THRIFT DRUG INC
Form 424B3
November 01, 2007

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**Filed Pursuant to Rule 424(B)(3)**
**Registration No. 333-146386**

**PROSPECTUS**

# RITE AID CORPORATION

**Offer to exchange $810.0 million aggregate principal amount of 9.5% Senior Notes Due 2017 (which we refer to as the old notes) for $810.0 million aggregate principal amount of 9.5% Senior Notes Due 2017 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended, 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 December 3, 2007 (the 21st business 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- We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer.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, but 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 14 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 November 1, 2007.

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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 the "acquisition" mean the transaction with The Jean Coutu Group (PJC) Inc. completed June 4, 2007, by which Rite Aid acquired all the ownership interests in Jean Coutu USA for cash and stock consideration. References to "Jean Coutu Group" mean The Jean Coutu Group (PJC) Inc. and its subsidiaries, and references to "Jean Coutu USA" mean JCG (PJC) USA, LLC and its subsidiaries, unless the context otherwise requires. References to "Brooks Eckerd," the "Brooks Eckerd stores" and the "Brooks and Eckerd drugstore chains" mean the stores and distribution centers acquired by Rite Aid from Jean Coutu Group as part of the acquisition, unless the context otherwise requires. References to "JC Group USA" mean The Jean Coutu Group (PJC) USA, Inc., which was a wholly owned subsidiary of the Jean Coutu Group and the holding company for all the Brooks and Eckerd drugstore chain activities acquired by Rite Aid. Immediately prior to the completion of the Acquisition, Jean Coutu USA, a wholly owned subsidiary of the Jean Coutu Group with no independent operations or assets, assumed a 100% ownership interest in JC Group USA. Jean Coutu USA had no assets or operations during the historical periods presented herein; therefore financial information for this entity is not included in this prospectus. We use the terms "Brooks Eckerd" and "Brooks and Eckerd" interchangeably with "Jean Coutu USA".

This prospectus incorporates by reference important business and financial information about us that is not included in or delivered with this document. Copies of this information are available without charge to any person to whom this prospectus is delivered, upon written or oral request. Written requests should be sent to:


Rite Aid Corporation
30 Hunter Lane
Camp Hill, Pennsylvania 17011
Attention: Investor Relations


Oral requests should be made by telephoning (717) 761-2633.

**In order to obtain timely delivery, you must request the information no later than November 26, 2007, which is five business days before the expiration date of the exchange offer.**

**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 Essex 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 Norwich 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 II LLC
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 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 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

Rite Aid of New Hampshire, Inc.

**Cautionary Note Regarding Forward Looking Statements**

This prospectus, and the documents incorporated by reference herein, include forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward looking statements are 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 existing senior secured credit facility and other debt agreements, including the indentures governing the new notes;
- our ability to improve the operating performance of our existing stores in accordance with our long term strategy;
- our ability to realize the benefits of the acquisition of Jean Coutu USA;
- our ability to hire and retain pharmacists and other store personnel;
- our ability to open or relocate stores according to our real estate development program;
- the efforts of private and public third party payors to reduce prescription drug reimbursement and encourage mail order;
- competitive pricing pressures and continued consolidation of the drugstore industry;
- changes in state or federal legislation or regulations;
- the outcome of lawsuits and governmental investigations;
- general economic conditions and inflation, interest rate movements and access to capital; and
- other risks and uncertainties described from time to time in our filings with the SEC.

We undertake no obligation to update or revise the forward looking statements included or incorporated by reference 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 sections entitled "Risk Factors" included in this prospectus and in our Annual Report on Form 10-K for the fiscal year ended March 3, 2007, which we filed with the SEC on April 30, 2007.

## SUMMARY

*The following information summarizes the detailed information and financial statements included elsewhere or incorporated by reference in this prospectus. We encourage you to read this entire prospectus carefully. 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 year ended March 4, 2006 included 53 weeks. The fiscal years ended March 3, 2007, February 26, 2005, February 28, 2004 and March 1, 2003 included 52 weeks. Prior to the 2007 fiscal year, Jean Coutu USA's fiscal years ended on the last Saturday in May of each year. The fiscal years ended May 27, 2006, May 28, 2005, and May 29, 2004 included 52 weeks. The fiscal years ended June 2, 2007 and May 31, 2003 included 53 weeks. For an explanation of Rite Aid's fiscal year ended March 3, 2007 on a pro forma basis for the acquisition, see "Unaudited Pro Forma Combined Financial Statements," incorporated herein by reference.*

### 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 September 1, 2007, we operated 5,142 stores nationally, including our acquisition of Jean Coutu USA with its Brooks and Eckerd drugstores, making us the largest drug store retail chain in the eastern United States. We expect to obtain leading positions in various major metropolitan markets, including New York City, Washington DC, Philadelphia, Boston and Atlanta as a result of the acquisition. We expect to realize significant cost savings as we integrate and re-brand to the Rite Aid banner all of the Brooks Eckerd stores that we acquired pursuant in the acquisition. During fiscal 2007, we generated $17,507.7 million in revenue, and, after giving pro forma effect to the acquisition, pro forma revenues would have been $27,315.6 million.

In our stores, we sell prescription drugs and a wide assortment of other merchandise, which we call "front-end" products. In fiscal 2007, prescription drug sales accounted for 63.7% of our total sales and approximately 67% of our total sales giving pro forma effect to the acquisition. We believe that our pharmacy operations, which are strengthened by our acquisition of the Brooks Eckerd stores, will continue to represent a significant part of our business due to favorable industry trends, including an aging population, increased life expectancy, the federally funded prescription drug benefit program that began in January 2006 ("Medicare Part D"), the discovery of new and better drug therapies and our on-going program of purchasing prescription files from independent pharmacies. We currently offer approximately 26,000 front-end products, which in fiscal 2007 accounted for the remaining 36.3% of our total sales. Front-end sales would have accounted for approximately 33% of our total sales in fiscal 2007 giving pro forma effect to the acquisition. 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 currently offer approximately 2,500 products under the Rite Aid private brand, which contributed approximately 12.6% of our front-end sales in the categories where private brand products were offered in fiscal 2007.

The overall average size of each store in our chain is approximately 12,300 square feet. The average size of our stores is larger in the western United States. As of September 1, 2007, approximately 54% of our stores were freestanding; approximately 46% of our stores included a drive-thru pharmacy; approximately 63% included one-hour photo shops; and approximately 26% included a GNC store-within-Rite Aid-store. In addition, we intend to incorporate the GNC store-within-Rite Aid-store concept into certain of the Brooks Eckerd stores we acquired, where appropriate.

## Acquisition of Jean Coutu USA

On June 4, 2007, we completed the acquisition from Jean Coutu Group of all of the ownership interests of Jean Coutu USA, a wholly owned subsidiary of Jean Coutu Group and the holding company for the Brooks and Eckerd drugstore chains. As a result of the acquisition, Jean Coutu Group is now our largest stockholder, owning approximately 32.0% of our common stock, which represents approximately 30.2% of the voting power of our voting securities outstanding. As consideration for the acquisition of Jean Coutu USA, we issued 250 million shares of our common stock to Jean Coutu Group in accordance with the terms of the stock purchase agreement and paid Jean Coutu Group approximately $2.36 billion in cash. Included in the cash payment is preliminary working capital adjustment of $58.3 million, which is based on the preliminary working capital (as defined in the acquisition agreement) of Jean Coutu USA as of the closing date of the acquisition.

In connection with obtaining approval of the acquisition from the Department of Justice (the "DOJ") and the Federal Trade Commission (the "FTC"), we agreed with the FTC staff to divest 23 stores and with the Offices of the Attorney General of several states to divest an additional 3 stores in overlapping geographic areas as a condition of approval of the acquisition under antitrust laws. The stores that have been or are expected to be sold accounted for approximately $100 million in sales and $9 million in operating results during fiscal 2007. In addition, in connection with our plan to integrate the Brooks Eckerd stores with our existing stores, we expect to close additional Brooks Eckerd stores and Rite Aid stores, with the goal of maximizing efficiency in markets where we will, on a combined company basis, have multiple stores in close proximity. Because the majority of store divestitures required by the FTC or other governmental authorities and the closures that we choose to make will be in markets where we already had a presence, it is unclear what the impact of such closures will be on our overall sales and operating results. Therefore, pro forma information incorporated by reference into this document, including the number of stores as well as revenue and income figures, does not account for these dispositions.

### Strategic Rationale

We believe that our acquisition of the Brooks Eckerd stores provides several strategic benefits, including the following:

- a significant increase in the footprint and operating scale of our business, with increased presence in key strategic markets;
- the creation of the leading drugstore retailer in the eastern United States, which we believe will allow us to achieve the scale necessary to remain competitive with our major competitors;
- long-term value creation through net reductions in costs and expenses, achievement of meaningful synergies, including additional operational efficiencies, greater economies of scale and revenue enhancements resulting in higher operating cash flow and a decrease in our leverage ratio;
- better positioning to capture additional growth in a sector where growth is projected over the next five years; and
- an opportunity to apply our scaleable infrastructure, including our programs, best practices and management capabilities, across a larger store network, which we believe will improve profitability through cost savings and sales growth.

## Our Strategy

Our strategy is to continue to focus on improving the productivity of our existing stores and developing new and relocated stores in our strongest existing markets as well as integrating the Brooks

Eckerd stores under the Rite Aid banner. We believe that improving the sales of existing stores and growing our existing markets is critical to improving our profitability and cash flow. We believe the acquisition will broaden and accelerate the implementation of our strategy.

The following paragraphs describe in more detail the components of our strategy:

*Integrate Brooks Eckerd Stores Under Rite Aid Banner and Develop Stores in Existing Markets.* We intend to convert all Brooks Eckerd stores to the Rite Aid systems and banner within the first 16 months following the acquisition. We have assigned senior managers focused exclusively on and fully dedicated to ensuring the successful integration of Brooks Eckerd, with oversight by our senior executives including our Chief Executive Officer and Chief Operating Officer. Initially, as part of the integration and conversion process, the banners and signs of the Brooks Eckerd stores will be changed to Rite Aid and all Brooks Eckerd systems will be converted to the Rite Aid store systems, including our pharmacy management and dispensing system, Nexgen. Following the store system conversion, the stores will be re-set, re-merchandised and upgraded to the Rite Aid décor package. To ensure successful integration and conversion with minimal disruption to our customers, we have completed a pilot store conversion program to test our integration and conversion process. We are currently in the process of converting all of the remaining Brooks Eckerd stores over a 12 month period. We also expect to continue our new and relocated store and store remodeling program and intend to incorporate the Brooks Eckerd stores into the program. We expect that some of the Brooks and Eckerd stores will also be remodeled within the first 12 months following the completion of the acquisition and that almost all Brooks Eckerd stores will be remodeled over the next several years. As part of the new and relocated store and store remodeling program, some of the Brooks Eckerd and Rite Aid stores that are in close proximity to one another may be combined to improve overall productivity.

Our new and relocated store program is focused on our strongest existing markets. Our goal is to open or relocate approximately 800 to 1,000 stores over the next five years, of which we expect that at least 50% will be relocated stores. As part of this program, we also plan to continue remodeling stores. An integral part of the program is a new prototype store. Approximately 170 new or relocated stores have been constructed and opened utilizing the new prototype. We expect that almost all of the planned new and relocated stores will be the new prototype store. We believe that this program, over the longer term, along with the execution of our near term strategy of improving store productivity, will increase our sales and customer satisfaction.

*Grow our Pharmacy Sales and Attract More Customers.* We believe that customer service and convenience are key factors to growing pharmacy sales. To improve customer service, we are focused on our "With Us, It's Personal" program that is aimed at delivering more personalized service along with timely delivery to our customers. To help our pharmacists do this, we developed and implemented a new pharmacy management and dispensing system and expect to implement this system in the Brooks and Eckerd stores that we acquired. This system, which we call "Nexgen," provides our pharmacists with better tools and information to meet our customers' needs. In addition, Nexgen provides management with important information about the performance of each pharmacy in critical operating areas that drive customer service. We provide our customers with an easy and convenient way to order refills over the telephone or the internet using our automatic refill program. To provide better value to our customers we recommend, when appropriate, the utilization of generic drugs. Generic drugs, which often cost our customers significantly less than a branded drug, are also more profitable for us. Our generic penetration continues to increase every year, and we are setting our goals even higher in future years to take advantage of the substantial number of new generics expected to come to market.

The Medicare Part D program provides prescription drug coverage to senior citizens, including those who previously were not covered by any drug benefit program. We communicate information on the Medicare Part D program to senior citizens. We also offer senior citizens newsletters and prescription discounts through our Living More program, a customer loyalty program. We have also expanded our home health category to target senior citizens with products like wheelchairs, canes, electric scooters and products that enhance bath safety. We believe that programs like these will help us to grow prescription sales in this important market.

To help grow sales and script count, we acquire pharmacy files from other drug stores and have initiatives designed to attract and retain those customers. These initiatives include the opening of in-store health clinics such as those we opened in 2006 in the Los Angeles, California and Sacramento, California areas, and the continuing pilot of a medication therapy management program, a fee for service arrangement, in conjunction with physicians and the University of Pittsburgh. We believe these initiatives have been effective at growing sales in their target markets and have scalable, replicable potential for future expansion.

We also have the capability to provide pharmacy benefit management ("PBM") services to employers, health plans and insurance companies. We intend to offer, through our PBM capabilities, a 90 day prescription supply at retail alternative to mail order. We believe that providing PBM services will create opportunities to direct customers to our stores.

*Grow Front-End Sales.* We intend to grow front-end sales through continued emphasis on core drugstore categories, a commitment to health and wellness products to enhance our pharmacy position, a focus on seasonal and cross-merchandising, offering a wider selection of products and services to our customers and effective promotions in our weekly advertising circulars. Our focus for expanding our products and services includes several fully integrated health condition marketing programs, e.g., diabetes, allergy, vitamins, heart health, skincare and pain management, a continued strengthening of our collaborative relationship with our suppliers, an emphasis on our Rite Aid private brand products, which provide better value for our customers and higher margins for us, offering ethnic products targeted to selected markets, expansion of the number of GNC store-within-Rite Aid-store, and utilizing digital technology in our one-hour photo development. We believe that the new store and relocation program described earlier will also contribute to an increase in our front-end sales.

The average front-end sales per store for the Rite Aid stores are approximately 35% more than the average front-end sales per store for the Brooks Eckerd stores located in the same markets, even though the average square footage of such Rite Aid stores is slightly less than the average square footage of such Brooks and Eckerd stores. Our goal is to increase the average Brooks Eckerd front-end sales per store to the level of the average Rite-Aid front-end sales per store. We believe that implementing Rite Aid "best practices" into the former Brooks Eckerd stores will increase their average front-end sales per store to a level similar to the average existing Rite Aid front-end sales per store.

*Focus on Customers and Associates.* Our "With Us, It's Personal" commitment encourages associates to provide customers with a superior customer service experience. We obtain feedback on our customer service performance by utilizing an automated survey system that collects store specific information from customers shortly after the point of sale and from independent third party customer surveys. We also have programs in place that are designed to enhance customer satisfaction, an example of which is the maintenance of a customer support center that centrally receives and processes all customer calls. We continue to develop and implement associate training programs such as our "Take 10" program to improve customer satisfaction and educate our associates about the products we offer. We have implemented programs that create compensatory and other incentives for associates to provide customers with excellent service. We believe that these steps further enable and motivate our associates to deliver superior customer service.

*Expense Control and Cost Savings Through Synergies.* In our existing stores, and in the combined company upon completion of the acquisition, our goal is to reduce costs, lower expense or contain expense in order to leverage the pharmacy and front end sales growth strategies described earlier, which will allow for more investment in the strategies important for our future. We budget and monitor all areas of expense and have also targeted areas of spending for improvement. Our targeted expense areas are subject to analysis of the processes involved, with an emphasis on collaboration between areas in the company and vendors, utilization of competition between vendors and consolidation of spending volumes to achieve economies of scale. Examples of expense areas that are targeted for improvement include: (i) inventory returns, (ii) utility expense and (iii) temporary labor. We have begun to implement strategies to reduce the volume of merchandise returns and thereby reduce the labor expense and inventory valuation losses related to returns. We also have taken steps to better control utility expense by focusing on improving our energy management practices, replacing certain equipment to lower consumption and accessing alternative energy sources for a lower cost. We have begun the process of consolidating the various temporary labor arrangements throughout our business to achieve economies of scale.

In addition to the focus and activities described in the previous paragraph, as a result of the acquisition, we estimate that net reductions in costs and expenses of approximately $200 million (which is net of assumed loss of operating results due to store disposals as mandated by regulatory authorities and additional labor and benefit expense), will be realized in the area of merchandise purchasing, advertising, distribution and administration during the remainder of fiscal 2008. Beginning in fiscal 2009, we estimate that annual net reductions in costs and expenses of approximately $300 million (which is net of an assumed loss of approximately $10 million of operating results due to store disposals as mandated by regulatory authorities and approximately $50 million of additional labor and benefit expense) will be realized. The general categories of anticipated cost and expense reduction opportunities are cost of product, corporate administrative expenses, advertising expenses and other expense reduction opportunities. We estimate cost of product reductions of approximately $195 million, primarily from purchasing certain products for all stores at lower costs and increases in vendor support. We also estimate corporate administrative expense reductions of approximately $55 million, related to the consolidation of the Brooks Eckerd headquarter functions into the Rite Aid headquarter functions. We estimate advertising expense reductions of approximately $45 million, from eliminating advertising expense that is duplicated in common markets. We also expect other expense reduction opportunities of approximately $35 million in areas such as energy management, physical inventory processes and supply procurement processes. We estimate improved operating results of approximately $30 million from combining stores in close proximity to one another. We also expect other benefits and synergies to result from additional operational efficiencies, greater economies of scale and revenue enhancement opportunities. However, the timing and size of these other benefits and synergies cannot be currently determined. We can provide no assurance that the anticipated benefits and synergies from the acquisition described herein will be realized.

**Summary Description of the Exchange Offer**

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| **Old Notes** | 9.5% Senior Notes due 2017, which were issued on June 1, 2007. |
| **New Notes** | 9.5% Senior Notes due 2017, 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 $810.0 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 December 3, 2007 (the 21st business 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, you have not entered into any agreement or understanding with Rite Aid, any subsidiary guarantor or any affiliate of Rite Aid or a subsidiary guarantor to distribute the new notes 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."

**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 December 3, 2007. 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 "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**

Unless you comply with the procedures described below under the caption "The Exchange Offer  Guaranteed Delivery Procedures," 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 Trust Company, N.A., as exchange agent, at one of the addresses listed below under the caption "The Exchange Offer  Exchange Agent," or

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| | 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 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." |
| **Guaranteed Delivery Procedures** | If you are a registered holder of old notes and wish to tender your old notes in the exchange offer, but |
| | the old notes are not immediately available, |
| | time will not permit your old notes or other required documents to reach the exchange agent before the expiration or termination of the exchange offer, or |
| | the procedure for book-entry transfer cannot be completed prior to the expiration or termination of the exchange offer, |
| | then you may tender old notes by following the procedures described below under the caption "The Exchange Offer  Guaranteed Delivery Procedures." |
| **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 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. |

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| **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 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. |
| | 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. |

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| **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 received 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 240 days of the date of issuance of the old notes (June 1, 2007), 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." |

**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 Agreement and Additional Interest."

**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."*

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| **Issuer** | Rite Aid Corporation. |
| **Securities** | Up to $810.0 million aggregate principal amount of 9.5% Senior Notes due 2017. |
| **Maturity Date** | June 15, 2017. |
| **Interest** | We will pay interest on the new notes at the rate of 9.5% per year, payable in cash, on June 15 and December 15 of each year, beginning on December 15, 2007. |
| **Mandatory Redemption** | None. |
| **Optional Redemption** | Prior to June 15, 2012, 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 15, 2012, 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," plus accrued and unpaid interest to the date of redemption. |
| | In addition, at any time and from time to time, prior to June 15, 2010, we may redeem up to 35% of the original aggregate principal amounts of the new notes with the net proceeds of one or more of our equity offerings at a redemption price of 109.500% 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 notes remain issued and outstanding. |
| **Subsidiary Guarantees** | Our obligations under the new notes will be fully and unconditionally guaranteed, jointly and severally, by all of our subsidiaries that guarantee our obligations under our existing credit facilities and our outstanding senior secured notes (the "Subsidiary Guarantors"). The subsidiary guarantees will be unsecured. Under certain circumstances, subsidiaries may be released from these guarantees without the consent of holders of the new notes. The subsidiary guarantees will be subordinated to the subsidiary guarantees of our credit facilities. |
| **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 new 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 the 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." |

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| **Ranking** | The new notes will be unsecured, unsubordinated obligations of Rite Aid Corporation and will rank equally in right of payment with all of our other unsecured, unsubordinated indebtedness. We currently do not have any subordinated indebtedness. The new notes and the related guarantees will be effectively junior to all of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. |
| | As of September 1, 2007, the total outstanding debt of us and 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 program) was $5,702.1 million, of which $2,912.3 million was secured. The new notes will be effectively junior to all of our existing and future secured debt to the extent of the value of the assets securing such debt and will be structurally subordinated to all existing and future indebtedness and other liabilities of our non-guarantor subsidiaries. |
| **Covenants** | The indentures governing the new 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 person. |

## RISK FACTORS

*You should consider carefully the following factors, as well as the other information set forth or incorporated by reference 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.

**The new notes and the related guarantees will be effectively junior to our secured debt, and if a default occurs, we may not have sufficient funds to satisfy our obligations under the new notes.**

The new notes and the related guarantees will be our general unsecured, unsubordinated obligations that will rank equal in right of payment with all the existing and future unsecured, unsubordinated debt of us and the subsidiary guarantors. The new notes will be effectively junior to all of our secured debt and secured debt of our subsidiaries with respect to the right to be satisfied from the assets that secure such secured debt as collateral. As of September 1, 2007, the total 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 program) was $5,702.1 million, of which $2,912.3 million was secured.

**We are a holding company and are dependent on dividends and other distributions from 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. If the guarantees of the new notes are held to be invalid or unenforceable or are limited by fraudulent conveyance or other laws, the new notes would be structurally subordinated to the debt of our subsidiaries.

Our creditors or the creditors of the subsidiary guarantors could challenge the guarantees of the new notes as fraudulent conveyances or on other grounds. The delivery of these guarantees could be found to be a fraudulent conveyance and declared void if a court determined that: the subsidiary delivered the guarantee 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 subsidiary guarantor was insolvent at the time it delivered the guarantee. We cannot assure you that a court would not reach one of these conclusions. In the event that a court declares these guarantees to be void, or in the event that the guarantees 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.

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

**There is no established trading market for the new notes and you may find it difficult to sell your new notes.**

There is no existing trading market for the new notes. We do not intend to apply for listing or quotation of the new notes on any exchange. Therefore, we do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be, nor can we make any assurances regarding the ability of new note holders to sell their new notes, the amount of new notes to be outstanding following the exchange offer or the price at which the new notes might be sold. As a result, the market price of the new notes could be adversely affected. Historically, the market for non-investment grade debt, such as the new notes, has been subject to disruptions that have caused substantial volatility in the prices of such securities. Any such disruptions may have an adverse affect on holders of the new notes.

## Risks Related to our Financial Condition

**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 September 1, 2007, $5,702.1 million of outstanding indebtedness and stockholders' equity of $2,739.4 million. We also had additional borrowing capacity under our existing $1,750 million senior secured revolving credit facility of $962.2 million at that time, net of outstanding letters of credit of $184.8 million.

Our debt obligations adversely affect our operations in a number of ways and while we believe we have adequate sources of liquidity to meet our anticipated requirements for working capital, debt service and capital expenditures through the remainder of fiscal year 2008, there can be no assurance that our cash flow from operations will be sufficient to service our debt, which may require us to borrow additional funds for that purpose, restructure or otherwise refinance our debt. Our earnings were insufficient to cover the sum of our fixed charges and preferred stock dividends for the twenty-six weeks ended September 1, 2007, fiscal 2007, 2006, 2004, and 2003 by $115.7 million, $50.8 million, $23.1 million, $2.6 million, and $204.3 million, respectively. Our ratio of earnings to fixed charges and preferred stock dividends for fiscal 2005 was 1.15. Our earnings would have been insufficient to cover the sum of our fixed charges and preferred stock dividends on a pro forma basis giving effect to the acquisition by approximately $208.6 million and $261.4 million in the twenty-six weeks ended September 1, 2007 and fiscal 2007, respectively.

Our high level of indebtedness will continue to restrict our operations. Among other things, our indebtedness will:

- limit our ability to obtain additional financing;
- limit our flexibility in planning for, or reacting to, changes in the markets 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 affecting our operations, many of which are or may be beyond our control. In addition, some of our debt service obligations, including our existing credit facilities, have interest payments that are subject to variable interest rates and are therefore dependent upon future interest rates which are beyond our control. We cannot provide assurance that our business will generate sufficient cash flows from operations to fund our cash requirements and debt service obligations. If our operating results, cash flow or capital resources prove inadequate, or if interest rates increase 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. If we are unable to service our debt, we could be forced to reduce or delay planned expansions and capital expenditures, 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. Further, any of these actions may not be sufficient to allow us to service our debt obligations 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 to successfully undertake any of these actions could have a material adverse effect on us.

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

As of September 1, 2007, approximately $1.9 billion of our outstanding indebtedness bears an interest rate that varies depending upon the London Interbank Offered Rate ("LIBOR"). If we borrow additional amounts under our senior credit facility, the interest rate on those borrowings will also vary depending upon LIBOR. Further, we pay ongoing program fees under our receivables securitization agreements that vary depending upon LIBOR. If LIBOR rises, the interest rates on outstanding debt and the program fees under our receivables securitization program will increase. Therefore an increase in LIBOR would increase our interest payment obligations under these loans, increase our receivables securitization program fee payments 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 our current indebtedness, including the old notes, impose restrictions that 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 liens and debt;
- pay dividends;
- make redemptions and repurchases of capital stock;
- make loans and investments;
- prepay, redeem or repurchase debt;
- engage in acquisitions, consolidations, assets 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, if we have less than $100.0 million of revolver availability under our senior secured credit facility, we will be subject to a fixed charge coverage ratio maintenance test. 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 and it is unlikely that we would be able to borrow sufficient additional funds to refinance such debt. 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.

## Risks Related to our Operations

**Although we expect that the acquisition of Brooks Eckerd will result in benefits to us, we may not realize those benefits because of integration difficulties.**

Integrating the operations of Brooks Eckerd successfully or otherwise realizing any of the anticipated benefits of the acquisition, including anticipated cost savings and additional revenue opportunities, involve a number of potential challenges. The failure to meet these integration challenges could seriously harm our results of operations.

Realizing the benefits of the acquisition will depend in part on the integration of information technology, operations and personnel. These integration activities are complex and time-consuming and we may encounter unexpected difficulties or incur unexpected costs, including:

- diversion of management attention from ongoing business concerns to integration matters;
- difficulties in consolidating and rationalizing information technology platforms and administrative infrastructures;
- difficulties in integrating the Brooks Eckerd store operations to serve the combined customer base of Rite Aid and Brooks Eckerd;
- difficulties in converting the distribution centers;
- difficulties in combining corporate cultures, maintaining associate morale and retaining key associates; and
- challenges in demonstrating to our customers and to customers of Brooks Eckerd that the acquisition will not result in adverse changes in customer service standards or business focus.

We expect to spend approximately $475 million of integration-related capital expenditures and to incur approximately $205 million of integration-related non-recurring expenses during the anticipated 16-month integration period. If the anticipated benefits and synergies are not realized, or if the integration-related expenses and capital requirements are greater than anticipated, the accretive effect of the acquisition could be decreased or delayed, which could cause a decline in the price of our common stock, and our revenue assumptions could be inaccurate.

Moreover, the Brooks Eckerd stores are not fully integrated with one another and in many instances operate using different systems. As a result, following the acquisition, we will be undertaking to integrate not one but two drugstore chains into our operations. Complications in integrating these

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two drugstore chains could increase our integration costs and make it more difficult to achieve a successful integration following the acquisition.

We may not successfully integrate the operations of Brooks Eckerd in a timely manner and we may not realize the anticipated net reductions in costs and expenses and other benefits and synergies of the acquisition of Brooks Eckerd to the extent, or in the timeframe, anticipated. In addition to the integration risks discussed above, our ability to realize these net reductions in costs and expenses and other benefits and synergies could be adversely impacted by practical or legal constraints on our ability to combine 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.**

Our previously existing stores and the Brooks Eckerd stores we acquired have not yet achieved the sales productivity level of our major competitors. We believe that improving the sales of existing stores is important to improving profitability and operating cash flow. If we are not successful in implementing our strategy, or if our strategy is not effective, we may not be able to improve our operations. In addition, any adverse change in general economic conditions or major industries can adversely affect drug benefit plans and reduce our pharmacy sales or can adversely affect consumer buying practices and reduce our sales of front-end products and cause a decrease in our profitability. Failure to continue to improve operations, or a 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.

**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) will exercise significant influence over us.**

Jean Coutu Group owns approximately 30.2% of the voting power of Rite Aid. 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 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.

**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 acquisition, Jean Coutu Group has continued its Canadian operations but no longer has any operations in the United States; we currently have no operations in Canada. Despite the lack of geographic overlap after the acquisition, 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 Jean Coutu Group for certain transitional services pursuant to a transition services agreement. The failure of Jean Coutu Group to perform its obligations under the transition services agreement could adversely affect our business, financial condition or results of operations.**

Our ability to effectively monitor and control the operations of Brooks Eckerd depends to a large extent on the proper functioning of our information technology and business support systems. Currently, we are dependent upon Jean Coutu Group to continue to provide certain information technology, network and support services to the Brooks Eckerd stores for a period of time following the acquisition to facilitate the Brooks Eckerd transition. The terms of these arrangements are governed by a transition services agreement entered into at the time of the acquisition. If Jean Coutu Group fails to perform its obligations under the transition services agreement, we may not be able to perform such services ourselves or obtain such services from third parties at all or on terms favorable to us. In addition, upon termination of the transition services agreement, if we are unable to develop the necessary systems, resources and controls necessary to allow us to provide the services formerly provided by Jean Coutu Group or to obtain such services from third parties, it could adversely affect our business, financial condition or results of operations.

**Our new store and store relocation development program requires entering construction and development commitments and occasionally purchasing land that will not be utilized for several years which may limit our financial flexibility.**

We will enter into significant construction and development commitments as part of our new store and store relocation development program. Also, we will occasionally make capital expenditures to acquire land that may not be used for several years. Even if there are significant negative economic or competitive developments in our industry, financial condition or the regions where we have made these commitments, we are obligated to fulfill these commitments. Further, if we subsequently dispose of the property that we acquire, we may receive less than our purchase price or the net book value of such property, which may result in financial loss.

**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 our results of 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.**

During fiscal 2007 we purchased all of our brand prescription drugs from a single wholesaler, McKesson, pursuant to a contract that runs through March 2009. Brooks Eckerd also purchased all their brand prescription drugs from McKesson in fiscal 2007. We expect McKesson to continue to be our only source of brand prescription drugs through the terms of the existing contracts. Pharmacy sales represented approximately 63.7% of our total sales during fiscal 2007, or approximately 67% pro forma for the completion of the acquisition and, therefore, our relationship with McKesson is important to us. Any significant disruptions in our relationship with McKesson would make it difficult for us to continue to operate our business until we executed a replacement strategy. There can be no assurance that we would be able to find a replacement supplier on a timely basis or that such supplier 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 and mail order 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, 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 customers. We believe that the continued consolidation of the drugstore industry will further increase competitive pressures in the industry. As competition increases, a significant increase in general pricing pressures could occur, which would require us to increase our sales volume and to sell higher margin products and services in order to remain competitive. We cannot assure you that we will be able to continue effectively to 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 effect 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.

**The availability of pharmacy drugs is subject to governmental regulations.**

The continued conversion of various prescription drugs 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 2007, sales of prescription drugs represented 63.7% of our sales, and pro forma for the acquisition, approximately 67% of our sales as a combined company. In fiscal 2007, 95.4% of all of the prescription drugs that we sold were with third party payors. During fiscal 2007, the top five third party payors accounted for approximately 31.2% of our total sales, the largest of which represented 9.4% of our total sales. Third-party payors could reduce the levels at which they will reimburse us for the prescription that we provide to their members. Any significant loss of third party payor business could have a material adverse effect on our business and results of operations.

In fiscal 2007, approximately 6.8% of our revenues were from state sponsored Medicaid agencies, the largest of which was 2% of our total sales. In fiscal 2007, approximately 13% of our prescription sales 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, which includes a rule issued by the centers for Medicare and Medicaid Services in July 2007 that would require Medicaid agencies to reimburse for certain drugs using an average manufacturer's price. This change could significantly reduce reimbursement levels. 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.

**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.

Our pharmacy business is subject to the 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 and unintentional distribution of counterfeit 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, and 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 if any of our products become subject to contamination, product tampering or mislabeling, or 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, or otherwise subjecting us to liability. 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.

**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.

**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 combined fixed charges and preferred stock dividends to earnings in the following table by dividing the sum of fixed charges and preferred stock dividends by earnings. 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 and that portion of rental expense which is representative of the interest factor in those rentals.

| | Twenty-Six Weeks Ended | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|---|
| | September 1, 2007 (26 Weeks) | March 3, 2007 (52 Weeks) | March 4, 2006 (53 Weeks) | February 26, 2005 (52 Weeks) | February 28, 2004 (52 weeks) | March 1, 2003 (52 weeks) |
| **Fixed Charges:** | | | | | | |
| Interest expense | $ 191,975 | $ 275,219 | $ 277,017 | $ 294,871 | $ 313,498 | $ 330,020 |
| Interest portion of net rental expense(1) | 128,342 | 195,592 | 189,756 | 185,313 | 184,391 | 189,528 |
| Fixed charges before capitalized interest | 320,317 | 470,811 | 466,773 | 480,184 | 497,889 | 519,548 |
| Capitalized interest | 904 | 1,474 | 934 | 250 | 133 | 301 |
| Total fixed charges | 321,221 | 472,285 | 467,707 | 480,434 | 498,022 | 519,849 |
| Preferred stock dividend requirement(2) | 32,254 | 62,910 | 65,446 | 54,194 | 37,074 | 49,540 |
| Total combined fixed charges and preferred stock dividends | $ 353,475 | $ 535,195 | $ 533,153 | $ 534,628 | $ 535,096 | $ 569,389 |
| **Earnings:** | | | | | | |
| Income (loss) before income taxes | $ (82,576) | $ 13,582 | $ 43,254 | $ 134,007 | $ 34,584 | $ (154,482) |
| Fixed charges before capitalized interest | 320,317 | 470,811 | 466,773 | 480,184 | 497,889 | 519,548 |
| Total earnings and fixed charges | $ 237,741 | $ 484,393 | $ 510,027 | $ 614,191 | $ 532,473 | $ 365,066 |
| Ratio of earnings to fixed charges(3) | | 1.03 | 1.09 | 1.28 | 1.07 | |
| Ratio of earnings to combined fixed charges and preferred stock dividends(4) | | | | 1.15 | | |
| Deficiency of earnings to fixed charges | $ (83,480) | $ | $ | $ | $ | $ (154,783) |
| Deficiency of earnings to combined fixed charges and preferred stock dividends | $ (115,734) | $ (50,802) | $ (23,126) | $ | $ (2,623) | $ (204,323) |

(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 divided requirement is computed as the pre-tax earnings that would be required to cover preferred stock dividends.

(3) For the twenty-six weeks ended September 1, 2007 and the year ended March 1, 2003, earnings were insufficient to cover fixed charges by approximately $83.5 million and $154.8 million, respectively.

(4) For the years ended March 1, 2003, February 28, 2004, March 4, 2006, March 3, 2007 and the twenty-six week period ended September 1, 2007, earnings were insufficient to cover combined fixed charges and preferred stock dividends by approximately $204.3 million, $2.6 million, $23.1 million, $50.8 million and $115.7 million, respectively.

Our deficiency of earnings to combined fixed charges and preferred stock dividends on a pro forma basis, which include the additional borrowings under our credit facilities incurred in connection with the acquisition for the year ended March 3, 2007 and the twenty-six week period ended September 1, 2007, is $261,384 and $208,558, respectively.

## SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF RITE AID

We derived our following financial data from audited financial statements for fiscal years 2003 through 2007 and the unaudited financial statements for the twenty-six week periods ended September 1, 2007 and September 2, 2006. Our audited financial statements for the fiscal years 2005 through 2007 and the unaudited financial statements for the thirteen week periods ended June 2, 2007 and June 3, 2006 are incorporated by reference in this prospectus. Results for the interim periods should not be considered indicative of results for any other periods or for the year.

This information is only a summary. You should read the data set forth in the table below in conjunction with our audited consolidated financial statements and the accompanying notes, the unaudited financial statement and accompany notes and the respective Management's Discussion and Analysis of Financial condition and Results of Operations incorporated by reference in this prospectus.

| | Twenty-Six Weeks Ended | | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|---|---|
| | September 1, 2007 (26 Weeks) | September 2, 2006 (26 Weeks) | Mar. 3, 2007 (52 weeks) | Mar. 4, 2006 (53 weeks) | Feb. 26, 2005 (52 weeks) | Feb. 28, 2004 (52 weeks) | Mar. 1, 2003 (52 weeks) |
| | (Dollars in thousands) | | | | | | |
| **Summary of Operations:** | | | | | | | |
| Revenues | $ 11,057,015 | $ 8,625,442 | $ 17,507,719 | $ 17,270,968 | $ 16,816,439 | $ 16,600,449 | $ 15,791,278 |
| Costs and expenses: | | | | | | | |
| Cost of goods sold | 8,038,010 | 6,290,407 | 12,791,597 | 12,571,860 | 12,202,894 | 12,163,735 | 11,611,829 |
| Selling, general and administrative expenses(1) | 2,878,668 | 2,167,699 | 4,370,481 | 4,307,421 | 4,127,536 | 4,029,220 | 3,900,553 |
| Store closing and impairment charges | 20,617 | 19,034 | 49,317 | 68,692 | 35,655 | 22,074 | 135,328 |
| Interest expense | 191,975 | 137,519 | 275,219 | 277,017 | 294,871 | 313,498 | 330,020 |
| Acquisition related financing commitment charge | 12,900 | | | | | | |
| Interest rate swap contracts | | | | | | | 278 |
| Loss (gain) on debt modifications and retirements, net | | | 18,662 | 9,186 | 19,229 | 35,315 | (13,628) |
| (Gain) loss on sale of assets and investments, net | (2,579) | (1,355) | (11,139) | (6,462) | 2,247 | 2,023 | (18,620) |
| Total costs and expenses | 11,139,591 | 8,613,304 | 17,494,137 | 17,227,714 | 16,682,432 | 16,565,865 | 15,945,760 |
| (loss) Income before income taxes | (82,576) | 12,138 | 13,582 | 43,254 | 134,007 | 34,584 | (154,482) |
| Income tax expense (benefit) | (40,612) | 1,513 | (13,244) | (1,229,752) | (168,471) | (48,795) | (41,940) |
| Net income (loss) | $ (41,964) | $ 10,625 | $ 26,826 | $ 1,273,006 | $ 302,478 | $ 83,379 | $ (112,542) |
| **Financial Position:** | | | | | | | |
| Working capital | $ 2,364,603 | $ 781,492 | $ 1,363,063 | $ 741,488 | $ 1,335,017 | $ 1,894,247 | $ 1,676,889 |
| Property, plant and equipment, net | 2,911,391 | 1,673,725 | 1,743,104 | 1,717,022 | 1,733,694 | 1,882,763 | 1,867,830 |
| Total assets | 12,266,127 | 7,035,432 | 7,091,024 | 6,988,371 | 5,932,583 | 6,245,634 | 6,132,766 |
| Total debt(2) | 5,702,050 | 3,062,601 | 3,100,288 | 3,051,446 | 3,311,336 | 3,891,666 | 3,862,628 |
| Redeemable preferred stock(3) | 20,124 | 20,021 | 20,072 | 19,970 | 19,868 | 19,766 | 19,663 |
| Stockholders' equity | 2,739,415 | 1,619,633 | 1,662,846 | 1,606,921 | 322,934 | (8,277) | (129,938) |

| | Twenty-Six Weeks Ended | | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|---|---|
| **Other Data:** | | | | | | | |
| Cash flows provided by (used in): | | | | | | | |
| Operating activities | 46,652 | 137,940 | 309,145 | 417,165 | 518,446 | 227,515 | 305,383 |
| Investing activities | (2,636,366) | (118,329) | (312,780) | (231,084) | (118,985) | (242,150) | (72,214) |
| Financing activities | 2,653,898 | 954 | 33,716 | (272,835) | (571,395) | (15,931) | (211,903) |
| Capital expenditures | 309,396 | 154,975 | 363,728 | 341,349 | 222,417 | 267,373 | 116,154 |
| Number of retail drug stores | 5,142 | 3,315 | 3,333 | 3,323 | 3,356 | 3,382 | 3,404 |
| Number of associates | 108,000 | 70,400 | 69,700 | 70,200 | 71,200 | 72,500 | 72,000 |

(1) Includes stock-based compensation expense. Stock-based compensation expense for the fiscal year ended March 3, 2007, and the thirteen week periods ended September 1, 2007 and September 2, 2006 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, February 26, 2005 and February 28, 2004 was determined using the fair value method set forth in SFAS No. 123, "Accounting for Stock-Based Compensation." Stock-based compensation expense for the fiscal year ended March 1, 2003 was

determined using the intrinsic method set forth in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees".

(2) Total debt included capital lease obligations of $181.9 million, $186.6 million, $189.7 million, $178.2 million, $168.3 million, $183.2 million, and $176.2 million, as of September 1, 2007, September 2, 2006, March 3, 2007, March 4, 2006, February 26, 2005, February 28, 2004, and March 1, 2003, respectively.

(3) Redeemable preferred stock was included in "Other Non-current liabilities" as of September 1, 2007, September 2, 2006, March 3, 2007, March 4, 2006, February 26, 2005 and February 28, 2004, respectively.

**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF JC GROUP USA**

We derived the following financial data of JC Group USA from audited consolidated financial statements of JC Group USA for fiscal years 2003 through 2007. This information is only a summary. You should read the data set forth in the table below in conjunction with JC Group USA's historical audited consolidated financial statements as of June 2, 2007, May 27, 2006 and May 28, 2005 and for each of the three fiscal years in the period ended June 2, 2007, and related notes, each as incorporated by reference in this prospectus.

| | Fiscal Year Ended | | | | |
|---|---|---|---|---|---|
| | **June 2, 2007 (53 weeks)(4)** | **May 27, 2006 (52 weeks)(4)** | **May 28, 2005 (52 weeks)(4)** | **May 29, 2004 (53 weeks)** | **May 31, 2003 (52 weeks)** |
| | (Dollars in thousands) | | | | |
| **Summary of Operations:** | | | | | |
| Revenues | $ 9,772,500 | $ 9,495,858 | $ 8,200,445 | $ 1,802,585 | $ 1,757,035 |
| Costs and expenses: | | | | | |
| Cost of goods sold(1) | 7,348,364 | 7,172,366 | 6,227,045 | 1,371,271 | 1,339,263 |
| Selling, general and administration expenses | 2,164,655 | 2,030,766 | 1,686,458 | 318,726 | 311,736 |
| Depreciation and amortization | 221,345 | 215,804 | 184,854 | 31,148 | 29,892 |
| Interest expense | 289,578 | 274,692 | 208,648 | 31,926 | 34,341 |
| Foreign currency losses (gains) | 16,362 | 12,670 | (18,208) | | |
| Interest income | (7,471) | (5,964) | (1,310) | (85) | (29) |
| Total costs and expenses | 10,032,833 | 9,700,334 | 8,287,487 | 1,752,986 | 1,715,203 |
| Income (loss) before income taxes | (260,333) | (204,476) | (87,042) | 49,599 | 41,832 |
| Income tax expense (benefit) | (101,513) | (76,893) | (32,616) | 19,151 | 16,683 |
| Net income (loss) | $ (158,820) | $ (127,583) | $ (54,426) | $ 30,448 | $ 25,149 |
| Year-End Financial Position: | | | | | |
| Working capital(2) | $ 904,384 | $ 1,009,563 | $ 986,418 | $ 209,515 | $ 201,759 |
| Property and equipment, net | 1,035,552 | 1,113,898 | 1,179,248 | 307,652 | 289,396 |
| Total assets | 4,852,001 | 5,105,925 | 5,084,895 | 878,518 | 812,019 |
| Total debt(3) | 3,178,800 | 3,118,912 | 2,803,392 | 554,022 | 522,463 |
| Stockholders' equity | 378,118 | 536,920 | 664,671 | 179,656 | 149,243 |
| **Other Data:** | | | | | |
| Cash flows provided by (used in): | | | | | |
| Operating activities | $ (18,175) | $ (15,665) | $ 97,599 | $ 24,281 | $ 43,879 |
| Investing activities | (99,812) | (94,868) | (2,650,696) | (47,464) | (57,944) |
| Financing activities | 33,153 | 130,586 | 2,625,972 | 31,901 | 15,871 |
| Capital expenditures | 100,644 | 124,064 | 162,272 | 42,931 | 56,176 |
| Number of retail drugstores | 1,854 | 1,858 | 1,922 | 336 | 332 |
| Number of associates | 45,771 | 46,266 | 48,745 | 8,508 | 8,297 |

(1) Includes LIFO charges of $14,390 in 2007, $38,747 in 2006, and $18,456 in 2005, $12,797. JC Group USA changed from first-in, first-out ("FIFO") to LIFO in fiscal 2005.

(2)

Working capital is defined as total current assets less total current liabilities.

(3)

Total debt included capital lease obligations of $22,359 as of June 2, 2007, $14,302 as of May 27, 2006, and $16,335 as of May 28, 2005.

(4)

Fiscal years ended June 2, 2007 and May 27, 2006 included the operating results of the Eckerd stores for the full year. Fiscal year ended May 28, 2005 included the operating results of the Eckerd stores for the 43 weeks beginning from the date of the acquisition of the Eckerd stores.

## 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 December 3, 2007, the 21st business 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, $810.0 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 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,
- 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, or
- the holder must comply with the guaranteed delivery procedures described below.

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 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