

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(unaudited)

	<u>May 30, 2009</u>	<u>February 28, 2009</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 136,459	\$ 152,035
Accounts receivable, net	609,954	526,742
Inventories, net of LIFO reserve of \$761,237 and \$746,467	3,355,006	3,509,494
Prepaid expenses and other current assets	84,768	176,661
Total current assets	<u>4,186,187</u>	<u>4,364,932</u>
Property, plant and equipment, net	2,507,409	2,587,356
Other intangibles, net	964,632	1,017,011
Other assets	360,952	357,241
Total assets	<u>\$ 8,019,180</u>	<u>\$ 8,326,540</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 50,431	\$ 40,683
Accounts payable	1,259,833	1,256,982
Accrued salaries, wages and other current liabilities	1,083,337	1,004,762
Total current liabilities	<u>2,393,601</u>	<u>2,302,427</u>
Long-term debt, less current maturities	5,486,791	5,801,230
Lease financing obligations, less current maturities	154,102	169,796
Other noncurrent liabilities	1,275,317	1,252,739
Total liabilities	<u>9,309,811</u>	<u>9,526,192</u>
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	143,498	143,498
Common stock	885,816	886,113
Additional paid-in capital	4,271,910	4,265,211
Accumulated deficit	(6,551,131)	(6,452,696)
Accumulated other comprehensive loss	(40,725)	(41,779)
Total stockholders' deficit	<u>(1,290,631)</u>	<u>(1,199,652)</u>
Total liabilities and stockholders' deficit	<u>\$ 8,019,180</u>	<u>\$ 8,326,540</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)  
(unaudited)

	Thirteen Weeks ended May 30, 2009	Thirteen Weeks ended May 31, 2008
Revenues	\$ 6,531,178	\$ 6,612,856
Costs and expenses:		
Cost of goods sold	4,757,112	4,804,610
Selling, general and administrative expenses	1,710,672	1,792,974
Lease termination and impairment charges	66,986	36,262
Interest expense	109,478	118,240
Loss on debt modifications and retirements, net	-	3,708
(Gain) loss on sale of assets, net	(19,951)	5,340
	<u>6,624,297</u>	<u>6,761,134</u>
Loss from continuing operations before income taxes	(93,119)	(148,278)
Income tax expense	5,327	4,993
	<u>(98,446)</u>	<u>(153,271)</u>
Loss from discontinued operations	-	(3,369)
Net loss	<u>\$ (98,446)</u>	<u>\$ (156,640)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (98,446)	\$ (156,640)
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	-	(6,122)
Loss attributable to common stockholders - basic and diluted	<u>\$ (98,471)</u>	<u>\$ (162,787)</u>
Basic and diluted weighted average shares	<u>879,633</u>	<u>823,086</u>
Basic and diluted loss per share	\$ (0.11)	\$ (0.20)

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirteen Weeks ended May 30, 2009	Thirteen Weeks ended May 31, 2008
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,531,178	\$ 6,612,856
Cost of goods sold	4,757,112	4,804,610
Gross profit	<u>1,774,066</u>	<u>1,808,246</u>
LIFO charge	14,770	15,094
FIFO gross profit	<u>1,788,836</u>	<u>1,823,340</u>
Gross profit as a percentage of revenues	27.16%	27.34%
LIFO charge as a percentage of revenues	0.23%	0.23%
FIFO gross profit as a percentage of revenues	27.39%	27.57%
Selling, general and administrative expenses	1,710,672	1,792,974
Selling, general and administrative expenses as a percentage of revenues	26.19%	27.11%
Cash interest expense	101,823	112,898
Non-cash interest expense	7,655	5,342
Total interest expense	<u>109,478</u>	<u>118,240</u>
Securitization costs (included in SG&A)	14,445	4,663
Total interest expense and securitization costs	<u>123,923</u>	<u>122,903</u>
Adjusted EBITDA	249,196	241,092
Adjusted EBITDA as a percentage of revenues	3.82%	3.65%
Net loss	(98,446)	(156,640)
Net loss as a percentage of revenues	-1.51%	-2.37%
Total debt	5,691,324	6,180,664
Accounts receivable securitization facility	519,449	505,000
Total debt including accounts receivable facility	<u>6,210,773</u>	<u>6,685,664</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	42,304	149,876
Intangible assets acquired	1,965	36,122
Total cash capital expenditures	<u>44,269</u>	<u>185,998</u>
Equipment received for noncash consideration	819	2,001
Equipment financed under capital leases	152	1,231
Gross capital expenditures	<u>\$ 45,240</u>	<u>\$ 189,230</u>

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

	Thirteen Weeks ended May 30, 2009	Thirteen Weeks ended May 31, 2008
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (98,446)	\$ (156,640)
Adjustments:		
Interest expense and securitization costs (a)	123,923	122,903
Income tax expense	5,327	4,993
Depreciation and amortization	138,238	145,041
LIFO charges (b)	14,770	15,094
Lease termination and impairment charges	66,986	36,262
Stock-based compensation expense	6,417	8,679
(Gain) loss on sale of assets, net	(19,951)	5,388
Loss on debt modifications and retirements, net	-	3,708
Incremental acquisition costs (c)	-	44,491
Closed store liquidation expense (d)	5,979	4,860
Severance costs	3,996	-
Other	1,957	6,313
Adjusted EBITDA (a)	<u>\$ 249,196</u>	<u>\$ 241,092</u>
Percent of revenues	3.82%	3.65%
Results of discontinued operations (e)	-	1,882
Adjusted EBITDA from continuing operations	<u>\$ 249,196</u>	<u>\$ 242,974</u>

Notes:

- (a) Securitization costs of \$4,663 for the thirteen weeks ended May 31, 2008 have been excluded from Adjusted EBITDA
- (b) Represents non-cash charges to value our inventories under the last-in first-out ("LIFO") method.
- (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 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 May 30, 2009	Thirteen Weeks ended May 31, 2008
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (98,446)	\$ (156,640)
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation and amortization	138,238	145,041
Lease termination and impairment charges	66,986	36,262
LIFO charges	14,770	15,094
(Gain) loss on sale of assets, net	(19,951)	5,388
Stock-based compensation expense	6,417	8,679
Loss on debt modifications and retirements, net	-	3,708
Proceeds from insured loss	1,317	-
Changes in operating assets and liabilities:		
Net (repayments to) proceeds from accounts receivable securitization	(30,000)	70,000
Accounts receivable	(54,282)	(48,842)
Inventories	137,975	(51,103)
Accounts payable	53,166	(116,929)
Other assets and liabilities, net	141,408	(15,986)
Net cash provided by (used in) operating activities	357,598	(105,328)
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(42,304)	(149,876)
Intangible assets acquired	(1,965)	(36,122)
Expenditures for business acquisition	-	(112)
Proceeds from sale-leaseback transactions	-	87,620
Proceeds from dispositions of assets and investments	28,820	4,676
Net cash used in investing activities	(15,449)	(93,814)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	-	158,000
Net (payments to) proceeds from revolver	(303,000)	186,000
Principal payments on long-term debt	(7,492)	(154,965)
Proceeds from financing secured by owned property	-	11,132
Change in zero balance cash accounts	(47,233)	5,542
Net proceeds from the issuance of common stock	-	1,117
Payments for preferred stock dividends	-	(1,657)
Financing costs paid	-	(9,600)
Net cash (used in) provided by financing activities	(357,725)	195,569
Decrease in cash and cash equivalents	(15,576)	(3,573)
Cash and cash equivalents, beginning of period	152,035	155,762
Cash and cash equivalents, end of period	\$ 136,459	\$ 152,189

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)

	<u>Guidance Range</u>	
	<u>Low</u>	<u>High</u>
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	\$ (490,000)	\$ (265,000)
Adjustments:		
Interest expense and securitization costs	585,000	570,000
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	<u>\$ 1,025,000</u>	<u>\$ 1,125,000</u>
Diluted loss per share	\$ (0.59)	\$ (0.33)