

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)  
(unaudited)

	<u>August 29, 2009</u>	<u>February 28, 2009</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 121,007	\$ 152,035
Accounts receivable, net	621,336	526,742
Inventories, net of LIFO reserve of \$776,007 and \$746,467	3,423,956	3,509,494
Prepaid expenses and other current assets	98,342	176,661
Total current assets	<u>4,264,641</u>	<u>4,364,932</u>
Property, plant and equipment, net	2,460,790	2,587,356
Other intangibles, net	917,429	1,017,011
Other assets	409,818	357,241
Total assets	<u>\$ 8,052,678</u>	<u>\$ 8,326,540</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 50,345	\$ 40,683
Accounts payable	1,233,771	1,256,982
Accrued salaries, wages and other current liabilities	1,042,294	1,004,762
Total current liabilities	<u>2,326,410</u>	<u>2,302,427</u>
Long-term debt, less current maturities	5,712,547	5,801,230
Lease financing obligations, less current maturities	151,749	169,796
Other noncurrent liabilities	1,262,501	1,252,739
Total liabilities	<u>9,453,207</u>	<u>9,526,192</u>
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	147,836	143,498
Common stock	887,951	886,113
Additional paid-in capital	4,270,496	4,265,211
Accumulated deficit	(6,667,143)	(6,452,696)
Accumulated other comprehensive loss	(39,670)	(41,779)
Total stockholders' deficit	<u>(1,400,529)</u>	<u>(1,199,652)</u>
Total liabilities and stockholders' deficit	<u>\$ 8,052,678</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 August 29, 2009	Thirteen weeks ended August 30, 2008
Revenues	\$ 6,321,870	\$ 6,500,244
Costs and expenses:		
Cost of goods sold	4,633,595	4,722,070
Selling, general and administrative expenses	1,645,913	1,780,631
Lease termination and impairment charges	28,752	51,825
Interest expense	128,828	118,565
Loss on debt modifications and retirements, net	993	36,197
(Gain) loss on sale of assets, net	(4,188)	7,607
	<u>6,433,893</u>	<u>6,716,895</u>
Loss before income taxes	(112,023)	(216,651)
Income tax expense	3,989	5,346
Net loss	<u>\$ (116,012)</u>	<u>\$ (221,997)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (116,012)	\$ (221,997)
Accretion of redeemable preferred stock	(26)	(26)
Cumulative preferred stock dividends	(4,338)	(5,368)
Loss attributable to common stockholders - basic and diluted	<u>\$ (120,376)</u>	<u>\$ (227,391)</u>
Basic and diluted weighted average shares	<u>880,683</u>	<u>837,913</u>
Basic and diluted loss per share	\$ (0.14)	\$ (0.27)

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(unaudited)

	Twenty-six weeks ended August 29, 2009	Twenty-six weeks ended August 30, 2008
Revenues	\$ 12,853,048	\$ 13,113,100
Costs and expenses:		
Cost of goods sold	9,390,707	9,526,680
Selling, general and administrative expenses	3,356,585	3,573,605
Lease termination and impairment charges	95,738	88,087
Interest expense	238,306	236,805
Loss on debt modifications and retirements, net	993	39,905
(Gain) loss on sale of assets, net	(24,139)	12,947
	<u>13,058,190</u>	<u>13,478,029</u>
Loss from continuing operations before income taxes	(205,142)	(364,929)
Income tax expense	9,316	10,339
	<u>(214,458)</u>	<u>(375,268)</u>
Net loss from continuing operations	(214,458)	(375,268)
Loss from discontinued operations	-	(3,369)
	<u>(214,458)</u>	<u>(378,637)</u>
Net loss	<u>\$ (214,458)</u>	<u>\$ (378,637)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (214,458)	\$ (378,637)
Accretion of redeemable preferred stock	(51)	(51)
Cumulative preferred stock dividends	(4,338)	(11,490)
Loss attributable to common stockholders - basic and diluted	<u>\$ (218,847)</u>	<u>\$ (390,178)</u>
Basic and diluted weighted average shares	<u>880,179</u>	<u>830,499</u>
Basic and diluted loss per share	\$ (0.25)	\$ (0.47)

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION

(Dollars in thousands, except per share amounts)

(unaudited)

	Thirteen weeks ended August 29, 2009	Thirteen weeks ended August 30, 2008
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,321,870	\$ 6,500,244
Cost of goods sold	4,633,595	4,722,070
Gross profit	1,688,275	1,778,174
LIFO charge	14,770	15,094
FIFO gross profit	1,703,045	1,793,268
Gross profit as a percentage of revenues	26.71%	27.36%
LIFO charge as a percentage of revenues	0.23%	0.23%
FIFO gross profit as a percentage of revenues	26.94%	27.59%
Selling, general and administrative expenses	1,645,913	1,780,631
Selling, general and administrative expenses as a percentage of revenues	26.04%	27.39%
Cash interest expense	118,761	112,915
Non-cash interest expense	10,067	5,650
Total interest expense	128,828	118,565
Securitization costs (included in SG&A)	14,055	4,646
Total interest expense and securitization costs	142,883	123,211
Adjusted EBITDA	216,535	219,897
Adjusted EBITDA as a percentage of revenues	3.43%	3.38%
Net loss	(116,012)	(221,997)
Net loss as a percentage of revenues	-1.84%	-3.42%
Total debt	5,914,641	6,216,637
Accounts receivable securitization facility	395,520	500,000
Total debt including accounts receivable facility	6,310,161	6,716,637
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	38,895	153,079
Intangible assets acquired	1,482	25,342
Total cash capital expenditures	40,377	178,421
Equipment received for noncash consideration	7,019	20,231
Equipment financed under capital leases	33	3,105
Gross capital expenditures	\$ 47,429	\$ 201,757

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION

(Dollars in thousands, except per share amounts)

(unaudited)

	Twenty-six weeks ended August 29, 2009	Twenty-six weeks ended August 30, 2008
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 12,853,048	\$ 13,113,100
Cost of goods sold	<u>9,390,707</u>	<u>9,526,680</u>
Gross profit	3,462,341	3,586,420
LIFO charge	<u>29,540</u>	<u>30,188</u>
FIFO gross profit	3,491,881	3,616,608
Gross profit as a percentage of revenues	26.94%	27.35%
LIFO charge as a percentage of revenues	0.23%	0.23%
FIFO gross profit as a percentage of revenues	27.17%	27.58%
Selling, general and administrative expenses	3,356,585	3,573,605
Selling, general and administrative expenses as a percentage of revenues	26.12%	27.25%
Cash interest expense	220,584	225,813
Non-cash interest expense	<u>17,722</u>	<u>10,992</u>
Total interest expense	238,306	236,805
Securitization costs (included in SG&A)	<u>28,500</u>	<u>9,309</u>
Total interest expense and securitization costs	266,806	246,114
Adjusted EBITDA	465,731	460,989
Adjusted EBITDA as a percentage of revenues	3.62%	3.52%
Net loss	(214,458)	(378,637)
Net loss as a percentage of revenues	-1.67%	-2.89%
Total debt	5,914,641	6,216,637
Accounts receivable securitization facility	<u>395,520</u>	<u>500,000</u>
Total debt including accounts receivable facility	6,310,161	6,716,637
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	81,199	302,955
Intangible assets acquired	<u>3,447</u>	<u>61,464</u>
Total cash capital expenditures	84,646	364,419
Equipment received for noncash consideration	7,838	22,232
Equipment financed under capital leases	185	4,336
Gross capital expenditures	<u>\$ 92,669</u>	<u>\$ 390,987</u>

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

	Thirteen weeks ended August 29, 2009	Thirteen weeks ended August 30, 2008
Reconciliation of net loss to Adjusted EBITDA:		
Net loss	\$ (116,012)	\$ (221,997)
Adjustments:		
Interest expense and securitization costs (a)	142,883	123,211
Income tax expense	3,989	5,346
Depreciation and amortization	133,522	150,901
LIFO charges (b)	14,770	15,094
Lease termination and impairment charges	28,752	51,825
Stock-based compensation expense	6,092	7,524
(Gain) loss on sale of assets, net	(4,188)	7,607
Loss on debt modifications and retirements, net	993	36,197
Incremental acquisition costs (c)	-	32,385
Closed store liquidation expense (d)	1,890	5,675
Severance costs	2,053	-
Other	1,791	6,129
Adjusted EBITDA (a)	\$ 216,535	\$ 219,897
Percent of revenues	3.43%	3.38%

Notes:

- (a) Securitization costs of \$4,646 for the thirteen weeks ended August 30, 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.

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

	Twenty-six weeks ended August 29, 2009	Twenty-six weeks ended August 30, 2008
Reconciliation of net loss to Adjusted EBITDA:		
Net loss	\$ (214,458)	\$ (378,637)
Adjustments:		
Interest expense and securitization costs (a)	266,806	246,114
Income tax expense	9,316	10,339
Depreciation and amortization	271,760	295,942
LIFO charges (b)	29,540	30,188
Lease termination and impairment charges	95,738	88,087
Stock-based compensation expense	12,509	16,203
(Gain) loss on sale of assets, net	(24,139)	12,995
Loss on debt modifications and retirements, net	993	39,905
Incremental acquisition costs (c)	-	76,876
Closed store liquidation expense (d)	7,869	10,535
Severance costs	6,049	-
Other	3,748	12,442
Adjusted EBITDA (a)	\$ 465,731	\$ 460,989
Percent of revenues	3.62%	3.52%
Results of discontinued operations (e)	-	1,882
Adjusted EBITDA from continuing operations	\$ 465,731	\$ 462,871

Notes:

- (a) Securitization costs of \$9,309 for the twenty-six weeks ended August 30, 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 August 29, 2009	Thirteen weeks ended August 30, 2008
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (116,012)	\$ (221,997)
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	133,522	150,901
Lease termination and impairment charges	28,752	51,825
LIFO charges	14,770	15,094
(Gain) loss on sale of assets, net	(4,188)	7,607
Stock-based compensation expense	6,092	7,524
Loss on debt modifications and retirements, net	993	36,197
Proceeds from insured loss	63	-
Changes in operating assets and liabilities:		
Net repayments to accounts receivable securitization	(125,000)	(5,000)
Accounts receivable	111,168	56,587
Inventories	(82,936)	(44,091)
Accounts payable	(16,163)	133,900
Other assets and liabilities, net	(97,917)	(92,428)
Net cash (used in) provided by operating activities	(146,856)	96,119
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(38,895)	(153,079)
Intangible assets acquired	(1,482)	(25,342)
Proceeds from sale-leaseback transactions	6,532	73,933
Proceeds from dispositions of assets and investments	6,878	13,953
Net cash used in investing activities	(26,967)	(90,535)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	906,604	740,764
Net payments to revolver	(535,000)	(22,000)
Principal payments on long-term debt	(152,398)	(700,225)
Proceeds from financing secured by owned property	-	20,134
Change in zero balance cash accounts	(15,690)	14,518
Payments for preferred stock dividends	-	(831)
Financing costs paid	(45,145)	(39,873)
Net cash provided by financing activities	158,371	12,487
(Decrease) increase in cash and cash equivalents	(15,452)	18,071
Cash and cash equivalents, beginning of period	136,459	152,189
Cash and cash equivalents, end of period	\$ 121,007	\$ 170,260

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

	Twenty-six weeks ended <u>August 29, 2009</u>	Twenty-six weeks ended <u>August 30, 2008</u>
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (214,458)	\$ (378,637)
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Depreciation and amortization	271,760	295,942
Lease termination and impairment charges	95,738	88,087
LIFO charges	29,540	30,188
(Gain) loss on sale of assets, net	(24,139)	12,995
Stock-based compensation expense	12,509	16,203
Loss on debt modifications and retirements, net	993	39,905
Proceeds from insured loss	1,380	-
Changes in operating assets and liabilities:		
Net (repayments to) proceeds from accounts receivable securitization	(155,000)	65,000
Accounts receivable	56,886	7,745
Inventories	55,039	(95,194)
Accounts payable	37,003	16,971
Other assets and liabilities, net	43,491	(108,414)
Net cash provided by (used in) operating activities	<u>210,742</u>	<u>(9,209)</u>
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(81,199)	(302,955)
Intangible assets acquired	(3,447)	(61,464)
Expenditures for business acquisition	-	(112)
Proceeds from sale-leaseback transactions	6,532	161,553
Proceeds from dispositions of assets and investments	35,698	18,629
Net cash used in investing activities	<u>(42,416)</u>	<u>(184,349)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	906,604	898,764
Net (payments to) proceeds from revolver	(838,000)	164,000
Principal payments on long-term debt	(159,890)	(855,190)
Proceeds from financing secured by owned property	-	31,266
Change in zero balance cash accounts	(62,923)	20,060
Net proceeds from the issuance of common stock	-	1,117
Payments for preferred stock dividends	-	(2,488)
Financing costs paid	(45,145)	(49,473)
Net cash (used in) provided by financing activities	<u>(199,354)</u>	<u>208,056</u>
(Decrease) increase in cash and cash equivalents	<u>(31,028)</u>	<u>14,498</u>
Cash and cash equivalents, beginning of period	152,035	155,762
Cash and cash equivalents, end of period	<u>\$ 121,007</u>	<u>\$ 170,260</u>

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>	
	<u>Low</u>	<u>High</u>
Sales	\$ 25,700,000	\$ 26,200,000
Same store sales	-1.00%	1.00%
Gross capital expenditures	\$ 250,000	\$ 250,000
Reconciliation of net loss to Adjusted EBITDA:		
Net loss	\$ (615,000)	\$ (390,000)
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>\$ 900,000</u>	<u>\$ 1,000,000</u>
Diluted loss per share	\$ (0.74)	\$ (0.48)