

## RITE AID CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(unaudited)

	June 2, 2012	March 3, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 214,774	\$ 162,285
Accounts receivable, net	916,679	1,013,233
Inventories, net of LIFO reserve of \$1,081,873 and \$1,063,123	3,021,483	3,138,455
Prepaid expenses and other current assets	168,915	190,613
Total current assets	4,321,851	4,504,586
Property, plant and equipment, net	1,901,475	1,902,021
Other intangibles, net	502,684	528,775
Other assets	347,122	428,909
Total assets	<u>\$ 7,073,132</u>	<u>\$ 7,364,291</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 33,627	\$ 79,421
Accounts payable	1,336,975	1,426,391
Accrued salaries, wages and other current liabilities	1,109,806	1,064,507
Total current liabilities	2,480,408	2,570,319
Long-term debt, less current maturities	6,025,749	6,141,773
Lease financing obligations, less current maturities	104,029	107,007
Other noncurrent liabilities	1,072,279	1,131,948
Total liabilities	9,682,465	9,951,047
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	174,143	171,569
Common stock	899,074	898,687
Additional paid-in capital	4,280,518	4,278,988
Accumulated deficit	(7,911,455)	(7,883,367)
Accumulated other comprehensive loss	(51,614)	(52,634)
Total stockholders' deficit	(2,609,333)	(2,586,756)
Total liabilities and stockholders' deficit	<u>\$ 7,073,132</u>	<u>\$ 7,364,291</u>

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(unaudited)

	Thirteen weeks ended June 2, 2012	Thirteen weeks ended May 28, 2011
Revenues	\$ 6,468,287	\$ 6,390,793
Costs and expenses:		
Cost of goods sold	4,719,516	4,699,874
Selling, general and administrative expenses	1,688,066	1,586,236
Lease termination and impairment charges	12,143	17,090
Interest expense	130,588	130,760
Loss on debt modifications and retirements, net	17,842	22,434
Gain on sale of assets, net	(10,051)	(4,792)
	<u>6,558,104</u>	<u>6,451,602</u>
Loss before income taxes	(89,817)	(60,809)
Income tax (benefit) expense	(61,729)	2,273
Net loss	<u>\$ (28,088)</u>	<u>\$ (63,082)</u>
Basic and diluted loss per share:		
Numerator for loss per share:		
Net loss	\$ (28,088)	\$ (63,082)
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	(2,574)	(2,425)
Loss attributable to common stockholders - basic and diluted	<u>\$ (30,687)</u>	<u>\$ (65,532)</u>
Basic and diluted weighted average shares	<u>887,516</u>	<u>883,915</u>
Basic and diluted loss per share	\$ (0.03)	\$ (0.07)

RITE AID CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands)

(unaudited)

	Thirteen weeks ended June 2, 2012	Thirteen weeks ended May 28, 2011
Net loss	\$ (28,088)	\$ (63,082)
Other comprehensive loss:		
Defined benefit pension plans:		
Amortization of prior service cost, net transition obligation and net actuarial losses included in net periodic pension cost	1,020	590
Total other comprehensive loss	\$ 1,020	\$ 590
Comprehensive loss	<u>\$ (27,068)</u>	<u>\$ (62,492)</u>

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirteen weeks ended June 2, 2012	Thirteen weeks ended May 28, 2011
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,468,287	\$ 6,390,793
Cost of goods sold	4,719,516	4,699,874
Gross profit	1,748,771	1,690,919
LIFO charge	18,750	20,001
FIFO gross profit	1,767,521	1,710,920
Gross profit as a percentage of revenues	27.04%	26.46%
LIFO charge as a percentage of revenues	0.29%	0.31%
FIFO gross profit as a percentage of revenues	27.33%	26.77%
Selling, general and administrative expenses	1,688,066	1,586,236
Selling, general and administrative expenses as a percentage of revenues	26.10%	24.82%
Cash interest expense	122,827	122,192
Non-cash interest expense	7,761	8,568
Total interest expense	130,588	130,760
Adjusted EBITDA	274,165	262,854
Adjusted EBITDA as a percentage of revenues	4.24%	4.11%
Net loss	(28,088)	(63,082)
Net loss as a percentage of revenues	-0.43%	-0.99%
Total debt	6,163,405	6,170,563
Invested cash	101,985	121,603
Total debt net of invested cash	6,061,420	6,048,960
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	78,000	48,755
Intangible assets acquired	8,958	8,072
Total cash capital expenditures	86,958	56,827
Equipment received for noncash consideration	-	-
Equipment financed under capital leases	3,865	1,562
Gross capital expenditures	\$ 90,823	\$ 58,389

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

	Thirteen weeks ended June 2, 2012	Thirteen weeks ended May 28, 2011
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (28,088)	\$ (63,082)
Adjustments:		
Interest expense	130,588	130,760
Income tax (benefit) expense	(61,729)	2,273
Reduction of tax indemnification asset	60,237	-
Depreciation and amortization	106,371	117,090
LIFO charges	18,750	20,001
Lease termination and impairment charges	12,143	17,090
Stock-based compensation expense	3,958	3,571
Gain on sale of assets, net	(10,051)	(4,792)
Loss on debt modifications and retirements, net	17,842	22,434
Closed facility liquidation expense	1,456	2,647
Severance costs	-	(49)
Customer loyalty card program revenue deferral	23,180	21,866
Other	(492)	(6,955)
Adjusted EBITDA	<u>\$ 274,165</u>	<u>\$ 262,854</u>
Percent of revenues	4.24%	4.11%

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Thirteen weeks ended June 2, 2012	Thirteen weeks ended May 28, 2011
OPERATING ACTIVITIES:		
Net loss	\$ (28,088)	\$ (63,082)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	106,371	117,090
Lease termination and impairment charges	12,143	17,090
LIFO charges	18,750	20,001
Gain on sale of assets, net	(10,051)	(4,792)
Stock-based compensation expense	3,958	3,571
Loss on debt modifications and retirements, net	17,842	22,434
Changes in operating assets and liabilities:		
Accounts receivable	96,385	1,018
Inventories	97,993	(32,486)
Accounts payable	(38,703)	174,597
Other assets and liabilities, net	87,003	129,893
Net cash provided by operating activities	363,603	385,334
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(78,000)	(48,755)
Intangible assets acquired	(8,958)	(8,072)
Proceeds from dispositions of assets and investments	11,283	8,423
Net cash used in investing activities	(75,675)	(48,404)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	426,263	341,285
Net repayments to revolver	(136,000)	(28,000)
Principal payments on long-term debt	(463,637)	(385,865)
Change in zero balance cash accounts	(41,901)	(122,097)
Net proceeds from the issuance of common stock	534	57
Financing fees paid for early debt redemption	(11,069)	-
Deferred financing costs paid	(9,629)	(2,789)
Net cash used in financing activities	(235,439)	(197,409)
Increase in cash and cash equivalents	52,489	139,521
Cash and cash equivalents, beginning of period	162,285	91,116
Cash and cash equivalents, end of period	\$ 214,774	\$ 230,637

RITE AID CORPORATION AND SUBSIDIARIES  
SUPPLEMENTAL INFORMATION  
RECONCILIATION OF NET LOSS GUIDANCE TO ADJUSTED EBITDA GUIDANCE  
YEAR ENDING MARCH 2, 2013  
(In thousands, except per share amounts)

	<b>Guidance Range</b>	
	<b>Low</b>	<b>High</b>
Sales	\$ 25,275,000	\$ 25,675,000
Same store sales (a)	-0.5%	1.0%
Gross capital expenditures	\$ 300,000	\$ 300,000
Reconciliation of net loss to adjusted EBITDA:		
Net loss	\$ (248,000)	\$ (103,000)
Adjustments:		
Interest expense	530,000	525,000
Income tax benefit	(95,000)	(100,000)
Reduction of tax indemnification asset	100,000	100,000
Depreciation and amortization	415,000	410,000
LIFO charge	90,000	60,000
Store closing and impairment charges	100,000	90,000
Stock-based compensation expense	18,000	16,000
Customer loyalty card program revenue deferral	28,000	24,000
Loss on debt modification	18,000	18,000
Other	(6,000)	(15,000)
Adjusted EBITDA	<u>\$ 950,000</u>	<u>\$ 1,025,000</u>
Diluted loss per share	\$ (0.29)	\$ (0.13)

(a) Reflects approximately 600 basis points reduction in pharmacy same store sales from new generic introductions.