series H	141,378	135,202
Preferred stock - Series I	-	116,415
Common stock	859,212	830,209
Additional paid-in capital	4,142,056	4,047,499
Accumulated deficit	(4,159,051)	(3,537,276)
Accumulated other comprehensive loss	(19,108)	(20,117)
Total stockholders' equity	1,111,179	1,711,185
Total liabilities and stockholders' equity	\$ 11,126,036	\$ 11,488,023

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(unaudited)

	Thirteen Weeks ended November 29, 2008	Thirteen Weeks ended December 1, 2007
Revenues	\$ 6,468,601	\$ 6,497,912
Costs and expenses:		
Cost of goods sold	4,743,089	4,754,057
Selling, general and administrative expenses	1,711,873	1,730,053
Lease termination and impairment charges	101,635	21,836
Interest expense	126,615	130,306
Gain on sale of assets, net	(1,008)	(2,105)
	<u>6,682,204</u>	<u>6,634,147</u>
Loss from continuing operations before income taxes	(213,603)	(136,235)
Income tax expense (benefit)	29,522	(52,740)
	<u>(243,125)</u>	<u>(83,495)</u>
Net loss from continuing operations	(243,125)	(83,495)
Loss from discontinued operations	-	(1,351)
	<u>(243,125)</u>	<u>(84,846)</u>
Net loss	<u>\$ (243,125)</u>	<u>\$ (84,846)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (243,125)	\$ (84,846)
Accretion of redeemable preferred stock	(26)	(26)
Cumulative preferred stock dividends	(5,591)	(8,168)
Loss attributable to common stockholders - basic and diluted	<u>\$ (248,742)</u>	<u>\$ (93,040)</u>
Basic and diluted weighted average shares	<u>840,554</u>	<u>785,512</u>
Basic and diluted loss per share	\$ (0.30)	\$ (0.12)

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirty-nine Weeks ended November 29, 2008	Thirty-nine Weeks ended December 1, 2007
Revenues	\$ 19,581,701	\$ 17,502,024
Costs and expenses:		
Cost of goods sold	14,269,769	12,752,779
Selling, general and administrative expenses	5,285,478	4,591,843
Lease termination and impairment charges	189,722	42,453
Interest expense	363,420	322,281
Loss on debt modifications and retirements, net	39,905	12,900
Loss (gain) on sale of assets, net	11,939	(4,684)
	<u>20,160,233</u>	<u>17,717,572</u>
Loss from continuing operations before income taxes	(578,532)	(215,548)
Income tax expense (benefit)	<u>39,861</u>	<u>(92,210)</u>
Net loss from continuing operations	(618,393)	(123,338)
Loss from discontinued operations	(3,369)	(3,472)
Net loss	<u>\$ (621,762)</u>	<u>\$ (126,810)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (621,762)	\$ (126,810)
Accretion of redeemable preferred stock	(77)	(77)
Cumulative preferred stock dividends	(17,081)	(24,295)
Preferred stock beneficial conversion	-	(556)
Loss attributable to common stockholders - basic and diluted	<u>\$ (638,920)</u>	<u>\$ (151,738)</u>
Basic and diluted weighted average shares	<u>833,855</u>	<u>699,453</u>
Basic and diluted loss per share	\$ (0.77)	\$ (0.22)

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

	Thirteen Weeks ended November 29, 2008	Thirteen Weeks ended December 1, 2007
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (243,125)	\$ (84,846)
Adjustments:		
Interest expense	126,615	130,306
Income tax expense (benefit)	29,522	(53,468)
Depreciation and amortization	145,407	137,530
LIFO charges (a)	59,812	16,041
Lease termination and impairment charges	101,635	21,836
Stock-based compensation expense	9,718	9,044
Gain on sale of assets, net	(1,008)	(2,105)
Incremental acquisition costs (b)	8,551	53,298
Closed store liquidation expense (c)	3,775	2,897
Severance costs	10,489	-
Other	631	1,744
Adjusted EBITDA	\$ 252,022	\$ 232,277
Percent of revenues	3.90%	3.57%
Results of discontinued operations (d)	-	1,827
Adjusted EBITDA from continuing operations	\$ 252,022	\$ 234,104

Notes:

- (a) Represents non-cash charges to value our inventories under the last-in first-out ("LIFO") method.
- (b) Represents incremental costs related to the acquisition of Jean Coutu, USA.
- (c) Represents costs to liquidate inventory at stores that are in the process of closing.
- (d) 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 TO ADJUSTED EBITDA
(In thousands)

	Thirty-nine Weeks ended November 29, 2008	Thirty-nine Weeks ended December 1, 2007
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (621,762)	\$ (126,810)
Adjustments:		
Interest expense	363,420	322,281
Income tax expense (benefit)	39,861	(94,080)
Depreciation and amortization	441,349	337,941
LIFO charges (a)	90,000	41,373
Lease termination and impairment charges	189,722	42,453
Stock-based compensation expense	25,921	27,618
Loss (gain) on sale of assets, net	11,987	(4,684)
Loss on debt modifications and retirements, net (b)	39,905	12,900
Incremental acquisition costs (c)	85,427	116,564
Closed store liquidation expense (d)	14,310	7,296
Severance costs	10,489	-
Other	13,073	3,715
Adjusted EBITDA	\$ 703,702	\$ 686,567
Percent of revenues	3.59%	3.92%
Results of discontinued operations (e)	1,882	4,564
Adjusted EBITDA from continuing operations	\$ 705,584	\$ 691,131

Notes:

- (a) Represents non-cash charges to value our inventories under the last-in first-out ("LIFO") method.
- (b) Represents loss related to debt modifications and retirements, net
- (c) Represents incremental costs related to the acquisition of Jean Coutu, USA.
- (d) Represents costs to liquidate inventory at stores that are in the process of closing.
- (e) 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 November 29, 2008	Thirteen Weeks ended December 1, 2007
OPERATING ACTIVITIES:		
Net loss	\$ (243,125)	\$ (84,846)
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation and amortization	145,407	137,530
Lease termination and impairment charges	101,635	21,836
LIFO charges	59,812	16,041
Gain on sale of assets, net	(1,008)	(2,105)
Stock-based compensation expense	9,718	9,044
Changes in deferred taxes	27,055	(50,870)
Changes in operating assets and liabilities:		
Net proceeds from accounts receivable securitization	45,000	110,000
Accounts receivable	(44,661)	(48,546)
Inventories	(86,844)	(305,109)
Accounts payable	(69,235)	(115,161)
Other assets and liabilities, net	100,587	35,459
Net cash provided by (used in) operating activities	44,341	(276,727)
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(98,505)	(198,745)
Intangible assets acquired	(13,990)	(11,027)
Expenditures for business acquisition	-	50,024
Proceeds from sale-leaseback transactions	-	10,207
Proceeds from dispositions of assets and investments	4,275	10,458
Net cash used in investing activities	(108,220)	(139,083)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	1,865	-
Net proceeds from revolver	133,000	405,000
Principal payments on long-term debt	(6,972)	(3,710)
Change in zero balance cash accounts	(84,436)	20,441
Net proceeds from the issuance of common stock	-	874
Payments for preferred stock dividends	(978)	(3,845)
Excess tax deduction on stock options	-	360
Net cash provided by financing activities	42,479	419,120
(Decrease) increase in cash and cash equivalents	(21,400)	3,310
Cash and cash equivalents, beginning of period	170,260	170,332
Cash and cash equivalents, end of period	\$ 148,860	\$ 173,642

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(unaudited)

	Thirty-nine Weeks ended November 29, 2008	Thirty-nine Weeks ended December 1, 2007
OPERATING ACTIVITIES:		
Net loss	\$ (621,762)	\$ (126,810)
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation and amortization	441,349	337,941
Lease termination and impairment charges	189,722	42,453
LIFO charges	90,000	41,373
Loss (gain) on sale of assets, net	11,987	(4,684)
Stock-based compensation expense	25,921	27,618
Loss on debt modifications and retirements, net	39,905	12,900
Changes in deferred taxes	27,055	(89,872)
Proceeds from sale of inventory	-	8,156
Proceeds from insured loss	-	8,550
Changes in operating assets and liabilities:		
Net proceeds from accounts receivable securitization	110,000	50,000
Accounts receivable	(36,916)	8,044
Inventories	(182,038)	(561,144)
Accounts payable	(52,264)	(39,837)
Other assets and liabilities, net	(7,827)	55,237
Net cash provided by (used in) operating activities	<u>35,132</u>	<u>(230,075)</u>
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(401,460)	(478,431)
Intangible assets acquired	(75,454)	(40,737)
Expenditures for business acquisition	(112)	(2,306,554)
Proceeds from sale-leaseback transactions	161,553	20,757
Proceeds from dispositions of assets and investments	22,904	23,566
Proceeds from insured loss	-	5,950
Net cash used in investing activities	<u>(292,569)</u>	<u>(2,775,449)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	900,629	2,306,005
Net proceeds from revolver	297,000	708,000
Proceeds from financing secured by owned property	31,266	-
Principal payments on long-term debt	(862,162)	(10,919)
Change in zero balance cash accounts	(64,376)	121,058
Net proceeds from the issuance of common stock	1,117	12,722
Payments for preferred stock dividends	(3,466)	(11,535)
Excess tax deduction on stock options	-	5,882
Financing costs paid	(49,473)	(58,195)
Net cash provided by financing activities	<u>250,535</u>	<u>3,073,018</u>
(Decrease) increase in cash and cash equivalents	(6,902)	67,494
Cash and cash equivalents, beginning of period	155,762	106,148
Cash and cash equivalents, end of period	<u>\$ 148,860</u>	<u>\$ 173,642</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		Previous Guidance Range	
	Low	High	Low	High
Sales	\$ 26,000,000	\$ 26,500,000	\$ 26,000,000	\$ 26,500,000
Same store sales	0.50%	1.50%	1.50%	3.00%
Gross capital expenditures	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000
Sale and leaseback proceeds	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Reconciliation of net loss to adjusted EBITDA:				
Net loss	\$ (773,000)	\$ (593,000)	\$ (535,000)	\$ (445,000)
Adjustments:				
Interest expense	495,000	490,000	495,000	490,000
Income tax expense	80,000	55,000	12,000	7,000
Depreciation and amortization	580,000	565,000	565,000	565,000
LIFO charge	125,000	115,000	60,000	55,000
Store closing, liquidation, and impairment charges	260,000	210,000	140,000	140,000
Non recurring Brooks-Eckerd integration expenses	90,000	90,000	100,000	100,000
Stock-based compensation expense	38,000	38,000	38,000	38,000
Loss on debt modification	40,000	40,000	40,000	40,000
Other	15,000	15,000	35,000	35,000
Adjusted EBITDA	\$ 950,000	\$ 1,025,000	\$ 950,000	\$ 1,025,000
Diluted loss per share	\$ (0.95)	\$ (0.74)	\$ (0.67)	\$ (0.56)