

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(unaudited)

ASSETS	May 29, 2010	February 27, 2010
Current assets:		
Cash and cash equivalents	\$ 327,882	\$ 103,594
Accounts receivable, net	1,012,640	955,502
Inventories, net of LIFO reserve of \$851,641 and \$831,113	3,175,936	3,238,644
Prepaid expenses and other current assets	91,036	210,928
Total current assets	4,607,494	4,508,668
Property, plant and equipment, net	2,235,224	2,293,153
Other intangibles, net	781,338	823,088
Other assets	420,066	425,002
Total assets	\$ 8,044,122	\$ 8,049,911
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 33,740	\$ 51,502
Accounts payable	1,275,907	1,159,069
Accrued salaries, wages and other current liabilities	1,036,033	965,121
Total current liabilities	2,345,680	2,175,692
Long-term debt, less current maturities	6,104,769	6,185,633
Lease financing obligations, less current maturities	130,736	133,764
Other noncurrent liabilities	1,203,903	1,228,373
Total liabilities	9,785,088	9,723,462
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	154,589	152,304
Common stock	887,682	887,636
Additional paid-in capital	4,280,447	4,277,200
Accumulated deficit	(7,033,088)	(6,959,372)
Accumulated other comprehensive loss	(30,597)	(31,320)
Total stockholders' deficit	(1,740,966)	(1,673,551)
Total liabilities and stockholders' deficit	\$ 8,044,122	\$ 8,049,911

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(unaudited)

	Thirteen weeks ended May 29, 2010	Thirteen weeks ended May 30, 2009
Revenues	\$ 6,394,336	\$ 6,531,178
Costs and expenses:		
Cost of goods sold	4,682,632	4,757,112
Selling, general and administrative expenses	1,622,934	1,710,672
Lease termination and impairment charges	13,457	66,986
Interest expense	141,619	109,478
Loss (gain) on sale of assets, net	237	(19,951)
	<u>6,460,879</u>	<u>6,624,297</u>
Loss before income taxes	(66,543)	(93,119)
Income tax expense	7,141	5,327
Net loss	<u>\$ (73,684)</u>	<u>\$ (98,446)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (73,684)	\$ (98,446)
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	(2,285)	-
Loss attributable to common stockholders - basic and diluted	<u>\$ (75,994)</u>	<u>\$ (98,471)</u>
Basic and diluted weighted average shares	<u>881,732</u>	<u>879,633</u>
Basic and diluted loss per share	\$ (0.09)	\$ (0.11)

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION

(Dollars in thousands, except per share amounts)

(unaudited)

	Thirteen weeks ended May 29, 2010	Thirteen weeks ended May 30, 2009
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,394,336	\$ 6,531,178
Cost of goods sold	4,682,632	4,757,112
Gross profit	<u>1,711,704</u>	<u>1,774,066</u>
LIFO charge	20,528	14,770
FIFO gross profit	<u>1,732,232</u>	<u>1,788,836</u>
Gross profit as a percentage of revenues	26.77%	27.16%
LIFO charge as a percentage of revenues	0.32%	0.23%
FIFO gross profit as a percentage of revenues	27.09%	27.39%
Selling, general and administrative expenses	1,622,934	1,710,672
Selling, general and administrative expenses as a percentage of revenues	25.38%	26.19%
Cash interest expense	129,923	101,823
Non-cash interest expense	11,696	7,655
Total interest expense	<u>141,619</u>	<u>109,478</u>
Securitization costs (included in SG&A)	-	14,445
Total interest expense and securitization costs	<u>141,619</u>	<u>123,923</u>
Adjusted EBITDA	249,790	249,196
Adjusted EBITDA as a percentage of revenues	3.91%	3.82%
Net loss	(73,684)	(98,446)
Net loss as a percentage of revenues	-1.15%	-1.51%
Total debt	6,269,245	5,691,324
Accounts receivable securitization facility	-	519,449
Total debt including accounts receivable facility	<u>6,269,245</u>	<u>6,210,773</u>
Invested cash	202,085	-
Total debt net of invested cash	<u>6,067,160</u>	<u>6,210,773</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	35,212	42,304
Intangible assets acquired	5,377	1,965
Total cash capital expenditures	<u>40,589</u>	<u>44,269</u>
Equipment received for noncash consideration	2,028	819
Equipment financed under capital leases	-	152
Gross capital expenditures	<u>\$ 42,617</u>	<u>\$ 45,240</u>

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

	Thirteen weeks ended May 29, 2010	Thirteen weeks ended May 30, 2009
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (73,684)	\$ (98,446)
Adjustments:		
Interest expense and securitization costs	141,619	123,923
Income tax expense	7,141	5,327
Depreciation and amortization	127,500	138,238
LIFO charges	20,528	14,770
Lease termination and impairment charges	13,457	66,986
Stock-based compensation expense	5,485	6,417
Loss (gain) on sale of assets, net	237	(19,951)
Closed facility liquidation expense	2,422	6,518
Severance costs	10	3,996
<b>Wellness+</b> revenue deferral (a)	5,037	-
Other	38	1,418
Adjusted EBITDA	\$ 249,790	\$ 249,196
Percent of revenues	3.91%	3.82%

Notes:

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

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Thirteen weeks ended May 29, 2010	Thirteen weeks ended May 30, 2009
OPERATING ACTIVITIES:		
Net loss	\$ (73,684)	\$ (98,446)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	127,500	138,238
Lease termination and impairment charges	13,457	66,986
LIFO charges	20,528	14,770
Loss (gain) on sale of assets, net	237	(19,951)
Stock-based compensation expense	5,485	6,417
Proceeds from insured loss	-	1,317
Changes in operating assets and liabilities:		
Net repayments to accounts receivable securitization	-	(30,000)
Accounts receivable	(57,153)	(54,282)
Inventories	42,119	137,975
Accounts payable	271,173	53,166
Other assets and liabilities, net	169,905	141,408
Net cash provided by operating activities	<u>519,567</u>	<u>357,598</u>
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(35,212)	(42,304)
Intangible assets acquired	(5,377)	(1,965)
Proceeds from dispositions of assets and investments	4,030	28,820
Net cash used in investing activities	<u>(36,559)</u>	<u>(15,449)</u>
FINANCING ACTIVITIES:		
Net repayments to revolver	(80,000)	(303,000)
Principal payments on long-term debt	(25,804)	(7,492)
Change in zero balance cash accounts	(153,009)	(47,233)
Net proceeds from the issuance of common stock	93	-
Net cash used in financing activities	<u>(258,720)</u>	<u>(357,725)</u>
Increase (decrease) in cash and cash equivalents	224,288	(15,576)
Cash and cash equivalents, beginning of period	103,594	152,035
Cash and cash equivalents, end of period	<u>\$ 327,882</u>	<u>\$ 136,459</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	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
<b>Wellness+</b> revenue deferral (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.