

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)  
(unaudited)

	<u>November 28, 2009</u>	<u>February 28, 2009</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 156,629	\$ 152,035
Accounts receivable, net	1,082,188	526,742
Inventories, net of LIFO reserve of \$790,777 and \$746,467	3,575,767	3,509,494
Prepaid expenses and other current assets	100,991	176,661
Total current assets	<u>4,915,575</u>	<u>4,364,932</u>
Property, plant and equipment, net	2,390,051	2,587,356
Other intangibles, net	872,428	1,017,011
Other assets	419,878	357,241
Total assets	<u>\$ 8,597,932</u>	<u>\$ 8,326,540</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 51,148	\$ 40,683
Accounts payable	1,341,955	1,256,982
Accrued salaries, wages and other current liabilities	1,085,394	1,004,762
Total current liabilities	<u>2,478,497</u>	<u>2,302,427</u>
Long-term debt, less current maturities	6,232,129	5,801,230
Lease financing obligations, less current maturities	138,366	169,796
Other noncurrent liabilities	1,227,091	1,252,739
Total liabilities	<u>10,076,083</u>	<u>9,526,192</u>
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	150,053	143,498
Common stock	887,777	886,113
Additional paid-in capital	4,273,878	4,265,211
Accumulated deficit	(6,751,005)	(6,452,696)
Accumulated other comprehensive loss	(38,855)	(41,779)
Total stockholders' deficit	<u>(1,478,151)</u>	<u>(1,199,652)</u>
Total liabilities and stockholders' deficit	<u>\$ 8,597,932</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 November 28, 2009	Thirteen weeks ended November 29, 2008
Revenues	\$ 6,352,283	\$ 6,468,601
Costs and expenses:		
Cost of goods sold	4,665,871	4,743,089
Selling, general and administrative expenses	1,605,213	1,711,873
Lease termination and impairment charges	35,072	101,635
Interest expense	135,770	126,615
Gain on sale of assets, net	(1,459)	(1,008)
	<u>6,440,467</u>	<u>6,682,204</u>
Loss before income taxes	(88,184)	(213,603)
Income tax (benefit) expense	(4,322)	29,522
Net loss	<u>\$ (83,862)</u>	<u>\$ (243,125)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (83,862)	\$ (243,125)
Accretion of redeemable preferred stock	(26)	(26)
Cumulative preferred stock dividends	(2,218)	(5,591)
Loss attributable to common stockholders - basic and diluted	<u>\$ (86,106)</u>	<u>\$ (248,742)</u>
Basic and diluted weighted average shares	<u>881,371</u>	<u>840,554</u>
Basic and diluted loss per share	\$ (0.10)	\$ (0.30)

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Thirty-nine weeks ended November 28, 2009	Thirty-nine weeks ended November 29, 2008
Revenues	\$ 19,205,331	\$ 19,581,701
Costs and expenses:		
Cost of goods sold	14,056,578	14,269,769
Selling, general and administrative expenses	4,961,798	5,285,478
Lease termination and impairment charges	130,810	189,722
Interest expense	374,076	363,420
Loss on debt modifications and retirements, net	993	39,905
(Gain) loss on sale of assets, net	(25,598)	11,939
	<u>19,498,657</u>	<u>20,160,233</u>
Loss from continuing operations before income taxes	(293,326)	(578,532)
Income tax expense	4,994	39,861
	<u>(298,320)</u>	<u>(618,393)</u>
Loss from discontinued operations	-	(3,369)
Net loss	<u>\$ (298,320)</u>	<u>\$ (621,762)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (298,320)	\$ (621,762)
Accretion of redeemable preferred stock	(77)	(77)
Cumulative preferred stock dividends	(6,556)	(17,081)
Loss attributable to common stockholders - basic and diluted	<u>\$ (304,953)</u>	<u>\$ (638,920)</u>
Basic and diluted weighted average shares	<u>880,577</u>	<u>833,855</u>
Basic and diluted loss per share	\$ (0.35)	\$ (0.77)

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirteen weeks ended November 28, 2009	Thirteen weeks ended November 29, 2008
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,352,283	\$ 6,468,601
Cost of goods sold	4,665,871	4,743,089
Gross profit	<u>1,686,412</u>	<u>1,725,512</u>
LIFO charge	14,770	59,812
FIFO gross profit	<u>1,701,182</u>	<u>1,785,324</u>
Gross profit as a percentage of revenues	26.55%	26.68%
LIFO charge as a percentage of revenues	0.23%	0.92%
FIFO gross profit as a percentage of revenues	26.78%	27.60%
Selling, general and administrative expenses	1,605,213	1,711,873
Selling, general and administrative expenses as a percentage of revenues	25.27%	26.46%
Cash interest expense	124,495	118,838
Non-cash interest expense	11,275	7,777
Total interest expense	<u>135,770</u>	<u>126,615</u>
Securitization costs (included in SG&A)	8,362	7,613
Total interest expense and securitization costs	<u>144,132</u>	<u>134,228</u>
Adjusted EBITDA	254,192	259,635
Adjusted EBITDA as a percentage of revenues	4.00%	4.01%
Net loss	(83,862)	(243,125)
Net loss as a percentage of revenues	-1.32%	-3.76%
Total debt	6,421,643	6,347,653
Accounts receivable securitization facility	-	545,000
Total debt including accounts receivable facility	<u>6,421,643</u>	<u>6,892,653</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	43,342	98,505
Intangible assets acquired	2,214	13,990
Total cash capital expenditures	<u>45,556</u>	<u>112,495</u>
Equipment received for noncash consideration	1,612	1,646
Equipment financed under capital leases	-	3,477
Gross capital expenditures	<u>\$ 47,168</u>	<u>\$ 117,618</u>

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirty-nine weeks ended November 28, 2009	Thirty-nine weeks ended November 29, 2008
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 19,205,331	\$ 19,581,701
Cost of goods sold	14,056,578	14,269,769
Gross profit	<u>5,148,753</u>	<u>5,311,932</u>
LIFO charge	44,310	90,000
FIFO gross profit	<u>5,193,063</u>	<u>5,401,932</u>
Gross profit as a percentage of revenues	26.81%	27.13%
LIFO charge as a percentage of revenues	0.23%	0.46%
FIFO gross profit as a percentage of revenues	27.04%	27.59%
Selling, general and administrative expenses	4,961,798	5,285,478
Selling, general and administrative expenses as a percentage of revenues	25.84%	26.99%
Cash interest expense	345,079	344,651
Non-cash interest expense	28,997	18,769
Total interest expense	<u>374,076</u>	<u>363,420</u>
Securitization costs (included in SG&A)	36,862	16,922
Total interest expense and securitization costs	<u>410,938</u>	<u>380,342</u>
Adjusted EBITDA	719,923	720,624
Adjusted EBITDA as a percentage of revenues	3.75%	3.68%
Net loss	(298,320)	(621,762)
Net loss as a percentage of revenues	-1.55%	-3.18%
Total debt	6,421,643	6,347,653
Accounts receivable securitization facility	-	545,000
Total debt including accounts receivable facility	<u>6,421,643</u>	<u>6,892,653</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	124,541	401,460
Intangible assets acquired	5,661	75,454
Total cash capital expenditures	<u>130,202</u>	<u>476,914</u>
Equipment received for noncash consideration	9,450	23,878
Equipment financed under capital leases	185	7,813
Gross capital expenditures	<u>\$ 139,837</u>	<u>\$ 508,605</u>

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

	Thirteen weeks ended November 28, 2009	Thirteen weeks ended November 29, 2008
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (83,862)	\$ (243,125)
Adjustments:		
Interest expense and securitization costs (a)	144,132	134,228
Income tax (benefit) expense	(4,322)	29,522
Depreciation and amortization	132,547	145,407
LIFO charges (b)	14,770	59,812
Lease termination and impairment charges	35,072	101,635
Stock-based compensation expense	5,826	9,718
Gain on sale of assets, net	(1,459)	(1,008)
Incremental acquisition costs (c)	-	8,551
Closed store liquidation expense (d)	1,608	3,775
Severance costs	135	10,507
Other (e)	9,745	613
Adjusted EBITDA (a)	<u>\$ 254,192</u>	<u>\$ 259,635</u>
Percent of revenues	4.00%	4.01%

Notes:

- (a) Securitization costs of \$7,613 for the thirteen weeks ended November 29, 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) Includes charges of \$6,136 for the thirteen weeks ended November 28, 2009 related to the refinancing of accounts receivable securitization facilities

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

	Thirty-nine weeks ended November 28, 2009	Thirty-nine weeks ended November 29, 2008
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (298,320)	\$ (621,762)
Adjustments:		
Interest expense and securitization costs (a)	410,938	380,342
Income tax expense	4,994	39,861
Depreciation and amortization	404,307	441,349
LIFO charges (b)	44,310	90,000
Lease termination and impairment charges	130,810	189,722
Stock-based compensation expense	18,335	25,921
(Gain) loss on sale of assets, net	(25,598)	11,987
Loss on debt modifications and retirements, net	993	39,905
Incremental acquisition costs (c)	-	85,427
Closed store liquidation expense (d)	9,477	14,310
Severance costs	6,184	12,590
Other (e)	13,493	10,972
Adjusted EBITDA (a)	<u>\$ 719,923</u>	<u>\$ 720,624</u>
Percent of revenues	3.75%	3.68%
Results of discontinued operations (f)	-	1,882
Adjusted EBITDA from continuing operations	<u>\$ 719,923</u>	<u>\$ 722,506</u>

Notes:

- (a) Securitization costs of \$16,922 for the thirty-nine weeks ended November 29, 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) Includes charges of \$6,136 for the thirty-nine weeks ended November 28, 2009 related to the refinancing of accounts receivable securitization facilities
- (f) 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 November 28, 2009	Thirteen weeks ended November 29, 2008
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (83,862)	\$ (243,125)
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	132,547	145,407
Lease termination and impairment charges	35,072	101,635
LIFO charges	14,770	59,812
Gain on sale of assets, net	(1,459)	(1,008)
Stock-based compensation expense	5,826	9,718
Changes in deferred taxes	-	27,055
Changes in operating assets and liabilities:		
Net (repayments to) proceeds from accounts receivable securitization	(400,000)	45,000
Accounts receivable	(65,332)	(44,661)
Inventories	(166,340)	(86,844)
Accounts payable	91,643	(69,235)
Other assets and liabilities, net	2,084	100,587
Net cash (used in) provided by operating activities	(435,051)	44,341
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(43,342)	(98,505)
Intangible assets acquired	(2,214)	(13,990)
Proceeds from dispositions of assets and investments	3,510	4,275
Net cash used in investing activities	(42,046)	(108,220)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	396,703	1,865
Net proceeds from revolver	124,000	133,000
Principal payments on long-term debt	(7,284)	(6,972)
Change in zero balance cash accounts	13,448	(84,436)
Net proceeds from the issuance of common stock	30	-
Payments for preferred stock dividends	-	(978)
Financing costs paid	(14,178)	-
Net cash provided by financing activities	512,719	42,479
Increase (decrease) in cash and cash equivalents	35,622	(21,400)
Cash and cash equivalents, beginning of period	121,007	170,260
Cash and cash equivalents, end of period	\$ 156,629	\$ 148,860

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

	Thirty-nine weeks ended November 28, 2009	Thirty-nine weeks ended November 29, 2008
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (298,320)	\$ (621,762)
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	404,307	441,349
Lease termination and impairment charges	130,810	189,722
LIFO charges	44,310	90,000
(Gain) loss on sale of assets, net	(25,598)	11,987
Stock-based compensation expense	18,335	25,921
Loss on debt modifications and retirements, net	993	39,905
Proceeds from insured loss	1,380	-
Changes in deferred taxes	-	27,055
Changes in operating assets and liabilities:		
Net (repayments to) proceeds from accounts receivable securitization	(555,000)	110,000
Accounts receivable	(8,446)	(36,916)
Inventories	(111,301)	(182,038)
Accounts payable	128,646	(52,264)
Other assets and liabilities, net	45,575	(7,827)
Net cash (used in) provided by operating activities	(224,309)	35,132
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(124,541)	(401,460)
Intangible assets acquired	(5,661)	(75,454)
Expenditures for business acquisition	-	(112)
Proceeds from sale-leaseback transactions	6,532	161,553
Proceeds from dispositions of assets and investments	39,208	22,904
Net cash used in investing activities	(84,462)	(292,569)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	1,303,307	900,629
Net (payments to) proceeds from revolver	(714,000)	297,000
Principal payments on long-term debt	(167,174)	(862,162)
Proceeds from financing secured by owned property	-	31,266
Change in zero balance cash accounts	(49,475)	(64,376)
Net proceeds from the issuance of common stock	30	1,117
Payments for preferred stock dividends	-	(3,466)
Financing costs paid	(59,323)	(49,473)
Net cash provided by financing activities	313,365	250,535
Increase (decrease) in cash and cash equivalents	4,594	(6,902)
Cash and cash equivalents, beginning of period	152,035	155,762
Cash and cash equivalents, end of period	\$ 156,629	\$ 148,860

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	\$ 25,600,000	\$ 25,900,000
Same store sales	-1.00%	0.50%
Gross capital expenditures	\$ 220,000	\$ 220,000
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (542,000)	\$ (413,000)
Adjustments:		
Interest expense and securitization costs	560,000	555,000
Income tax expense	17,000	10,000
Depreciation and amortization	545,000	535,000
LIFO charge	70,000	50,000
Store closing, liquidation, and impairment charges	250,000	230,000
Stock-based compensation expense	25,000	20,000
Other	0	(12,000)
Adjusted EBITDA	<u>\$ 925,000</u>	<u>\$ 975,000</u>
Diluted loss per share	\$ (0.66)	\$ (0.50)