THRIFT DRUG INC
Form 424B3
August 27, 2009

Use these links to rapidly review the document

PROSPECTUS

RITE AID CORPORATION

Offer to exchange $410.0 million aggregate principal amount of 9.750% Senior Secured Notes Due 2016 (which we refer to as the old notes) for $410.0 million aggregate principal amount of 9.750% Senior Secured Notes Due 2016 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended (the "*Securities Act*"), and fully and unconditionally guaranteed by the subsidiary guarantors listed on the first page of this prospectus.

The exchange offer will expire at 5:00 p.m., New York City time, on October 1, 2009 (the 35th day following the date of this prospectus), unless we extend the exchange offer in our sole and absolute discretion.

Terms of the exchange offer:

- We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer.
- You may withdraw tenders of old notes at any time prior to the expiration or termination of the exchange offer.
- The terms of the new notes are substantially identical to those of the outstanding old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
- The exchange of old notes for new notes will not be a taxable transaction for U.S. federal income tax purposes. You should see the discussion under the caption "Material Federal Income Tax Considerations" for more information.
- We will not receive any proceeds from the exchange offer.
- We issued the old notes in a transaction not requiring registration under the Securities Act, and as a result, their transfer is restricted. We are making the exchange offer to satisfy your registration rights, as a holder of the old notes.

There is no established trading market for the new notes or the old notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date (as defined herein) and ending on the close of business 210 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

See "Risk Factors" beginning on page 16 for a discussion of risks you should consider prior to tendering your outstanding old notes for exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 27, 2009.

TABLE OF CONTENTS

References to "Rite Aid," the "Company," "we," "our" and "us" and similar terms mean Rite Aid Corporation and its subsidiaries, unless the context otherwise requires.

References to "Jean Coutu Group" mean The Jean Coutu Group (PJC) Inc. and its subsidiaries, references to "Jean Coutu USA" mean JCG (PJC) USA, LLC and its subsidiaries and references to "Brooks Eckerd" mean the Brooks Eckerd drugstore chain, unless the context otherwise requires.

Table of Contents

Subsidiary Guarantors

112 Burleigh Avenue Norfolk, LLC
1515 West State Street Boise, Idaho, LLC
1740 Associates, LLC
3581 Carter Hill Road Montgomery Corp.
4042 Warrensville Center Road Warrensville Ohio, Inc.
5277 Associates, Inc.
537 Elm Street Corporation
5600 Superior Properties, Inc.
657-659 Broad St. Corp.
764 South Broadway Geneva, Ohio, LLC
Ann & Government Streets Mobile, Alabama, LLC
Apex Drug Stores, Inc.
Broadview and Wallings Broadview Heights Ohio, Inc.
Brooks Pharmacy, Inc.
Central Avenue & Main Street Petal-MS, LLC
Eagle Managed Care Corp.
Eckerd Corporation
Eckerd Fleet, Inc.
EDC Drug Stores, Inc.
EDC Licensing, Inc.
Eighth and Water Streets Urichsville, Ohio, LLC
England Street Asheland Corporation
Fairground, LLC
GDF, Inc.
Genovese Drug Stores, Inc.
Gettysburg and Hoover Dayton, Ohio, LLC
Harco, Inc.
JCG (PJC) USA, LLC
JCG Holdings (USA), Inc.
K&B Alabama Corporation
K&B Louisiana Corporation
K&B Mississippi Corporation
K&B Services, Incorporated
K&B Tennessee Corporation
K&B Texas Corporation
K&B, Incorporated
Keystone Centers, Inc.
Lakehurst and Broadway Corporation
Maxi Drug North, Inc.
Maxi Drug South, L.P.
Maxi Drug, Inc.
Maxi Green, Inc.
Mayfield & Chillicothe Roads Chesterland, LLC
MC Woonsocket, Inc.
Munson & Andrews, LLC
Name Rite, LLC
Northline & Dix Toledo Southgate, LLC
P.J.C. Distribution, Inc.
P.J.C. of West Warwick, Inc.
P.J.C. Realty Co., Inc.
Patton Drive and Navy Boulevard Property Corporation
Paw Paw Lake Road & Paw Paw Avenue-Coloma, Michigan, LLC
PDS-1 Michigan, Inc.
Perry Distributors, Inc.
Perry Drug Stores, Inc.
PJC Dorchester Realty LLC
PJC East Lyme Realty LLC
PJC Haverhill Realty LLC
PJC Hermitage Realty LLC
PJC Hyde Park Realty LLC
PJC Lease Holdings, Inc.
PJC Manchester Realty LLC
PJC Mansfield Realty LLC
PJC New London Realty LLC
PJC of Cranston, Inc.
PJC of East Providence, Inc.
PJC of Massachusetts, Inc.
PJC of Rhode Island, Inc.
PJC of Vermont, Inc.
PJC Peterborough Realty LLC
PJC Providence Realty LLC
PJC Realty MA, Inc.
PJC Realty N.E. LLC
PJC Revere Realty LLC
PJC Special Realty Holdings, Inc.
Ram Utica, Inc.
RDS Detroit, Inc.
READ's Inc.
Rite Aid Drug Palace, Inc.
Rite Aid Hdqtrs. Corp.
Rite Aid Hdqtrs. Funding, Inc.
Rite Aid of Alabama, Inc.
Rite Aid of Connecticut, Inc.
Rite Aid of Delaware, Inc.
Rite Aid of Florida, Inc.
Rite Aid of Georgia, Inc.
Rite Aid of Illinois, Inc.
Rite Aid of Indiana, Inc.
Rite Aid of Kentucky, Inc.
Rite Aid of Maine, Inc.
Rite Aid of Maryland, Inc.
Rite Aid of Massachusetts, Inc.
Rite Aid of Michigan, Inc.
Rite Aid of New Hampshire, Inc.
Rite Aid of New Jersey, Inc.
Rite Aid of New York, Inc.
Rite Aid of North Carolina, Inc.
Rite Aid of Ohio, Inc.
Rite Aid of Pennsylvania, Inc.
Rite Aid of South Carolina, Inc.
Rite Aid of Tennessee, Inc.
Rite Aid of Vermont, Inc.
Rite Aid of Virginia, Inc.
Rite Aid of Washington, D.C., Inc.
Rite Aid of West Virginia, Inc.
Rite Aid Online Store, Inc.
Rite Aid Payroll Management, Inc.
Rite Aid Realty Corp.
Rite Aid Rome Distribution Center, Inc.
Rite Aid Services, LLC
Rite Aid Transport, Inc.
Rite Fund, Inc.
Rite Investments Corp.
Rx Choice, Inc.
Seven Mile and Evergreen Detroit, LLC
Silver Springs Road Baltimore, Maryland/One, LLC
Silver Springs Road Baltimore, Maryland/Two, LLC
State & Fortification Streets Jackson, Mississippi, LLC
State Street and Hill Road Gerard, Ohio, LLC
The Jean Coutu Group (PJC) USA, Inc.
The Lane Drug Company
Thrift Drug Services, Inc.
Thrift Drug, Inc.
Thrifty Corporation
Thrifty PayLess, Inc.
Tyler and Sanders Roads
Birmingham, Alabama, LLC

Table of Contents

Cautionary Note Regarding Forward-Looking Statements

This prospectus includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are often identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will" and similar expressions and include references to assumptions and relate to our future prospects, developments and business strategies.

Factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements include, but are not limited to:

- our high level of indebtedness;
- our ability to make interest and principal payments on our debt and satisfy the other covenants contained in our senior secured credit facility (the "*senior credit facility*") and other debt agreements, including the indenture governing the new notes;
- general economic conditions, inflation and interest rate movements;
- our ability to improve the operating performance of our stores in accordance with our long term strategy;
- our ability to realize same store sales growth for the acquired Brooks Eckerd stores;
- our ability to hire and retain pharmacists and other store personnel;
- the efforts of private and public third party payors to reduce prescription drug reimbursement and encourage mail order;
- competitive pricing pressures, including aggressive promotional activity from our competitors;
- decisions to close additional stores and distribution centers, which could result in further charges to our operating statement;
- our ability to manage expenses;
- our ability to realize the benefits from actions to further reduce costs and investment in working capital;
- continued consolidation of the drugstore industry;
- changes in state or federal legislation or regulations;
- the outcome of lawsuits and governmental investigations; and

other risks and uncertainties described from time to time in our filings with the Securities and Exchange Commission (the "*SEC*").

We undertake no obligation to update or revise the forward-looking statements included in this prospectus, whether as a result of new information, future events or otherwise, after the date of this prospectus. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences are discussed in the section entitled "Risk Factors" in this prospectus.

Table of Contents

SUMMARY

This summary does not contain all of the information that you should consider before investing in the new notes. You should read the entire prospectus carefully, including the matters discussed in the section entitled "Risk Factors" and the detailed information and financial statements included elsewhere in this prospectus. Unless otherwise indicated, references to fiscal year refer to the fiscal year of Rite Aid, which ends on the Saturday closest to February 29 or March 1 of that year. The fiscal years ended February 28, 2009, March 1, 2008, March 3, 2007 and February 26, 2005 included 52 weeks. The fiscal year ended March 4, 2006 included 53 weeks. Our consolidated results for fiscal 2008 include Brooks Eckerd results of operations for the thirty-nine week period ended March 1, 2008.

Our Business

We are the third largest retail drugstore chain in the United States based on revenues and number of stores. We operate our drugstores in 31 states across the country and in the District of Columbia. As of May 30, 2009, we operated 4,825 stores. During fiscal 2009 and the thirteen weeks ended May 30, 2009, we generated approximately $26.3 billion and $6.5 billion in revenue, respectively.

In our stores, we sell prescription drugs and a wide assortment of other merchandise, which we call "front end" products. In fiscal 2009 and the thirteen weeks ended May 30, 2009, prescription drug sales accounted for 67.2% and 68.2% of our total sales, respectively. We believe that our pharmacy operations will continue to represent a significant part of our business due to favorable industry trends, including an aging population, increased life expectancy, anticipated growth in the federally funded Medicare Part D prescription program as "baby boomers" begin to enroll in 2011 and the discovery of new and better drug therapies. We offer approximately 28,000 front end products, which accounted for the remaining 32.8% and 31.8% of our total sales in fiscal 2009 and the thirteen weeks ended May 30, 2009, respectively. Front end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, convenience foods, greeting cards, seasonal merchandise and numerous other everyday and convenience products, as well as photo processing. We attempt to distinguish our stores from other national chain drugstores, in part, through our private brands and our strategic alliance with GNC, a leading retailer of vitamin and mineral supplements. We offer approximately 3,300 products under the Rite Aid private brand, which contributed approximately 13.5% and 14.5% of our front end sales in the categories where private brand products were offered in fiscal 2009 and the thirteen weeks ended May 30, 2009, respectively.

The overall average size of each store in our chain is approximately 12,500 square feet. The average size of our stores is larger in the western United States. As of May 30, 2009, approximately 58% of our stores were freestanding; approximately 49% of our stores included a drive-thru pharmacy; approximately 42% included one-hour photo shops; and approximately 36% included a GNC store-within-Rite Aid-store.

Acquisition

On June 4, 2007, we acquired all of the membership interests of JCG (PJC) USA, LLC ("*Jean Coutu USA*"), the holding company for the Brooks Eckerd drugstore chain ("*Brooks Eckerd*"), from Jean Coutu Group (PJC) Inc. ("*Jean Coutu Group*"), pursuant to the terms of a Stock Purchase Agreement dated August 23, 2006. As consideration for the acquisition of Jean Coutu USA (the "*Acquisition*"), we paid $2.3 billion and issued 250.0 million shares of our common stock. We financed the cash payment via the establishment of a new term loan facility, issuance of senior notes and borrowings under our then existing revolving credit facility. Our operating results include the results of the Brooks Eckerd stores from the date of acquisition.

As of May 30, 2009, the Jean Coutu Group owned 252.0 million shares of our common stock, which represented approximately 27.6% of the total Rite Aid voting power. Upon the closing of the Acquisition, we expanded our Board of Directors to 14 members, with four of the seats being held by

Table of Contents

members designated by the Jean Coutu Group. In connection with the Acquisition, we entered into a Stockholder Agreement (the "*Stockholder Agreement*") with Jean Coutu Group and certain Coutu family members. The Stockholder Agreement contains provisions relating to Jean Coutu Group's ownership interest in us, board and board committee composition, corporate governance, stock ownership, stock purchase rights, transfer restrictions, voting arrangements and other matters. We also entered into a registration rights agreement giving Jean Coutu Group certain rights with respect to the registration under the Securities Act, of the shares of our common stock issued to Jean Coutu Group or acquired by Jean Coutu Group pursuant to certain stock purchase rights or open market rights under the Stockholder Agreement.

We completed the integration of the Brooks Eckerd stores during fiscal 2009. The Brooks Eckerd integration has significantly increased the footprint and operating scale of our business and has made us the largest drugstore retailer in the Eastern United States. This increased scale has benefited us by providing purchasing synergies and will provide us with an opportunity to leverage our fixed costs. While sales in the Brooks Eckerd stores did not meet our original expectations in fiscal 2009, pharmacy same store sales trends continued to improve throughout the year. Front end sales trends improved in the first three quarters of fiscal 2009 but were negatively impacted by the recession-led pullback in retail spending in the fourth quarter and the first quarter of fiscal 2010.

Our Strategy

Our objectives and goals are to grow profitable sales by unlocking the value of our diverse store base, improve customer loyalty by improving customer and associate satisfaction, generate positive cash flow by taking unnecessary costs out of the business and improving operating efficiencies and reduce debt via the generation of operating cash flow and improvements in working capital management. The following paragraphs describe in more detail some of the components of our strategies that we believe will result in the achievement of these goals and objectives:

Grow profitable sales by unlocking the value of our diverse store base. As of May 30, 2009, we had 4,825 stores in 31 states and the District of Columbia. These stores are in diverse markets, with many in urban, high traffic areas and many being in lower traffic suburban or rural areas. In the past we have operated our stores with consistent standards for store staffing, field management staffing, distribution center deliveries, advertising, product assortment and pricing. We are currently in the process of stratifying these stores into specific groups and further refining the business plans for each group. The plans will ultimately result in different subsets of stores having standards for labor, product assortment, pricing and distribution center deliveries that are best suited for that group of stores. We have also revised our field management structure to allocate more field supervision staffing to stores in urban markets, which are typically more challenging to manage than stores in rural or suburban markets. We believe that these changes will improve profitability, particularly at our lower volume stores.

Improve sales by improving customer loyalty. We believe that our greatest opportunity to improve sales is by ensuring that we have a base of loyal, repeat customers, particularly in the pharmacy business. We believe that the best way to obtain loyal customers is to show that we will help them lead happier, healthier lives. We have several programs that we have either started or are planning to start that are designed to improve customer loyalty, including the following:

- We have launched our free Rx Savings Card, which provides cost savings on over 10,000 prescription drugs and over 1,500 over-the-counter medicines to patients with limited or no insurance.

- We continue to offer our Living More senior loyalty program, which offers senior citizens prescription discounts and informational materials. This program has been well received, with over 4.1 million members as of February 28, 2009.

Table of Contents

- We have begun offering an automated refill option for customers with maintenance prescriptions, and also make courtesy refill reminder phone calls.

- We launched a "*Giving Care for Parents*" program, which provides caregiver advice via printed materials, access to geriatric specialists on-line and consultation with Rite Aid pharmacists.

In our front end business, we plan to aggressively grow our private brand offerings, as we believe that our private brand products offer cost effective alternatives to national brand products that are very attractive during difficult economic times. We are planning to increase our private brand penetration, which was 13.5% at the end of fiscal 2009, by approximately 1.0% by the end of fiscal 2010.

We believe that a key component of developing loyal customers is by having loyal associates. During fiscal 2009, we designated associates from all parts of our company as "*Culture Change Champions*." Their goal is to use feedback from their colleagues throughout the company to help create a better work environment. We believe this will help ensure that we have loyal, satisfied associates, which will lead to loyal, satisfied customers.

Generate positive cash flow by taking unnecessary costs out of the business. With the integration of the Brooks Eckerd stores completed, we believe we have an opportunity to better leverage our sales by making changes to our cost structure. We have numerous cost reduction initiatives in place or planned for fiscal 2010, including the following:

- We plan to make changes to staffing models for some of our lower volume stores, which we believe will improve store profitability without sacrificing sales or customer service.

- We have centralized all non-merchandise purchasing into a centralized indirect procurement function. This group is responsible for reviewing all purchase contracts and arrangements and utilizes several tools, including on-line auctions, to control the cost of these services.

- We have made strategic reductions to administrative headcount and restructured some of our benefit plans.

- We plan to reduce supply chain costs by reducing inventory and rationalizing the distribution center network, as evidenced by the closure of our Metro New York facility and the announced closure of our Atlanta, Georgia facility. We have also made changes to which distribution centers service which stores and have reduced the delivery frequency in certain stores, which will save transportation costs.

We believe that these changes, as well as others, will enable us to improve our operating profitability without sacrificing sales and customer service.

Reduce debt. We are highly leveraged and believe that our leverage puts us at a competitive disadvantage, particularly given current market conditions. We plan to reduce debt in fiscal 2010 by executing on the operating initiatives discussed above, as well as by doing the following:

- We have taken several steps to reduce our investment in inventory, including steps to reduce the number of SKU's, reduce our backroom inventories and reduce store safety stock in certain categories. The continuation of these programs, along with planned improvements in our ad ordering system and product forecasting techniques, should further reduce our inventory levels, which should increase available working capital and improve operating efficiencies.

- We plan to significantly reduce our capital expenditures in fiscal 2010, as we have invested a significant amount of capital into the Brooks Eckerd stores in fiscal 2008 and 2009. Our targeted capital expenditures for fiscal 2010 is $250.0 million, which represents a reduction of approximately $300.0 million from fiscal 2009 levels.

We believe that these initiatives, along with other expected improvements in cash flow from operations, will enable us to begin to pay down debt in fiscal 2010.

Table of Contents

Properties

As of May 30, 2009, we operated 4,825 retail drugstores, which includes the acquired Brooks Eckerd stores. The overall average selling square feet of each store in our chain is 10,000 square feet. The overall average total square feet of each store in our chain is 12,500. The stores in the eastern part of the U.S. average 8,800 selling square feet per store (10,900 average total square feet per store). The stores in the western part of the U.S. average 15,400 selling square feet per store (19,800 average total square feet per store).

Our customer world store prototype, which is being utilized in our new store and store relocation program, has an overall average selling square footage of 11,500 and an overall average total square feet of 14,500. The new world store prototype in the eastern parts of the U.S. will average 10,200 selling square feet (13,000 average total square feet per store). The world store prototype in the western part of the U.S. will average 14,000 selling square feet (17,400 average total square feet per store).

The table below identifies the number of stores by state as of May 30, 2009:

State	Store Count
Alabama	95
California	599
Colorado	20
Connecticut	80
Delaware	43
District of Columbia	7
Georgia	202
Idaho	14
Indiana	10
Kentucky	117
Louisiana	67
Massachusetts	164
Maine	81
Maryland	147
Michigan	287
Mississippi	27
North Carolina	244
Nevada	1
New Hampshire	69
New Jersey	271
New York	665
Ohio	231
Oregon	71
Pennsylvania	579
Rhode Island	47
South Carolina	99
Tennessee	88
Utah	22
Vermont	38
Virginia	196
Washington	140
West Virginia	104
Total	4,825

Table of Contents

Our stores have the following attributes at May 30, 2009:

Attribute	Number	Percentage
Freestanding	2,786	58%
Drive through pharmacy	2,378	49%
One-hour photo development department	2,017	42%
GNC stores-within a Rite Aid-store	1,739	36%

We lease 4,560 of our operating drugstore facilities under non-cancelable leases, many of which have original terms of 10 to 22 years. In addition to minimum rental payments, which are set at competitive market rates, certain leases require additional payments based on sales volume, as well as reimbursement for taxes, maintenance and insurance. Most of our leases contain renewal options, some of which involve rent increases.

We own our corporate headquarters, which is located in a 205,000 square foot building at 30 Hunter Lane, Camp Hill, Pennsylvania 17011. We lease 156,900 square feet of space in various buildings near Harrisburg, Pennsylvania for use by additional administrative personnel. We own an additional building near Harrisburg, Pennsylvania which is 86,000 square feet and houses our model store and additional administrative personnel.

We operate the following distribution centers and satellite distribution locations, which we own or lease as indicated:

Location	Owned or Leased	Approximate Square Footage
Rome, New York	Owned	283,000
Utica, New York(1)	Leased	172,000
Geddes, New York(1)	Leased	300,000
Poca, West Virginia	Owned	255,000
Dunbar, West Virginia(1)	Leased	110,000
Perryman, Maryland	Owned	885,000
Perryman, Maryland(1)	Leased	262,000
Belcamp, Maryland(1)	Leased	252,000
Tuscaloosa, Alabama	Owned	230,000
Cottondale, Alabama(1)	Leased	155,000
Pontiac, Michigan	Owned	325,000
Woodland, California	Owned	513,000
Woodland, California(1)	Leased	200,000
Wilsonville, Oregon	Leased	517,000
Wilsonville, Oregon(1)	Leased	96,000
Lancaster, California	Owned	914,000
Atlanta, Georgia(2)	Owned	195,000
Atlanta, Georgia(1)	Leased	201,000
Atlanta, Georgia(1)	Leased	299,000
Atlanta, Georgia(1)	Leased	125,000
Charlotte, North Carolina	Owned	585,500
Charlotte, North Carolina(1)	Leased	291,000
Dayville, Connecticut	Owned	460,000
Liverpool, New York	Owned	738,000
Philadelphia, Pennsylvania	Owned	240,000
Philadelphia, Pennsylvania	Leased	415,000
Bohemia, New York(2)	Owned	255,000

(1) Satellite distribution locations. On April 2, 2009, we announced the planned closure of the Atlanta, GA facilities.

(2) Location identified for closure and is held for sale.

Table of Contents

The original terms of the leases for our distribution centers and overflow storage locations range from 5 to 22 years. In addition to minimum rental payments, certain distribution centers require tax reimbursement, maintenance and insurance. Most leases contain renewal options, some of which involve rent increases. Although from time to time, we may be near capacity at some of our distribution facilities, particularly at our older facilities, we believe that the capacity of our facilities is adequate.

We also own a 55,800 square foot ice cream manufacturing facility located in El Monte, California and a 68,000 square foot office building in Warwick, Rhode Island. The office building in Rhode Island is vacant and for sale.

On a regular basis and as part of our normal business, we evaluate store performance and may reduce in size, close or relocate a store if the store is redundant, under performing or otherwise deemed unsuitable. When we reduce in size, close or relocate a store, we often continue to have leasing obligations or own the property. We attempt to sublease this space. As of February 28, 2009, we had 9,258,142 square feet of excess space, of which 4,618,451 square feet was subleased.

Table of Contents

Summary Description of the Exchange Offer

Old Notes	9.750% Senior Secured Notes due 2016, which were issued on June 12, 2009.
New Notes	9.750% Senior Secured Notes due 2016, the issuance of which has been registered under the Securities Act of 1933. The form and terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
Exchange Offer	We are offering to issue up to $410.0 million aggregate principal amount of the new notes in exchange for a like principal amount of the old notes to satisfy our obligations under the registration rights agreement that was executed when the old notes were issued in a transaction in reliance upon the exemption from registration provided by Rule 144A and Regulation S of the Securities Act.
Expiration Date; Tenders	The exchange offer will expire at 5:00 p.m., New York City time, on October 1, 2009 (the 35th day following the date of this prospectus), unless extended in our sole and absolute discretion. By tendering your old notes, you represent to us that:

- you are not our "affiliate," as defined in Rule 405 under the Securities Act;
- any new notes you receive in the exchange offer are being acquired by you in the ordinary course of your business;
- at the time of commencement of the exchange offer, neither you nor anyone receiving new notes from you, has any arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes in violation of the Securities Act;
- you are not holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering;
- if you are not a participating broker-dealer, you are not engaged in, and do not intend to engage in, the distribution of the new notes, as defined in the Securities Act; and
- if you are a broker-dealer, you will receive the new notes for your own account in exchange for old notes that were acquired by you as a result of your market-making or other trading activities and that you will deliver a prospectus in connection with any resale of the new notes you receive. For further information regarding resales of the new notes by participating broker-dealers, see the discussion under the caption "Plan of Distribution."

Table of Contents

Withdrawal; Non-Acceptance	You may withdraw any old notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on October 1, 2009. If we decide for any reason not to accept any old notes tendered for exchange, the old notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. In the case of the old notes tendered by book-entry transfer into the exchange agent's account at The Depository Trust Company, any withdrawn or unaccepted old notes will be credited to the tendering holder's account at DTC. For further information regarding the withdrawal of tendered old notes, see "The Exchange Offer Terms of the Exchange Offer; Period for Tendering Old Notes" and the "The Exchange Offer Withdrawal Rights."
Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which we may waive. See the discussion below under the caption "The Exchange Offer Conditions to the Exchange Offer" for more information regarding the conditions to the exchange offer.
Procedures for Tendering the Old Notes	You must do one of the following on or prior to the expiration or termination of the exchange offer to participate in the exchange offer:

- tender your old notes by sending the certificates for your old notes, in proper form for transfer, a properly completed and duly executed letter of transmittal, with any required signature guarantees, and all other documents required by the letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as exchange agent, at one of the addresses listed below under the caption "The Exchange Offer Exchange Agent," or

- tender your old notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an agent's message instead of the letter of transmittal, to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your old notes in the exchange offer, The Bank of New York Mellon Trust Company, N.A., as exchange agent, must receive a confirmation of book-entry transfer of your old notes into the exchange agent's account at DTC prior to the expiration or termination of the exchange offer. For more information regarding the use of book-entry transfer procedures, including a description of the required agent's message, see the discussion below under the caption "The Exchange Offer Book-Entry Transfers."

Table of Contents

Special Procedures for Beneficial Owners	If you are a beneficial owner whose old notes are registered in the name of the broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name the old notes are registered and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your own behalf, prior to completing and executing the letter of transmittal and delivering your old notes, you must either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name the old notes are registered.
Material Federal Income Tax Considerations	The exchange of the old notes for new notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See the discussion under the caption "Material Federal Income Tax Considerations" for more information regarding the tax consequences to you of the exchange offer.
Use of Proceeds	We will not receive any proceeds from the exchange offer.
Exchange Agent	The Bank of New York Mellon Trust Company, N.A. is the exchange agent for the exchange offer. You can find the address and telephone number of the exchange agent below under the caption "The Exchange Offer Exchange Agent."
Resales	Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to the third parties, we believe that the new notes you receive in the exchange offer may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the new notes if:

- you are our "affiliate," as defined in Rule 405 under the Securities Act;
- you are not acquiring the new notes in the exchange offer in the ordinary course of your business;
- you have an arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes, you will receive in the exchange offer;
- you are holding old notes that have or are reasonably likely to have the status of an unsold allotment in the initial offering; or
- you are a participating broker-dealer that received new notes for its own account in the exchange offer in exchange for old notes that were acquired as a result of market-making or other trading activities.

Table of Contents

If you fall within one of the exceptions listed above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction involving the new notes. See the discussion below under the caption "The Exchange Offer Procedures for Tendering Old Notes" for more information.

Broker-Dealer

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of new notes. The letter of transmittal states that by so acknowledging and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes which were acquired by such broker-dealer as a result of market making activities or other trading activities. We have agreed that for a period of up to 210 days after the expiration date, as defined in this prospectus, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution" for more information.

Registration Rights Agreement

When the old notes were issued, we entered into a registration rights agreement with the initial purchasers of the old notes. Under the terms of the registration rights agreement, we agreed to use our commercially reasonable efforts to file with the SEC and cause to become effective, a registration statement relating to an offer to exchange the old notes for the new notes.

If we do not complete the exchange offer within 210 days of the date of issuance of the old notes (June 12, 2009), the interest rate borne by the old notes will be increased at a rate of 0.25% per annum every 90 days (but shall not exceed 0.50% per annum) until the exchange offer is completed, or until the old notes are freely transferable under Rule 144 of the Securities Act.

Under some circumstances set forth in the registration rights agreement, holders of old notes, including holders who are not permitted to participate in the exchange offer or who may not freely sell new notes received in the exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the old notes by these holders.

A copy of the registration rights agreement is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part. *See* "Description of the New Notes Registration Rights and Additional Interest."

Table of Contents

CONSEQUENCES OF NOT EXCHANGING OLD NOTES

If you do not exchange your old notes in the exchange offer, your old notes will continue to be subject to the restrictions on transfer described in the legend on the certificate for your old notes. In general, you may offer or sell your old notes only:

- if they are registered under the Securities Act and applicable state securities laws;
- if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or
- if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.

We do not currently intend to register the old notes under the Securities Act. Under some circumstances, however, holders of the old notes, including holders who are not permitted to participate in the exchange offer or who may not freely resell new notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of old notes by these holders. For more information regarding the consequences of not tendering your old notes and our obligation to file a shelf registration statement, see "The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes" and "Description of the New Notes Registration Rights and Additional Interest."

Table of Contents

Summary Description of the New Notes

The terms of the new notes and those of the outstanding old notes are substantially identical, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. For a more complete understanding of the new notes, see "Description of the New Notes."

Issuer	Rite Aid Corporation.
Securities	Up to $410.0 million aggregate principal amount of 9.750% Senior Secured Notes due 2016.
Maturity Date	June 12, 2016.
Interest	The new notes will bear interest at an annual rate of 9.750%. Interest is payable on March 15 and September 15 of each year, beginning on September 15, 2009.
Optional Redemption	Prior to June 12, 2013, we may redeem some or all of the new notes by paying a "make-whole" premium based on U.S. Treasury rates. On or after June 12, 2013, we may redeem some or all of the new notes at the redemption prices listed under the heading "Description of the New Notes Optional Redemption" in this prospectus plus accrued and unpaid interest to, but not including, the date of redemption.
	In addition, at any time and from time to time, prior to June 12, 2012, we may redeem up to 35% of the original aggregate principal amount of the new notes with the net proceeds of one or more of our equity offerings at a redemption price of 109.750% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, *provided* that at least 65% of the original aggregate amount of the new notes remains issued and outstanding.
Subsidiary Guarantees	Our obligations under the new notes will be guaranteed, subject to certain limitations, by all of our subsidiaries that guarantee our obligations under our senior credit facility, our outstanding 10.375% senior secured notes due 2016 and 7.5% senior secured notes due 2017 (the "*Subsidiary Guarantors*"). The Subsidiary Guarantors also provide unsubordinated, unsecured guarantees of our 8.625% senior notes due 2015, 9.375% senior notes due 2015 and 9.5% senior notes due 2017. The guarantees by the Subsidiary Guarantors of the new notes will be secured, subject to permitted liens, by the same senior liens granted by the Subsidiary Guarantors on all of their assets that secure our obligations under our senior credit facility (other than cash or cash equivalents securing letter of credit obligations which do not constitute part of the Collateral (as defined below)). The guarantees by the Subsidiary Guarantors will rank *pari passu* in right of payment with the guarantees of our senior credit facility and senior in right of payment to the guarantees of our 10.375% senior secured notes due 2016 and 7.5% senior secured notes due 2017. Under certain circumstances, subsidiaries may be released from their guarantees of the new notes without the consent of the holders of the new notes.

Our subsidiaries conduct substantially all of our operations and have significant liabilities, including trade payables. If the subsidiary guarantees are invalid or unenforceable or are limited by fraudulent conveyance or other laws, the new notes will be structurally subordinated to the substantial liabilities of our subsidiaries and the liens on the Collateral would be invalid, unenforceable or limited, as the case may be.

Security

The guarantees by the Subsidiary Guarantors of the new notes will be secured, subject to permitted liens, by senior liens granted by the Subsidiary Guarantors on the accounts receivable and chattel paper, deposit accounts, cash management accounts and funds on deposit therein, contracts, documents, general intangibles, instruments, intellectual property, script lists, pharmaceutical inventory and other eligible inventory of the Subsidiary Guarantors (the "*Collateral*") (other than cash or cash equivalents securing letter of credit obligations which do not constitute part of the Collateral). The senior liens will be shared with the holders of certain existing and future indebtedness, including the lenders under our senior credit facility. Pursuant to the senior lien intercreditor agreement entered into in connection with the offering of the old notes (the "*senior lien intercreditor agreement*"), the senior collateral agent will, under most circumstances, control all the rights and remedies with respect to the Collateral.

Our direct obligations under the new notes will not be secured. Our subsidiaries own substantially all of our operating assets. If the subsidiary guarantees are invalid or unenforceable or are limited by fraudulent conveyance or other laws, the new notes will be structurally subordinated to the substantial liabilities of our subsidiaries and the liens on the Collateral would be invalid, unenforceable or limited, as the case may be.

Repurchase at Option of Holders Upon a Change in Control

In the event of a change in control (as defined under the heading "Description of New Notes Definitions"), each holder of new notes may require us to repurchase its notes, in whole or in part, at a repurchase price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date. *See* "Description of New Notes Repurchase at the Option of Holders Upon a Change of Control," and "Risk Factors Risks Related to the Exchange Offer and Holding the New Notes We may be unable to purchase the new notes upon a change of control" in this prospectus.

Table of Contents

Ranking

Our senior credit facility is secured by the same senior liens on the Collateral that secure the new notes. Pursuant to the indenture governing the new notes, the security agreements and the intercreditor agreements that set forth the respective rights of the senior secured parties and all secured indebtedness, respectively, additional debt secured by senior liens and additional debt secured by second priority liens may be incurred, subject to certain limitations, without the consent of holders of the new notes. Pursuant to the senior lien intercreditor agreement entered into in connection with the offering of the old notes, the senior collateral agent will, under most circumstances, control all the rights and remedies with respect to the Collateral. Prior to the termination of the senior credit facility, the senior collateral agent will be directed by the parties to the senior credit facility even though all the senior secured parties, including holders of the new notes, will share equally and ratably in the Collateral. The second priority liens will not entitle holders of the new notes to take any action whatsoever with respect to the Collateral at any time when the senior liens are outstanding. The senior secured parties, including holders of the new notes, will receive all proceeds from any realization on the Collateral until the obligations secured by the senior liens are paid in full.

As of May 30, 2009, after giving effect to the Refinancing Transactions (as defined below):

- the total outstanding debt of us and the Subsidiary Guarantors (including current maturities and capital lease obligations, but excluding unused commitments, undrawn letters of credit and off balance sheet obligations under our accounts receivable securitization programs) would have been approximately $5.9 billion;

- the total outstanding debt of us and the Subsidiary Guarantors that would be *pari passu* to the guarantees of the new notes by the Subsidiary Guarantors and share in the benefit of senior liens on the Collateral would have been approximately $2.3 billion; and

- the total outstanding debt of us and the Subsidiary Guarantors that would have the benefit of guarantees from the Subsidiary Guarantors and share, subject to permitted liens, second priority liens on the Collateral would have been approximately $930.4 million.

Covenants

The indenture governing the new notes contains covenants that limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional debt;

- pay dividends or make other restricted payments;

Table of Contents

- purchase, redeem or retire capital stock or subordinated debt;
- make asset sales;
- enter into transactions with affiliates;
- incur liens;
- enter into sale-leaseback transactions;
- provide subsidiary guarantees;
- make investments; and
- merge or consolidate with any other person.

These covenants are subject to a number of exceptions. *See* "Description of the New Notes" in this prospectus.

Trading The new notes are a new issue of securities, and there is currently no established trading market for the new notes. An active or liquid market may not develop for the new notes or, if developed, be maintained. We have not applied, and do not intend to apply, for the listing or the new notes on any automated dealer quotation system.

Risk Factors Tendering your old notes in the exchange offer involves risks. You should carefully consider the information in the sections entitled "Risk Factors" in this prospectus and all the other information included in this prospectus before tendering any old notes.

Table of Contents

RISK FACTORS

You should consider carefully the following factors, as well as the other information set forth in this prospectus, before tendering your old notes in the exchange offer. When we use the term "notes" in this prospectus, the term includes the old notes and the new notes.

Risks Related to the Exchange Offer and Holding the New Notes

Holders who fail to exchange their old notes will continue to be subject to restrictions on transfer.

If you do not exchange your old notes for new notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your old notes described in the legend on the certificates for your old notes. The restrictions on transfer of your old notes arise because we issued the old notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the old notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register the old notes under the Securities Act. For further information regarding the consequences of tendering your old notes in the exchange offer, see the discussions below under the captions "The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes" and "Material Federal Income Tax Considerations."

You must comply with the exchange offer procedures in order to receive new, freely tradable new notes.

Delivery of new notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

- certificates for old notes or a book-entry confirmation of a book-entry transfer of old notes into the Exchange Agent's account at DTC, New York, New York as depository, including an Agent's Message (as defined herein) if the tendering holder does not deliver a letter of transmittal;

- a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message in lieu of the letter of transmittal; and

- any other documents required by the letter of transmittal.

Therefore, holders of old notes who would like to tender old notes in exchange for new notes should be sure to allow enough time for the old notes to be delivered on time. We are not required to notify you of defects or irregularities in tenders of old notes for exchange. Old notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. *See* "The Exchange Offer Procedures for Tendering Old Notes" and "The Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes."

Some holders who exchange their old notes may be deemed to be underwriters and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your old notes in the exchange offer for the purpose of participating in a distribution of the new notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Table of Contents

If the guarantees of the new notes and the liens that secure these guarantees are held to be invalid or unenforceable or are limited by fraudulent conveyance or other laws, the new notes will be unsecured and structurally subordinated to the debt of our subsidiaries.

We are a holding company with no direct operations. Our principal assets are the equity interests we hold in our operating subsidiaries. As a result, we are dependent upon dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations, including the payment of principal of and interest on our outstanding debt. Our subsidiaries are legally distinct from us and have no obligation to pay amounts due on our debt or to make funds available to us for such payment. Accordingly, our debt that is not guaranteed by our subsidiaries is structurally subordinated to the debt and other liabilities of our subsidiaries.

Our creditors or the creditors of the Subsidiary Guarantors could challenge the guarantees of the new notes and the liens securing the new notes as fraudulent conveyances or on other grounds. The delivery of these guarantees or the grant of these liens could be found to be a fraudulent conveyance and declared void if a court determined that: the Subsidiary Guarantor delivered the guarantee or granted a lien with the intent to hinder, delay or defraud its existing or future creditors; the Subsidiary Guarantor did not receive fair consideration for the delivery of the guarantee or the grant of the liens; or the Subsidiary Guarantor was insolvent at the time it delivered the guarantee or granted a lien. We cannot assure you that a court would not reach one of these conclusions. In the event that a court declares these guarantees or liens to be void, or in the event that the guarantees or liens must be limited or voided in accordance with their terms, any claim you may make against us for amounts payable on the new notes would be effectively subordinated to the obligations of our subsidiaries, including trade payables and other liabilities that constitute indebtedness. In addition, even if the guarantees of the new notes and the liens securing the new notes remain in force, under most circumstances, while you share equally and ratably with the other senior secured parties in all proceeds from any realization on the Collateral, you will not control the rights and remedies with respect to the Collateral upon an event of default and the exercise of any such rights and remedies following such an event of default will be made by the senior collateral agent, acting at the direction of the parties to our senior credit facility.

We may be unable to purchase the new notes upon a change of control.

Upon a change of control event, we would be required to offer to purchase the new notes for cash at a price equal to 101% of the aggregate principal amount of the new notes, plus accrued and unpaid interest, if any. The change of control provisions may not protect you if we undergo a highly leveraged transaction, reorganization, restructuring, acquisition or similar transaction that may adversely affect you unless the transaction is included within the definition of a change of control.

Our senior credit facility provides that the occurrence of certain events that would constitute a change of control for the purposes of the indenture governing the new notes constitutes a default under such facilities. Much of our other debt also requires us to repurchase such debt upon an event that would constitute a change of control for the purposes of the new notes. Other future debt may contain prohibitions of events that would constitute a change of control or would require such debt to be repurchased upon a change of control. Moreover, the exercise by holders of the new notes of their right to require us to repurchase the new notes could cause a default under our existing or future debt, even if the change of control itself does not result in a default under existing or future debt. Finally, our ability to pay cash to holders of the new notes upon a repurchase may be limited by our financial resources at the time of such repurchase or by the terms of our outstanding debt agreements at the time. Therefore, we cannot assure you that sufficient funds will be available when necessary to make any required repurchases. Our failure to purchase the new notes in connection with a change of control would result in a default under the indenture governing the new notes. Such a default would, in turn,

Table of Contents

constitute a default under much of our existing debt, and may constitute a default under future debt as well.

There may not be an active trading market for the new notes, and their price may be volatile. Holders may be unable to sell their new notes at the price desired or at all.

There is no existing trading market for the new notes. As a result, there can be no assurance that a liquid market will develop or be maintained for the new notes, that holders will be able to sell any of the new notes at a particular time (if at all) or that the prices holders receive if or when they sell the new notes will be above their initial offering price. If the new notes are traded after their initial issuance, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, the price and volatility in the price of our common stock, our performance and other factors. We do not intend to list the new notes on any national securities exchange.

The liquidity of any market for the new notes will depend on a number of factors, including:

- the number of holders of the new notes;
- our operating performance and financial condition;
- the market for similar securities;
- the interest of securities dealers in making a market in the new notes; and
- prevailing interest rates.

An active market for the new notes may not develop and, if it develops, may not continue.

The value of the Collateral securing the new notes may not be sufficient to satisfy our obligations under the new notes.

No appraisal of the value of the Collateral has been made in connection with this offering, and the fair market value of the Collateral is subject to fluctuations based on factors that include, among others, general economic conditions and similar factors. The amount to be received upon a sale of the Collateral would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Collateral at such time, the timing and the manner of the sale and the availability of buyers. By its nature, portions of the Collateral may be illiquid and may have no readily ascertainable market value. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the Collateral may not be sold in a timely or orderly manner, and the proceeds from any sale or liquidation of the Collateral may not be sufficient to pay our obligations under the new notes.

Even though the guarantees of the new notes will benefit from a senior lien on the Collateral, the senior collateral agent, acting at the direction of the parties to the senior credit facility, will control most actions with respect to the Collateral.

The rights of holders of the new notes with respect to the Collateral will be subject to a senior lien intercreditor agreement among us, the senior collateral agent, acting at the direction of the parties to our senior credit facility, and the trustee, who is the authorized representative for the old notes and will be the authorized representative for the new notes. Under the senior lien intercreditor agreement, any actions that may be taken with respect to the Collateral, including the ability to cause the commencement of enforcement proceedings against the Collateral, to control such proceedings and to approve amendments to releases of the Collateral from the lien of, and waive past defaults under, such documents relating to the Collateral, will be controlled by the senior collateral agent, acting at the direction of the parties to the senior credit facility, until the senior credit facility is terminated.

Table of Contents

In addition, the senior credit facility permits and the indenture permits us to issue additional series of notes or other indebtedness that also have a senior lien on the Collateral. After the senior credit facility is terminated, at which time the parties to the senior credit facility will no longer have the right to direct the actions of the senior collateral agent with respect to the Collateral pursuant to the senior lien intercreditor agreement, that right passes to the authorized representative of holders of the next largest outstanding principal amount of indebtedness secured by a senior lien on the Collateral. If we issue additional senior lien indebtedness in the future in a greater principal amount than the new notes, then the authorized representative for the additional indebtedness would be next in line to direct the senior collateral agent to exercise rights under the senior lien intercreditor agreement, rather than the authorized representative for the new notes.

Under the senior lien intercreditor agreement, the authorized representative of holders of the new notes may not object following the filing of a bankruptcy petition to any debtor-in-possession financing or to the use of the shared collateral to secure that financing, subject to conditions and limited exceptions. After such a filing, the value of the Collateral could materially deteriorate, and holders of the new notes would be unable to raise an objection.

The Collateral will also be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the senior collateral agent, acting at the direction of the parties to our senior credit facility, prior to termination of the senior credit facility.

The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral as well as the ability of the senior collateral agent to realize or foreclose on the Collateral for the benefit of holders of the new notes. The Company has not analyzed the effect of, or participated in any negotiations relating to, such exceptions, defects, encumbrances, liens and imperfections, and the existence thereof could adversely affect the value of the Collateral that will secure the guarantees of the new notes as well as the ability of the senior collateral agent to realize or foreclose on the Collateral for the benefit of holders of the new notes.

There are circumstances other than repayment or discharge of the new notes under which the Collateral will be released automatically, without your consent or the consent of the trustee, and you may not realize any payment upon disposition of such Collateral.

Under various circumstances, the Collateral will be released automatically, including a sale, transfer or other disposal in a transaction not prohibited under the senior debt documents and, with respect to the Collateral upon which the guarantees of the new notes have a senior lien, upon any release in connection with a foreclosure or exercise of remedies with respect to that Collateral by the senior collateral agent, acting at the direction of the parties to our senior credit facility, prior to the termination of the senior credit facility. Even though holders of the new notes share ratably with the lenders under our senior credit facility, the senior collateral agent, acting at the direction of the parties to our senior credit facility, until the termination of the senior credit facility, will initially control actions with respect to the Collateral, whether or not holders of the new notes agree or disagree with those actions. *See* " Even though the guarantees of the new notes will benefit from a senior lien on the Collateral, the senior collateral agent, acting at the direction of the parties to the senior credit facility, will control most actions with respect to the Collateral." In addition, upon certain sales of the assets that comprise the Collateral, if our borrowing capacity under our new $1.0 billion senior secured revolving credit facility (the "*New Revolver*") and any future revolving facilities under our senior credit facility is less than $900.0 million or if the proceeds of such Collateral disposition are received during a cash sweep period (*See* "Description of Other Indebtedness") pursuant to the senior credit facility, we will be required to repay amounts outstanding under such applicable revolving facility, prior to repayment of any of our other senior obligations, including the new notes, with the proceeds of such Collateral disposition.

Your rights in the Collateral may be adversely affected by the failure to perfect security interests in certain collateral in the future.

Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. The trustee or the senior collateral agent may not monitor, or we may not inform the trustee or the senior collateral agent of, the future acquisition of property and rights that constitute Collateral, and necessary action may not be taken to properly perfect the security interest in such after-acquired collateral. The trustee for the new notes has no obligation to monitor the acquisition of additional property or rights that constitute Collateral or the perfection of any security interest in favor of the guarantees of the new notes against third parties. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the new notes against third parties.

If we were to file for bankruptcy protection, the ability of holders of the new notes to realize upon the Collateral will be subject to certain bankruptcy law limitations.

The ability of holders of the new notes to realize upon the Collateral will be subject to certain bankruptcy law limitations if we were to file for bankruptcy protection. Under applicable U.S. federal bankruptcy laws, secured creditors are prohibited from repossessing their security from a debtor in a bankruptcy case without bankruptcy court approval and may be prohibited from disposing of security repossessed from such a debtor without bankruptcy court approval. Moreover, applicable federal bankruptcy laws generally permit the debtor to continue to retain collateral, including cash collateral, even though the debtor is in default under the applicable debt instruments, *provided* that the secured creditor is given "*adequate protection*."

The meaning of the term "*adequate protection*" may vary according to the circumstances, but is intended generally to protect the value of the secured creditor's interest in the collateral at the commencement of the bankruptcy case and may include cash payments or the granting of additional security if and at such times as the court, in its discretion, determines that a diminution in the value of the collateral occurs as a result of the stay of repossession or the disposition of the collateral during the pendency of the bankruptcy case. In view of the lack of a precise definition of the term "*adequate protection*" and the broad discretionary powers of a U.S. bankruptcy court, we cannot predict whether or when the collateral agent for the new notes could foreclose upon or sell the collateral or whether or to what extent holders of new notes would be compensated for any delay in payment or loss of value of the collateral through the requirement of "*adequate protection*."

Risks Related to our Financial Condition

Current economic conditions may adversely affect our industry, business and results of operations.

The United States economy is currently in a recession and a period of unprecedented volatility, and the future economic environment may continue to be less favorable than that of recent years. This recession has and could further lead to reduced consumer spending for the foreseeable future. If consumer spending continues to decrease, we will likely not be able to improve our same store sales. In addition, reduced consumer spending may drive us and our competitors to offer additional products at promotional prices, which would have a negative impact on our gross profit. A continued softening in consumer spending may adversely affect our industry, business, suppliers and results of operations. Reduced revenues as a result of decreased consumer spending may also reduce our liquidity and otherwise hinder our ability to implement our long term strategy.

Table of Contents

We are highly leveraged. Our substantial indebtedness could limit cash flow available for our operations and could adversely affect our ability to service debt or obtain additional financing if necessary.

We had, as of May 30, 2009, $5.7 billion of outstanding indebtedness (not including $519.5 million of outstanding amounts under our accounts receivable securitization facilities) and negative stockholders' equity of $1.3 billion. We also had additional borrowing capacity under our then existing $1.75 billion senior secured revolving credit facility of approximately $901.8 million, and subsequent to the Refinancing Transactions, had no borrowings under the New Revolver and outstanding borrowing capacity of approximately $686.0 million, net of letters of credit. Subsequent to the Refinancing Transactions, we also had additional borrowing capacity under our first lien accounts receivable securitization facility.

Although the Refinancing Transactions have extended our debt maturities to September 2012 and beyond, other than our accounts receivable securitization facilities, our high level of indebtedness will continue to restrict our operations. Among other things, our indebtedness will:

- limit our flexibility in planning for, or reacting to, changes in the market in which we compete;
- place us at a competitive disadvantage relative to our competitors with less indebtedness;
- render us more vulnerable to general adverse economic, regulatory and industry conditions; and
- require us to dedicate a substantial portion of our cash flow to service our debt.

Our ability to meet our cash requirements, including our debt service obligations, is dependent upon our ability to substantially improve our operating performance, which will be subject to general, economic and competitive conditions and to financial, business and other factors, many of which are beyond our control. We cannot provide assurance that our business will generate sufficient cash flow from operations to fund our cash requirements and debt service obligations, including with respect to the new notes.

The United States credit markets continue to experience an unprecedented contraction. We believe we have adequate sources of liquidity to meet our anticipated requirements for working capital, debt service and capital expenditures through fiscal 2010 and have no material maturities prior to September 2012, other than amounts outstanding under our accounts receivable securitization facilities. However if we are unable to refinance our accounts receivable securitization facilities, and our operating results, cash flow or capital resources prove inadequate, or if interest rates rise significantly, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt and other obligations or otherwise be required to delay our planned activities. Additionally, decreases in the valuation of the Collateral securing our senior credit facility, the new notes or our accounts receivable securitization facilities could result in a reduction of availability under such facilities. If we are unable to service our debt, including the new notes, or experience a significant reduction in our liquidity, we could be forced to reduce or delay planned capital expenditures and other initiatives, sell assets, restructure or refinance our debt or seek additional equity capital, and we may be unable to take any of these actions on satisfactory terms or in a timely manner. Additionally, since we did not pay a dividend, which could have been paid in additional shares, to holders of our Series G and H Preferred Stock on March 31, 2009 (even though we are now current on all dividends owed to holders of our preferred stock), we are not currently eligible to use Form S-3 to register securities with the SEC. Further, any of these actions may not be sufficient to allow us to service our debt obligations, including with respect to the new notes, or may have an adverse impact on our business. Our existing debt agreements limit our ability to take certain of these actions. Our failure to generate sufficient operating cash flow to pay our debts or refinance our indebtedness could have a material adverse effect on us.

Table of Contents

Borrowings under our senior credit facility and expenses related to the sale of our accounts receivable securitization facilities are based upon variable rates of interest, which could result in higher expense in the event of increases in interest rates.

As of May 30, 2009, after giving effect to the Refinancing Transactions, approximately $1.9 billion of our outstanding indebtedness (not including $519.5 million of outstanding amounts under our accounts receivable securitization facilities) would have borne interest at a rate that varies depending upon the London Interbank Offered Rate ("*LIBOR*"), subject, in the case of the Tranche 3 Term Loan, the Tranche 4 Term Loan (as defined below), the New Revolver and the second lien accounts receivable facility, to a minimum LIBOR floor. If we borrow additional amounts under the New Revolver, the interest rate on those borrowings may also vary depending upon LIBOR. Further, we pay ongoing program fees under our first lien accounts receivable securitization agreement that are indexed to a commercial paper rate that approximates 1-month LIBOR and expense incurred under our second lien accounts receivable facility varies depending on LIBOR. LIBOR has experienced unprecedented volatility in connection with the ongoing recession and credit crisis. If LIBOR rises, the interest rates on outstanding debt, the related program fees under our first lien receivables securitization program and expense incurred under our second lien accounts receivable facility could increase. Therefore an increase in LIBOR could increase our interest payment obligations under these loans, could increase our first lien receivables securitization program fee payments, could increase our expense related to our second lien accounts receivable facility and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest.

The covenants in the instruments that govern our current indebtedness and the new notes may limit our operating and financial flexibility.

The covenants in the instruments that govern our current indebtedness, and the new notes limit our ability to:

- incur debt and liens;
- pay dividends;
- make redemptions and repurchases of capital stock;
- make loans and investments;
- prepay, redeem or repurchase debt;
- engage in acquisitions, consolidations, asset dispositions, sale-leaseback transactions and affiliate transactions;
- change our business;
- amend some of our debt and other material agreements;
- issue and sell capital stock of subsidiaries;
- restrict distributions from subsidiaries; and
- grant negative pledges to other creditors.

In addition, as a result of certain amendments of our senior credit facility (the "*Credit Agreement Amendments*") we entered into on June 5, 2009, if we have less than $150.0 million of revolver availability under our senior credit facility we will be subject to a fixed charge coverage ratio maintenance test. The Credit Agreement Amendments also change certain other covenants contained therein. For a description of the Credit Agreement Amendments, *see* "Description of Other Indebtedness" and "Management's Discussion and Analysis of Financial Condition and Results of

Table of Contents

Operations" in this prospectus. Further, our accounts receivable securitization facilities require us to maintain a minimum liquidity position, comprised of revolver availability and cash on hand, of $100.0 million. If we are unable to meet the terms of the financial covenants or if we breach any of these covenants, a default could result under one or more of these agreements. A default, if not waived by our lenders, could result in the acceleration of our outstanding indebtedness and cause our debt to become immediately due and payable. If acceleration occurs, we would not be able to repay our debt, including the new notes, and it is unlikely that we would be able to borrow sufficient additional funds to refinance such debt, particularly in light of the current credit crisis. Even if new financing is made available to us, it may not be available on terms acceptable to us. If we obtain modifications of our agreements, or are required to obtain waivers of defaults, we may incur significant fees and transaction costs or become subject to more stringent covenants and restrictions on our operations.

We are in compliance with all New York Stock Exchange continued listing requirements. However, if we do not continue to maintain compliance with such requirements, our common stock may be delisted.

On July 1, 2009, we were notified by the New York Stock Exchange (the "*NYSE*") that, as of July 1, 2009, we have regained compliance with the NYSE share price listing requirement. Accordingly, we do not intend to implement the reverse stock split as previously approved by our stockholders.

We are in compliance with all NYSE listing rules, have actively been taking steps to maintain our listing and expect our efforts to maintain our NYSE listing will be successful. However, there can be no assurance that we will maintain compliance with the NYSE share price rule or other continued listing requirements. In the event of a delisting, holders of our 8.5% convertible notes due 2015 (the "*8.5% Convertible Notes*") could require us to repurchase their 8.5% Convertible Notes, which would result in a default under our senior credit facility and accounts receivable securitization facilities. Although there can be no assurance that we would be able to do so, we may seek to refinance or otherwise acquire the 8.5% Convertible Notes to avoid such a scenario.

Risks Related to Our Operations

We need to continue to improve our operations in order to improve our financial condition, but our operations will not improve if we cannot continue to effectively implement our business strategy or if our strategy is negatively affected by general economic conditions.

We have not yet achieved the sales productivity levels of our major competitors. We believe that improving the sales of existing stores and particularly the acquired Brooks Eckerd stores is important to improving profitability and operating cash flow. If we are not successful in implementing our strategies, including our efforts to further reduce costs, or if our strategies are not effective, we may not be able to improve our operations. In addition, any further adverse change or continued downturn in general economic conditions or major industries can adversely affect drug benefit plans and reduce our pharmacy sales. Adverse changes in general economic conditions, such as the current recession, affect consumer buying practices and consequently reduce our sales of front end products, and cause a decrease in our profitability. Failure to continue to improve operations or a continued decline in major industries or general economic conditions would adversely affect our results of operations, financial condition and cash flows and our ability to make principal or interest payments on our debt, including the new notes.

For so long as Jean Coutu Group (and, subject to certain conditions, certain members of the Coutu family) maintain certain levels of Rite Aid stock ownership, Jean Coutu Group (and, subject to certain conditions, certain members of the Coutu family) could exercise significant influence over us.

As of May 30, 2009, Jean Coutu Group owned 252.0 million shares of our common stock, which represented approximately 27.6% of the total Rite Aid voting power. As a result, Jean Coutu Group (and, subject to certain conditions, certain members of the Coutu family) generally has the ability to significantly influence the outcome of any matter submitted for the vote of our stockholders. The Stockholder Agreement that we entered into at the time of the Brooks Eckerd acquisition provides that Jean Coutu Group (and, subject to certain conditions, certain members of the Coutu family) designate four of the fourteen members of our Board of Directors, subject to adjustment based on its ownership position in us. Accordingly, Jean Coutu Group generally is able to significantly influence the outcome of all matters that come before our Board of Directors. As a result of its significant interest in us, Jean Coutu Group may have the power, subject to applicable law (including the fiduciary duties of the directors designated by Jean Coutu Group), to significantly influence actions that might be favorable to Jean Coutu Group, but not necessarily favorable to our financial condition and results of operations. In addition, the ownership position and governance rights of Jean Coutu Group could discourage a third party from proposing a change of control or other strategic transaction concerning us. Additionally, the Stockholder Agreement provides the Jean Coutu Group with certain preemptive rights and the ability to maintain their ownership percentage in Rite Aid.

Conflicts of interest may arise between us and Jean Coutu Group, which may be resolved in a manner that adversely affects our business, financial condition or results of operations.

Following the Brooks Eckerd acquisition, Jean Coutu Group has continued its Canadian operations but no longer has any operations in the United States, and we currently have no operations in Canada. Despite the lack of geographic overlap, conflicts of interest may arise between us and Jean Coutu Group in areas relating to past, ongoing and future relationships, including corporate opportunities, potential acquisitions or financing transactions, sales or other dispositions by Jean Coutu Group of its interests in us and the exercise by Jean Coutu Group of its influence over our management and affairs.

As a result of the Acquisition, a number of the directors on our Board of Directors are persons who are also officers or directors of Jean Coutu Group or its subsidiaries. Service as a director or officer of both Rite Aid and Jean Coutu Group or its other subsidiaries could create conflicts of interest if such directors or officers are faced with decisions that could have materially different implications for Rite Aid and for Jean Coutu Group. Apart from the conflicts of interest policy contained in our Code of Ethics and Business Conduct and applicable to our directors, we and Jean Coutu Group have not established any formal procedures for us and Jean Coutu Group to resolve potential or actual conflicts of interest between us. There can be no assurance that any of the foregoing conflicts will be resolved in a manner that does not adversely affect our business, financial condition or results of operations.

We are dependent on our management team, and the loss of their services could have a material adverse effect on our business and the results of our operations or financial condition.

The success of our business is materially dependent upon the continued services of our executive management team. The loss of key personnel could have a material adverse effect on the results of our operations, financial condition or cash flows. Additionally, we cannot assure you that we will be able to attract or retain other skilled personnel in the future.

We are substantially dependent on a single wholesaler of branded pharmaceutical products to sell products to us on satisfactory terms. A disruption in this relationship may have a negative effect on our results of operations, financial condition and cash flow.

We purchase all of our brand prescription drugs from a single wholesaler, McKesson Corporation ("*McKesson*"), pursuant to a contract that runs through April 2010. Pharmacy sales represented approximately 67% and 68% of our total sales during fiscal 2009 and the thirteen weeks ended May 30, 2009, respectively, and, therefore, our relationship with McKesson is important to us. Any significant

Table of Contents

disruptions in our relationship with McKesson would make it difficult for us to continue to operate our business until we executed a replacement wholesaler agreement or developed and implemented self-distribution processes. There can be no assurance that we would be able to find a replacement wholesaler on a timely basis or that such wholesaler would be able to fulfill our demands on similar terms, which would have a material adverse effect on our results of operations, financial condition and cash flows.

Risks Related to Our Industry

The markets in which we operate are very competitive and further increases in competition could adversely affect us.

We face intense competition with local, regional and national companies, including other drugstore chains, independently owned drugstores, supermarkets, mass merchandisers, discount stores, dollar stores, mail order and internet pharmacies. Our industry also faces growing competition from companies who import drugs directly from other countries, such as Canada, as well as from large-scale retailers that offer generic drugs at a substantial discount. Some of our competitors have or may merge with or acquire pharmaceutical services companies or pharmacy benefit managers, which may further increase competition. We may not be able to effectively compete against them because our existing or potential competitors may have financial and other resources that are superior to ours. In addition, we may be at a competitive disadvantage because we are more highly leveraged than our competitors. The ability of our stores to achieve profitability depends on their ability to achieve a critical mass of loyal, repeat customers. We believe that the continued consolidation of the drugstore industry will further increase competitive pressures in the industry. We cannot assure you that we will be able to continue to effectively compete in our markets or increase our sales volume in response to further increased competition.

Drug benefit plan sponsors and third party payors could change their plan eligibility criteria and further encourage or require the use of mail-order prescriptions which could decrease our sales and reduce our margins and have a material adverse effect on our business.

An adverse trend for drugstore retailing has been initiatives to contain rising healthcare costs leading to the rapid growth in mail-order prescription processors. These prescription distribution methods have grown in market share relative to drugstores as a result of the rapid rise in drug costs experienced in recent years and are predicted to continue to rise. Mail-order prescription distribution methods are perceived by employers and insurers as being less costly than traditional distribution methods and are being encouraged, and, in some cases, required, by third party pharmacy benefit managers, employers and unions that administer benefits. As a result, some labor unions and employers are requiring, and others may encourage or require, that their members or employees obtain medications from mail-order pharmacies which offer drug prescriptions at prices lower than we are able to offer.

Another adverse trend for drugstore retailing has been for drug benefit plan sponsors and third party payors to change their plan eligibility requirements resulting in fewer beneficiaries covered and a reduction in the number of prescriptions allowed.

Mail-order prescription distribution and drug benefit plan eligibility changes have negatively affected sales for traditional chain drug retailers, including us, in the last few years and we expect such negative effects to continue in the future. There can be no assurance that our efforts to offset the effects of mail order and eligibility changes will be successful.

Table of Contents

The availability of pharmacy drugs is subject to governmental regulations.

The continued conversion of various prescription drugs, including the planned conversion of a number of popular medications, to over-the-counter medications may reduce our pharmacy sales and customers may seek to purchase such medications at non-pharmacy stores. Also, if the rate at which new prescription drugs become available slows or if new prescription drugs that are introduced into the market fail to achieve popularity, our pharmacy sales may be adversely affected. The withdrawal of certain drugs from the market or concerns about the safety or effectiveness of certain drugs or negative publicity surrounding certain categories of drugs may also have a negative effect on our pharmacy sales or may cause shifts in our pharmacy or front end product mix.

Changes in third party reimbursement levels for prescription drugs could reduce our margins and have a material adverse effect on our business.

Sales of prescription drugs, as a percentage of sales, and the percentage of prescription sales reimbursed by third parties, have been increasing and we expect them to continue to increase. In fiscal 2009 and the thirteen weeks ended May 30, 2009, sales of prescription drugs represented 67.2% and 68.2% of our sales, respectively, and 96.3% of all of the prescription drugs that we sold were with third party payors in both periods. During fiscal 2009 and the thirteen weeks ended May 30, 2009, the top five third-party payors accounted for approximately 37.3% and 38.5% of our total sales, respectively, the largest of which in each period represented 12.6% and 14.3% of our total sales, respectively. Third party payors have and could further reduce the levels at which they will reimburse us for the prescription drugs that we provide to their members, which could impact our gross margins. Any significant loss of third-party payor business or any significant reduction in reimbursement levels could have a material adverse effect on our business and results of operations.

In fiscal 2009 and the thirteen weeks ended May 30, 2009, approximately 6.6% and 7.1% of our revenues, respectively, were from state sponsored Medicaid agencies, the largest of which were less than 2% and equal to 2% of our total sales, respectively. In fiscal 2009 and the thirteen weeks ended May 30, 2009, approximately 10.5% and 10.9% of our total sales, respectively, were to customers covered by Medicare Part D, and we expect these sales to continue. There have been a number of recent proposals and enactments by the Federal government and various states to reduce Medicaid reimbursement levels in response to budget problems, some of which propose to reduce reimbursement levels in the applicable states significantly, and we expect other similar proposals in the future. If third party payors reduce their reimbursement levels or if Medicare Part D or state Medicaid programs cover prescription drugs at lower reimbursement levels, our margins on these sales would be reduced, and the profitability of our business and our results of operations, financial condition or cash flows could be adversely affected.

Changes in industry pricing benchmarks could adversely affect our business, financial condition and results of operations.

Most of the contracts governing the participation of our pharmacies in retail pharmacy networks utilize Average Wholesale Price ("*AWP*") as a benchmark to establish pricing for prescription drugs. In connection with the recent court approved settlement of a class action lawsuit brought against First Data Bank ("*FDB*") and Medi-Span which are the two primary sources of AWP price reporting, FDB and Medi-Span agreed to reduce the reported AWP of certain drugs by four (4) percent and to discontinue the publishing of AWP at a future time. Additionally, FDB and Medi-Span have indicated that they will also reduce the reported AWP in the same manner for all other drugs not covered by the settlement and that they intend to stop the reporting of AWP in the future. The settlements have raised uncertainties as to whether payors and others in the prescription drug industry will continue to utilize AWP as it has previously been calculated or whether other pricing benchmarks will be adopted for establishing prices within the industry. Many of our contracts with third party plans contain

Table of Contents

provisions that allow renegotiation of pricing terms to adjust pricing to maintain the relative economics of the contract in light of a change in AWP methodology or allow us to terminate the contract unilaterally upon notice. We intend to negotiate with the various third party plans for adjustments relating to the expected change to AWP, however, we cannot be certain these negotiations will be successful. Due to these factors and the uncertainty over future appeals or stays of the court ruling, which could delay the effective date of implementation of the settlements, we are unable to predict with certainty the effect of the AWP reduction on our business.

We are subject to governmental regulations, procedures and requirements; our noncompliance or a significant regulatory change could adversely affect our business, the results of our operations or our financial condition.

Our business is subject to federal, state and local government laws, regulations and administrative practices. We must comply with numerous provisions regulating health and safety, equal employment opportunity, minimum wage and licensing for the sale of drugs, alcoholic beverages, tobacco and other products. In addition, we must comply with regulations pertaining to product labeling, dating and pricing. Our pharmacy business is subject to local registrations in the states where our pharmacies are located, applicable Medicare and Medicaid regulations and prohibitions against paid referrals of patients. Failure to properly adhere to these and other applicable regulations could result in the imposition of civil and criminal penalties including suspension of payments from government programs; loss of required government certifications; loss of authorizations to participate in or exclusion from government reimbursement programs, such as the Medicare and Medicaid programs; loss of licenses; significant fines or monetary penalties for anti-kickback law violations, submission of false claims or other failures to meet reimbursement program requirements and could adversely affect the continued operation of our business. Additionally, any such failure could damage our reputation or brand.

Our pharmacy business is subject to patient privacy and other obligations including corporate, pharmacy and associate responsibility, imposed by the Health Insurance Portability and Accountability Act. As a covered entity, we are required to implement privacy standards, train our associates on the permitted use and disclosures of protected health information, provide a notice of privacy practice to our pharmacy customers and permit pharmacy health customers to access and amend their records and receive an accounting of disclosures of protected health information. Failure to properly adhere to these requirements could result in the imposition of civil as well as criminal penalties.

Federal and state reform programs, such as healthcare reform and enforcement initiatives of federal and state governments may also affect our pharmacy business. These initiatives include:

- proposals designed to significantly reduce spending on Medicare, Medicaid and other government programs;
- changes in programs providing for reimbursement for the cost of prescription drugs by third party plans;
- increased scrutiny of, and litigation relating to, prescription drug manufacturers' pricing and marketing practices; and
- regulatory changes relating to the approval process for prescription drugs.

These initiatives could lead to the enactment of, or changes to, federal regulations and state regulations that could adversely impact our prescription drug sales and, accordingly, our results of operations, financial condition or cash flows. It is uncertain at this time what additional healthcare reform initiatives, if any, will be implemented, or whether there will be other changes in the administration of governmental healthcare programs or interpretations of governmental policies or other changes affecting the healthcare system. Future healthcare or budget legislation or other changes, including those referenced above, may materially adversely impact our pharmacy sales.

Certain risks are inherent in providing pharmacy services; our insurance may not be adequate to cover any claims against us.

Pharmacies are exposed to risks inherent in the packaging and distribution of pharmaceuticals and other healthcare products, such as with respect to improper filling of prescriptions, labeling of prescriptions, adequacy of warnings, unintentional distribution of counterfeit drugs and expiration of drugs. In addition, federal and state laws that require our pharmacists to offer counseling, without additional charge, to their customers about medication, dosage, delivery systems, common side effects and other information the pharmacists deem significant can impact our business. Our pharmacists may also have a duty to warn customers regarding any potential negative effects of a prescription drug if the warning could reduce or negate these effects. Although we maintain professional liability and errors and omissions liability insurance, from time to time, claims result in the payment of significant amounts, some portions of which are not funded by insurance. We cannot assure you that the coverage limits under our insurance programs will be adequate to protect us against future claims, or that we will be able to maintain this insurance on acceptable terms in the future. Our results of operations, financial condition or cash flows may be adversely affected if in the future our insurance coverage proves to be inadequate or unavailable or there is an increase in liability for which we self-insure or we suffer reputational harm as a result of an error or omission.

We will not be able to compete effectively if we are unable to attract, hire and retain qualified pharmacists.

There is a nationwide shortage of qualified pharmacists. Accordingly, we may not be able to attract, hire and retain enough qualified pharmacists. This could adversely affect our operations.

We may be subject to significant liability should the consumption of any of our products cause injury, illness or death.

Products that we sell could become subject to contamination, product tampering, mislabeling or other damage requiring us to recall our private label products. In addition, errors in the dispensing and packaging of pharmaceuticals could lead to serious injury or death. Product liability claims may be asserted against us with respect to any of the products or pharmaceuticals we sell and we may be obligated to recall our private brand products. A product liability judgment against us or a product recall could have a material, adverse effect on our business, financial condition or results of operations.

If we fail to protect the security of personal information about our customers and associates, we could be subject to costly government enforcement actions or private litigation.

Through our sales and marketing activities, we collect and store certain personal information that our customers provide to purchase products or services, enroll in promotional programs, register on our web site, or otherwise communicate and interact with us. We also gather and retain information about our associates in the normal course of business. We may share information about such persons with vendors that assist with certain aspects of our business. Despite instituted safeguards for the protection of such information, security could be compromised and confidential customer or business information misappropriated. Loss of customer or business information could disrupt our operations, damage our reputation, and expose us to claims from customers, financial institutions, payment card associations and other persons, any of which could have an adverse effect on our business, financial condition and results of operations. In addition, compliance with tougher privacy and information security laws and standards may result in significant expense due to increased investment in technology and the development of new operational processes.

Table of Contents

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. Any old notes that are properly tendered and exchanged pursuant to the exchange offer will be retired and cancelled.

Table of Contents

CAPITALIZATION

The following table sets forth our unaudited consolidated cash and cash equivalents and our capitalization as of May 30, 2009 (i) on an actual basis and (ii) on an adjusted basis to give effect to the Refinancing Transactions. You should read the data set forth in the table below in conjunction with "Summary Historical Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and the accompanying notes included in this prospectus.

	May 30, 2009	
	Actual	As Adjusted for the Refinancing Transactions
	(Dollars in thousands)	
Cash and cash equivalents	$ 136,459	$ 136,459
Secured Debt:		
Senior secured revolving credit facility due September 2010(1)	$ 535,000	$
New senior secured revolving credit facility due September 2012(1)		
Tranche 1 Term Loan due September 2010	145,000	
Tranche 2 Term Loan due June 2014	1,093,950	1,093,950
Tranche 3 Term Loan due June 2014 ($348,250 face value less unamortized discount of $30,070)	318,180	318,180
Tranche 4 Term Loan due June 2015 ($525,000 face value less unamortized discount of $21,000)		504,000
9.750% senior secured notes due 2016 ($410,000 face value less unamortized discount of $7,396)		402,604
10.375% senior secured notes due 2016 ($470,000 face value less unamortized discount of $39,628)	430,372	430,372
7.5% senior secured notes due 2017	500,000	500,000
Other	4,149	4,149
	3,026,651	3,253,255
Guaranteed Unsecured Debt:		
8.625% senior notes due 2015	500,000	500,000
9.375% senior notes due 2015 ($410,000 face value less unamortized discount of $4,578)	405,422	405,422
9.5% senior notes due 2017 ($810,000 face value less unamortized discount of $10,407)	799,593	799,593
	1,705,015	1,705,015
Unsecured Debt:		
8.125% senior notes due 2010	11,117	11,117
9.25% senior notes due 2013	6,015	6,015
6.875% senior debentures due 2013	184,773	184,773
8.5% convertible notes due 2015	158,000	158,000
7.7% notes due 2027	295,000	295,000
6.875% fixed-rate senior notes due 2028	128,000	128,000
	782,905	782,905
Lease Financing Obligations	176,753	176,753
Total debt and Lease Financing Obligations	5,691,324	5,917,928
Total stockholders' deficit	(1,290,631)	(1,290,631)

Total capitalization	$ 4,400,693	$ 4,627,297

(1) Our availability under the New Revolver is subject to a borrowing base calculation and reduced by outstanding letters of credit at the time of any drawings.

(2) Does not include outstanding amounts under our accounts receivable securitization facilities, which was an aggregate of $519.5 million as of May 30, 2009.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

We have calculated the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends in the following table by dividing fixed charges by earnings and the sum of fixed charges and preferred stock dividends by earnings, respectively. For this purpose, earnings include pre-tax income from continuing operations plus fixed charges, before capitalized interest. Fixed charges include interest, whether expensed or capitalized, amortization of debt expense, preferred stock dividend requirement and that portion of rental expense which is representative of the interest factor in those rentals.

	Thirteen Weeks Ended		Fiscal Year Ended				
	May 30, 2009 (13 Weeks)	May 31, 2008 (13 Weeks)	February 28, 2009 (52 weeks)	March 1, 2008 (52 weeks)	March 3, 2007 (52 weeks)	March 4, 2006 (53 weeks)	February 26, 2005 (52 weeks)
	(Dollars in thousands)						
Fixed charges:							
Interest expense	$109,478	$ 118,240	$ 477,627	$ 449,596	$ 275,219	$ 277,017	$ 294,871
Interest portion of net rental expense(1)	80,566	80,214	320,947	287,934	195,592	189,756	185,313
Fixed charges before capitalized interest and preferred stock dividend requirements	190,044	198,454	798,574	737,530	470,811	466,773	480,184
Capitalized interest	99	377	1,434	2,069	1,474	934	250
Total fixed charges	$190,143	$ 198,831	$ 800,008	$ 739,599	$ 472,285	$ 467,707	$ 480,434
Preferred stock dividend requirements(2)		12,244	43,536	65,066	62,910	65,446	54,194
Total combined fixed charges and preferred stock dividends	$190,143	$ 211,075	$ 843,544	$ 804,665	$ 535,195	$ 533,153	$ 534,628
Earnings:							
Income (loss) before income taxes	$ (93,119)	$(148,278)	$(2,582,794)	$(273,499)	$ 13,582	$ 43,254	$ 134,007
Fixed charges before capitalized interest	190,044	198,454	798,574	737,530	470,811	466,733	480,184
Total earnings and fixed charges	$ 96,925	$ 50,176	$(1,784,220)	$ 464,031	$ 484,393	$ 510,027	$ 614,191
Ratio of earnings to fixed charges (3)					1.03	1.09	1.28
Ratio of earnings to combined fixed charges and preferred stock dividends(4)							1.15
Deficiency of earnings to fixed charges	$ (93,218)	$(148,655)	$(2,584,228)	$(275,568)			
Deficiency of earnings to combined fixed charges and preferred stock dividends	$ (93,218)	$(160,899)	$(2,627,764)	$(340,634)	$ (50,802)	$ (23,126)	

(1) The interest portion of net rental expense is estimated to be equal to one-third of the minimum rental expense for the period.

(2) The preferred stock dividend requirement is computed as the pre-tax earnings that would be required to cover preferred stock dividends (assumes a 50% tax rate).

Table of Contents

(3) For the thirteen weeks ended May 30, 2009 and May 31, 2008 and the years ended February 28, 2009 and March 1, 2008, earnings were insufficient to cover fixed charges by approximately $93.2 million, $148.7 million, $2,584.2 million and $275.6 million, respectively.

(4) For the thirteen weeks ended May 30, 2009 and May 31, 2008 and the years ended February 28, 2009, March 1, 2008, March 3, 2007 and March 4, 2006, earnings were insufficient to cover combined fixed charges and preferred stock dividends by approximately $93.2 million, $160.9 million, $2,627.8 million, $340.6 million, $50.8 million and $23.1 million, respectively.

Table of Contents

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF RITE AID

We derived our following financial data from audited financial statements for fiscal years 2005 through 2009 and the unaudited financial statements for the thirteen week periods ended May 31, 2008 and May 30, 2009. Our audited financial statements for the fiscal years 2007 through 2009 and the unaudited financial statements for the three month period ended May 30, 2009 are included in this prospectus. Results for the interim periods should not be considered indicative of results for any other periods or for the year.

The following selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and related notes in this prospectus.

Selected financial data for the fiscal years 2007, 2006 and 2005 have been adjusted to reflect the operations of our 28 stores in the Las Vegas market area as a discontinued operations as the Company entered into an agreement to sell the prescription files and terminate the operations of these stores during the fourth quarter of fiscal 2008.

Selected financial data for March 1, 2008 includes Brooks Eckerd results of operations for the thirty-nine week period ended March 1, 2008.

	Thirteen Weeks Ended (unaudited)		Fiscal Year Ended				
	May 30, 2009 (13 Weeks)	May 31, 2008 (13 Weeks)	February 28, 2009 (52 weeks)	March 1, 2008 (52 weeks)	March 3, 2007 (52 weeks)	March 4, 2006 (53 weeks)	February 26, 2005 (52 weeks)
	(Dollars in thousands, except per share amounts)						
Summary of Operations:							
Revenues(1)	$6,531,178	$6,612,856	$26,289,268	$24,326,846	$17,399,383	$17,163,044	$ 16,715,598
Costs and expense:							
Cost of goods sold(2)	4,757,112	4,804,610	19,253,616	17,689,272	12,710,609	12,491,642	12,127,547
Selling, general and administrative expenses(3)(4)	1,710,672	1,792,974	6,985,367	6,366,137	4,338,462	4,275,098	4,094,782
Goodwill impairment charge			1,810,223				
Lease termination and impairment charges	66,986	36,262	293,743	86,166	49,317	68,692	35,655
Interest expense	109,478	118,240	477,627	449,596	275,219	277,017	294,871
Loss (gain) on debt modifications and retirements, net		3,708	39,905	12,900	18,662	9,186	19,229
Loss (gain) on sale of assets and investments, net	(19,951)	5,340	11,581	(3,726)	(11,139)	(6,463)	2,247
Total costs and expenses	6,624,297	6,761,134	28,872,062	24,600,345	17,381,130	17,115,172	16,574,331
(Loss) income before income taxes	(93,119)	(148,278)	(2,582,794)	(273,499)	18,253	47,872	141,267
Income tax expense (benefit)(5)	5,327	4,993	329,257	802,701	(11,609)	(1,228,136)	(165,930)
Net (loss) income from continuing operations	(98,446)	(153,271)	(2,912,051)	(1,076,200)	29,862	1,276,008	307,197
Loss from discontinued operations, net of gain on disposal and income tax benefit		(3,369)	(3,369)	(2,790)	(3,036)	(3,002)	(4,719)
Net (loss) income	$ (98,446)	$ (156,640)	$ (2,915,420)	$ (1,078,990)	$ 26,826	$ 1,273,006	$ 302,478

Table of Contents

	Thirteen Weeks Ended (unaudited)		Fiscal Year Ended				
	May 30, 2009 (13 Weeks)	May 31, 2008 (13 Weeks)	February 28, 2009 (52 weeks)	March 1, 2008 (52 weeks)	March 3, 2007 (52 weeks)	March 4, 2006 (53 weeks)	February 26, 2005 (52 weeks)
	(Dollars in thousands, except per share amounts)						
Basic and diluted (loss) income per share:							
Basic (loss) income per share	$ 0.11	$ (0.20)	$ (3.49)	$ (1.54)	$ (0.01)	$ 2.36	$ 0.50
Diluted (loss) income per share	$ 0.11	$ (0.20)	$ (3.49)	$ (1.54)	$ (0.01)	$ 1.89	$ 0.47
Year-End Financial Position:							
Working capital	$ 1,792,586	$ 2,414,048	$ 2,062,505	$ 2,123,855	$ 1,363,063	$ 741,488	$ 1,335,017
Property, plant and equipment, net	2,507,409	2,809,987	2,587,356	2,873,009	1,743,104	1,717,022	1,733,694
Total assets	8,019,180	11,402,682	8,326,540	11,488,023	7,091,024	6,988,371	5,932,583
Total debt(6)	5,691,324	6,180,664	6,011,709	5,985,524	3,100,288	3,051,446	3,311,336
Stockholders' equity (deficit)	(1,290,631)	1,562,851	(1,199,652)	1,711,185	1,662,846	1,606,921	322,934
Other Data:							
Cash flows provided by (used in):							
Operating activities	357,598	(105,328)	359,910	79,368	309,145	417,165	518,446
Investing activities	(15,449)	(93,814)	(346,358)	(2,933,744)	(312,780)	(231,084)	(118,985)
Financing activities	(357,725)	195,569	(17,279)	2,903,990	33,716	(272,835)	(571,395)
Capital expenditures	44,269	183,998	541,346	740,375	363,728	341,349	222,417
Basic weighted average shares	879,633,000	823,086,000	840,812,000	723,923,000	524,460,000	523,938,000	518,716,000
Diluted weighted average shares(7)	879,633,000	823,086,000	840,812,000	723,923,000	524,460,000	676,666,000	634,062,000
Number of retail drugstores	4,825	5,004	4,901	5,059	3,333	3,323	3,356
Number of associates	103,400	113,700	103,000	112,800	69,700	70,200	71,200

(1) Revenues for the fiscal years 2007, 2006 and 2005 have been adjusted by $108,336, $107,924 and $100,841 respectively for the effect of discontinued operations.

(2) Cost of goods sold for the fiscal years 2007, 2006 and 2005 have been adjusted by $80,988, $80,218 and $75,347 respectively for the effect of discontinued operations.

(3) Selling, general and administrative expenses for the fiscal years 2007, 2006 and 2005 have been adjusted by $32,019, $32,323, and $32,754 respectively for the effect of discontinued operations.

(4) Includes stock-based compensation expense. Stock based compensation expense for the fiscal year ended February 28, 2009, March 1, 2008 and March 3, 2007 and for the thirteen week periods ended May 30, 2009 and May 31, 2008 was determined using the fair value method set forth in SFAS No. 123(R), "*Share Based Payment*." Stock-based compensation expense for the fiscal years ended March 4, 2006 and February 26, 2005 was determined using the fair value method set forth in SFAS No. 123 "*Accounting for Stock-Based Compensation*."

(5) Income tax benefit for the fiscal years 2007, 2006 and 2005 has been adjusted by $1,635, $1,616, and $2,541 respectively for the effect of discontinued operations.

(6) Total debt included capital lease obligations of $193.8 million, $216.3 million, $189.7 million, $178.2 million, $168.3 million, $176.8 million and $216.7 million as of February 28, 2009, March 1, 2008, March 3, 2007, March 4, 2006, February 26, 2005, May 30, 2009 and May 31, 2008, respectively.

(7)

Diluted weighted average shares for the years ended March 4, 2006 and February 26, 2005 included the impact of stock options, as calculated under the treasury stock method and convertible debt and preferred stock, as calculated under the if-converted method.

Table of Contents

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Net loss for the thirteen week period ended May 30, 2009 was $98.4 million compared to net loss of $156.6 million for the thirteen week period ended May 31, 2008. Revenues decreased in the first quarter of fiscal 2010 due to store closures and the current economic environment. There was also a slight decrease in gross margin rate, due to reimbursement rate pressures, and an increase in store closing and impairment charges. These items were more than offset by a decrease in SG&A as a percentage of revenues, and an increase in gain on the sale of fixed assets, which was driven by sales of prescription files at certain closed stores and the sale of twelve stores in California and Idaho.

Net loss for fiscal 2009 was $2,915.4 million or $3.49 per basic and diluted share, compared to net loss for fiscal 2008 of $1,079.0 million or $1.54 per basic and diluted share, and net income of $26.8 million or net loss of $0.01 per basic and diluted share in fiscal 2007. Our operating results are described in detail in the Results of Operations section below. However, some of the key factors that impacted our results in fiscal 2009, 2008, and 2007 are summarized as follows:

Write-Off of Goodwill: During the quarter ended February 28, 2009, we impaired all of our existing goodwill, which resulted in a non-cash charge of $1.81 billion. This entry was required due to the fact that the market value of Rite Aid Corporation, as indicated by the trading price of our common stock, was less than the carrying value of our net assets as of February 28, 2009. The adjustment is discussed in further detail below.

Income Tax Valuation Allowance Adjustments. Net loss for fiscal 2009 included income tax expense of $329.3 million. The income tax expense was primarily due to a non-cash write-down of our remaining net Federal and State deferred tax assets through an adjustment to our valuation allowance. This change was primarily due to a decline in actual results from our previous forecast as a result of the impact of current economic conditions on 2009 results. Statement of Financial Accounting Standards No. 109, "*Accounting for Income Taxes*" ("*SFAS No. 109*") requires a company to evaluate its deferred tax assets on a regular basis to determine if a valuation allowance against the net deferred tax assets is required. According to SFAS No. 109, a cumulative loss in recent years is significant negative evidence in considering whether deferred tax assets are realizable. Based on the negative evidence, SFAS 109 precludes relying on projections of future taxable income to support the recognition of deferred tax assets.

Net loss for fiscal 2008 included income tax expense of $920.4 million related to a non-cash increase of the valuation allowance on federal and state net deferred tax assets. Net income for fiscal 2007 included non-cash income tax benefits of $19.8 million related to the recognition of net deferred tax assets as a result of the release of a tax valuation allowance.

Store Closing and Impairment Charges: We recorded store closing and impairment charges of $293.7 million in fiscal 2009, versus store closing and impairment charges of $86.2 million in fiscal 2008 and $49.3 million in fiscal 2007. These charges were driven by an increase in store closure activity and higher store impairment charges. The increase in closure activity was driven by our decision to close stores that, due to the acquisition of Brooks Eckerd, were in overlapping market areas. The increase in store impairment was primarily due to a deterioration in the operating performance of certain of our stores acquired from Jean Coutu Group and the assessment that future cash flows from these stores would not be sufficient to cover their asset value. These items are discussed in further detail below.

LIFO Charges: We record the value of our inventory on the Last-In, First-Out ("*LIFO*") method. We recorded non-cash LIFO charges of $184.6 million, $16.1 million and $43.0 million in fiscal 2009,

Table of Contents

2008 and 2007, respectively. The significant increase in the LIFO charge in fiscal 2009 was due to higher inflation on front end and pharmacy products.

Acquisition of Brooks Eckerd. On June 4, 2007, we acquired all of the membership interests of Jean Coutu USA, the holding company for Brooks Eckerd, from Jean Coutu Group, pursuant to the terms of the Agreement dated August 23, 2006. As consideration for the Acquisition, we paid $2.31 billion in cash and issued 250.0 million shares of Rite Aid common stock. We financed our cash payment via the establishment of a new term loan facility, issuance of senior notes and borrowings under our existing revolving credit facility. As part of the arrangement of the financing necessary to complete the Acquisition, we incurred a $12.9 million fee for bridge financing that ultimately was not needed. This fee was recorded as a loss on debt modification in our statement of operations for fiscal 2008.

As of May 30, 2009, Jean Coutu Group owned 252.0 million shares of Rite Aid common stock, which represented approximately 27.6% of the total Rite Aid voting power. We expanded our Board of Directors to 14 members, with four of the seats being held by members designated by the Jean Coutu Group. In connection with the Acquisition, we entered into a Stockholder Agreement with Jean Coutu Group and certain family members. The Stockholder Agreement contains provisions relating to Jean Coutu Group's ownership interest in the Company, board and board committee composition, corporate governance, stock ownership, stock purchase rights, transfer restrictions, voting arrangements and other matters. We also entered into a Registration Rights Agreement with Jean Coutu Group giving Jean Coutu Group certain rights with respect to the registration under the Securities Act of 1933, as amended, of the shares of our common stock issued to Jean Coutu Group or acquired by Jean Coutu Group pursuant to certain stock purchase rights or open market rights under the Stockholder Agreement.

Debt Refinancing. In fiscal years 2009 and 2007, we took several steps to extend the terms of our debt and obtain more flexibility. In fiscal 2009, we issued our 8.5% convertible notes due May 2015, the proceeds of which were used to redeem our 6.125% notes due December 2008. Additionally, we consummated a tender offer and consent solicitation and repaid $348.9 million of our 8.125% notes due May 2010, $144.0 million of our 9.25% notes due June 2013 and the full balance of our 7.5% notes due January 2015. Proceeds from the issuance of our 10.375% notes due 2016 and our Tranche 3 Term Loan were used to fund the tender offer and consent solicitation. We incurred a charge to call these notes prior to maturity and recorded a write-off of unamortized debt issue costs. These items totaled $39.9 million, which was recorded as a loss on debt modification in fiscal 2009. In fiscal 2007, we issued our 7.5% senior secured notes due January 2015, the proceeds of which were used to redeem our 9.5% senior secured notes due February 2011. As a result of early redemption of an existing note, we recorded a loss on debt modification of $18.7 million.

Dilutive Equity Issuances. At February 28, 2009, 886.1 million shares of common stock were outstanding and an additional 157.3 million shares of common stock were issuable related to outstanding stock options, convertible preferred stock and convertible notes. On June 30, 2009 we declared a stock dividend on all outstanding shares of our preferred stock, granted in additional shares of preferred stock. The impact of this dividend was to increase the value of our preferred stock outstanding by $4.3 million, with a corresponding decrease to additional paid in capital. We are now current on all dividends due under our preferred stock obligations.

Table of Contents

At February 28, 2009, our 157.3 million shares of potentially issuable common stock consisted of the following (shares in thousands):

Strike price	Outstanding Stock Options(a)	Preferred Stock	Convertible Notes	Total
$5.50 and under	58,428	26,091	61,045	145,564
$5.51 to $7.50	9,217			9,217
$7.51 and over	2,517			2,517
Total issuable shares	70,162	26,091	61,045	157,298

(a) The exercise of these options would provide cash of $266.6 million.

Recent Events

On July 1, 2009, we were notified by the NYSE that, as of July 1, 2009, we have regained compliance with the NYSE share price listing requirement. Accordingly, we do not intend to implement the reverse stock split as approved by our stockholders.

Recent Refinancing Transactions

We entered into the Credit Agreement Amendments on June 5, 2009 to permit the refinancing of our existing indebtedness under the facilities that would mature in September 2010, as well as our other existing term loans, with new secured indebtedness, which may be secured on a senior or second lien basis, including the old notes, and to provide us greater flexibility to consummate certain asset sales. The Credit Agreement Amendments permit us to refinance our existing accounts receivable securitization facilities with on-balance sheet indebtedness that is either unsecured or secured on a senior (subject to permitted liens) or a second priority basis. The Credit Agreement Amendments also made certain changes to the covenants contained therein. The Credit Agreement Amendments were necessary to allow us to refinance our senior debt and consummate the offering of old notes. For descriptions of the Credit Agreement Amendments, *see* "Description of Other Indebtedness" in this prospectus.

On June 10, 2009, we borrowed $525.0 million of new term loans under the Tranche 4 Term Loan, which matures in June 2015. Proceeds of the Tranche 4 Term Loan were used to repay our $145.0 million Tranche 1 Term Loan (the "*Tranche 1 Term Loan*") as well as approximately $350.0 million of the amounts outstanding under our existing revolving credit facility, with a corresponding reduction in revolving commitments. The Tranche 4 Term Loan was issued at a discount of 96% of stated principal amount, resulting in gross proceeds of $504.0 million before fees and expenses.

On June 12, 2009, we issued our 9.750% Senior Secured Notes due 2016. Proceeds of our offering of 9.750% Senior Secured Notes due 2016 were used to repay the remaining borrowings outstanding under our existing revolving credit facility.

On June 26, 2009, we entered into a refinancing amendment (the "*Amendment*") to our Amended and Restated Credit Agreement, dated as of June 5, 2009 (the "*Restated Credit Agreement*"), pursuant to which we obtained the New Revolver. We used the proceeds from our offering of the old notes and the New Revolver to repay the remaining amounts outstanding and retire our existing revolving credit facility, including related fees and expenses. The offering of the old notes, the Tranche 4 Term Loan, the New Revolver, and the use of proceeds thereof to refinance our Tranche 1 Term Loan and existing revolving credit facility are collectively referred to as the "*Refinancing Transactions*." Net loss and loss per share could be impacted by charges related to the Refinancing Transactions. For descriptions of the

Table of Contents

Tranche 4 Term Loan and the New Revolver, *see* "Description of Other Indebtedness" in this prospectus.

Results of Operations

The results of operations for the fiscal years ended March 1, 2008 and March 3, 2007 have been adjusted to reflect the operations of our 28 stores in the Las Vegas market area as a discontinued operation, as the Company has sold the prescription files and terminated the operations of these stores.

Revenue and Other Operating Data

	Thirteen Weeks Ended			Year Ended	
	May 30, 2009 (13 Weeks)	May 31, 2008 (13 Weeks)	February 28, 2009 (52 Weeks)	March 1, 2008 (52 Weeks)	March 3, 2007 (52 Weeks)
			(Dollars in thousands)		
Revenues	$6,531,178	$6,612,856	$26,289,268	$24,326,846	$17,399,383
Revenue (decline) growth	(1.2)%	49.3%	8.1%	39.8%	1.4%
Same store sales growth	0.6%	1.5%	0.8%	1.3%	3.4%
Pharmacy sales (decline) growth	(0.3)%	55.7%	8.5%	46.2%	2.2%
Same store pharmacy sales growth	1.6%	1.4%	0.7%	1.7%	4.4%
Pharmacy sales as a % of total sales	68.2%	67.6%	67.2%	66.7%	63.7%
Third party sales as a % of total pharmacy sales	96.3%	96.2%	96.3%	95.9%	95.4%
Front end sales (decline) growth	(3.2)%	35.3%	6.1%	28.0%	0.1%
Same store front-end sales (decline) growth	(1.6)%	1.7%	0.9%	0.7%	1.9%
Front end sales as a % of total sales	31.8%	32.4%	32.8%	33.3%	36.3%
Store data:					
Total stores (beginning of period)	4,901	5,059	5,059	3,333	3,323
New stores	10	5	33	47	40
Closed stores	(86)	(68)	(200)	(183)	(32)
Store acquisitions, net		8	9	1,862	2
Total stores (end of period)	4,825	5,004	4,901	5,059	3,333
Remodeled stores	3	39	70	145	19
Relocated stores	17	6	56	65	66

Revenues

Thirteen Weeks Ended May 30, 2009 compared to Thirteen Weeks Ended May 31, 2008: Revenue declined 1.2% for the thirteen week period ended May 30, 2009. This revenue decline was driven primarily by a reduction in the store base. Revenue growth in the thirteen week period ended May 31, 2008 was driven primarily by the acquisition of the Brooks Eckerd stores on June 4, 2007. Same store sales trends, which include the Brooks Eckerd stores, are described in the following paragraphs.

Pharmacy same store sales increased by 1.6% in the thirteen week period ended May 30, 2009, primarily driven by an increase in same store prescription growth of 2.2%. Our script growth was positively impacted by the growth of our Rx Savings Card program, the benefit of grassroots marketing initiatives in our high-volume front-end/low-volume pharmacy stores, our automated refill reminder

Table of Contents

program and growth in our courtesy refill program. The impact of the increase in prescription count on our same store pharmacy sales was partially offset by an increase in generic sales.

Front-end same store sales decreased by 1.6% in the thirteen week period ended May 30, 2009. The decrease was due to weakness in the overall economic environment and not running certain Brooks-Eckerd promotional sales that were run in the prior year.

We include in same store sales all stores that have been open or owned at least one year. Relocated stores are not included in the same store sales for one year. Stores in liquidation are considered closed.

Fiscal 2009 compared to Fiscal 2008: The 8.1% growth in revenue was driven primarily by the acquisition of Brooks Eckerd. In addition, same store sales increased 0.8% over the prior year. This increase consisted of 0.7% pharmacy same store sales increase and a 0.9% increase in front end same store sales. Same store sales trends which include the results of the Brooks Eckerd stores for the last thirty-nine weeks of fiscal 2009 and fiscal 2008, are described in the following paragraphs. We include in same store sales all stores that have been open at least one year. Stores in liquidation are considered closed. Relocation stores are not included in same store sales until one year has lapsed.

Pharmacy same store sales increased 0.7%. Increases in price per prescription were partially offset by increased generic penetration and a 1.0% same store prescription decline. The decline in same store prescriptions was driven by script count declines in the Brooks Eckerd stores, switches of prescriptions to over-the-counter medications and the overall economic environment. Same store script growth at the core Rite Aid stores was 0.7% for Fiscal 2009 and same store script growth was a 5.0% decline for the Brooks Eckerd stores. However, the Brooks Eckerd pharmacy trends improved in each quarter in which Brooks Eckerd results were included in same store scripts. In addition, customer satisfaction rates at the Brooks Eckerd stores have improved. We expect this trend to continue as a result of our new Rx savings card, our senior loyalty program, our courtesy refill program and other sales initiatives. Front end same store sales increased 0.9% from the prior year, due to strong performance in our consumable and over-the-counter categories and improvement in our private brand penetration. These items were somewhat offset by weakness in the overall economic environment, which had a negative impact on seasonal sales in the second half of the fiscal year and decreases in photo sales, which were due to the continuing trend of consumers printing fewer images as well as the disruption of services due to the conversion of our photo technology to FUJI digital equipment. Front end same store sales for the core Rite Aid stores increased 1.2% for the year, while front end same store sales for the Brooks Eckerd stores declined by 0.5%.

Fiscal 2008 compared to Fiscal 2007: The 39.8% growth in revenue for fiscal 2008 was driven primarily by the acquisition of Brooks Eckerd. In addition, same store sales increased 1.3% and consisted of 1.7% pharmacy same store sales increase and a 0.7% increase in front end same store sales. Same store sales trends for fiscal 2008 which do not include the results of the Brooks Eckerd stores are described in the following paragraphs.

Pharmacy same store sales increased 1.7%, primarily driven by an increase in price per prescription and by same store prescription growth of 0.5%. In addition to favorable demographic trends, our script growth was positively impacted by Medicare Part D and by initiatives such as our focus on customer satisfaction, prescription file buys, our senior citizen loyalty program and the new and relocated store program. Partially offsetting these items was an increase in generic sales and lower reimbursement including lower reimbursement rates from the new Medicare Part D program. The rate of same store pharmacy sales growth has declined from the previous year primarily due to a lower rate of new enrollment in the Medicare Part D program, a greater mix of generic prescriptions and a weaker cough, cold and flu season.

Table of Contents

Front end same store sales increased 0.7%, due to strong performance in core categories, such as over-the-counter and consumables and a higher percentage of promotional sales were offset somewhat by the impact of a difficult economic environment during the holiday season and a weaker cough, cold and flu season.

Costs and Expenses

	Thirteen Weeks Ended			Year Ended	
	May 30, 2009 (13 Weeks)	May 31, 2008 (13 Weeks)	February 28, 2009 (52 Weeks)	March 1, 2008 (52 Weeks)	March 3, 2007 (52 Weeks)
	(Dollars in thousands)				
Costs of goods sold	$4,757,112	$4,804,610	$19,253,616	$17,689,272	$12,710,609
Gross profit	1,774,066	1,808,246	7,035,652	6,637,574	4,688,774
Gross margin	27.2%	27.3%	26.8%	27.3%	26.9%
Selling, general and administrative expenses	$1,710,672	$1,792,974	$ 6,985,367	$ 6,366,137	$ 4,338,462
Selling, general and administrative expenses as a percentage of revenues	26.2%	27.1%	26.6%	26.2%	25.0%
Goodwill impairment charge			1,810,223		
Lease termination and impairment charges	66,986	36,262	293,743	86,166	49,317
Interest expense	109,478	118,240	477,627	449,596	275,219
Loss on debt modifications and retirements, net		3,708	39,905	12,900	18,662
Loss (gain) on sale of assets, net	(19,951)	5,340	11,581	(3,726)	(11,139)

Cost of Goods Sold

Gross margin rate was 27.2% for the thirteen week period ended May 30, 2009 compared to 27.3% for the thirteen week period ended May 31, 2008. The decrease in gross margin rate was concentrated in pharmacy gross margin, due to a reduction in reimbursement rates. The reimbursement rate reduction was similar to last year's first quarter; however, this year we were unable to fully offset the impact of these reductions with generic product cost reductions and improvement in generic penetration. Front end gross margin rates improved slightly over prior year, due to improvements in shrink and private brand penetration, offset partially by lower vendor allowances resulting from reduced purchases.

Gross margin rate was 26.8% for fiscal 2009 compared to 27.3% in fiscal 2008. The decline in gross margin rate for fiscal 2009 was driven primarily by a significant increase in our LIFO charge, which is due to higher front end and pharmacy product inflation than in prior years. Pharmacy gross margin rate on a FIFO basis improved due to an increase in the percentage of generic drugs and a lower cost of generics, partially offset by lower reimbursement rates. Front end gross margin on a FIFO basis was flat, as improvements in shrink were offset by a reduction in photo sales.

Gross margin rate was 27.3% for fiscal 2008 compared to 26.9% in fiscal 2007. The improvement in gross margin rate for fiscal 2008 was driven by an improvement in pharmacy gross margin rates, front end gross margin rates, and a lower LIFO charge. The improvement in the pharmacy gross margin rate was primarily due to an increase in the percentage of generic drugs sold and a lower cost of generics partially offset by lower reimbursement rates and an increase in Medicare Part D sales as a percentage of total pharmacy sales. The improvement in the front-end gross margin rate was primarily due to an increase in vendor promotional support. The reduction in LIFO charges was primarily due to lower pharmacy product inflation. These improvements were partially offset by an increase in distribution expense as a percentage of sales, due to higher fuel costs and increases in other expenses not offset by productivity improvements.

We use the LIFO method of inventory valuation, which is determined annually when inflation rates and inventory levels are finalized. Therefore, LIFO costs for interim period financial statements are estimated. Cost of sales includes LIFO charges of $14.8 million for the thirteen week period ended May 30, 2009 versus LIFO charges of $15.1 million for the thirteen week period ended May 31, 2008. The LIFO charge was $184.6 million in fiscal 2009, $16.1 million in fiscal 2008 and $43.0 million in fiscal 2007.

Selling, General and Administrative Expenses

SG&A for the thirteen week period ended May 30, 2009 was 26.2% as a percentage of revenue, compared to 27.1% in the thirteen week period ended May 31, 2008. The decrease in SG&A as a percentage of revenue in that period was due to a decrease in expenses related to the integration of the Brooks Eckerd stores and distribution centers, a decrease in salaries and benefit costs due to better labor control, and reductions in administrative expenses due to various efforts to reduce costs.

SG&A for fiscal 2009 was 26.6% as a percentage of revenue, compared to 26.2% in fiscal 2008. The increase in SG&A as a percentage of revenue was primarily due to an increase in depreciation and amortization expense related primarily to increased intangible assets resulting from the allocation of the purchase price of Brooks Eckerd, an increase in rent and occupancy expenses due to new and relocated stores and the sale-leaseback of owned stores. These items were somewhat offset by a decrease in integration expense and advertising costs. Although SG&A on a year to date basis increased as a percent of revenues, SG&A decreased as a percent of revenues in the third and fourth quarter.

SG&A for fiscal 2008 was 26.2% as a percentage of revenue, compared to 25.0% in fiscal 2007. The increase in SG&A as a percentage of revenues was primarily due to an increase in expenses related to the integration of the Brooks Eckerd stores and distribution centers, an increase in depreciation and amortization expense related primarily to increased intangible assets resulting from the preliminary allocation of the purchase price of Brooks Eckerd and an increase in rent and occupancy expense from new and relocated stores and the sale and leaseback of owned stores. These increases were partially offset by expense control in other expense categories.

Goodwill Impairment

We have a policy to evaluate goodwill for impairment on an annual basis at the end of our fiscal year, or more frequently if events or circumstances would occur that would indicate a reduction in our fair value. On February 28, 2009, the carrying value of our net assets, before goodwill impairment testing, was $610.6 million and the market capitalization of our outstanding shares, assuming conversion of outstanding preferred shares, was $255.4 million. Accordingly, we performed a goodwill impairment test and concluded that because of the length of time in which the carrying value of our net assets exceeded the market value of our outstanding shares, an impairment of goodwill was required under the accounting rules set forth in SFAS No. 142. After determining that an impairment of goodwill was necessary, we performed a step two test which values the total company net assets at fair value as if a purchase business combination had occurred. The fair value of our net assets utilizing this test indicated that the entire balance of our goodwill should be impaired as of February 28, 2009 and therefore we recorded a goodwill impairment charge of $1.81 billion in fiscal 2009.

Table of Contents

Lease Termination and Impairment Charges

Lease termination and impairment charges consist of:

	Thirteen Weeks Ended		Year Ended		
	May 30, 2009 (13 Weeks)	May 31, 2008 (13 Weeks)	February 29, 2009 (52 Weeks)	March 1, 2008 (52 Weeks)	March 3, 2007 (52 Weeks)
			(Dollars in thousands)		
Impairment charges	$ 3,484	2,594	$ 157,334	$ 30,823	$ 31,425
Store and equipment lease exit charges	63,502	33,668	136,409	55,343	17,892
	$ 66,986	$ 36,262	$ 293,743	$ 86,166	$ 49,317

Impairment Charges. Impairment charges include non-cash charges of $3.5 million and $2.6 million in the thirteen week periods ended May 30, 2009 and May 31, 2008, respectively, for the impairment of long-lived assets at 23 and 30 stores, respectively. These amounts include the write-down of long-lived assets at stores that were assessed for impairment because of management's intention to relocate or close the store or because of changes in circumstances that indicate the carrying value of an asset may not be recoverable.

In fiscal 2009, 2008, and 2007, store closing and impairment charges include non-cash charges of $157.3 million, $30.8 million and $31.4 million, respectively, for the total or partial impairment of long-lived assets at 814, 420, and 342 stores, respectively. These amounts include the write-down of long-lived assets to estimated fair value at stores that were identified for impairment as part of our on-going store performance review at all of our stores or management's intention to relocate or close a specific store. The increase in impairment charges in fiscal 2009 was primarily due to current and projected operating results at certain of our Brooks Eckerd stores not being sufficient to cover the asset values of these stores.

Store and Equipment Lease Exit Charges. During the thirteen week periods ended May 30, 2009 and May 31, 2008, we recorded charges for 64 and 49 stores, respectively, closed or relocated under long-term leases. In fiscal 2009, 2008, and 2007, we recorded charges for 161, 66, and 49 stores, respectively, to be closed or relocated under long-term leases. Charges to close a store, which principally consist of lease termination costs, are recorded at the time the store is closed and all inventory is liquidated, pursuant to the guidance set forth in SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities*." We calculate our liability for closed stores on a store-by-store basis. The calculation includes the discounted effect of future minimum lease payments and related ancillary costs, from the date of closure to the end of the remaining lease term, net of estimated cost recoveries that may be achieved through subletting properties or favorable lease terminations.

We evaluate these assumptions each quarter and adjust the liability accordingly. The increase in the store and equipment lease exit charge for the thirteen week period ended May 30, 2009 is primarily due to an increase in the number of stores closed during the quarter. The increase in the store and equipment lease exit charge for the fiscal year 2009 was primarily due to an increase in the number of stores closed and a decrease in the amount of assumed sublease income over the remaining minimum lease term.

As part of our ongoing business activities, we assess stores for potential closure. Decisions to close stores in future periods would result in charges for store lease exit costs and liquidation of inventory, as well as impairment of assets at these stores.

Table of Contents

Interest Expense

Interest expense was $109.5 million for the thirteen week period ended May 30, 2009, compared to $118.2 million for the thirteen week period ended May 31, 2008. The decrease in interest expense for the thirteen week period ended May 30, 2009 was primarily due to decreased borrowings on our then existing revolver under our senior credit facility as well as the decreased LIBOR rates. As a result of the Refinancing Transactions, we expect interest expense to increase for the remainder of the fiscal year and to be in the range of $515.0 million to $530.0 million for the year.

The weighted average interest rates on our indebtedness for the thirteen week periods ended May 30, 2009 and May 31, 2008 were 6.3% and 7.0%, respectively.

In fiscal 2009, 2008, and 2007, interest expense was $477.6 million, $449.6 million and $275.2 million, respectively. The increase in interest expense in 2009 compared to 2008 was primarily due to increased borrowings to fund the Brooks Eckerd acquisition and related integration activities partially offset by lower interest rates, which were caused by a decrease in LIBOR, which decreased the interest rate on borrowings under our senior credit facility.

The annual weighted average interest rates on our indebtedness in fiscal 2009, 2008 and 2007 were 6.6%, 7.5% and 7.6%, respectively.

Income Taxes

We recorded an income tax expense of $5.3 million and $5.0 million for the thirteen week periods ended May 30, 2009 and May 31, 2008, respectively. The expense for income taxes for the thirteen week period ended May 30, 2009 and May 31, 2008 is primarily attributable to the accrual of state and local taxes respectively.

As of May 30, 2009 the total amount of unrecognized tax benefits related to business combinations that would have been recorded as an adjustment to goodwill and not impact the effective tax rate in a future period was $259.0 million under SFAS 141. However, upon the adoption of SFAS 141(R), which applies to our fiscal year 2010, changes in income tax uncertainties recorded in a business combination will be recorded in income tax expense and will no longer impact goodwill. Additionally, any impact on the effective rate may be mitigated by the valuation allowance that is maintained against our net deferred tax assets. While it is expected that the amount of unrecognized tax benefits will change in the next twelve months, we do not expect the change to have a significant impact on the results of operations or the financial position of our company.

Income tax expense of $329.3 million and $802.7 million, and income tax benefit of $11.6 million has been recorded for fiscal 2009, fiscal 2008 and fiscal 2007, respectively. The fiscal 2009 income tax expense included non-cash income tax expense of $673.1 million related to the write-down of our remaining net Federal and State deferred tax assets through an adjustment to our valuation allowance. SFAS No. 109 requires a company to evaluate its deferred tax assets on a regular basis to determine if a valuation allowance against the net deferred tax assets is required. In determining whether a valuation allowance is required, we take into account all available positive and negative evidence with regard to the recognition of a deferred tax asset including our past earnings history, expected future earnings, the character and jurisdiction of such earnings, unsettled circumstances that, if unfavorably resolved, would adversely affect recognition of a deferred tax asset, carryback and carryforward periods, and tax planning strategies that could potentially enhance the likelihood of realization of a deferred tax asset. According to SFAS No. 109, a cumulative loss in recent years is significant negative evidence in considering whether deferred tax assets are realizable. Based on the negative evidence, SFAS No. 109 precludes relying on projections of future taxable income to support the recognition of deferred tax assets. The ultimate realization of deferred tax assets is dependent upon the existence of sufficient taxable income generated in the carryforward periods.

Table of Contents

The fiscal 2008 income tax expense included a non-cash tax expense of $920.4 million related to an increase of the valuation allowance on federal and state net deferred tax assets. The existence of negative evidence at March 1, 2008, was primarily the result of recently completed acquisition of Brooks Eckerd and the impact on current year earnings due to planned integration and acquisition activities, compounded by the weakening economy during the later half of the year. The fiscal 2007 income tax benefit included a non-cash state tax benefit of $24.1 million which primarily related to an increase in our state tax rate applied to the net deferred tax assets partially offset by a non-cash state tax expense of $9.1 million related to an increase in the valuation allowance.

We monitor all available evidence related to our ability to utilize our remaining net deferred tax assets. We maintained a valuation allowance of $1,787.8 million and $1,104.0 million against remaining net deferred tax assets at fiscal year end 2009 and 2008, respectively.

We recognize tax liabilities in accordance with FIN 48 and management adjusts these liabilities with changes in judgment as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from the current estimate of the tax liabilities.

Liquidity and Capital Resources

General

We have four primary sources of liquidity: (i) cash and cash equivalents, (ii) cash provided by operating activities, (iii) the sale of accounts receivable under our first lien receivable securitization facility, and (iv) the revolving credit facility under our senior credit facility. Our principal uses of cash are to provide working capital for operations, to service our obligations to pay interest and principal on debt, to fund capital expenditures and to provide funds for the prepayment of our debt.

As described in greater detail in the "Results of Operations" section, we incurred significant non-cash charges in fiscal 2009, including a charge of $1.81 billion for the impairment of goodwill, income tax expense of $329.3 million, which was predominately due to a non-cash write-down of our remaining federal and state deferred tax assets, and store closing and impairment charges of $293.7 million. In addition, we incurred LIFO charges of $184.6 million. These charges had no impact on our liquidity, credit facilities or compliance with existing debt covenants.

The indentures that govern our secured and guaranteed unsecured notes contain restrictions on the amount of additional secured debt that we can incur. As of May 30, 2009, the amount of additional secured debt that could be incurred under these indentures was approximately $1.2 billion (which amount does not include the ability to enter into certain sale and leaseback transactions) and $1.1 billion, after giving effect to the Refinancing Transactions. At our option we could also incur this debt in whole or in part on an unsecured basis.

2010 Transactions

In June 2009, we repaid all borrowings outstanding under our revolving credit facility due September 2010 and cancelled all of its commitments thereunder. We also repaid all borrowings due under our $145.0 million Tranche 1 Term Loan due September 2010. We financed these repayments with the issuance of the New Revolver, the issuance of a $525.0 million Tranche 4 term loan due June 2015 and the issuance of our 9.750% Senior Secured Notes due 2016. The terms of our senior credit facility were amended to permit the Refinancing Transactions and provided additional flexibility to refinance the accounts receivable securitization facilities. We incurred fees of approximately $45.0 million to consummate the Refinancing Transactions, which will be deferred and amortized over the terms of the related debt instruments.

Table of Contents

There were no preferred stock or sale-leaseback transactions for the thirteen week period ended May 30, 2009.

2009 Transactions

On June 4, 2008, we commenced a tender offer and consent solicitation under which we offered to repurchase all outstanding amounts of our 8.125% senior secured notes due May 2010, our 7.5% senior secured notes due January 2015 and our 9.25% senior notes due June 2013. On July 8, 2008, the tender offer expired and on July 9, we repaid $348.9 million of the outstanding balance of our 8.125% notes due May 2010, $199.6 million of our 7.5% notes due January 2015 and $144.0 million of the outstanding balance of our 9.25% notes due June 2013. In addition, on July 9, 2008, we sent a notice of redemption for the remaining outstanding 7.5% notes due 2015 and satisfied and discharged the indenture governing such notes. As a result of this tender and consent solicitation, the indentures governing these notes were amended to eliminate substantially all of the restrictive covenants therein including limitations on our ability to incur additional debt and grant liens against assets. In addition, the guarantees on each series were eliminated and the 8.125% notes are no longer secured. We did the transaction because these notes had restrictions on secured debt that prohibited us from fully drawing on our revolving credit facility under certain circumstances. We incurred a loss on debt modification related to this transaction of $36.6 million.

These transactions were financed via the issuance of a new senior secured term loan (the "*Tranche 3 Term Loan*") and the issuance of a $470.0 million aggregate principal amount of 10.375% senior secured notes due July 2016. These notes are unsecured unsubordinated obligations of Rite Aid Corporation and rank equally in right of payment with all other unsubordinated indebtedness. Our obligations under the notes are guaranteed, subject to certain limitations, by subsidiaries that guarantee the obligations under our senior credit facility. The guarantees are secured by shared second priority liens with holders of our 7.5% senior secured notes due 2017. The indenture that governs the 10.375% senior secured notes due 2016 contains covenant provisions that, among other things, include limitations on our ability to pay dividends, make investments or other restricted payments, incur debt, grant liens, sell assets and enter into sale-leaseback transactions. The senior 10.375% secured notes due July 2016 were issued at a discount of 90.588% of par.

In May 2008 we issued $158.0 million of 8.5% convertible notes due May 2015. These notes are unsecured and are effectively junior to our secured debt. The notes are convertible, at the option of the holder, into shares of our common stock at a conversion price of $2.59 per share, subject to adjustments to prevent dilution, at any time. Proceeds from the issuance of these notes were used to fund the redemption of our 6.125% notes due December 2008. We recorded a loss on debt modification of $3.3 million related to the early redemption of the 6.125% notes due 2008, which included payment of a make whole premium to the noteholders and unamortized debt issue costs on the notes.

Preferred Stock Transactions

In the fourth quarter of fiscal 2009 the holder of substantially all of the outstanding shares of our Series G preferred stock converted their shares into 27.1 million shares of our common stock at a conversion rate of $5.50 per share.

During fiscal 2006, we issued 4.8 million shares of our Series I Mandatory Convertible preferred stock ("*Series I preferred stock*"). In the first quarter of fiscal 2009, we entered into agreements with several of the holders of the Series I preferred stock to convert 2.4 million shares into common stock, at a rate of 5.6561 common shares per preferred share, earlier than the mandatory conversion date which resulted in the issuance of 14.6 million shares of our common stock. In the third quarter of fiscal 2009, the remaining outstanding 2.4 million shares of Series I preferred stock automatically converted into common stock, at a rate of 5.6561 common shares per preferred share, which resulted in the issuance of 13.7 million shares of our common stock.

Sale Leaseback Transactions

During fiscal 2009 we sold a total of 72 owned stores to independent third parties. Net proceeds from these sales were $193.0 million. Concurrent with these sales, we entered into agreements to lease the stores back from the purchasers over minimum lease terms of 20 years. We accounted for 67 of these leases as operating leases and the remaining five were accounted for using the financing method as these lease agreements contain a clause that allow the buyer to force us to repurchase the properties under certain conditions. A gain on the sale of these stores of $5.2 million was deferred and is being recorded over the minimum term of these leases.

2008 Transactions

Debt Transactions

On June 4, 2007 we incurred $1.22 billion aggregate principal amount of senior notes. The issue consisted of $410.0 million of 9.375% senior notes due 2015 and $810.0 million of 9.5% senior notes due 2017. Our obligations under each series of notes are guaranteed fully and unconditionally, jointly and severally, by all of our subsidiaries that guarantee our obligations under our existing senior credit facility and our outstanding senior secured notes. The notes are unsecured, unsubordinated obligations of Rite Aid Corporation and rank equally in right of payment with all of our other unsecured, unsubordinated debt. The indentures governing the notes contain covenants that limit our ability and the ability of our restricted subsidiaries to, among other things; incur additional debt, pay dividends or make other restricted payments, purchase, redeem or retire capital stock or subordinated debt, make asset sales, enter into transactions with affiliates, incur liens, enter into sale-leaseback transactions, provide subsidiary guarantees, make investments and merge or consolidate with any other persons.

Preferred Stock Transactions

During the fourth quarter of fiscal 2005, we issued 2.5 million shares of our Series E Mandatory Convertible preferred stock ("*Series E preferred stock*"). The Series E preferred stock automatically converted into common stock on February 1, 2008 at a rate of 14.0056 common shares per preferred share, as determined by the adjusted applicable market value of our common stock (as defined in the Series E preferred stock agreement) on the date of conversion. The Series E preferred stock conversion resulted in the issuance of 35.0 million shares of our common stock to the holders of the Series E preferred stock.

Sale Leaseback Transactions

During fiscal 2008 we sold a total of 22 owned stores to independent third parties. Net proceeds from these sales were $93.3 million. Concurrent with these sales, we entered into agreements to lease the stores back from the purchasers over minimum lease terms of 20 years. We accounted for 14 of these leases as operating leases and the remaining eight were accounted for using the financing method as these lease agreements contain a clause that allow the buyer to force us to repurchase the properties under certain conditions. Subsequent to March 1, 2008, the clause that allowed the buyer to force us to repurchase the property lapsed on five of these leases. Therefore, these leases are now accounted for as operating leases.

Table of Contents

2007 Transactions

Debt Transactions

In February 2007, we issued $500.0 million aggregate principal amount of 7.5% senior secured notes due 2017. These notes are unsubordinated obligations of Rite Aid Corporation and rank equally in right of payment with all other unsubordinated indebtedness. Our obligations under the notes are guaranteed, subject to certain limitations, by subsidiaries that guarantee the obligations under our senior credit facility and other secured notes. The guarantees are secured, subject to the permitted liens, by shared second priority liens, with holders of our 10.375% senior secured notes due July 2016, granted by subsidiary guarantors on all their assets that secure the obligations under the senior credit facility, subject to certain exceptions. The indenture governing the 7.5% senior secured notes due 2017 contains covenant provisions that, among other things, include limitations on our ability to pay dividends, make investments or other restricted payments, incur debt, grant liens, sell assets and enter into sale-leaseback transactions. Proceeds from this offering were used to repay outstanding borrowings on our revolving credit facility and to fund the redemption of our 9.5% senior secured notes due 2011. Per the terms of the indenture that governed the 9.5% senior secured notes due 2011, we paid a premium to the noteholders of 104.75% of par. We recorded a loss on debt modification of $18.7 million related to the early redemption of the 9.5% senior secured notes due 2011, which included the call premium and unamortized debt issue costs on the notes.

In February 2007, we issued $500.0 million aggregate principal amount of 8.625% senior notes due 2015. These notes are unsecured. The indenture governing the 8.625% senior notes due 2015 contains provisions that, among other things, include limitations on our ability to pay dividends, make investments or other restricted payments, incur debt, grant liens, sell assets and enter into sale-leaseback transactions. The 8.625% senior notes due 2015 are guaranteed, subject to certain limitations, by subsidiaries that guarantee the obligations under the senior credit facility and other outstanding senior secured notes. Proceeds from the issuance of the notes were used to repay borrowings under our revolving credit facility.

In January 2007, we paid at maturity the remaining outstanding principal amount of $184.1 million of our 7.125% notes due January 2007. We funded this payment with borrowings under the revolving credit facility.

In December 2006, we paid at maturity the remaining outstanding principal amount of $250.0 million of our 4.75% convertible notes due December 2006. We funded this payment with borrowings under the revolving credit facility.

In September 2006, we completed the early redemption of all of our outstanding $142.0 million of our 12.5% senior secured notes due September 2006. We funded this payment with borrowing under our revolving credit facility, which were subsequently repaid with borrowings of the Tranche 1 Term Loans.

Sale-Leaseback Transactions

During fiscal 2007, we sold a total of 29 owned stores to independent third parties. Net proceeds from these sales were approximately $82.1 million. Concurrent with these sales, we entered into agreements to lease the stores back from the purchasers over minimum lease terms of 20 years. We accounted for 24 of these leases as operating leases and the remaining five leases were accounted for using the financing method, as these lease agreements contain a clause that allows the buyer to force us to purchase the properties under certain conditions. Subsequent to March 3, 2007, the clause that allowed the buyer to force us to repurchase the properties lapsed on the five leases. Therefore, these leases are now accounted for as operating leases.

Table of Contents

Off Balance Sheet Obligations

We maintain receivables securitization agreements (the "*first lien facility*") with several multi-seller asset-backed commercial paper vehicles ("*CPVs*"). Under the terms of the securitization agreements, we sell substantially all of our eligible third party pharmaceutical receivables to a bankruptcy remote Special Purpose Entity ("*SPE*") and retain servicing responsibility. The assets of the SPE are not available to satisfy the creditors of any other person, including any of our affiliates. These agreements provide for us to sell, and for the SPE to purchase these receivables. The SPE then transfers an interest in these receivables to various CPVs. We guarantee certain performance obligations of our affiliates under the securitization agreements, which include continued servicing of such receivables, but do not guarantee the collectibility of the receivables and obligor creditworthiness. These agreements provide for us to sell, and for the SPE to purchase these receivables. The SPE then transfers an interest in these receivables to various CPVs.

During the thirteen week period ended February 28, 2009, we amended certain of the terms of our first lien facility. The effects of the amendment were to make changes to the obligor concentration limits in the borrowing formula, to change the borrowing and liquidity fees charged under the agreements and to reduce the amount of interest in receivables that can be transferred to the CPV's to $345.0 million. The amount of transferred receivables outstanding at any one time is dependent upon a formula that takes into account such factors as default history, obligor concentrations and potential dilution ("*Securitization Formula*"). Adjustments to this amount can occur, at the discretion of the CPVs, on a weekly basis. At May 30, 2009 and May 31, 2008, the total of outstanding receivables that had been transferred to the CPVs were $300.0 million and $330.0 million, respectively. The following table details receivable transfer activity for the thirteen week periods and years presented (in thousands):

	Thirteen Weeks Ended			**Year Ended**	
	May 30, 2009	**May 31, 2008**	**February 28, 2009 (52 Weeks)**	**March 1, 2008 (52 Weeks)**	**March 3, 2007 (52 Weeks)**
Average amount of outstanding receivables transferred	$ 253,736	$ 421,538	$ 471,319	$ 332,115	$ 334,588
Total receivable transfers	$1,009,000	$1,624,000	$6,940,000	$4,992,000	$4,674,000
Collections made by the Company as part of the servicing arrangement on behalf of the CPVs	$1,039,000	$1,554,000	$7,045,000	$4,907,000	$4,654,000

The program fee under the first lien facility is LIBOR plus 2.0% of the total amount advanced under the facility. The liquidity fee is 3.5% of the total facility commitment of $345.0 million. The program and the liquidity fees are recorded as a component of selling, general, and administrative expenses. Program and liquidity fees for the thirteen weeks ended May 30, 2009 and May 31, 2008 were $4.8 million and $4.7 million, respectively. Program and liquidity fees for fiscal 2009, 2008 and 2007 were $24.9 million, $22.3 million and $21.9 million, respectively.

We guarantee certain performance obligations of our affiliates under the first lien facility, which includes the continued servicing of such receivables, but do not guarantee the collectibility of the receivables and obligor creditworthiness. The CPVs have a commitment to purchase that ends January 2010 with the option to extend the commitment to September 2010. Should any of the CPVs fail to renew their commitment under the first lien facility, we have access to a backstop credit facility, which is backed by the CPVs and which expires in September 2010, to provide liquidity to the Company.

Proceeds from the collections under the first lien facility are submitted to an independent trustee on a daily basis. The trustee withholds any cash necessary to (1) fund amounts owed to the CPVs as a result of such collections and (2) fund the CPVs when the Securitization Formula indicates a lesser

Table of Contents

amount of outstanding receivables transferred is warranted. The remaining collections are swept to our corporate concentration account. At May 30, 2009 and February 28, 2009, we had $1.0 million and $1.8 million of cash, respectively, that was restricted for the payment of trustee fees.

On February 18, 2009, we issued a $225.0 million second priority accounts receivable securitization term loan (the "*second lien facility*"). Net proceeds from the issuance of the second lien facility were used to repay approximately $210.0 million outstanding under our first lien facility and replace the borrowing availability that was decreased under the first lien facility as a result of a change to the Securitization Formula. The second lien facility has a second priority interest in eligible third party receivables. This interest is subordinate to the interest of the securitization banks under the first lien facility.

The second lien facility bears interest at a rate of either, at our option, (a) a base rate equal to the higher of (i) Citibank's base rate, (ii) the federal funds rate plus 0.50% per annum or (iii) an adjusted LIBOR plus 1.0% per annum, in each case plus 11% (with a floor of 4%) or (b) LIBOR plus 12% with a LIBOR floor of 3%. The second lien facility will mature on September 14, 2010 and can be voluntarily prepaid, at an amount equal to 100% of par plus accrued interest, at any time after August 18, 2009. Financing fees related to the second lien facility for the thirteen week period ended May 30, 2009 were $9.6 million.

We have determined that the transactions under the first lien facility and the second lien facility meet the criteria for sales treatment in accordance with SFAS No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." Additionally, we have determined that we do not hold a variable interest in the CPVs or in the lenders in the second lien facility, pursuant to the guidance in FIN 46R, "Consolidation of Variable Interest Entities," and therefore have determined that the de-recognition of the transferred receivables is appropriate.

The following table details our interest in the third party pharmaceutical receivables for the thirteen week period and years presented (dollars in thousands):

	Thirteen Weeks Ended May 30, 2009	**Year Ended February 28, 2009**	**Year Ended March 1, 2008**
Third party pharmaceutical receivables	$ 1,030,118	$ 955,827	$ 963,683
Allowance for uncollectible accounts	(33,159)	(31,421)	(34,850)
Net third party receivables	996,959	924,406	928,833
First lien facility	(300,000)	(330,000)	(435,000)
Second lien facility (net of discount of $6,621)	(219,449)	(218,379)	
Net retained interest	$ 477,510	$ 376,027	$ 493,833

As of May 30, 2009, we had no material off balance sheet arrangements, other than the receivables securitization agreements described above and operating leases.

Table of Contents

Contractual Obligations and Commitments

The following table details the maturities of our indebtedness and lease financing obligations as of February 28, 2009, as well as other contractual cash obligations and commitments.

	Payment due by period				
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	After 5 Years	Total
	(Dollars in thousands)				
Contractual Cash Obligations					
Long term debt(1)	$ 384,628	$ 1,729,512	$ 906,205	$ 5,660,964	$ 8,681,309
Capital lease obligations(2)	39,896	49,435	49,094	155,783	294,208
Operating leases(3)	1,049,983	2,009,871	1,794,758	6,669,650	11,524,262
Open purchase orders	352,909				352,909
Redeemable preferred stock(4)				21,300	21,300
Other, primarily self insurance and retirement plan obligations(5)	132,256	148,995	36,479	81,762	399,492
Minimum purchase commitments(6)	160,708	321,834	321,770	782,014	1,586,326
Total contractual cash obligations	$ 2,120,380	$ 4,259,647	$ 3,108,306	$ 13,371,473	$ 22,859,806
Commitments					
Lease guarantees	$ 25,208	$ 48,908	$ 47,016	$ 110,263	$ 231,395
Outstanding letters of credit	188,345				188,345
Total commitments	$ 2,333,933	$ 4,308,555	$ 3,155,322	$ 13,481,736	$ 23,279,546

---

(1) Includes principal and interest payments for all outstanding debt instruments, but not amounts outstanding under the receivables facilities. Interest was calculated on variable rate instruments using rates as of February 28, 2009. After giving effect to the Refinancing Transactions, the aggregate annual principal payments of long-term debt for the remainder of fiscal 2010 and thereafter are as follows: 2010 $12,979; 2011 $25,853; 2012 $14,765; 2013 $14,764; 2014 $205,474 and $5,468,101 in 2015 and thereafter.

(2) Represents the minimum lease payments on non-cancelable leases, including interest, but net of sublease income.

(3) Represents the minimum lease payments on non-cancelable leases.

(4) Represents value of redeemable preferred stock at its redemption date.

(5) Includes the undiscounted payments for self-insured medical coverage, actuarially determined undiscounted payments for self-insured workers' compensation and general liability, and actuarially determined obligations for defined benefit pension and nonqualified executive retirement plans.

(6) Represents commitments to purchase products from certain vendors.

Obligations for income tax uncertainties pursuant to FIN 48 of approximately $101.0 million are not included in the table above as we are uncertain as to if or when such amounts may be settled.

Table of Contents

Net Cash Provided By (Used In) Operating, Investing and Financing Activities

Thirteen Weeks Ended May 30, 2009 compared to Thirteen Weeks Ended May 31, 2008

Cash flow provided by operating activities was $357.6 million in the thirteen week period ended May 30, 2009. Cash flow was positively impacted by improved operating results, a reduction in inventory, which is a result of management's efforts to reduce excess inventory and a decrease in purchasing volume, and the timing of rent and interest payments. Our operating activities used $105.3 million of cash in the thirteen week period ended May 31, 2008. The use of cash from operations was primarily due to increases in inventory and accounts receivable, a decrease in accounts payable, and an increase in integration and interest expense.

Net cash used in investing activities was $15.4 million and $93.8 million for the thirteen week periods ended May 30, 2009 and May 31, 2008, respectively. Cash used for the purchases of property, plant and equipment and intangible assets is lower than prior year due to our reduction in planned capital expenditures in fiscal 2010. Offsetting cash expenditures in the thirteen week period ended May 30, 2009 are proceeds from the disposition of assets of $28.8 million.

Cash used in investing activities in the thirteen week period ended May 31, 2008 was for purchases of property, plant and equipment $149.9 million, the purchase of prescription files $36.1 million and capitalizable acquisition costs of $0.1 million. Proceeds of $87.6 million from sale-leaseback transactions offset these expenditures.

Cash used in financing activities was $357.7 million for the thirteen week periods ended May 30, 2009 and primarily relates to the reduction of borrowings on our revolving credit facility. Cash provided by financing activities was $195.6 million for the thirteen week period ending May 31, 2008 and was due to borrowings on our revolving credit facility to fund the negative cash flow from operations.

Fiscal 2009 compared to Fiscal 2008 and Fiscal 2007

Cash flow provided by operating activities was $359.9 million in fiscal 2009. Cash flow was positively impacted by net proceeds from our accounts receivable securitization, reductions in accounts receivable and inventory, partially offset by a decrease in accounts payable. The decrease in inventory is primarily due to the efforts made by management to reduce excess inventory and a decrease in purchasing volume, which also impacted accounts payable.

Cash flow provided by operating activities was $79.4 million in fiscal 2008. Cash flow was positively impacted by net proceeds from our accounts receivable securitization and a reduction in accounts receivable partially offset by an increase in inventory and a decrease in accounts payable. The increase in inventory was primarily caused by Brooks Eckerd integration activities. Integration activities that require a temporary investment in inventory include replacing discontinued inventory, increasing the number of SKU's at the Brooks Eckerd distribution centers and retrofitting the planograms in the Brooks Eckerd stores. The decrease in accounts payable was primarily due to conforming vendor terms as part of the integration efforts.

Cash flow provided by operating activities was $309.1 million in fiscal 2007. Cash flow from operating activities was positively impacted by income from operations, net proceeds of $20.0 million for the sale of certain of our third party receivables and a decrease in accounts payable. These items were partially offset by increases in accounts receivable and inventory.

Cash used in investing activities was $346.4 million in fiscal 2009. Cash was used for the purchase of property, plant and equipment and prescription files which was offset in part by proceeds from our sale leaseback transactions and proceeds from other asset dispositions.

Table of Contents

Cash used in investing activities was $2,933.7 million in fiscal 2008. Cash used was primarily for the acquisition of Brooks Eckerd and purchase of property, plant and equipment and intangible assets offset by proceeds from sale-leaseback transactions and asset dispositions.

Cash used in investing activities was $312.8 million in fiscal 2007. Cash was used for: the purchase of property, plant and equipment, the purchase of prescription file and capitalizable direct acquisition costs related to our pending acquisition of Brooks Eckerd. Cash was provided by proceeds from our sale leaseback transactions and proceeds from other asset dispositions.

Cash used in financing activities was $17.3 million in fiscal 2009 due to the net impact of proceeds from the issuance of convertible notes and redemption of various notes, amending of our credit facility and principal payments on long term debt.

Cash provided by financing activities was $2,904.0 million in fiscal 2008. Cash provided by financing was primarily provided by proceeds from issuance of long-term debt utilized to fund the Brooks Eckerd acquisition, net proceeds from our revolving credit facility, the change in the zero balance cash accounts and net proceeds from the issuance of common stock, offset by financing costs paid, scheduled debt payments and preferred stock dividends.

Cash provided by financing activities was $33.7 million in fiscal 2007. Cash provided from issuance of two bonds and the term loan portion of our senior credit facility was used to fund the redemption and payment at maturity of several bonds and to pay down a portion of the outstanding borrowings under our revolving credit facility.

Capital Expenditures

During the thirteen week period ended May 30, 2009, we spent $44.3 million on capital expenditures, consisting of $25.8 million related to new store construction, store relocation and store remodel projects, $16.5 million related to technology enhancements, improvements to distribution centers and other corporate requirements, and $2.0 million related to the purchase of prescription files from independent pharmacists. We plan on making total capital expenditures of approximately $250.0 million during fiscal 2010, consisting of approximately 36% related to new store construction and store relocation, 11% related to store remodels, and 53% related to backstage, infrastructure and maintenance requirements. Management expects that these capital expenditures will be financed primarily with cash flow from operating activities.

Future Liquidity

We are highly leveraged. Our high level of indebtedness: (i) limits our ability to obtain additional financing; (ii) limits our flexibility in planning for, or reacting to, changes in our business and the industry; (iii) places us at a competitive disadvantage relative to our competitors with less debt; (iv) renders us more vulnerable to general adverse economic and industry conditions; and (v) requires us to dedicate a substantial portion of our cash flow to service our debt. Based upon our current levels of operations and planned improvements in our operating performance, we believe that cash flow from operations together with available borrowings under our senior credit facility, sales of accounts receivable under our securitization agreements and other sources of liquidity will be adequate to meet our requirements for working capital, debt service and capital expenditures for the next twelve months. We will continue to assess our liquidity position and potential sources of supplemental liquidity in light of our operating performance, and other relevant circumstances. Should we determine, at any time, that it is necessary to obtain additional short-term liquidity, we will evaluate our alternatives and take appropriate steps to obtain sufficient additional funds. There can be no assurance that any such supplemental funding, if sought, could be obtained or if obtained, would be on terms acceptable to us.

Table of Contents

Recent Accounting Pronouncements

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events". This standard provides guidance on management's assessment of subsequent events, which are defined as events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. This standard also requires disclosure of the date through which subsequent events have been evaluated and whether that is the date that the financial statements were issued or available to be issued. SFAS No. 165 is effective for interim or annual fiscal periods ending after June 15, 2009. We do not expect the adoption of this statement to have a material impact on our financial position or results of operations.

In June 2009, the FASB issued SFAS No. 166 "Accounting for Transfers of Financial Assets an amendment of FASB Statement No. 140." This standard eliminates the concept of a qualifying special purpose entity ("*QSPE*") and modifies the derecognition provisions in SFAS No. 140. This statement is effective for financial asset transfers occurring after the beginning of an entity's first fiscal year that begins after November 15, 2009. We are evaluating the impact that SFAS No. 166 will have on our financial position and results of operations, if any.

In June 2009, the FASB issued SFAS No. 167 "Amendments to FASB Interpretation No. 46(R)." This statement amends the consolidation guidance applicable to variable interest entities and is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2009. We are evaluating the impact that SFAS No. 167 will have on our financial position and results of operations, if any.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to allowance for uncollectible receivables, inventory shrink, impairment, self insurance liabilities, pension benefits, lease exit liabilities, income taxes and litigation. We base our estimates on historical experience, current and anticipated business conditions, the condition of the financial markets and various other assumptions that are believed to be reasonable under existing conditions. Variability reflected in the sensitivity analyses presented below is based on our recent historical experience. Actual results may differ materially from these estimates and sensitivity analyses.

The following critical accounting policies require the use of significant judgments and estimates by management:

Allowance for uncollectible receivables: Almost all of our prescription sales are made to customers that are covered by third party payors, such as insurance companies, prescription benefit management companies, government agencies, private employers, health maintenance organizations or other managed care providers. We recognize and report receivables that represent the amount owed to us for sales made to customers, who are employees or members of those payors, which have not yet been paid. We maintain an allowance for the amount of these receivables deemed to be uncollectible. This allowance is calculated based upon historical collection and write-off activity adjusted for current conditions. The estimated bad debt write-off rate is calculated by dividing historical write-offs for the most recent twelve months, for which collection activities have been completed, by third party payor sales for the same period. A bad debt expense is recognized by applying the estimated write-off rate to third party payor sales for the period. There have been no significant changes in the assumptions used to calculate our estimated write-off rate over the past three years. If the financial condition of the

Table of Contents

payors were to deteriorate, resulting in an inability to make payments, an additional reserve would be recorded in the period in which the change in financial condition first became known. Based on current conditions, we do not expect a significant change to our write-off rate in future periods. A one basis point difference in our estimated write-off rate for the year ended February 28, 2009, would have affected pretax income by approximately $1.4 million.

Inventory: The carrying value of our inventory is reduced by a reserve for estimated shrink losses that occur between physical inventory dates. When estimating these losses, we consider historical loss results at specific locations (including stores and distribution centers), as well as overall loss trends as determined during physical inventory procedures. The estimated shrink rate is calculated by dividing historical shrink results for stores inventoried in the most recent six months by the sales for the same period. Shrink expense is recognized by applying the estimated shrink rate to sales since the last physical inventory. There have been no significant changes in the assumptions used to calculate our shrink rate over the last three years. Although possible, we do not expect a significant change to our shrink rate in future periods. A 10 basis point difference in our estimated shrink rate for the year ended February 28, 2009, would have affected pre-tax income by approximately $5.8 million.

Goodwill impairment: Our policy is to perform an impairment test of goodwill at least annually, and more frequently if events or circumstances occurred that would indicate a reduced fair value in our reporting unit could exist. Our impairment calculation was based on a comparison of the book value of our equity to our estimated fair value. We estimated fair value utilizing both a discounted cash flow analysis that was based on forward year projections and the value implied by our quoted stock price. Based on the decline in our stock price during fiscal 2009, we performed an assessment of goodwill impairment at the end of our fiscal third quarter and year end and concluded at year end that our goodwill was impaired. In accordance with our policy, if events indicate that an impairment has occurred, we perform a step two test under which we value the net assets of our company (other than goodwill) as if a purchase business combination had occurred, and compare that value to our company's market capitalization. The difference between the theoretical net asset value of our company utilizing this calculation and the our market capitalization is the amount of goodwill impairment that we record. Based upon the results of this test, we impaired the entire balance of our goodwill at the end of fiscal 2009.

Impairment of long-lived assets: We evaluate long-lived assets for impairment annually, or whenever events or changes in circumstances indicate that the assets may not be recoverable. We have identified each store as an asset group for purposes of performing this evaluation. Our evaluation of whether possible impairment indicators exist includes comparing future cash flows expected to be generated by the store to the carrying value of the store's assets. If the estimated future cash flows of the asset group (store level) are less than the carrying amount of the store's assets, we calculate an impairment loss by comparing the carrying value of the store's assets to the fair value of such assets. We determine fair value by discounting the estimated future cash flows of the store discussed above.

Cash flows are calculated utilizing the detailed store financial plan for the year immediately following the current year end. To arrive at cash flow estimates for additional future years, we project sales growth by store (consistent with our overall business planning objectives and results), and determine the incremental cash flow that such sales growth will contribute to that store's operations. The discount rate used is our credit adjusted risk-free interest rate.

The assumptions utilized in calculating impairment are updated annually. Should actual sales growth rates and related incremental cash flow differ from those forecasted and projected, we may incur future impairment charges related to the stores being evaluated. Changes in our discount rate of 50 basis points would not have a material impact on the total impairment recorded in Fiscal 2009.

Table of Contents

Self-insurance liabilities: We expense claims for self-insured medical, dental, workers' compensation and general liability insurance coverage as incurred including an estimate for claims incurred but not paid. The expense for self-insured medical and dental claims incurred but not paid is determined by multiplying the average claim value paid over the most recent twelve months by the average number of days from the same period between when the claims were incurred and paid. There have been no significant changes in assumptions used to determine days lag over the last three years. Should a greater amount of claims occur compared to what was previously estimated or medical costs increase beyond what was anticipated, expense recorded may not be sufficient, and additional expense may be recorded. A one day change in days lag for the year ended February 28, 2009, would have affected pretax income by approximately $0.6 million.

The expense for self-insured workers' compensation and general liability claims incurred but not paid is determined using several factors, including historical claims experience and development, severity of claims, medical costs and the time needed to settle claims. We discount the estimated expense for workers' compensation to present value as the time period from incurrence of the claim to final settlement can be several years. We base our estimates for such timing on previous settlement activity. The discount rate is based on the current market rates for Treasury bills that approximate the average time to settle the workers' compensation claims. These assumptions are updated on an annual basis. A 25 basis point difference in the discount rate for the year ended February 28, 2009, would have affected pretax income by approximately $2.3 million.

Benefit plan accrual: We have several defined benefit plans, under which participants earn a retirement benefit based upon a formula set forth in the plan. We record expense related to these plans using actuarially determined amounts that utilize various assumptions. Key assumptions used in the actuarial valuations include the mortality rate, the discount rate, the expected rate of return on plan assets and the rate of increase in future compensation levels. These rates are updated annually and are based on available public information, market interest rates and internal plans regarding compensation and any other changes impacting benefits.

These assumptions have not significantly changed over the last three years, except that the discount rate has been adjusted due to changes in rates derived from published high-quality long-term bond indices, the terms of which approximate the term of the cash flows to pay the accumulated benefit obligations when due. A decrease of 25 basis points in the discount rate, assuming no other changes in the estimates, increases the amount of the projected benefit obligation and the related required expense by $3.0 million and $0.6 million, respectively.

Lease exit liabilities: We record reserves for closed stores based on future lease commitments, anticipated ancillary occupancy costs and anticipated future subleases of properties. The reserves are calculated at the individual location level and the assumptions are assessed at that level. Sublease income is estimated based on agreements in place at the time of reserve assessment. The reserve for lease exit liabilities is discounted using a credit adjusted risk free interest rate. Reserve estimates and related assumptions are updated on a quarterly basis.

A substantial amount of our closed stores were closed prior to our adoption of SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities,*" effective January 1, 2003. Therefore, if interest rates change, reserves may be increased or decreased. In addition, changes in the real estate leasing markets can have an impact on the reserve. As of February 28, 2009, a 50 basis point variance in the credit adjusted risk free interest rate would have affected pretax income by approximately $3.8 million for Fiscal 2009.

Income taxes: We currently have net operating loss ("*NOL*") carryforwards that can be utilized to offset future income for federal and state tax purposes. These NOLs generate significant deferred tax assets which are currently offset by a valuation allowance. We regularly review the deferred tax assets

Table of Contents

for recoverability considering the relative impact of negative and positive evidence including our historical profitability, projected taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. The weight given to the potential effect of the negative and positive evidence is commensurate with the extent to which it can be objectively verified. We will establish a valuation allowance against deferred tax assets when we determine that it is more likely than not that some portion of our deferred tax assets will not be realized. There have been no significant changes in the assumptions used to calculate our valuation allowance over the last three years. However, changes in market conditions and the impact of the acquisition of Brooks Eckerd on operations have caused changes in the valuation allowance from period to period which were included in the tax provision in the period of change.

We recognize tax liabilities in accordance with FIN 48 and we adjust these liabilities when our judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities.

Litigation reserves: We are involved in litigation on an on-going basis. We accrue our best estimate of the probable loss related to legal claims. Such estimates are based upon a combination of litigation and settlement strategies. These estimates are updated as the facts and circumstances of the cases develop and/or change. To the extent additional information arises or our strategies change, it is possible that our best estimate of the probable liability may also change. Changes to these reserves during the last three fiscal years were not material.

Table of Contents

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our future earnings, cash flow and fair values relevant to financial instruments are dependent upon prevalent market rates. Market risk is the risk of loss from adverse changes in market prices and interest rates. Our major market risk exposure is changing interest rates. Increases in interest rates would increase our interest expense. We enter into debt obligations to support capital expenditures, acquisitions, working capital needs and general corporate purposes. Our policy is to manage interest rates through the use of a combination of variable-rate credit facilities, fixed-rate long-term obligations and derivative transactions. We currently do not have any derivative transactions outstanding.

The table below provides information about our financial instruments that are sensitive to changes in interest rates. The table presents principal payments and the related weighted average interest rates by expected maturity dates as of May 30, 2009 (without giving effect to the Refinancing Transactions).

	2010	2011	2012	2013	2014	Thereafter	Total	Fair Value at 05/30/09
	(dollars in thousands)							
Long-term debt, including current portion								
Fixed Rate	2,066	11,303	215	214	190,924	3,217,719	3,422,441	2,296,055
Average Interest Rate	4.77%	8.11%	7.00%	7.00%	6.95%	9.01%	8.89%	
Variable Rate	10,913	694,550	14,550	14,550	14,550	1,343,017	2,092,130	1,665,566
Average Interest Rate	3.06%	2.04%	3.06%	3.06%	3.06%	3.13%	2.77%	
Totals	12,979	705,853	14,765	14,764	205,474	4,560,736	5,514,571	3,961,621

After giving effect to the Refinancing Transactions, the aggregate annual principal payments of long-term debt for the remainder of fiscal 2010 and thereafter are as follows: 2010 $13.0 million; 2011 $25.9 million; 2012 $14.8 million; 2013 $14.8 million; 2014 $205.5 million and $5.5 billion in 2015 and thereafter.

As of July 3, 2009, 33.4% of our total debt is exposed to fluctuations in variable interest rates.

Our ability to satisfy interest payment obligations on our outstanding debt will depend largely on our future performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. If we do not have sufficient cash flow to service our interest payment obligations on our outstanding indebtedness and if we cannot borrow or obtain equity financing to satisfy those obligations, our business and results of operations will be materially adversely affected. We cannot assure you that any such borrowing or equity financing could be successfully completed.

In addition to the financial instruments listed above, the program fees incurred on proceeds from the sale of receivables under our receivables securitization agreements are determined based on LIBOR.

Table of Contents

THE EXCHANGE OFFER

Terms of the Exchange Offer; Period for Tendering Old Notes

Subject to terms and conditions detailed in this prospectus, we will accept for exchange old notes which are properly tendered on or prior to the expiration date and not withdrawn as permitted below. As used herein, the term "*expiration date*" means 5:00 p.m., New York City time, on October 1, 2009, the 35th day following the date of this prospectus. We may, however, in our sole discretion, extend the period of time during which the exchange offer is open. The term "*expiration date*" means the latest time and date to which the exchange offer is extended.

As of the date of this prospectus, $410.0 million aggregate principal amount of old notes are outstanding. This prospectus, together with the letter of transmittal, is first being sent on or about the date hereof, to all holders of old notes known to us.

We expressly reserve the right, at any time, to extend the period of time during which the exchange offer is open, and delay acceptance for exchange of any old notes, by giving oral or written notice of such extension to the holders thereof as described below. During any such extension, all old notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

Old notes tendered in the exchange offer must be in denominations of principal amount of $2,000 and integral multiples of $1,000.

We expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any old notes, upon the occurrence of any of the conditions of the exchange offer specified under " Conditions to the exchange offer." We will give oral or written notice of any extension, amendment, non-acceptance or termination to the holders of the old notes as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

Procedures for Tendering Old Notes

The tender to us of old notes by you as set forth below and our acceptance of the old notes will constitute a binding agreement between us and you upon the terms and subject to the conditions set forth in this prospectus and in the accompanying letter of transmittal. Except as set forth below, to tender old notes for exchange pursuant to the exchange offer, you must transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal or, in the case of a book-entry transfer, an agent's message in lieu of such letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as exchange agent, at the address set forth below under " Exchange Agent" on or prior to the expiration date. In addition, either:

- certificates for such old notes must be received by the exchange agent along with the letter of transmittal; or

- a timely confirmation of a book-entry transfer (a "*book-entry confirmation*") of such old notes, if such procedure is available, into the exchange agent's account at DTC pursuant to the procedure for book-entry transfer must be received by the exchange agent, prior to the expiration date, with the letter of transmittal or an agent's message in lieu of such letter of transmittal.

The term "*agent's message*" means a message, transmitted by DTC to and received by the exchange agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant stating that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce such letter of transmittal against such participant.

The method of delivery of old notes, letters of transmittal and all other required documents is at your election and risk. If such delivery is by mail, it is recommended that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. No letter of transmittal or old notes should be sent to us.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes surrendered for exchange are tendered:

- by a holder of the old notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal, or

- for the account of an eligible institution (as defined below).

In the event that signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, such guarantees must be by a firm which is a member of the Securities Transfer Agent Medallion Program, the Stock Exchanges Medallion Program or the New York Stock Exchange Medallion Program (each such entity being hereinafter referred to as an "*eligible institution*"). If old notes are registered in the name of a person other than the signer of the letter of transmittal, the old notes surrendered for exchange must be endorsed by, or be accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as we or the exchange agent determine in our sole discretion, duly executed by the registered holders with the signature thereon guaranteed by an eligible institution.

We or the exchange agent in our sole discretion will make a final and binding determination on all questions as to the validity, form, eligibility (including time of receipt) and acceptance of old notes tendered for exchange. We reserve the absolute right to reject any and all tenders of any particular old note not properly tendered or to not accept any particular old note which acceptance might, in our judgment or our counsel's, be unlawful. We also reserve the absolute right to waive any defects or irregularities or conditions of the exchange offer as to any particular old note either before or after the expiration date (including the right to waive the ineligibility of any holder who seeks to tender old notes in the exchange offer). Our or the exchange agent's interpretation of the term and conditions of the exchange offer as to any particular old note either before or after the expiration date (including the letter of transmittal and the instructions thereto) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of old notes for exchange must be cured within a reasonable period of time, as we determine. We are not, nor is the exchange agent or any other person, under any duty to notify you of any defect or irregularity with respect to your tender of old notes for exchange, and no one will be liable for failing to provide such notification.

If the letter of transmittal is signed by a person or persons other than the registered holder or holders of old notes, such old notes must be endorsed or accompanied by powers of attorney signed exactly as the name(s) of the registered holder(s) that appear on the old notes.

If the letter of transmittal or any old notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing. Unless waived by us or the exchange agent, proper evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

By tendering old notes, you represent to us that, among other things, the new notes acquired pursuant to the exchange offer are being obtained in the ordinary course of business of the person receiving such new notes, whether or not such person is the holder, that neither the holder nor such other person has any arrangement or understanding with any person, to participate in the distribution of the new notes, and that you are not holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering. If you are our "affiliate," as defined under Rule 405 under the Securities Act, and engage in or intend to engage in or have an arrangement or understanding with any person to participate in a distribution of such new notes to be acquired pursuant to the exchange offer, you or any such other person:

- could not rely on the applicable interpretations of the staff of the SEC; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer that receives new notes for its own account in exchange for old notes, where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. *See* "Plan of Distribution." The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Acceptance of Old Notes for Exchange; Delivery of New Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all old notes properly tendered and will issue the new notes promptly after acceptance of the old notes. *See* " Conditions to the Exchange Offer." For purposes of the exchange offer, we will be deemed to have accepted properly tendered old notes for exchange if and when we give oral (confirmed in writing) or written notice to the exchange agent.

The holder of each old note accepted for exchange will receive a new note in the amount equal to the surrendered old note. Holders of new notes on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid on the old notes. Holders of new notes will not receive any payment in respect of accrued interest on old notes otherwise payable on any interest payment date, the record date for which occurs on or after the consummation of the exchange offer.

In all cases, issuance of new notes for old notes that are accepted for exchange will be made only after timely receipt by the exchange agent of:

- a timely book-entry confirmation of such old notes into the exchange agent's account at DTC,
- a properly completed and duly executed letter of transmittal or an agent's message in lieu thereof, and
- all other required documents.

If any tendered old notes are not accepted for any reason set forth in the terms and conditions of the exchange offer or if old notes are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or non-exchanged old notes will be returned without expense to the tendering holder (or, in the case of old notes tendered by book entry transfer into the exchange agent's account at DTC pursuant to the book-entry procedures described below, such non-exchanged old notes will be credited to an account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offer.

Book-Entry Transfers

For purposes of the exchange offer, the exchange agent will request that an account be established with respect to the old notes at DTC within two business days after the date of this prospectus, unless the exchange agent has already established an account with DTC suitable for the exchange offer. Any

60

financial institution that is a participant in DTC may make book-entry delivery of old notes by causing DTC to transfer such old notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. Although delivery of old notes may be effected through book-entry transfer at DTC, the letter of transmittal or facsimile thereof or an agent's message in lieu thereof, with any required signature guarantees and any other required documents, must, in any case, be transmitted to and received by the exchange agent at the address set forth under " Exchange Agent" on or prior to the expiration date.

Withdrawal Rights

You may withdraw your tender of old notes at any time prior to the expiration date. To be effective, a written notice of withdrawal must be received by the exchange agent at one of the addresses set forth under " Exchange Agent." This notice must specify:

- the name of the person having tendered the old notes to be withdrawn,
- the old notes to be withdrawn (including the principal amount of such old notes), and
- where certificates for old notes have been transmitted, the name in which such old notes are registered, if different from that of the withdrawing holder.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an eligible institution, unless such holder is an eligible institution. If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of DTC.

We or the exchange agent will make a final and binding determination on all questions as to the validity, form and eligibility (including time of receipt) of such notices. Any old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes tendered for exchange but not exchanged for any reason will be returned to the holder without cost to such holder (or, in the case of old notes tendered by book-entry transfer into the exchange agent's account at DTC pursuant to the book-entry transfer procedures described above, such old notes will be credited to an account maintained with DTC for the old notes as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be retendered by following one of the procedures described under " Procedures for tendering old notes" above at any time on or prior to the expiration date.

Conditions to the Exchange Offer

Notwithstanding any other provision of the exchange offer, we are not required to accept for exchange, or to issue new notes in exchange for, any old notes and may terminate or amend the exchange offer, if any of the following events occur prior to acceptance of such old notes:

- the exchange offer violates any applicable law or applicable interpretation of the staff of the SEC; or
- there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree has been issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission,
  - seeking to restrain or prohibit the making or consummation of the exchange offer or any other transaction contemplated by the exchange offer, or assessing or seeking any damages as a result thereof, or

Table of Contents

resulting in a material delay in our ability to accept for exchange or exchange some or all of the old notes pursuant to the exchange offer; or

any statute, rule, regulation, order or injunction has been sought, proposed, introduced, enacted, promulgated or deemed applicable to the exchange offer or any of the transactions contemplated by the exchange offer by any government or governmental authority, domestic or foreign, or any action has been taken, proposed or threatened, by any government, governmental authority, agency or court, domestic or foreign, that in our sole judgment might, directly or indirectly, result in any of the consequences referred to in clauses (1) or (2) above or, in our reasonable judgment, might result in the holders of new notes having obligations with respect to resales and transfers of new notes which are greater than those described in the interpretation of the SEC referred to on the cover page of this prospectus, or would otherwise make it inadvisable to proceed with the exchange offer; or

there has occurred:

any general suspension of or general limitation on prices for, or trading in, our securities on any national securities exchange or in the over-the-counter market,

any limitation by a governmental agency or authority which may adversely affect our ability to complete the transactions contemplated by the exchange offer,

a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit, or

a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the foregoing existing at the time of the commencement of the exchange offer, a material acceleration or worsening thereof;

which in our reasonable judgment in any case, and regardless of the circumstances (including any action by us) giving rise to any such condition, makes it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange.

The foregoing conditions are for our sole benefit and may be asserted by us regardless of the circumstances giving rise to any condition or may be waived by us in whole or in part at any time in our reasonable discretion. Our failure at any time to exercise any of the foregoing rights will not be deemed a waiver of any such right and each such right will be deemed an ongoing right which may be asserted at any time.

In addition, we will not accept for exchange any old notes tendered, and no new notes will be issued in exchange for any such old notes, if at such time any stop order is threatened or in effect with respect to the Registration Statement, of which this prospectus constitutes a part, or the qualification of the indenture under the Trust Indenture Act.

Exchange Agent

We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offer. All executed letters of transmittal should be directed to the exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal should be directed to the exchange agent addressed as follows:

The Bank of New York Mellon Trust Company, N.A., *Exchange Agent*

By Registered or Certified Mail, Overnight Delivery after 4:30 p.m. on the Expiration Date:
The Bank of New York Mellon Trust Company
c/o Bank of New York Mellon
Corporate Trust Operations
Reorganization Unit

101 Barclay Street 7 East
New York, NY 10286
Attn: Randolph Holder

For Information Call:
(212) 815-5098

By Facsimile Transmission
(for Eligible Institutions only):
(212) 298-1915

Confirm by Telephone:
(212) 815-5098

DELIVERY OF THE LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE OR TRANSMISSION OF SUCH LETTER OF TRANSMITTAL VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY OF THE LETTER OF TRANSMITTAL.

Fees and Expenses

The principal solicitation is being made by mail by The Bank of New York Mellon Trust Company, N.A., as exchange agent. We will pay the exchange agent customary fees for its services, reimburse the exchange agent for its reasonable out-of-pocket expenses incurred in connection with the provision of these services and pay other registration expenses, including fees and expenses of the trustee under the indenture relating to the new notes, filing fees, blue sky fees and printing and distribution expenses. We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offer.

Additional solicitation may be made by telephone, facsimile or in person by our and our affiliates' officers and regular employees and by persons so engaged by the exchange agent.

Accounting Treatment

We will record the new notes at the same carrying value as the old notes, as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. The expenses of the exchange offer will be amortized over the term of the new notes.

Consequences of Exchanging or Failing to Exchange Old Notes

If you do not exchange your old notes for new notes in the exchange offer, your old notes will continue to be subject to the provisions of the indenture relating to the notes regarding transfer and exchange of the old notes and the restrictions on transfer of the old notes described in the legend on your certificates. These transfer restrictions are required because the old notes were issued under an

63

Table of Contents

exemption from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the old notes may not be offered or sold unless registered under the Securities Act, except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the old notes under the Securities Act. Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties, we believe that the new notes you receive in the exchange offer may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the new notes if:

- you are our "affiliate," as defined in Rule 405 under the Securities Act,
- you are not acquiring the new notes in the exchange offer in the ordinary course of your business,
- you have an arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes you will receive in the exchange offer,
- you are holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering, or
- you are a participating broker-dealer.

We do not intend to request the SEC to consider, and the SEC has not considered, the exchange offer in the context of a similar no-action letter. As a result, we cannot guarantee that the staff of the SEC would make a similar determination with respect to the exchange offer as in the circumstances described in the no action letters discussed above. Each holder, other than a broker-dealer, must acknowledge that it is not engaged in, and does not intend to engage in, a distribution of new notes and has no arrangement or understanding to participate in a distribution of new notes. If you are our affiliate, are engaged in or intend to engage in a distribution of the new notes or have any arrangement or understanding with respect to the distribution of the new notes you will receive in the exchange offer, you may not rely on the applicable interpretations of the staff of the SEC and you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction involving the new notes. If you are a participating broker-dealer, you must acknowledge that you will deliver a prospectus in connection with any resale of the new notes. In addition, to comply with state securities laws, you may not offer or sell the new notes in any state unless they have been registered or qualified for sale in that state or an exemption from registration or qualification is available and is complied with. The offer and sale of the new notes to "qualified institutional buyers" (as defined in Rule 144A of the Securities Act) is generally exempt from registration or qualification under state securities laws. We do not plan to register or qualify the sale of the new notes in any state where an exemption from registration or qualification is required and not available.

Table of Contents

BUSINESS

Overview

We are the third largest retail drugstore chain in the United States based on revenues and number of stores. We operate our drugstores in 31 states across the country and in the District of Columbia. As of May 30, 2009, we operated 4,825 stores. During fiscal 2009 and the thirteen weeks ended May 30, 2009, we generated approximately $26.3 billion and $6.5 billion in revenue, respectively.

In our stores, we sell prescription drugs and a wide assortment of other merchandise, which we call "front end" products. In fiscal 2009 and the thirteen weeks ended May 30, 2009, prescription drug sales accounted for 67.2% and 68.2% of our total sales, respectively. We believe that our pharmacy operations will continue to represent a significant part of our business due to favorable industry trends, including an aging population, increased life expectancy, anticipated growth in the federally funded Medicare Part D prescription program as "baby boomers" begin to enroll in 2011 and the discovery of new and better drug therapies. We offer approximately 28,000 front end products, which accounted for the remaining 32.8% and 31.8% of our total sales in fiscal 2009 and the thirteen weeks ended May 30, 2009, respectively. Front end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, convenience foods, greeting cards, seasonal merchandise and numerous other everyday and convenience products, as well as photo processing. We attempt to distinguish our stores from other national chain drugstores, in part, through our private brands and our strategic alliance with GNC, a leading retailer of vitamin and mineral supplements. We offer approximately 3,300 products under the Rite Aid private brand, which contributed approximately 13.5% and 14.5% of our front end sales in the categories where private brand products were offered in fiscal 2009 and the thirteen weeks ended May 30, 2009, respectively.

The overall average size of each store in our chain is approximately 12,500 square feet. The average size of our stores is larger in the western United States. As of May 30, 2009, approximately 58% of our stores were freestanding; approximately 49% of our stores included a drive-thru pharmacy; approximately 42% included one-hour photo shops; and approximately 36% included a GNC store-within-Rite Aid-store.

Acquisition

On June 4, 2007, we acquired all of the membership interests of Jean Coutu USA, the holding company for Brooks Eckerd from Jean Coutu Group, pursuant to the terms of a Stock Purchase Agreement dated August 23, 2006. As consideration for the Acquisition, we paid $2.3 billion and issued 250.0 million shares of our common stock. We financed the cash payment via the establishment of a new term loan facility, issuance of senior notes and borrowings under our then existing revolving credit facility. Our operating results include the results of the Brooks Eckerd stores from the date of acquisition.

As of May 30, 2009, the Jean Coutu Group owned 252.0 million shares of our common stock, which represented approximately 27.6% of the total Rite Aid voting power. Upon the closing of the Acquisition, we expanded our Board of Directors to 14 members, with four of the seats being held by members designated by the Jean Coutu Group. In connection with the Acquisition, we entered into the Stockholder Agreement with Jean Coutu Group and certain Coutu family members. The Stockholder Agreement contains provisions relating to Jean Coutu Group's ownership interest in us, board and board committee composition, corporate governance, stock ownership, stock purchase rights, transfer restrictions, voting arrangements and other matters. We also entered into a registration rights agreement giving Jean Coutu Group certain rights with respect to the registration under the Securities Act, of the shares of our common stock issued to Jean Coutu Group or acquired by Jean Coutu Group pursuant to certain stock purchase rights or open market rights under the Stockholder Agreement.

Table of Contents

We completed the integration of the Brooks Eckerd stores during fiscal 2009. The Brooks Eckerd integration has significantly increased the footprint and operating scale of our business and has made us the largest drugstore retailer in the Eastern United States. This increased scale has benefited us by providing purchasing synergies and will provide us with an opportunity to leverage our fixed costs. While sales in the Brooks Eckerd stores did not meet our original expectations in fiscal 2009, pharmacy same store sales trends continued to improve throughout the year. Front end sales trends improved in the first three quarters of fiscal 2009 but were negatively impacted by the recession-led pullback in retail spending in the fourth quarter and the first quarter of fiscal 2010.

Industry Trends

The rate of pharmacy sales growth in the United States in recent years has slowed, with growth in 2008 at 1.3% per IMS Health, an independent industry research firm. Factors driving this slowdown include the decline in new blockbuster drugs, a longer FDA approval process, drug safety concerns, higher copays, the loss of individual health insurance as unemployment rises and an increase in the use of generic (non-brand name) drugs, which are less expensive but generate higher gross margins. However, we expect prescription sales to grow in the coming years due to the aging population, increased life expectancy, "baby boomers" becoming eligible for the federally-funded Medicare prescription program and new drug therapies. We expect that President Obama's proposed health care reform could make prescriptions more affordable for more patients.

Generic prescription drugs help lower overall costs for customers and third party payors. We believe the utilization of existing generic pharmaceuticals will continue to increase. Further, a significant number of new generics are expected to be introduced in the next few years as approximately $80 billion of annual sales of branded drugs are scheduled to lose patent protection over the next five years. The gross profit from a generic drug prescription in the retail drugstore industry is greater than the gross profit from a brand drug prescription.

The retail drugstore industry is highly competitive and has been experiencing consolidation. We believe that the continued consolidation of the drugstore industry, continued new store openings, increased competition from internet based providers and aggressive generic pricing programs at competitors such as Wal-Mart and various supermarket chains will further increase competitive pressures in the industry. In addition, the pharmacy business has become increasingly promotional, which contributes to additional competitive pressures.

The retail drugstore industry relies significantly on third party payors. Third party payors, including the Medicare Part D plans and the state sponsored Medicaid agencies, at times change the eligibility requirements of participants or reduce certain reimbursement rates. These evaluations and resulting changes and reductions are expected to continue. When third party payors, including the Medicare Part D program and state sponsored Medicaid agencies, reduce the number of participants or reduce their reimbursement rates, sales and margins in the industry could be reduced, and profitability of the industry could be adversely affected. These possible adverse effects can be partially or entirely offset by controlling expenses, dispensing more higher margin generics and dispensing more prescriptions overall.

Our Strategy

Our objectives and goals are to grow profitable sales by unlocking the value of our diverse store base, improve customer loyalty by improving customer and associate satisfaction, generate positive cash flow by taking unnecessary costs out of the business and improving operating efficiencies and reduce debt via the generation of operating cash flow and improvements in working capital management. The following paragraphs describe in more detail some of the components of our strategies that we believe will result in the achievement of these goals and objectives:

Grow profitable sales by unlocking the value of our diverse store base. As of May 30, 2009, we had 4,825 stores in 31 states and the District of Columbia. These stores are in diverse markets, with many in urban, high traffic areas and many being in lower traffic suburban or rural areas. In the past we have operated our stores with consistent standards for store staffing, field management staffing, distribution center deliveries, advertising, product assortment and pricing. We are currently in the process of stratifying these stores into specific groups and further refining the business plans for each group. The plans will ultimately result in different subsets of stores having standards for labor, product assortment, pricing and distribution center deliveries that are best suited for that group of stores. We have also revised our field management structure to allocate more field supervision staffing to stores in urban markets, which are typically more challenging to manage than stores in rural or suburban markets. We believe that these changes will improve profitability, particularly at our lower volume stores.

Improve sales by improving customer loyalty. We believe that our greatest opportunity to improve sales is by ensuring that we have a base of loyal, repeat customers, particularly in the pharmacy business. We believe that the best way to obtain loyal customers is to show that we will help them lead happier, healthier lives. We have several programs that we have either started or are planning to start that are designed to improve customer loyalty, including the following:

- We have launched our free Rx Savings Card, which provides cost savings on over 10,000 prescription drugs and over 1,500 over-the-counter medicines to patients with limited or no insurance.

- We continue to offer our Living More senior loyalty program, which offers senior citizens prescription discounts and informational materials. This program has been well received, with over 4.1 million members as of February 28, 2009.

- We have begun offering an automated refill option for customers with maintenance prescriptions, and also make courtesy refill reminder phone calls.

- We launched a "*Giving Care for Parents*" program, which provides caregiver advice via printed materials, access to geriatric specialists on-line and consultation with Rite Aid pharmacists.

In our front end business, we plan to aggressively grow our private brand offerings, as we believe that our private brand products offer cost effective alternatives to national brand products that are very attractive during difficult economic times. We are planning to increase our private brand penetration, which was 13.5% at the end of fiscal 2009, by approximately 1.0% by the end of fiscal 2010.

We believe that a key component of developing loyal customers is by having loyal associates. During fiscal 2009, we designated associates from all parts of our company as "*Culture Change Champions*." Their goal is to use feedback from their colleagues throughout the company to help create a better work environment. We believe this will help ensure that we have loyal, satisfied associates, which will lead to loyal, satisfied customers.

Generate positive cash flow by taking unnecessary costs out of the business. With the integration of the Brooks Eckerd stores completed, we believe we have an opportunity to better leverage our sales by making changes to our cost structure. We have numerous cost reduction initiatives in place or planned for fiscal 2010, including the following:

- We plan to make changes to staffing models for some of our lower volume stores, which we believe will improve store profitability without sacrificing sales or customer service.

Table of Contents

We have centralized all non-merchandise purchasing into a centralized indirect procurement function. This group is responsible for reviewing all purchase contracts and arrangements and utilizes several tools, including on-line auctions, to control the cost of these services.

We have made strategic reductions to administrative headcount and restructured some of our benefit plans.

We plan to reduce supply chain costs by reducing inventory and rationalizing the distribution center network, as evidenced by the closure of our Metro New York facility and the announced closure of our Atlanta, Georgia facility. We have also made changes to which distribution centers service which stores and have reduced the delivery frequency in certain stores, which will save transportation costs.

We believe that these changes, as well as others, will enable us to improve our operating profitability without sacrificing sales and customer service.

Reduce debt. We are highly leveraged and believe that our leverage puts us at a competitive disadvantage, particularly given current market conditions. We plan to reduce debt in fiscal 2010 by executing on the operating initiatives discussed above, as well as by doing the following:

We have taken several steps to reduce our investment in inventory, including steps to reduce the number of SKU's, reduce our backroom inventories and reduce store safety stock in certain categories. The continuation of these programs, along with planned improvements in our ad ordering system and product forecasting techniques, should further reduce our inventory levels, which should increase available working capital and improve operating efficiencies.

We plan to significantly reduce our capital expenditures in fiscal 2010, as we have invested a significant amount of capital into the Brooks Eckerd stores in fiscal 2008 and 2009. Our targeted capital expenditures for fiscal 2010 is $250.0 million, which represents a reduction of approximately $300.0 million from fiscal 2009 levels.

We believe that these initiatives, along with other expected improvements in cash flow from operations, will enable us to begin to pay down debt in fiscal 2010.

Products and Services

Sales of prescription drugs represented approximately 68.2% of our total sales in the thirteen weeks ended May 30, 2009 and 67.2%, 66.7%, and 63.7% of our total sales in fiscal years 2009, 2008 and 2007, respectively. In the thirteen weeks ended May 30, 2009, prescription drug sales were $4.4 billion and in fiscal years 2009, 2008 and 2007, prescription drug sales were $17.6 billion, $16.2 billion, and $11.0 billion, respectively.

We sell approximately 28,000 different types of non-prescription, or front-end products. The types and number of front-end products in each store vary, and selections are based on customer needs and preferences and available space. No single front-end product category contributed significantly to our sales during fiscal 2009. Our principal classes of products in fiscal 2009 were the following:

Product Class	Percentage of Sales
Prescription drugs	67.2%
Over-the-counter medications and personal care	8.7%
Health and beauty aids	5.3%
General merchandise and other	18.8%

Table of Contents

We offer approximately 3,300 products under the Rite Aid private brand, which contributed approximately 13.5% and 14.5% and of our front-end sales in the categories where private brand products were offered in fiscal 2009 and the thirteen weeks ended May 30, 2009, respectively. We intend to increase the number of private brand products.

We have a strategic alliance with GNC under which we have opened 1,726 GNC "stores-within-Rite Aid-stores" as of February 28, 2009 and a contractual commitment to open an additional 626 stores by December 2014. We incorporate the GNC store-within-Rite Aid-store into our new and relocated stores. GNC is a leading nationwide retailer of vitamin and mineral supplements, personal care, fitness and other health related products.

Technology

All of our stores are integrated into a common information system, which enables our customers to fill or refill prescriptions in any of our stores throughout the country, reduces chances of adverse drug interactions, and enables our pharmacists to fill prescriptions more accurately and efficiently. This system can be expanded to accommodate new stores. Our customers may also order prescription refills over the Internet through *www.riteaid.com*, or over the phone through our telephonic automated refill systems for pick up at a Rite Aid store. As of February 28, 2009, we had installed 1,034 automated pharmacy dispensing units, which are linked to our pharmacists' computers, that fill and label prescription drug orders, in high volume stores. The efficiency of these units allows our pharmacists to spend an increased amount of time consulting with our customers. Additionally, each of our stores employs point-of-sale technology that supports sales analysis and recognition of customer trends. This same point-of-sale technology facilitates the maintenance of perpetual inventory records which, together with our sales analysis, drives our automated inventory replenishment process.

Suppliers

We purchase almost all of our generic (non-brand name) pharmaceuticals directly from manufacturers. During fiscal 2009, we purchased brand pharmaceuticals and some generic pharmaceuticals, which amounted to approximately 93.7% of the dollar volume of our prescription drugs, from McKesson, under a contract, which runs through April 2010. Under the contract, with limited exceptions, we are required to purchase all of our branded pharmaceutical products from McKesson. If our relationship with McKesson was disrupted, we could temporarily have difficulty filling prescriptions until we executed a replacement wholesaler agreement or developed and implemented self-distribution processes, which could negatively affect our business.

We purchase our non-pharmaceutical merchandise from numerous manufacturers and wholesalers. We believe that competitive sources are readily available for substantially all of the non-pharmaceutical merchandise we carry and that the loss of any one supplier would not have a material effect on our business.

We sell private brand and co-branded products that generally are supplied by numerous competitive sources. The Rite Aid and GNC co-branded PharmAssure vitamin and mineral supplement products and the GNC branded vitamin and mineral supplement products that we sell in our stores are developed by GNC, and along with our Rite Aid brand vitamin and mineral supplements, are manufactured by GNC.

Customers and Third Party Payors

During fiscal 2009, our stores filled approximately 300 million prescriptions and served an average of 2.3 million customers per day. The loss of any one customer would not have a material adverse impact on our results of operations.

Table of Contents

In fiscal 2009 and the thirteen weeks ended May 30, 2009, 96.3% of our pharmacy sales were to customers covered by third party payors (such as insurance companies, prescription benefit management companies, government agencies, private employers or other managed care providers) that agree to pay for all or a portion of a customer's eligible prescription purchases based on negotiated and contracted reimbursement rates. During fiscal 2009 and the thirteen weeks ended May 30, 2009, the top five third party payors accounted for approximately 37.3% and 38.5% of our total sales, respectively, the largest of which in each period represented 12.6% and 14.3% of our total sales, respectively. During fiscal 2009 and the thirteen weeks ended May 30, 2009, Medicaid related sales were approximately 6.6% and 7.1% of our total sales, respectively, of which the largest single Medicaid payor in each period was less than 2% and equal to 2% of our total sales, respectively. In fiscal 2009 and the thirteen weeks ended May 30, 2009, approximately 10.5% and 10.9% of our total sales, respectively, were to customers covered by Medicare Part D.

Competition

The retail drugstore industry is highly competitive. We compete with, among others, retail drugstore chains, independently owned drugstores, supermarkets, mass merchandisers, discount stores, dollar stores and mail order pharmacies. We compete on the basis of store location and convenient access, customer service, product selection and price. We believe continued consolidation of the drugstore industry, the aggressive discounting of generic drugs by supermarkets and mass merchandisers and the increase of promotional incentives to drive prescription sales will further increase competitive pressures in the industry.

Marketing and Advertising

In fiscal 2009, marketing and advertising expense was $375.8 million, which was spent primarily on weekly circular advertising. Our marketing and advertising activities centered primarily on the following:

- Product price promotions to draw customers to our stores;
- Growth of pharmacy sales, and as the economy weakened, our new free Rx Savings Card, which provides significant cost savings on generic and brand prescriptions and over-the-counter medications to patients with limited or no insurance;
- Increased emphasis on Rite Aid brand products;
- Support of newly acquired and remodeled stores; and
- Our vision to be the customer's first choice for health and wellness products, services and information.

Under the umbrella of our "With Us It's Personal" brand positioning, we promoted educational programs focusing on specific health conditions, incentives for patients to transfer their prescriptions to Rite Aid, and our card-based senior loyalty program "Living More" that provides both pharmacy and front-end discounts. We are also emphasizing our new Automated Courtesy refill service and have launched a "Giving Care for Parents" program where caregivers can get advice from our pharmacists and geriatric specialists online. We believe all of these programs will help us improve customer satisfaction and grow profitable sales.

Associates

We believe that our relationships with our associates are good. As of February 28, 2009, we had approximately 103,000 associates; 13% were pharmacists, 44% were part-time and 26% were unionized. Associate satisfaction is critical to the success of our strategy. We have surveyed our associates to

Table of Contents

obtain feedback on various employment-related topics, including job satisfaction and their understanding of our core values and mission. We have also instituted an internal group, consisting of managers and staff from all components of our business that is responsible for using feedback from associates throughout the Company to create a better work environment.

There is a national shortage of pharmacists. We have implemented various associate incentive plans to attract and retain qualified pharmacists, and have instituted a survey to find out how newly hired pharmacists are doing. We have also expanded our pharmacist recruitment efforts with an increase in the number of recruiters, a successful pharmacist intern program, improved relations with pharmacy schools and an international recruiting program.

Research and Development

We do not make significant expenditures for research and development.

Licenses, Trademarks and Patents

The Rite Aid name is our most significant trademark and the most important factor in marketing our stores and private brand products. We hold licenses to sell beer, wine and liquor, cigarettes and lottery tickets. As part of our strategic alliance with GNC, we have a license to operate GNC "stores-within-Rite Aid-stores." We also hold licenses to operate our pharmacies and our distribution facilities. Together, these licenses are material to our operations.

Seasonality

We experience moderate seasonal fluctuations in our results of operations concentrated in the first and fourth fiscal quarters as the result of the concentration of the cough, cold and flu season and the holidays. We tailor certain front-end merchandise to capitalize on holidays and seasons. We increase our inventory levels during our third fiscal quarter in anticipation of the seasonal fluctuations described above. Our results of operations in the fourth and first fiscal quarters may fluctuate based upon the timing and severity of the cough, cold and flu season, both of which are unpredictable.

Regulation

Our business is subject to federal, state, and local government laws, regulations and administrative practices. We must comply with numerous provisions regulating health and safety, equal employment opportunity, minimum wage and licensing for the sale of drugs, alcoholic beverages, tobacco and other products. In addition we must comply with regulations pertaining to product content, labeling, dating and pricing.

Pursuant to the Omnibus Budget Reconciliation Act of 1990 ("*OBRA*") and comparable state regulations, our pharmacists are required to offer counseling, without additional charge, to our customers about medication, dosage, delivery systems, common side effects and other information deemed significant by the pharmacists and may have a duty to warn customers regarding any potential adverse effects of a prescription drug if the warning could reduce or negate such effect.

The appropriate state boards of pharmacy must license our pharmacies and pharmacists. Our pharmacies and distribution centers are also registered with the Federal Drug Enforcement Administration and are subject to Federal Drug Enforcement Agency regulations relative to our pharmacy operations, including regulations governing purchasing, storing and dispensing of controlled substances. Applicable licensing and registration requirements require our compliance with various state statutes, rules and/or regulations. If we were to violate any applicable statute, rule or regulation, our licenses and registrations could be suspended or revoked or we could be subject to fines or penalties. Any such violation could also damage our reputation and brand.

Table of Contents

In recent years, an increasing number of legislative proposals have been enacted, introduced or proposed in Congress and in some state legislatures that affect or would affect major changes in the healthcare system, either nationally or at the state level. The legislative initiatives include changes in reimbursement levels, changes in qualified participants, changes in drug safety regulations and e-prescribing. Additionally, the Obama Administration has indicated that it intends to pursue significant changes to the nation's healthcare system. We cannot predict the timing of enactment of any such proposals or the long-term outcome or effect of legislation from these efforts.

Our pharmacy business is subject to patient privacy and other obligations, including corporate, pharmacy and associate responsibility imposed by the Health Insurance Portability and Accountability Act. As a covered entity, we are required to implement privacy standards, train our associates on the permitted uses and disclosures of protected health information, provide a notice of privacy practice to our pharmacy customers and permit pharmacy customers to access and amend their records and receive an accounting of disclosures of protected health information. Failure to properly adhere to these requirements could result in the imposition of civil as well as criminal penalties.

We are also subject to laws governing our relationship with our associates, including minimum wage requirements, overtime, working conditions and unionizing efforts. Increases in the federal minimum wage rate, associate benefit costs or other costs related to associates could adversely affect our results of operations. Additionally, there are currently a number of legislative proposals being considered that could impact the ability of workers to unionize. We cannot assure you if or when any such proposal may be enacted or the impact any such legislation could have on our operations or cost structure.

In addition, in connection with the ownership and operations of our stores, distribution centers and other sites, we are subject to laws and regulations relating to the protection of the environment and health and safety matters, including those governing the management and disposal of hazardous substances and the cleanup of contaminated sites. Violations or liabilities under these laws and regulations as a result of our current or former operations or historical activities at our sites, such as gasoline service stations and dry cleaners, could result in significant costs.

Legal Proceedings

We entered into a memorandum of understanding to settle a class action lawsuit brought against us in the U.S. District Court for the Northern District of California for alleged violations of California wage-and-hour law on March 27, 2009. The plaintiff alleged that the Company improperly classified store managers in California as exempt under the law, making them ineligible for overtime wages. The plaintiff sought to require the Company to pay overtime wages to the class of more than 1,200 current and former store managers since May 9, 2001. Management believes that store managers were and are properly classified as exempt from the overtime provisions of California law. Under the terms of the settlement, we will resolve this lawsuit for $6.9 million, subject to court approval. Preliminary court approval of the settlement was granted in May 2009. We anticipate obtaining final court approval of the settlement in the fall of 2009.

We are subject from time to time to various claims and lawsuits and governmental investigations arising in the ordinary course of business including lawsuits alleging violations by us of state and/or federal wage and hour laws pertaining to overtime pay and pay for missed meals and rest periods. Some of these suits purport or have been determined to be class actions and/or seek substantial damages. While we cannot predict the outcome of these claims with certainty, we do not believe that the outcome of any of these legal matters will have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Table of Contents

Corporate Governance and Internet Address

We recognize that good corporate governance is an important means of protecting the interests of our stockholders, associates, customers, and the community. We have closely monitored and implemented relevant legislative and regulatory corporate governance reforms, including provisions of the Sarbanes-Oxley Act of 2002 ("*Sarbanes-Oxley*"), the rules of the SEC interpreting and implementing Sarbanes-Oxley, and the corporate governance listing standards of the NYSE.

Our corporate governance information and materials, including our Certificate of Incorporation, Bylaws, Corporate Governance Guidelines, the charters of our Audit Committee, Compensation Committee and Nominating and Governance Committee, our Code of Ethics for the Chief Executive Officer and Senior Financial Officers, our Code of Ethics and Business Conduct and our Related Person Transaction Policy are posted on the corporate governance section of our website at *www.riteaid.com* and are available in print upon request to Rite Aid Corporation, 30 Hunter Lane, Camp Hill, Pennsylvania 17011, Attention: Corporate Secretary. Our Board will regularly review corporate governance developments and modify these materials and practices as warranted.

Our website also provides information on how to contact us and other items of interest to investors. Our website and any information provided on our website should not be considered a part of this prospectus. We also make available on our website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to these reports, as soon as reasonably practicable after we file these reports with, or furnish them to, the SEC.

Table of Contents

MANAGEMENT

The following table sets forth certain information with respect to our Board of Directors, executive officers, certain other members of senior management and key employees as of the date of this prospectus. Our executive officers are appointed annually by our Board of Directors and serve at the discretion of our Board of Directors.

Name	Age	Position with Rite Aid
Mary F. Sammons	62	Chairman of the Board of Directors and Chief Executive Officer
Michel Coutu	55	Non-Executive Co-Chairman of the Board of Directors
John T. Standley	46	Director, President and Chief Operating Officer
Frank G. Vitrano	53	Senior Executive Vice President, Chief Financial Officer and Chief Administrative Officer
Kenneth A. Martindale	49	Senior Executive Vice President, Chief Merchandising, Marketing & Logistics Officer
Brian R. Fiala	48	Executive Vice President, Store Operations
Marc A. Strassler	61	Executive Vice President, General Counsel and Secretary
Douglas E. Donley	46	Senior Vice President, Chief Accounting Officer
Joseph B. Anderson, Jr.	66	Director
André Belzile	47	Director
François J. Coutu	54	Director
James L. Donald	55	Director
David R. Jessick	55	Director
Robert G. Miller	65	Director
Michael N. Regan	61	Director
Philip G. Satre	60	Director
Jonathan D. Sokoloff	51	Director
Marcy Syms	58	Director
Dennis Wood	70	Director

Following are the biographies for our directors and current executive officers:

Mary F. Sammons. Ms. Sammons has been Chairman of the Board of the Company since June 2007 and has been a member of Rite Aid's Board of Directors since December 5, 1999 and Chief Executive Officer since June 2003. Ms. Sammons was President of Rite Aid from December 1999 to September 2008. From April 1999 to December 1999, Ms. Sammons served as President and Chief Executive Officer of Fred Meyer Stores, Inc., a subsidiary of The Kroger Company. From January 1998 to April 1999, Ms. Sammons served as President and Chief Executive Officer of Fred Meyer Stores, Inc., a subsidiary of Fred Meyer, Inc. From 1985 through 1997, Ms. Sammons held several senior level positions with Fred Meyer Stores, Inc., the last being that of Executive Vice President. Ms. Sammons is also a member of the Board of the National Association of Chain Drug Stores, a trade association, is a director of StanCorp Financial Group, Inc. and is the President and a director of The Rite Aid Foundation.

Michel Coutu. Mr. Michel Coutu has served as the Non-Executive Co-Chairman of the Board since June 2007. He served as President of the U.S. operations of Jean Coutu Group and Chief Executive Officer of Jean Coutu USA from August 1986 until June 2007. He has also served as a member of the Board of Directors of Jean Coutu Group since December 1985. Mr. Coutu holds a degree in finance and a license in law from the University of Sherbrooke and a Masters in Business Administration from the Simon School of Business at the University of Rochester.

John T. Standley. Mr. Standley was appointed President and Chief Operating Officer in September 2008. He was a consultant to Rite Aid from July 2008 to September 2008 and a

Table of Contents

self-employed private investor from January 2008 to July 2008. Previously, Mr. Standley had served as Chief Executive Officer and was a member of the Board of Directors of Pathmark Stores, Inc. from August 2005 through December 2007. From June 2002 to August 2005, he served as Senior Executive Vice President and Chief Administrative Officer of Rite Aid and, in addition, in January 2004 was appointed Chief Financial Officer of Rite Aid. He had served as Senior Executive Vice President and Chief Financial Officer of Rite Aid from September 2000 to June 2002 and had served as Executive Vice President and Chief Financial Officer of Rite Aid from December 1999 until September 2000. Previously, he was Executive Vice President and Chief Financial Officer of Fleming Companies, Inc., a food marketing and distribution company from May 1999 to December 1999. Between July 1998 and May 1999, Mr. Standley was Senior Vice President and Chief Financial Officer of Fred Meyer, Inc. Mr. Standley served as Senior Vice President and Chief Financial Officer of Ralphs Grocery Company between January 1997 and July 1998. Mr. Standley also served as Senior Vice President of Administration at Smith's Food & Drug Stores, Inc. from May 1996 to February of 1997 and as Chief Financial Officer of Smitty's Supervalue, Inc. from December 1994 to May 1996.

Frank G. Vitrano. Mr. Vitrano was appointed Senior Executive Vice President, Chief Financial Officer and Chief Administrative Officer in September 2008. He was a self-employed private investor from January 2008 to September 2008. Previously, Mr. Vitrano spent 35 years at Pathmark Stores, Inc., where most recently he served as President, Chief Financial Officer and Treasurer from October 2002 through December 2007. Prior to serving as President, Chief Financial Officer and Treasurer, Mr. Vitrano served in a variety of positions at Pathmark. Mr. Vitrano was a Director of Pathmark Stores, Inc. from 2000 to 2005.

Kenneth A. Martindale. Mr. Martindale was appointed Senior Executive Vice President, Chief Merchandising, Marketing and Logistics Officer in December 2008. He was a self-employed private investor from January 2008 to December 2008. Previously, Mr. Martindale served as Co-President, Chief Merchandising and Marketing Officer for Pathmark Stores, Inc. from January 2006 until December 2007. In January 2000, Mr. Martindale joined the Board of Directors of Intesource, Inc.; became Chairman of the Board in March 2004; and served as President, Chief Executive Officer and Chairman of the Board from November 2004 until January 2006. From September 1999 until November 2004, Mr. Martindale was Principal of Martindale Development Group, L.L.C. In September 1999 until July 2003, Mr. Martindale was Managing Director/CEO of Orchard Street, Inc., a privately held specialty food retailer which he founded and owned. Mr. Martindale was Executive Vice President of Sales and Procurement with Fred Meyer, Inc. from January 1998 until September 1999 and was Senior Vice President of Sales and Procurement with Smith's Food & Drug Centers, Inc. in June 1996 until January 1998.

Brian R. Fiala. Mr. Fiala was appointed Executive Vice President of Store Operations in June 2007. He was a self employed private investor from July 2006 to June 2007. Previously, Mr. Fiala spent 24 years with Target Corporation, where most recently he served as Senior Vice President on the East Coast until July 2006. Mr. Fiala joined Target in 1983 as a management trainee, was promoted into various positions including Store Team Leader, Regional Merchandise Manager, District Team Leader, and Regional Director. In 1998, Mr. Fiala was named Regional Vice President for the Northeast and in 2001 was promoted to Senior Vice President of Target.

Marc A. Strassler. Mr. Strassler was appointed Executive Vice President, General Counsel and Secretary in March 2009. From January 2008 until March 2009, Mr. Strassler was a self-employed private investor. Previously, Mr. Strassler served as Senior Vice President, General Counsel and Corporate Secretary with Pathmark Stores, Inc. from 1997 until its acquisition by the Great Atlantic & Pacific Tea Company in December 2007. From 1987 until 1997, he served as Vice President, General Counsel and Secretary of Pathmark. From 1974 until 1987, Mr. Strassler served in a variety of legal positions at Pathmark.

Table of Contents

Douglas E. Donley. Mr. Donley was appointed Senior Vice President, Chief Accounting Officer in October 2005. He had been Group Vice President, Corporate Controller from 1999 to October 2005. Mr. Donley served as the acting principal financial officer of the Company from October 7 to October 8, 2008, and as a financial analyst for the Company from 1996 to 1999. He was an internal auditor for Harsco Corporation from 1994 to 1996. Prior to joining Harsco, he was an auditor for KPMG Peat Marwick. In March 2007, pursuant to a plea agreement, Mr. Donley pled guilty to state misdemeanor offenses related to driving under the influence. Mr. Donley has subsequently satisfied all terms of the plea agreement. The Company believes that this matter does not adversely affect Mr. Donley's fitness to serve as an officer.

Joseph B. Anderson, Jr. Mr. Anderson has been the Chairman of the Board and Chief Executive Officer of TAG Holdings, LLC, a manufacturing, service and technology business since January 2002. Mr. Anderson was Chairman of the Board and Chief Executive Officer of Chivas Industries, LLC from 1994 to 2002. Mr. Anderson also serves as a director of Quaker Chemical Corporation, ArvinMeritor, Inc., Valassis Communications, Inc. and Nevada Energy (formerly Sierra Pacific Resources).

André Belzile. Mr. Belzile has been the Senior Vice President, Finance and Corporate Affairs of Jean Coutu Group since May 2004. Prior to serving in this position, from 1992 until May 2004 he served as Vice President and Chief Financial Officer of Cascades Inc., a producer and marketer of packaging products. Mr. Belzile is a chartered accountant who earned a bachelor's degree at Les Hautes Études Commerciales (HEC MONTRÉAL).

François J. Coutu. Mr. François J. Coutu has served as President and Chief Executive Officer of Jean Coutu Group since October 2007. Previously, Mr. Coutu held the positions of President of Canadian Operations and Vice Chairman of the Board from 2005 to 2007, President and Chief Executive Officer from 2002 to 2005 and President and Chief Operating Officer of Jean Coutu Group from 1992 to 2002. Mr. Coutu has been a member of the Board of Directors of Jean Coutu Group since 1985. He is a pharmacist by profession, holds a Bachelor's Degree in Administration from McGill University and a Bachelor's Degree in Pharmacy from Samford University. He was a director and chair of the Canadian Association of Chain Drug Stores, a trade association, and previously served as a member of the Board of Directors of the National Bank of Canada, where he was a member of the Human Resources and Credit Committees.

James L. Donald. Mr. Donald is currently a self-employed private investor. Mr. Donald was President and Chief Executive Officer and a director of Starbucks Corporation from April 2005 to January 2008. From October 2004 to April 2005, Mr. Donald served as Starbuck's CEO designate. From October 2002 to October 2004, Mr. Donald served as President of Starbucks, North America. From October 1996 to October 2002, Mr. Donald served as Chairman, President and Chief Executive Officer of Pathmark Stores, Inc. and prior to that time he held a variety of senior management positions with Albertson's, Inc., Safeway, Inc. and Wal-Mart Stores, Inc.

David R. Jessick. Mr. Jessick has served as a director of Rite Aid since April 2009. From July 2002 to February 2005, Mr. Jessick served as a consultant to Rite Aid's Chief Executive Officer and senior management and was Senior Executive Vice President, Chief Administrative Officer of Rite Aid from December 1999 to July 2002. From January 1997 to July 1999, Mr. Jessick was Chief Financial Officer and Executive Vice President, Finance and Investor Relations of Fred Meyer, Inc. Prior to joining Fred Meyer, Inc., Mr. Jessick spent 17 years with Thrifty PayLess Holdings, Inc., with his last position being Executive Vice President and Chief Financial Officer. Before that, he worked as an auditor with KPMG. Mr. Jessick currently serves as a director of Source Interlink Companies, Inc., Dollar Financial Corp. and Big 5 Sporting Goods Corp. He also served as Non-Executive Chairman of the Board of Pathmark Stores, Inc. from August 2005 to December 2007.

Table of Contents

Robert G. Miller. Mr. Miller has been Chief Executive Officer of Albertsons LLC since June 2006. Mr. Miller has been a member of Rite Aid's Board of Directors since December 1999, serving as our Chairman of the Board from December 1999 until June 2007. From December 1999 until June 2003, Mr. Miller was also Rite Aid's Chief Executive Officer. Previously, Mr. Miller served as Vice Chairman and Chief Operating Officer of The Kroger Company, a retail food company. Mr. Miller joined the Kroger Company in March 1999, when Kroger acquired Fred Meyer, Inc., a food, drug and general merchandise chain. From 1991 until the March 1999 acquisition, he served as Chief Executive Officer of Fred Meyer, Inc. Mr. Miller also is a director of Nordstrom, Inc.

Michael N. Regan. Mr. Regan is currently a self-employed private equity investor. Mr. Regan served as Chief Financial Officer of The St. Joe Company, a major real estate development company based in Florida, from November 2006 to May 2007. From 1997 to November 2006, he served as Senior Vice President, Finance and held various other positions with The St. Joe Company and was a member of the senior management team. Prior to joining St. Joe's, he served as Vice President and Controller of Harrah's Entertainment from 1991 to 1997. From 1980 until 1991 he held a series of progressively more responsible positions for Harrah's Entertainment, Inc. and its prior parent companies, Holiday Corporation and The Promus Companies.

Philip G. Satre. Mr. Satre is currently a self-employed private investor. Mr. Satre served as Chief Executive Officer of Harrah's Entertainment, Inc. from 1993 to January 2003. Mr. Satre was a director of Harrah's from 1988 through 2004, serving as Chairman of the Board of Harrah's from 1997 until his retirement in 2005. He presently serves as Chairman of the Board of Directors of NV Energy, Inc. and of the National Center for Responsible Gaming, and serves as a director of Nordstrom, Inc., International Game Technology and The National World War II Museum,, and is a trustee of Stanford University.

Jonathan D. Sokoloff. Mr. Sokoloff has been a Managing Partner of Leonard Green & Partners, L.P. since 1994. Leonard Green & Partners, L.P. is an affiliate of Green Equity Investors III, L.P. and is a private equity firm based in Los Angeles, California. Since 1990, Mr. Sokoloff has also been a partner in a merchant banking firm affiliated with Leonard Green & Partners, L.P. Mr. Sokoloff previously was elected as a director pursuant to director nomination rights granted to Green Equity Investors III, L.P. under an October 27, 1999 agreement between Rite Aid and Green Equity Investors with respect to the purchase of 3,000,000 shares of Rite Aid preferred stock.

Marcy Syms. Ms. Syms has been Chief Executive Officer and a director of Syms Corp, a chain of retail clothing stores, since 1983. She currently serves on the Board of Directors of the New Jersey Economic Growth Council. Ms. Syms also is a founding member of the Board of Directors of the Syms School of Business at Yeshiva University.

Dennis Wood, O.C. Mr. Wood is Chairman, President and Chief Executive Officer of Dennis Wood Holdings Inc., a privately owned portfolio company, a position he has held since 1973. Since April 2005, he has served as Interim President and Chief Executive Officer of GBO Inc. (formerly Groupe Bocenor Inc.), a window and door manufacturer, and also serves as a director and as Chair of its Executive Committee. Between 1992 and 2001, Mr. Wood served as Chairman, President and Chief Executive Officer of C-MAC Industries Inc., a designer and manufacturer of integrated electronic manufacturing solutions. Mr. Wood has been a member of the Board of Jean Coutu Group since March 2004. In April 2007, he was appointed Chairman of the Board of Azimut Exploration Inc. and serves as Chairman of the Board of 5N Plus Inc. Furthermore, Mr. Wood serves on the boards of National Bank Trust, Transat A.T. Inc. and Blue Mountain Wallcoverings Inc., a privately held company. He has been awarded Canada's top honor, the Order of Canada, and has an honorary degree from the University of Sherbrooke.

Table of Contents

Corporate Governance

We recognize that good corporate governance is an important means of protecting the interests of our stockholders, associates, customers, suppliers and the community. The Board of Directors, through the Nominating and Governance Committee, monitors corporate governance developments and proposed legislative, regulatory and stock exchange corporate governance reforms.

Website Access to Corporate Governance Materials. Our corporate governance information and materials, including our Certificate of Incorporation, By-Laws, Corporate Governance Guidelines, current charters for each of the Audit Committee, Compensation Committee and Nominating and Governance Committee, Code of Ethics for the Chief Executive Officer and Senior Financial Officers, Code of Ethics and Business Conduct, and our Related Person Transactions Approval Policy, are posted on our website at *www.riteaid.com* under the headings "Our Company Corporate Governance" and are available in print upon request to Rite Aid Corporation, 30 Hunter Lane, Camp Hill, Pennsylvania 17011, Attention: Secretary. The Board regularly reviews corporate governance developments and will modify these materials and practices from time to time as warranted.

Codes of Ethics. The Board has adopted a Code of Ethics that is applicable to our Chief Executive Officer and senior financial officers. The Board has also adopted a Code of Ethics and Business Conduct that applies to all of our officers, directors and associates. Any amendment to either code or any waiver of either code for executive officers or directors will be disclosed promptly on our website at *www.riteaid.com* under the headings "Our Company Corporate Governance Code of Ethics."

Director Independence. For a director to be considered independent under the New York Stock Exchange corporate governance listing standards, the Board of Directors must affirmatively determine that the director does not have any direct or indirect material relationship with the Company, including any of the relationships specifically proscribed by the NYSE independence standards. The Board considers all relevant facts and circumstances in making its independence determinations. Only independent directors may serve on our Audit Committee, Compensation Committee and Nominating and Governance Committee.

As a result of this review, the Board affirmatively determined that the following directors, including each director serving on the Audit Committee, the Compensation Committee and the Nominating and Governance Committee, satisfy the independence requirements of the NYSE listing standards: Joseph B. Anderson, Jr., André Belzile, François J. Coutu, James L. Donald, Michael A. Friedman, MD (served until April 28, 2009), George G. Golleher (served until April 14, 2009), David R. Jessick, Michael N. Regan, Philip G. Satre, Marcy Syms and Dennis Wood. The Board also determined that the members of the Audit Committee satisfy the additional independence requirements of Rule 10A-3 under the Exchange Act and the NYSE requirements for audit committee members. In determining each individual's status as an independent director, the Board considered the following transactions, relationships and arrangements:

Joseph B. Anderson serves as a director of Valassis Communications, Inc., which does business with Rite Aid. Because Mr. Anderson serves only as an outside director of, and is not an officer of or otherwise employed by, Valassis Communications, Inc., the Board determined that the relationship between Rite Aid and Valassis Communications, Inc. does not constitute a material relationship between Mr. Anderson and Rite Aid.

George G. Golleher serves as the Chairman and Chief Executive Officer of Smart & Final, a chain of warehouse grocery stores, which purchases ice cream from one of the Company's subsidiaries. Because the purchases of ice cream are in an amount which is approximately .15% of Smart & Final's consolidated gross revenues, the Board determined that the relationship between Rite Aid and Smart & Final does not constitute a material relationship between Mr. Golleher and Rite Aid.

There is no family relationship between any of the nominees, continuing directors and executive officers of Rite Aid, except that directors François Coutu and Michel Coutu are brothers.

Majority Voting Standard and Policy. Under the Company's By-Laws, a nominee for director in uncontested elections of directors will be elected to the Board if the votes cast "for" such nominee's election exceed the votes cast "against" such nominee's election. In contested elections, directors will be elected by a plurality of votes cast. For this purpose, a contested election means any meeting of stockholders for which (i) the Secretary of the Company receives a notice that a stockholder has nominated a person for election to the Board in compliance with the advance notice requirements for stockholder nominees for director set forth in the By-Laws and (ii) such nomination has not been withdrawn by such stockholder on or prior to the 14th day preceding the date the Company first mails its notice of meeting for such meeting to the stockholders.

Under the Company's Corporate Governance Guidelines (the "*Guidelines*"), a director who fails to receive the required number of votes for re-election in accordance with the By-Laws will, within five days following certification of the stockholder vote, tender his or her written resignation to the Chairman of the Board for consideration by the Board, subject to the procedures set forth in the Guidelines.

Committees of the Board of Directors

The Board of Directors has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Governance Committee and the Executive Committee. Current copies of the charters for each of these committees are available on our website at *www.riteaid.com* under the headings "Our Company Corporate Governance Committee Charters."

Audit Committee. The Audit Committee, which held eleven meetings during fiscal year 2009, currently consists of David R. Jessick (Chairman), André Belzile and Michael N. Regan. The Board has determined that each of these individuals is an independent director under the NYSE listing standards and satisfies the additional independence requirements of Rule 10A-3 under the Exchange Act and the additional requirements of the NYSE listing standards for audit committee members. See the section entitled "Corporate Governance Director Independence" above. The Board has determined that David R. Jessick qualifies as an "*audit committee financial expert*" as that term is defined under applicable SEC rules. Philip G. Satre and Marcy Syms served as members of the Audit Committee until June 24, 2009, Mr. Satre serving as Chairman until that date.

The functions of the Audit Committee include the following:

- Appointing, compensating and overseeing our independent registered public accounting firm ("*independent auditors*");
- Overseeing management's fulfillment of its responsibilities for financial reporting and internal control over financial reporting; and
- Overseeing the activities of the Company's internal audit function.

The independent auditors and internal auditors meet with the Audit Committee with and without the presence of management representatives. For additional information, see the Audit Committee's charter, which is posted on our website at *www.riteaid.com* under the headings "Our Company Corporate Governance."

Compensation Committee. The Compensation Committee, which met eight times during fiscal year 2009, currently consists of James L. Donald (Chairman), Marcy Syms and Dennis Wood. The Board

Table of Contents

has determined that each of these individuals is an independent director under the NYSE listing standards. See the section entitled "Corporate Governance Director Independence" above. George G. Golleher served as Chairman of the Compensation Committee until his resignation from the Board on April 14, 2009 and Dr. Michael A. Friedman served as a member of the Compensation Committee until his resignation from the Board on April 28, 2009. Marcy Syms was appointed to the Compensation Committee on June 24, 2009.

The functions of the Compensation Committee include the following:

- Administering Rite Aid's stock option and other equity incentive plans;
- Reviewing and approving the Company's goals and objectives relevant to the compensation of the Chief Executive Officer, evaluating the CEO's performance in light of these goals and objectives and determining and approving the CEO's compensation level based on this evaluation; and
- Reviewing and approving compensation with respect to all other senior management.

The Compensation Committee reviews the performance of the Company's executive personnel and develops and makes recommendations to the Board of Directors with respect to executive compensation policies. The Compensation Committee is empowered by the Board of Directors to award to executive officers appropriate bonuses, stock options, stock appreciation rights ("*SARs*") and stock-based awards. The details of the processes and procedures for the consideration and determination of executive and director compensation are described in the section entitled "Compensation Discussion and Analysis."

The Compensation Committee also has access to independent compensation data and from time to time engages outside compensation consultants. In fiscal year 2009, the Compensation Committee considered the report of outside compensation consultants with respect to executive compensation and equity compensation strategy.

The objectives of the Compensation Committee are to support the achievement of desired company performance, to provide compensation and benefits that will attract and retain superior talent and reward performance and to fix a portion of compensation to the outcome of the Company's performance.

Directors' Compensation

Except for Robert G. Miller, whose compensation arrangements are discussed in the section below entitled "Agreement with Mr. Miller," and except as noted below under the director compensation plan, each non-employee director other than Mr. Sokoloff (who is affiliated with Leonard Green & Partners L.P., an entity that provides services to Rite Aid, as discussed under "Certain Relationships and Related Transactions") receives an annual payment of $70,000 in cash, payable quarterly in arrears, except that the annual payment to each non-employee director who is a member of the Audit Committee is $80,000 and the annual payment to Michel Coutu in his capacity as Non-Executive Co-Chairman is $500,000. In addition, the chair of the Audit Committee receives an additional annual payment of $10,000. Each non-employee director who chairs a committee of the Board other than the Audit Committee receives an additional annual payment of $7,500. Directors who are officers and full-time Rite Aid employees and Mr. Sokoloff receive no separate compensation for service as directors or committee members. Directors are reimbursed for travel and lodging expenses associated with attending Board of Directors meetings.

Each person who was first elected or appointed as a director after January 1, 2002 and who is eligible to receive compensation for serving as a director shall, on the date first elected or appointed, receive non-qualified stock options to purchase 100,000 shares of common stock. In addition,

Table of Contents

non-employee directors other than Mr. Sokoloff are entitled to annually receive 20,000 shares of restricted stock. All of the options received by the directors vest ratably and the restrictions applicable to the restricted stock shall lapse over a three-year period beginning on the first anniversary of the date they were granted. None of such options vests after the non-employee director ceases to be a director, except in the case of a director whose service terminates after he or she reaches age 72, in which case such options will vest immediately upon termination. All of the options vest immediately upon a change in control. In accordance with the foregoing, the following number of shares of restricted stock were issued under Rite Aid's 2006 Omnibus Equity Plan to the following directors: on September 24, 2008, Ms. Syms and Messrs. Anderson, Belzile, François Coutu, Michel Coutu, Friedman, Golleher, Miller, Regan, Satre and Wood each received 20,000 shares of restricted stock. On May 13, 2008, James L. Donald was appointed to the Board of Directors and received non-qualified stock options to purchase 100,000 shares with an exercise price equal to the market price of the Company's common stock as of the close of business on the date of grant:

In fiscal year 2009, Rite Aid's non-employee directors also received $2,000 for each Board of Directors meeting attended, $1,000 for each committee meeting attended or $2,500 for each meeting attended at which such non-employee director served as the chairman of a committee, except that Mr. Sokoloff received no such compensation.

On June 25, 2009, the Compensation Committee of the Board of Directors approved annual long-term incentive compensation (referred to herein as the "*2010 long-term incentive plan*"), consisting of equity and, for certain participants, cash-based performance awards. The plan participants include Mary Sammons and John Standley. These awards, which have been made annually to certain executives of the Company, are designed to align our objectives with those of our shareholders to improve our financial performance.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2009

The following Director Compensation Table sets forth fees, awards and other compensation paid to or earned by our directors (other than Named Executive Officers (as defined below)) who served during the fiscal year ended February 28, 2009:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(4)(6)	Option Awards ($)(5)(7)	All Other Compensation ($)	Total
Joseph B. Anderson, Jr.	104,500	2,667	54,167		161,334
André Belzile	115,000	2,667	108,333		226,000
François J. Coutu	94,000	2,667	108,333		205,000
Michel Coutu	522,000	2,667	108,333		633,000
James L. Donald	67,231		35,667		102,898
Michael A. Friedman, MD	103,000	2,667	54,167		159,834
George G. Golleher	124,500	2,667	54,167		181,334
Robert A. Mariano(1)	21,000		4,514		25,514
Robert G. Miller(2)	154,731	2,667	54,167	507,544(3)	719,109
Michael N. Regan	115,000	2,667	108,333		226,000
Philip G. Satre	141,500	2,667	54,167		198,334
Jonathan D. Sokoloff					
Marcy Syms	114,000	2,667	54,167		170,834
Dennis Wood	102,000	2,667	108,333		213,000

(1) Mr. Mariano resigned from the Board on May 13, 2008.

Table of Contents

(2)
Represents annual base pay for Mr. Miller, as discussed in the section entitled "Agreement with Mr. Miller."

(3)
All Other Compensation for Mr. Miller consists of $240,000 contributed by the Company to a supplemental executive retirement plan and $267,544 for personal use of aircraft. The methodology used to calculate the incremental cost of aircraft usage is set forth in Note 6 to the Summary Compensation Table.

(4)
Represents the total expense recorded in fiscal 2009 in accordance with SFAS No. 123R for outstanding restricted stock awards. The assumptions used in determining the fair value of an award is set forth in Note 15 to our financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 28, 2009. We recognize expense ratably over the three-year vesting period.

(5)
Represents the total expense recorded in fiscal 2009 in accordance with SFAS No. 123R for outstanding stock option awards. The assumptions used in determining the fair value of the outstanding options is set forth in Note 15 to our financial statements contained in our Annual Report on Form 10-K for the fiscal year ended February 28, 2009. We recognize expense ratably over the three-year vesting period.

(6)
The number of stock awards outstanding as of February 28, 2009 for each director is detailed in the table below. The grant date fair value is included for all awards granted to our directors in fiscal 2009.

Name	Grant Date	Number of Stock Awards (#)	Grant Date Fair Value ($)
Joseph B. Anderson, Jr.	9/24/2008	20,000	0.96
André Belzile	9/24/2008	20,000	0.96
François J. Coutu	9/24/2008	20,000	0.96
Michel Coutu	9/24/2008	20,000	0.96
Michael A. Friedman, MD	9/24/2008	20,000	0.96
George G. Golleher	9/24/2008	20,000	0.96
Robert G. Miller	9/24/2008	20,000	0.96
Michael N. Regan	9/24/2008	20,000	0.96
Philip G. Satre	9/24/2008	20,000	0.96
Marcy Syms	9/24/2008	20,000	0.96
Dennis Wood	9/24/2008	20,000	0.96

(7)
The number of unexercised options outstanding as of February 28, 2009 for each director is detailed in the table below. Note that the grant date fair value is included for those options granted to our directors in fiscal 2008 and 2009.

Table of Contents