

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)  
(unaudited)

	<u>February 27, 2010</u>	<u>February 28, 2009</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 103,594	\$ 152,035
Accounts receivable, net	955,502	526,742
Inventories, net of LIFO reserve of \$831,113 and \$746,467	3,238,644	3,509,494
Prepaid expenses and other current assets	210,928	176,661
Total current assets	<u>4,508,668</u>	<u>4,364,932</u>
Property, plant and equipment, net	2,293,153	2,587,356
Other intangibles, net	823,088	1,017,011
Other assets	425,002	357,241
Total assets	<u>\$ 8,049,911</u>	<u>\$ 8,326,540</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 51,502	\$ 40,683
Accounts payable	1,159,069	1,256,982
Accrued salaries, wages and other current liabilities	965,121	1,004,762
Total current liabilities	<u>2,175,692</u>	<u>2,302,427</u>
Long-term debt, less current maturities	6,185,633	5,801,230
Lease financing obligations, less current maturities	133,764	169,796
Other noncurrent liabilities	1,228,373	1,252,739
Total liabilities	<u>9,723,462</u>	<u>9,526,192</u>
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	152,304	143,498
Common stock	887,636	886,113
Additional paid-in capital	4,277,200	4,265,211
Accumulated deficit	(6,959,372)	(6,452,696)
Accumulated other comprehensive loss	(31,320)	(41,779)
Total stockholders' deficit	<u>(1,673,551)</u>	<u>(1,199,652)</u>
Total liabilities and stockholders' deficit	<u>\$ 8,049,911</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 February 27, 2010	Thirteen weeks ended February 28, 2009
Revenues	\$ 6,463,786	\$ 6,707,567
Costs and expenses:		
Cost of goods sold	4,788,449	4,983,847
Selling, general and administrative expenses	1,641,574	1,699,889
Goodwill impairment charge	-	1,810,223
Lease termination and impairment charges	77,207	104,021
Interest expense	141,687	114,207
Loss (gain) on sale of assets, net	1,461	(358)
	<u>6,650,378</u>	<u>8,711,829</u>
Loss before income taxes	(186,592)	(2,004,262)
Income tax expense	21,764	289,396
Net loss	<u>\$ (208,356)</u>	<u>\$ (2,293,658)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (208,356)	\$ (2,293,658)
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	(2,251)	(4,687)
Loss attributable to common stockholders - basic and diluted	<u>\$ (210,632)</u>	<u>\$ (2,298,370)</u>
Basic and diluted weighted average shares	<u>881,641</u>	<u>861,647</u>
Basic and diluted loss per share	\$ (0.24)	\$ (2.67)

RITE AID CORPORATION AND SUBSIDIARIES

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

	Fifty-two weeks ended February 27, 2010	Fifty-two weeks ended February 28, 2009
Revenues	\$ 25,669,117	\$ 26,289,268
Costs and expenses:		
Cost of goods sold	18,845,027	19,253,616
Selling, general and administrative expenses	6,603,372	6,985,367
Goodwill impairment charge	-	1,810,223
Lease termination and impairment charges	208,017	293,743
Interest expense	515,763	477,627
Loss on debt modifications and retirements, net	993	39,905
(Gain) loss on sale of assets, net	(24,137)	11,581
	<u>26,149,035</u>	<u>28,872,062</u>
Loss from continuing operations before income taxes	(479,918)	(2,582,794)
Income tax expense	<u>26,758</u>	<u>329,257</u>
Net loss from continuing operations	(506,676)	(2,912,051)
Loss from discontinued operations	-	(3,369)
Net loss	<u>\$ (506,676)</u>	<u>\$ (2,915,420)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (506,676)	\$ (2,915,420)
Accretion of redeemable preferred stock	(102)	(102)
Cumulative preferred stock dividends	(8,807)	(21,768)
Loss attributable to common stockholders - basic and diluted	<u>\$ (515,585)</u>	<u>\$ (2,937,290)</u>
Basic and diluted weighted average shares	<u>880,843</u>	<u>840,812</u>
Basic and diluted loss per share	\$ (0.59)	\$ (3.49)

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirteen weeks ended February 27, 2010	Thirteen weeks ended February 28, 2009
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,463,786	\$ 6,707,567
Cost of goods sold	4,788,449	4,983,847
Gross profit	<u>1,675,337</u>	<u>1,723,720</u>
LIFO charge	44,140	94,569
FIFO gross profit	<u>1,719,477</u>	<u>1,818,289</u>
Gross profit as a percentage of revenues	25.92%	25.70%
LIFO charge as a percentage of revenues	0.68%	1.41%
FIFO gross profit as a percentage of revenues	26.60%	27.11%
Selling, general and administrative expenses	1,641,574	1,699,889
Selling, general and administrative expenses as a percentage of revenues	25.40%	25.34%
Cash interest expense	130,142	106,245
Non-cash interest expense	11,545	7,962
Total interest expense	<u>141,687</u>	<u>114,207</u>
Securitization costs (included in SG&A)	-	9,142
Total interest expense and securitization costs	<u>141,687</u>	<u>123,349</u>
Adjusted EBITDA	205,051	270,523
Adjusted EBITDA as a percentage of revenues	3.17%	4.03%
Net loss	(208,356)	(2,293,658)
Net loss as a percentage of revenues	-3.22%	-34.20%
Total debt	6,370,899	6,011,709
Accounts receivable securitization facility	-	548,379
Total debt including accounts receivable facility	<u>6,370,899</u>	<u>6,560,088</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	59,317	59,397
Intangible assets acquired	4,111	5,035
Total cash capital expenditures	<u>63,428</u>	<u>64,432</u>
Equipment received for noncash consideration	6,153	-
Equipment financed under capital leases	-	304
Gross capital expenditures	<u>\$ 69,581</u>	<u>\$ 64,736</u>

RITE AID CORPORATION AND SUBSIDIARIES

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

	Fifty-two weeks ended February 27, 2010	Fifty-two weeks ended February 28, 2009
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 25,669,117	\$ 26,289,268
Cost of goods sold	18,845,027	19,253,616
Gross profit	<u>6,824,090</u>	<u>7,035,652</u>
LIFO charge	88,450	184,569
FIFO gross profit	<u>6,912,540</u>	<u>7,220,221</u>
Gross profit as a percentage of revenues	26.58%	26.76%
LIFO charge as a percentage of revenues	0.34%	0.70%
FIFO gross profit as a percentage of revenues	26.93%	27.46%
Selling, general and administrative expenses	6,603,372	6,985,367
Selling, general and administrative expenses as a percentage of revenues	25.72%	26.57%
Cash interest expense	475,221	450,896
Non-cash interest expense	40,542	26,731
Total interest expense	<u>515,763</u>	<u>477,627</u>
Securitization costs (included in SG&A)	36,862	26,064
Total interest expense and securitization costs	<u>552,625</u>	<u>503,691</u>
Adjusted EBITDA	924,974	991,147
Adjusted EBITDA as a percentage of revenues	3.60%	3.77%
Net loss	(506,676)	(2,915,420)
Net loss as a percentage of revenues	-1.97%	-11.09%
Total debt	6,370,899	6,011,709
Accounts receivable securitization facility	-	548,379
Total debt including accounts receivable facility	<u>6,370,899</u>	<u>6,560,088</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	183,858	460,857
Intangible assets acquired	9,772	80,489
Total cash capital expenditures	<u>193,630</u>	<u>541,346</u>
Equipment received for noncash consideration	15,603	23,878
Equipment financed under capital leases	185	8,117
Gross capital expenditures	<u>\$ 209,418</u>	<u>\$ 573,341</u>

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

	Thirteen weeks ended February 27, 2010	Thirteen weeks ended February 28, 2009
	<u>2010</u>	<u>2009</u>
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (208,356)	\$ (2,293,658)
Adjustments:		
Interest expense and securitization costs (a)	141,687	123,349
Income tax expense	21,764	289,396
Depreciation and amortization	129,931	144,859
LIFO charges (b)	44,140	94,569
Goodwill impairment charge (c)	-	1,810,223
Lease termination and impairment charges	77,207	104,021
Stock-based compensation expense	5,459	5,527
Loss (gain) on sale of assets, net	1,461	(358)
Incremental acquisition costs (d)	-	206
Closed facility liquidation expense (e)	1,548	5,043
Severance costs	-	3,164
Other	(9,790)	(15,818)
Adjusted EBITDA (a)	<u>\$ 205,051</u>	<u>\$ 270,523</u>
Percent of revenues	3.17%	4.03%

Notes:

- (a) Securitization costs of \$9,142 for the thirteen weeks ended February 28, 2009 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 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 and vacate facilities that are in the process of closing.

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

	Fifty-two weeks ended February 27, 2010	Fifty-two weeks ended February 28, 2009
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (506,676)	\$ (2,915,420)
Adjustments:		
Interest expense and securitization costs (a)	552,625	503,691
Income tax expense	26,758	329,257
Depreciation and amortization	534,238	586,208
LIFO charges (b)	88,450	184,569
Goodwill impairment charge (c)	-	1,810,223
Lease termination and impairment charges	208,017	293,743
Stock-based compensation expense	23,794	31,448
(Gain) loss on sale of assets, net	(24,137)	11,629
Loss on debt modifications and retirements, net	993	39,905
Incremental acquisition costs (d)	-	85,633
Closed facility liquidation expense (e)	14,801	19,353
Severance costs	6,184	15,754
Other	(73)	(4,846)
Adjusted EBITDA (a)	<u>\$ 924,974</u>	<u>\$ 991,147</u>
Percent of revenues	3.60%	3.77%
Results of discontinued operations (f)	-	1,882
Adjusted EBITDA from continuing operations	<u>\$ 924,974</u>	<u>\$ 993,029</u>

Notes:

- (a) Securitization costs of \$26,064 for the fifty-two weeks ended February 28, 2009 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 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 and vacate facilities that are in the process of closing.
- (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 February 27, 2010	Thirteen weeks ended February 28, 2009
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (208,356)	\$ (2,293,658)
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	129,931	144,859
Goodwill impairment charge	-	1,810,223
Lease termination and impairment charges	77,207	104,021
LIFO charges	44,140	94,569
Loss (gain) on sale of assets, net	1,461	(358)
Stock-based compensation expense	5,459	5,527
Changes in deferred taxes	-	280,734
Changes in operating assets and liabilities:		
Net repayments to accounts receivable securitization	-	(5,119)
Accounts receivable	126,686	70,700
Inventories	292,843	378,555
Accounts payable	(323,301)	(87,994)
Other assets and liabilities, net	(246,824)	(177,281)
Net cash (used in) provided by operating activities	(100,754)	324,778
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(59,317)	(59,397)
Intangible assets acquired	(4,111)	(5,035)
Proceeds from sale-leaseback transactions	1,435	-
Proceeds from dispositions of assets and investments	25,969	10,643
Net cash used in investing activities	(36,024)	(53,789)
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	-	-
Net repayments to revolver	(44,000)	(308,000)
Principal payments on long-term debt	(7,532)	(7,892)
Change in zero balance cash accounts	136,125	48,078
Net proceeds from the issuance of common stock	36	-
Financing costs paid	(886)	-
Net cash provided by (used in) financing activities	83,743	(267,814)
(Decrease) increase in cash and cash equivalents	(53,035)	3,175
Cash and cash equivalents, beginning of period	156,629	148,860
Cash and cash equivalents, end of period	\$ 103,594	\$ 152,035

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

	Fifty-two weeks ended February 27, 2010	Fifty-two weeks ended February 28, 2009
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (506,676)	\$ (2,915,420)
Adjustments to reconcile to net cash (used in) provided by operating activities:		
Depreciation and amortization	534,238	586,208
Goodwill impairment charge	-	1,810,223
Lease termination and impairment charges	208,017	293,743
LIFO charges	88,450	184,569
(Gain) loss on sale of assets, net	(24,137)	11,629
Stock-based compensation expense	23,794	31,448
Loss on debt modifications and retirements, net	993	39,905
Changes in deferred taxes	-	307,789
Proceeds from insured loss	1,380	-
Changes in operating assets and liabilities:		
Net (repayments to) proceeds from accounts receivable securitization	(555,000)	104,881
Accounts receivable	118,240	33,784
Inventories	181,542	196,517
Accounts payable	(194,655)	(140,258)
Other assets and liabilities, net	(201,249)	(185,108)
Net cash (used in) provided by operating activities	<u>(325,063)</u>	<u>359,910</u>
<b>INVESTING ACTIVITIES:</b>		
Payments for property, plant and equipment	(183,858)	(460,857)
Intangible assets acquired	(9,772)	(80,489)
Expenditures for business acquisition	-	(112)
Proceeds from sale-leaseback transactions	7,967	161,553
Proceeds from dispositions of assets and investments	65,177	33,547
Net cash used in investing activities	<u>(120,486)</u>	<u>(346,358)</u>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from issuance of long-term debt	1,303,307	900,629
Net repayments to revolver	(758,000)	(11,000)
Proceeds from financing secured by owned property	-	31,266
Principal payments on long-term debt	(174,706)	(870,054)
Change in zero balance cash accounts	86,650	(16,298)
Net proceeds from the issuance of common stock	66	1,117
Payments for preferred stock dividends	-	(3,466)
Financing costs paid	(60,209)	(49,473)
Net cash provided by (used in) financing activities	<u>397,108</u>	<u>(17,279)</u>
Decrease in cash and cash equivalents	(48,441)	(3,727)
Cash and cash equivalents, beginning of period	152,035	155,762
Cash and cash equivalents, end of period	<u>\$ 103,594</u>	<u>\$ 152,035</u>

RITE AID CORPORATION AND SUBSIDIARIES  
SUPPLEMENTAL INFORMATION  
RECONCILIATION OF NET LOSS GUIDANCE TO ADJUSTED EBITDA GUIDANCE  
YEAR ENDING FEBRUARY 26, 2011  
(In thousands, except per share amounts)

	<b>Guidance Range</b>	
	<b>Low</b>	<b>High</b>
Sales	\$ 25,200,000	\$ 25,600,000
Same store sales	-1.00%	1.00%
Gross capital expenditures	\$ 250,000	\$ 250,000
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (570,000)	\$ (355,000)
Adjustments:		
Interest expense and securitization costs	585,000	575,000
Income tax expense	20,000	15,000
Depreciation and amortization	505,000	495,000
LIFO charge	80,000	60,000
Store closing, liquidation, and impairment charges	190,000	135,000
Stock-based compensation expense	20,000	15,000
Wellness plus deferral provision (a)	40,000	30,000
Other	5,000	5,000
Adjusted EBITDA	<u>\$ 875,000</u>	<u>\$ 975,000</u>
Diluted loss per share	\$ (0.65)	\$ (0.41)

(a) Adjustment not previously utilized relates to deferral of revenues for our customer loyalty programs