

## RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)  
(unaudited)

	March 2, 2013	March 3, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 129,452	\$ 162,285
Accounts receivable, net	929,476	1,013,233
Inventories, net of LIFO reserve of \$915,241 and \$1,063,123	3,154,742	3,138,455
Prepaid expenses and other current assets	195,377	190,613
Total current assets	4,409,047	4,504,586
Property, plant and equipment, net	1,895,650	1,902,021
Other intangibles, net	464,404	528,775
Other assets	309,618	428,909
Total assets	<u>\$ 7,078,719</u>	<u>\$ 7,364,291</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 37,311	\$ 79,421
Accounts payable	1,384,644	1,426,391
Accrued salaries, wages and other current liabilities	1,156,315	1,064,507
Total current liabilities	2,578,270	2,570,319
Long-term debt, less current maturities	5,904,370	6,141,773
Lease financing obligations, less current maturities	91,850	107,007
Other noncurrent liabilities	963,663	1,131,948
Total liabilities	9,538,153	9,951,047
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	182,097	171,569
Common stock	904,268	898,687
Additional paid-in capital	4,280,831	4,278,988
Accumulated deficit	(7,765,262)	(7,883,367)
Accumulated other comprehensive loss	(61,369)	(52,634)
Total stockholders' deficit	(2,459,434)	(2,586,756)
Total liabilities and stockholders' deficit	<u>\$ 7,078,719</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 March 2, 2013	Fourteen weeks ended March 3, 2012
Revenues	\$ 6,455,245	\$ 7,146,754
Costs and expenses:		
Cost of goods sold	4,407,482	5,364,679
Selling, general and administrative expenses	1,682,332	1,758,325
Lease termination and impairment charges	36,567	56,305
Interest expense	127,408	137,739
Loss on debt retirements, net	122,660	16,066
Loss (gain) on sale of assets, net	2,491	(891)
	<u>6,378,940</u>	<u>7,332,223</u>
Income (loss) before income taxes	76,305	(185,469)
Income tax benefit	(46,782)	(24,219)
Net income (loss)	<u>\$ 123,087</u>	<u>\$ (161,250)</u>
Basic and diluted earnings (loss) per share:		
Numerator for earnings (loss) per share:		
Net income (loss)	\$ 123,087	\$ (161,250)
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	(2,691)	(2,535)
Income (loss) attributable to common stockholders - basic	<u>120,371</u>	<u>(163,810)</u>
Add back - Interest on convertible notes	1,364	-
Add back - Cumulative preferred stock dividends	2,691	-
Income (loss) attributable to common stockholders - diluted	<u>\$ 124,426</u>	<u>\$ (163,810)</u>
Denominator:		
Basic weighted average shares	891,303	887,020
Outstanding options and restricted shares	19,608	-
Convertible notes	24,800	-
Convertible preferred stock	<u>33,109</u>	<u>-</u>
Diluted weighted average shares	<u>968,820</u>	<u>887,020</u>
Basic income (loss) per share	\$ 0.14	\$ (0.18)
Diluted income (loss) per share	\$ 0.13	\$ (0.18)

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Fifty-two weeks ended March 2, 2013	Fifty-three weeks ended March 3, 2012
Revenues	\$ 25,392,263	\$ 26,121,222
Costs and expenses:		
Cost of goods sold	18,073,987	19,327,887
Selling, general and administrative expenses	6,600,765	6,531,411
Lease termination and impairment charges	70,859	100,053
Interest expense	515,421	529,255
Loss on debt retirements, net	140,502	33,576
Gain on sale of assets, net	(16,776)	(8,703)
	<u>25,384,758</u>	<u>26,513,479</u>
Income (loss) before income taxes	7,505	(392,257)
Income tax benefit	(110,600)	(23,686)
Net income (loss)	<u>\$ 118,105</u>	<u>\$ (368,571)</u>
Basic and diluted earnings (loss) per share:		
Numerator for earnings (loss) per share:		
Net income (loss)	\$ 118,105	\$ (368,571)
Accretion of redeemable preferred stock	(102)	(102)
Cumulative preferred stock dividends	(10,528)	(9,919)
Income (loss) attributable to common stockholders - basic and diluted	<u>\$ 107,475</u>	<u>\$ (378,592)</u>
Denominator:		
Basic weighted average shares	889,562	885,819
Outstanding options and restricted shares	<u>17,697</u>	<u>-</u>
Diluted weighted average shares	<u>907,259</u>	<u>885,819</u>
Basic and diluted income (loss) per share	\$ 0.12	\$ (0.43)

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(unaudited)

	Thirteen weeks ended March 2, 2013	Fourteen weeks ended March 3, 2012
Net income (loss)	\$ 123,087	\$ (161,250)
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	(11,794)	(24,263)
Total other comprehensive loss	(11,794)	(24,263)
Comprehensive income (loss)	\$ 111,293	\$ (185,513)

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(In thousands)  
(unaudited)

	Fifty-two weeks ended March 2, 2013	Fifty-three weeks ended March 3, 2012
Net income (loss)	\$ 118,105	\$ (368,571)
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	(8,735)	(22,492)
Total other comprehensive loss	(8,735)	(22,492)
Comprehensive income (loss)	\$ 109,370	\$ (391,063)

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION

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

	Thirteen weeks ended March 2, 2013	Fourteen weeks ended March 3, 2012
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,455,245	\$ 7,146,754
Cost of goods sold	4,407,482	5,364,679
Gross profit	2,047,763	1,782,075
LIFO (credit) charge	(175,384)	121,219
FIFO gross profit	1,872,379	1,903,294
Gross profit as a percentage of revenues	31.72%	24.94%
LIFO (credit) charge as a percentage of revenues	-2.72%	1.70%
FIFO gross profit as a percentage of revenues	29.01%	26.63%
Selling, general and administrative expenses	1,682,332	1,758,325
Selling, general and administrative expenses as a percentage of revenues	26.06%	24.60%
Cash interest expense	119,497	128,742
Non-cash interest expense	7,911	8,997
Total interest expense	127,408	137,739
Adjusted EBITDA	340,277	274,332
Adjusted EBITDA as a percentage of revenues	5.27%	3.84%
Net income (loss)	123,087	(161,250)
Net income (loss) as a percentage of revenues	1.91%	-2.26%
Total debt	6,033,531	6,328,201
Invested cash	16,127	58,753
Total debt net of invested cash	6,017,404	6,269,448
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	82,651	68,866
Intangible assets acquired	21,475	7,043
Total cash capital expenditures	104,126	75,909
Equipment received for noncash consideration	649	524
Equipment financed under capital leases	655	576
Gross capital expenditures	\$ 105,430	\$ 77,009

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION

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

	Fifty-two weeks ended March 2, 2013	Fifty-three weeks ended March 3, 2012
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 25,392,263	\$ 26,121,222
Cost of goods sold	18,073,987	19,327,887
Gross profit	7,318,276	6,793,335
LIFO (credit) charge	(147,882)	188,722
FIFO gross profit	7,170,394	6,982,057
Gross profit as a percentage of revenues	28.82%	26.01%
LIFO (credit) charge as a percentage of revenues	-0.58%	0.72%
FIFO gross profit as a percentage of revenues	28.24%	26.73%
Selling, general and administrative expenses	6,600,765	6,531,411
Selling, general and administrative expenses as a percentage of revenues	26.00%	25.00%
Cash interest expense	484,426	494,486
Non-cash interest expense	30,995	34,769
Total interest expense	515,421	529,255
Adjusted EBITDA	1,128,379	942,902
Adjusted EBITDA as a percentage of revenues	4.44%	3.61%
Net income (loss)	118,105	(368,571)
Net income (loss) as a percentage of revenues	0.47%	-1.41%
Total debt	6,033,531	6,328,201
Invested cash	16,127	58,753
Total debt net of invested cash	6,017,404	6,269,448
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	315,846	215,004
Intangible assets acquired	67,134	35,133
Total cash capital expenditures	382,980	250,137
Equipment received for noncash consideration	3,285	3,616
Equipment financed under capital leases	7,906	7,052
Gross capital expenditures	\$ 394,171	\$ 260,805

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

	Thirteen weeks ended March 2, 2013	Fourteen weeks ended March 3, 2012
Reconciliation of net income (loss) to adjusted EBITDA:		
Net income (loss)	\$ 123,087	\$ (161,250)
Adjustments:		
Interest expense	127,408	137,739
Income tax benefit	(46,782)	(24,219)
Reduction of tax indemnification asset	31,077	-
Depreciation and amortization	102,951	107,201
LIFO (credit) charge	(175,384)	121,219
Lease termination and impairment charges	36,567	56,305
Stock-based compensation expense	4,845	4,249
Loss (gain) on sale of assets, net	2,491	(891)
Loss on debt retirements, net	122,660	16,066
Closed facility liquidation expense	1,009	1,346
Customer loyalty card program revenue deferral	10,317	7,951
Other	31	8,616
Adjusted EBITDA	<u>\$ 340,277</u>	<u>\$ 274,332</u>
Percent of revenues	5.27%	3.84%



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

	Fifty-two weeks ended March 2, 2013	Fifty-three weeks ended March 3, 2012
Reconciliation of net income (loss) to adjusted EBITDA:		
Net income (loss)	\$ 118,105	\$ (368,571)
Adjustments:		
Interest expense	515,421	529,255
Income tax benefit	(110,600)	(23,686)
Reduction of tax indemnification asset	91,314	-
Depreciation and amortization	414,111	440,582
LIFO (credit) charge	(147,882)	188,722
Lease termination and impairment charges	70,859	100,053
Stock-based compensation expense	17,717	15,861
Gain on sale of assets, net	(16,776)	(8,703)
Loss on debt retirements, net	140,502	33,576
Closed facility liquidation expense	5,272	6,505
Severance costs	(72)	256
Customer loyalty card program revenue deferral	26,564	30,856
Other	3,844	(1,804)
Adjusted EBITDA	<u>\$ 1,128,379</u>	<u>\$ 942,902</u>
Percent of revenues	4.44%	3.61%

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Thirteen weeks ended March 2, 2013	Fourteen weeks ended March 3, 2012
OPERATING ACTIVITIES:		
Net income (loss)	\$ 123,087	\$ (161,250)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	102,951	107,201
Lease termination and impairment charges	36,567	56,305
LIFO (credit) charge	(175,384)	121,219
Loss (gain) on sale of assets, net	2,491	(891)
Stock-based compensation expense	4,845	4,249
Loss on debt retirements, net	122,660	16,066
Changes in operating assets and liabilities:		
Accounts receivable	(13,011)	(41,145)
Inventories	117,045	129,001
Accounts payable	(55,566)	(33,623)
Other assets and liabilities, net	(45,334)	(186,636)
Net cash provided by operating activities	220,351	10,496
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(82,651)	(68,866)
Intangible assets acquired	(21,475)	(7,043)
Proceeds from sale-leaseback transactions	-	3,610
Proceeds from dispositions of assets and investments	2,576	5,975
Net cash used in investing activities	(101,550)	(66,324)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	1,631,000	481,000
Net proceeds from (payments to) revolver	665,000	(55,000)
Principal payments on long-term debt	(2,441,062)	(408,820)
Change in zero balance cash accounts	(152)	73,509
Net proceeds from the issuance of common stock	543	348
Financing fees paid for early debt redemption	(64,305)	(11,778)
Deferred financing costs paid	(44,014)	(9,620)
Net cash (used in) provided by financing activities	(252,990)	69,639
(Decrease) increase in cash and cash equivalents	(134,189)	13,811
Cash and cash equivalents, beginning of period	263,641	148,474
Cash and cash equivalents, end of period	\$ 129,452	\$ 162,285

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Fifty-two weeks ended March 2, 2013	Fifty-three weeks ended March 3, 2012
OPERATING ACTIVITIES:		
Net income (loss)	\$ 118,105	\$ (368,571)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	414,111	440,582
Lease termination and impairment charges	70,859	100,053
LIFO (credit) charge	(147,882)	188,722
Gain on sale of assets, net	(16,776)	(8,703)
Stock-based compensation expense	17,717	15,861
Loss on debt retirements, net	140,502	33,576
Changes in operating assets and liabilities:		
Accounts receivable	82,721	(48,781)
Inventories	130,100	(169,935)
Accounts payable	(68)	146,302
Other assets and liabilities, net	10,199	(62,569)
Net cash provided by operating activities	819,588	266,537
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(315,846)	(215,004)
Intangible assets acquired	(67,134)	(35,133)
Proceeds from sale-leaseback transactions	6,355	6,038
Proceeds from dispositions of assets and investments	30,320	22,930
Net cash used in investing activities	(346,305)	(221,169)
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	2,057,263	822,285
Net proceeds from revolver	529,000	108,000
Principal payments on long-term debt	(2,920,209)	(848,373)
Change in zero balance cash accounts	(43,659)	(32,838)
Net proceeds from the issuance of common stock	1,646	914
Financing fees paid for early debt redemption	(75,374)	(11,778)
Deferred financing costs paid	(54,783)	(12,409)
Net cash (used in) provided by financing activities	(506,116)	25,801
(Decrease) increase in cash and cash equivalents	(32,833)	71,169
Cash and cash equivalents, beginning of period	162,285	91,116
Cash and cash equivalents, end of period	\$ 129,452	\$ 162,285

RITE AID CORPORATION AND SUBSIDIARIES  
SUPPLEMENTAL INFORMATION  
RECONCILIATION OF NET INCOME GUIDANCE TO ADJUSTED EBITDA GUIDANCE  
YEAR ENDING MARCH 1, 2014  
(In thousands, except per share amounts)

	Guidance Range	
	Low	High
Sales	\$ 24,900,000	\$ 25,300,000
Same store sales (a)	-0.75%	0.75%
Gross capital expenditures	\$ 400,000	\$ 400,000
Reconciliation of net income to adjusted EBITDA:		
Net income	\$ 45,000	\$ 200,000
Adjustments:		
Interest expense	457,000	454,000
Income tax benefit	(27,000)	(28,000)
Reduction of tax indemnification asset	30,000	30,000
Depreciation and amortization	405,000	400,000
LIFO charge	60,000	35,000
Store closing and impairment charges	80,000	70,000
Stock-based compensation expense	18,000	17,000
Customer loyalty card program revenue deferral	5,000	-
Other	2,000	(3,000)
Adjusted EBITDA	<u>\$ 1,075,000</u>	<u>\$ 1,175,000</u>
Diluted income per share	\$ 0.04	\$ 0.20

(a) Reflects approximately 250 basis points reduction in pharmacy same store sales from new generic introductions.