

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(Dollars in thousands)  
(unaudited)

	June 1, 2013	March 2, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 108,902	\$ 129,452
Accounts receivable, net	881,447	929,476
Inventories, net of LIFO reserve of \$927,241 and \$915,241	3,135,759	3,154,742
Prepaid expenses and other current assets	174,776	195,377
Total current assets	4,300,884	4,409,047
Property, plant and equipment, net	1,899,831	1,895,650
Other intangibles, net	444,234	464,404
Other assets	300,489	309,618
Total assets	<u>\$ 6,945,438</u>	<u>\$ 7,078,719</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current maturities of long-term debt and lease financing obligations	\$ 43,401	\$ 37,311
Accounts payable	1,366,036	1,384,644
Accrued salaries, wages and other current liabilities	1,068,974	1,156,315
Total current liabilities	2,478,411	2,578,270
Long-term debt, less current maturities	5,778,652	5,904,370
Lease financing obligations, less current maturities	89,612	91,850
Other noncurrent liabilities	956,287	963,663
Total liabilities	9,302,962	9,538,153
Commitments and contingencies	-	-
Stockholders' deficit:		
Preferred stock - Series G	1	1
Preferred stock - Series H	184,829	182,097
Common stock	909,385	904,268
Additional paid-in capital	4,283,967	4,280,831
Accumulated deficit	(7,675,600)	(7,765,262)
Accumulated other comprehensive loss	(60,106)	(61,369)
Total stockholders' deficit	(2,357,524)	(2,459,434)
Total liabilities and stockholders' deficit	<u>\$ 6,945,438</u>	<u>\$ 7,078,719</u>

RITE AID CORPORATION AND SUBSIDIARIES

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

	Thirteen weeks ended June 1, 2013	Thirteen weeks ended June 2, 2012
Revenues	\$ 6,293,057	\$ 6,468,287
Costs and expenses:		
Cost of goods sold	4,472,066	4,719,516
Selling, general and administrative expenses	1,609,261	1,688,066
Lease termination and impairment charges	10,972	12,143
Interest expense	113,064	130,588
Loss on debt retirements, net	-	17,842
Gain on sale of assets, net	(5,180)	(10,051)
	<u>6,200,183</u>	<u>6,558,104</u>
Income (loss) before income taxes	92,874	(89,817)
Income tax expense (benefit)	3,212	(61,729)
Net income (loss)	<u>\$ 89,662</u>	<u>\$ (28,088)</u>
Basic and diluted earnings (loss) per share:		
Numerator for earnings (loss) per share:		
Net income (loss)	\$ 89,662	\$ (28,088)
Accretion of redeemable preferred stock	(25)	(25)
Cumulative preferred stock dividends	(2,732)	(2,574)
Income (loss) attributable to common stockholders - basic	<u>86,905</u>	<u>(30,687)</u>
Add back - Interest on convertible notes	1,364	-
Add back - Cumulative preferred stock dividends	2,732	-
Income (loss) attributable to common stockholders - diluted	<u>\$ 91,001</u>	<u>\$ (30,687)</u>
Denominator:		
Basic weighted average shares	893,871	887,516
Outstanding options and restricted shares	38,812	-
Convertible notes	24,800	-
Convertible preferred stock	<u>33,605</u>	<u>-</u>
Diluted weighted average shares	<u>991,088</u>	<u>887,516</u>
Basic income (loss) per share	\$ 0.10	\$ (0.03)
Diluted income (loss) per share	\$ 0.09	\$ (0.03)

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(unaudited)

	Thirteen weeks ended June 1, 2013	Thirteen weeks ended June 2, 2012
Net income (loss)	\$ 89,662	\$ (28,088)
Other comprehensive income:		
Defined benefit pension plans:		
Amortization of prior service cost, net transition obligation and net actuarial losses included in net periodic pension cost	1,263	1,020
Total other comprehensive income	1,263	1,020
Comprehensive income (loss)	\$ 90,925	\$ (27,068)

RITE AID CORPORATION AND SUBSIDIARIES

SUPPLEMENTAL OPERATING AND CASH FLOW INFORMATION

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

	Thirteen weeks ended June 1, 2013	Thirteen weeks ended June 2, 2012
<b>SUPPLEMENTAL OPERATING INFORMATION</b>		
Revenues	\$ 6,293,057	\$ 6,468,287
Cost of goods sold	4,472,066	4,719,516
Gross profit	1,820,991	1,748,771
LIFO charge	12,000	18,750
FIFO gross profit	1,832,991	1,767,521
Gross profit as a percentage of revenues	28.94%	27.04%
LIFO charge as a percentage of revenues	0.19%	0.29%
FIFO gross profit as a percentage of revenues	29.13%	27.33%
Selling, general and administrative expenses	1,609,261	1,688,066
Selling, general and administrative expenses as a percentage of revenues	25.57%	26.10%
Cash interest expense	108,548	122,827
Non-cash interest expense	4,516	7,761
Total interest expense	113,064	130,588
Adjusted EBITDA	344,778	274,165
Adjusted EBITDA as a percentage of revenues	5.48%	4.24%
Net income (loss)	89,662	(28,088)
Net income (loss) as a percentage of revenues	1.42%	-0.43%
Total debt	5,911,665	6,163,405
Invested cash	1,289	101,985
Total debt net of invested cash	5,910,376	6,061,420
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Payments for property, plant and equipment	80,906	78,000
Intangible assets acquired	11,786	8,958
Total cash capital expenditures	92,692	86,958
Equipment received for noncash consideration	-	-
Equipment financed under capital leases	5,373	3,865
Gross capital expenditures	\$ 98,065	\$ 90,823

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

	Thirteen weeks ended June 1, 2013	Thirteen weeks ended June 2, 2012
Reconciliation of net income (loss) to adjusted EBITDA:		
Net income (loss)	\$ 89,662	\$ (28,088)
Adjustments:		
Interest expense	113,064	130,588
Income tax expense (benefit)	3,212	(61,729)
Adjustments to tax indemnification asset	(613)	60,237
Depreciation and amortization	101,246	106,371
LIFO charge	12,000	18,750
Lease termination and impairment charges	10,972	12,143
Stock-based compensation expense	4,240	3,958
Gain on sale of assets, net	(5,180)	(10,051)
Loss on debt retirements, net	-	17,842
Closed facility liquidation expense	939	1,456
Customer loyalty card program revenue deferral	14,602	23,180
Other	634	(492)
Adjusted EBITDA	<u>\$ 344,778</u>	<u>\$ 274,165</u>
Percent of revenues	5.48%	4.24%

RITE AID CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Thirteen weeks ended June 1, 2013	Thirteen weeks ended June 2, 2012
OPERATING ACTIVITIES:		
Net income (loss)	\$ 89,662	\$ (28,088)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	101,246	106,371
Lease termination and impairment charges	10,972	12,143
LIFO charge	12,000	18,750
Gain on sale of assets, net	(5,180)	(10,051)
Stock-based compensation expense	4,240	3,958
Loss on debt retirements, net	-	17,842
Changes in operating assets and liabilities:		
Accounts receivable	47,797	96,385
Inventories	6,935	97,993
Accounts payable	(15,547)	(38,703)
Other assets and liabilities, net	(67,678)	87,003
Net cash provided by operating activities	<u>184,447</u>	<u>363,603</u>
INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(80,906)	(78,000)
Intangible assets acquired	(11,786)	(8,958)
Proceeds from sale-leaseback transactions	3,989	-
Proceeds from dispositions of assets and investments	6,610	11,283
Net cash used in investing activities	<u>(82,093)</u>	<u>(75,675)</u>
FINANCING ACTIVITIES:		
Proceeds from issuance of long-term debt	-	426,263
Net payments to revolver	(123,000)	(136,000)
Principal payments on long-term debt	(4,378)	(463,637)
Change in zero balance cash accounts	(867)	(41,901)
Net proceeds from the issuance of common stock	6,744	534
Financing fees paid for early debt redemption	-	(11,069)
Deferred financing costs paid	(1,403)	(9,629)
Net cash used in financing activities	<u>(122,904)</u>	<u>(235,439)</u>
(Decrease) increase in cash and cash equivalents	(20,550)	52,489
Cash and cash equivalents, beginning of period	129,452	162,285
Cash and cash equivalents, end of period	<u>\$ 108,902</u>	<u>\$ 214,774</u>

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)

	<b>Guidance Range</b>	
	<b>Low</b>	<b>High</b>
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	\$ 22,000	\$ 162,000
Adjustments:		
Interest expense	432,000	429,000
Income tax benefit	(27,000)	(28,000)
Adjustments to 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
Loss on debt retirement	63,000	63,000
Customer loyalty card program revenue deferral	5,000	-
Other	2,000	(3,000)
Adjusted EBITDA	<u>\$ 1,090,000</u>	<u>\$ 1,175,000</u>
 Diluted income per share	 \$ 0.01	 \$ 0.16

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