

SECURITIES AND EXCHANGE COMMISSION

FORM SC 13E4

Issuer tender offer statement filed pursuant to Rule 13(e)(4)

Filing Date: **1994-01-10**
SEC Accession No. **0000950123-94-000116**

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SUBJECT COMPANY

RITE AID CORP

CIK: **84129** | IRS No.: **231614034** | State of Incorporation: **DE** | Fiscal Year End: **0304**
Type: **SC 13E4** | Act: **34** | File No.: **005-10478** | Film No.: **94500863**
SIC: **5912** Drug stores and proprietary stores

Mailing Address
*PO BOX 3165
HARRISBURG PA 17105*

Business Address
*30 HUNTER LANE
CAMP HILL OWN PA 17011
7177612633*

FILED BY

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13E-4
ISSUER TENDER OFFER STATEMENT
(PURSUANT TO SECTION 13(E) (1)
OF THE SECURITIES EXCHANGE ACT OF 1934)

RITE AID CORPORATION
(NAME OF ISSUER)

RITE AID CORPORATION
(NAME OF PERSON(S) FILING STATEMENT)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE
(TITLE OF CLASS OF SECURITIES)

767754104
(CUSIP NUMBER OF CLASS OF SECURITIES)

FRANKLIN C. BROWN
EXECUTIVE VICE PRESIDENT
GENERAL COUNSEL
RITE AID CORPORATION
30 HUNTER LANE
CAMP HILL, PA 17011
(717) 761-2633
(NAME, ADDRESS AND TELEPHONE NUMBER OF PERSON
AUTHORIZED TO RECEIVE NOTICES AND COMMUNICATIONS
ON BEHALF OF THE PERSON(S) FILING STATEMENT)

COPY TO:
NANCY A. LIEBERMAN, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM
919 THIRD AVENUE
NEW YORK, NEW YORK 10022
(212) 735-3000

JANUARY 10, 1994
(DATE TENDER OFFER FIRST PUBLISHED, SENT OR GIVEN TO SECURITY HOLDERS)

CALCULATION OF FILING FEE

TRANSACTION VALUATION*: \$407,000,000 AMOUNT OF FILING FEE: \$81,400

/ / CHECK BOX IF ANY PART OF THE FEE IS OFFSET AS PROVIDED BY RULE 0-11(A) (2)
AND IDENTIFY THE FILING WITH WHICH THE OFFSETTING FEE WAS PREVIOUSLY PAID.
IDENTIFY THE PREVIOUS FILING BY REGISTRATION STATEMENT NUMBER, OR THE FORM
OR SCHEDULE AND THE DATE OF ITS FILING.

AMOUNT PREVIOUSLY PAID: N/A FILING PARTY: N/A
FORM OR REGISTRATION NO.: N/A DATE FILED: N/A

ITEM 1. SECURITY AND ISSUER.

(a) The Issuer of the securities to which this Issuer Tender Offer Statement on Schedule 13E-4 (the "Statement") relates is Rite Aid Corporation, a Delaware corporation (the "Company"), and the address of its principal executive office is 30 Hunter Lane, Camp Hill, PA 17011.

(b) This Statement relates to a tender offer by the Company to purchase 22,000,000 shares (or such lesser number of shares as are validly tendered) of its common stock, par value \$1 per share (the "Shares") (including the associated preferred share purchase rights), at prices, net to the seller in cash, not greater than \$18.50 nor less than \$16.00 per Share, specified by shareholders, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated January 10, 1994 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer"), copies of which are filed as Exhibits (a)(1) and (a)(2), respectively. The information set forth in the "Introduction," "Section 1. Number of Shares; Proration," "Section 8. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares," "Section 10. Background and Purpose of the Offer; Certain Information About the Company" and "Section 14. Extension of the Offer; Termination; Amendments" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "Section 7. Price Range of Shares; Dividends" of the Offer to Purchase is incorporated herein by reference.

(d) This Statement is being filed by the Issuer.

ITEM 2. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

(a)-(b) The information set forth in "Section 9. Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference.

ITEM 3. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE ISSUER OR AFFILIATE.

The information set forth in the "Introduction" and "Section 10. Background and Purpose of the Offer; Certain Information About the Company" of the Offer to Purchase is incorporated herein by reference.

(a)-(j) The information set forth in the "Introduction," "Section 8. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares," "Section 9. Source and Amount of Funds," "Section 10. Background and Purpose of the Offer; Certain Information About the Company" and "Section 11. Effects of the Offer on the Market for Shares; Registration under the Exchange Act" of the Offer to Purchase is incorporated herein by reference.

ITEM 4. INTEREST IN SECURITIES OF THE ISSUER.

The information set forth in "Section 8. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" of the Offer to Purchase is incorporated herein by reference.

ITEM 5. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE ISSUER'S SECURITIES.

The information set forth in the "Introduction" and "Section 8. Interest of Directors and Executive Officers; Transactions and Arrangements Concerning the Shares" of the Offer to Purchase is incorporated herein by reference.

ITEM 6. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED.

The information set forth in the "Introduction" and "Section 15. Fees and Expenses" of the Offer to Purchase is incorporated herein by reference.

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ITEM 7. FINANCIAL INFORMATION.

(a)-(b) The information set forth in "Section 10. Background and Purpose of the Offer; Certain Information About the Company" of the Offer to Purchase is incorporated herein by reference.

ITEM 8. ADDITIONAL INFORMATION.

(a) Not applicable.

(b) The information set forth in "Section 12. Certain Legal Matters; Regulatory Approvals" of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in "Section 11. Effects of the Offer on the Market for Shares; Registration under the Exchange Act" of the Offer to Purchase is incorporated herein by reference.

(d) Not applicable.

(e) Reference is hereby made to the Offer to Purchase and the related Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, and incorporated in their entirety herein by reference.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

<TABLE>

<S>	<C>	<C>
(a)	(1)	Offer to Purchase, dated January 10, 1994
(a)	(2)	Letter of Transmittal
(a)	(3)	Notice of Guaranteed Delivery
(a)	(4)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
(a)	(5)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees
(a)	(6)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9
(a)	(7)	Press Release issued by the Company on January 7, 1994
(a)	(8)	Letter to the Company's Shareholders from Alex Grass, Chairman of the Board and Chief Executive Officer, and Martin L. Grass, President and Chief Operating Officer, of the Company, dated January 10, 1994
(a)	(9)	Summary Advertisement dated January 10, 1994
(b)	(1)	Letter Agreement dated as of January 7, 1994, among the Company, Morgan Guaranty Trust Company of New York and J.P. Morgan Securities, Inc.
(c)		Not applicable
(d)		Not applicable
(e)		Not applicable
(f)		Not applicable

</TABLE>

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

RITE AID CORPORATION

Dated: January 10, 1994

/s/ MARTIN L. GRASS
Name: Martin L. Grass
Title: President and Chief Operating Officer

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SEQUENTIALLY
NUMBERED COPY

EXHIBIT NO.	DESCRIPTION	PAGE IN SEQUENTIALLY NUMBERED COPY
<C>	<S>	<C>
(a)	(1) Offer to Purchase, dated January 10, 1994.....	
(a)	(2) Letter of Transmittal.....	
(a)	(3) Notice of Guaranteed Delivery.....	
(a)	(4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.....	
(a)	(5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.....	
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(a)	(7) Press Release issued by the Company on January 7, 1994.....	
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</TABLE>

RITE AID CORPORATION

OFFER TO PURCHASE FOR CASH
 UP TO 22,000,000 SHARES OF ITS COMMON STOCK
 (INCLUDING THE ASSOCIATED PREFERRED SHARE PURCHASE RIGHTS)
 AT A PURCHASE PRICE NOT GREATER THAN \$18.50 NOR LESS THAN \$16.00 PER SHARE

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE
 AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY,
 FEBRUARY 7, 1994, UNLESS THE OFFER IS EXTENDED.

Rite Aid Corporation, a Delaware corporation (the "Company"), hereby invites its shareholders to tender shares of its common stock, par value \$1.00 per share (including the associated preferred share purchase rights (the "Rights"), the "Shares"), to the Company at prices, net to the seller in cash, not greater than \$18.50 nor less than \$16.00 per Share, specified by such shareholders, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which together constitute the "Offer"). The Company will determine a single per Share price (not greater than \$18.50 nor less than \$16.00 per Share) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price which will allow it to buy 22,000,000 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. All Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms hereof. The Offer is not being made to holders of securities convertible into Shares. The Company will, however, upon the terms and subject to the conditions of the Offer, accept tenders of Shares that are issued upon conversion of such securities and validly tendered pursuant to the Offer.

 THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 6.

 NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY SHAREHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. SHAREHOLDERS MUST MAKE THEIR OWN DECISIONS WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH SHARES SHOULD BE TENDERED. THE COMPANY HAS BEEN ADVISED THAT NONE OF ITS DIRECTORS OR EXECUTIVE OFFICERS INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

 THE DEALER MANAGER FOR THE OFFER IS :
 DONALDSON, LUFKIN & JENRETTE
 SECURITIES CORPORATION

January 10, 1994

IMPORTANT

Any shareholder desiring to tender all or any portion of his Shares should either (1) complete and sign the Letter of Transmittal or a facsimile copy thereof in accordance with the instructions in the Letter of Transmittal, mail or deliver it and any other required documents to Harris Trust Company of New York (the "Depository"), and either mail or deliver his stock certificates for such Shares to the Depository or follow the procedure for book-entry delivery set forth in Section 3, or (2) request his broker, dealer, commercial bank, trust company or other nominee to effect the transaction for him. A shareholder having Shares registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact that broker, dealer, commercial bank, trust company or other nominee if such shareholder desires to tender such Shares. Shareholders who desire to tender Shares and whose certificates for such Shares are not immediately available or who cannot comply with the procedure for book-entry transfer by the expiration of the Offer must tender such Shares by following the procedures for guaranteed delivery set forth in Section

3. SHAREHOLDERS MUST PROPERLY COMPLETE THE LETTER OF TRANSMITTAL INCLUDING THE SECTION OF THE LETTER OF TRANSMITTAL RELATING TO THE PRICE AT WHICH THEY ARE TENDERING SHARES IN ORDER TO EFFECT A VALID TENDER OF THEIR SHARES.

Questions and requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase.

NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY AS TO WHETHER SHAREHOLDERS SHOULD TENDER OR REFRAIN FROM TENDERING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN THOSE CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL. IF GIVEN OR MADE, SUCH RECOMMENDATION, INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.

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TO THE HOLDERS OF COMMON STOCK OF
RITE AID CORPORATION:

The Company hereby invites its shareholders to tender Shares to the Company at prices, net to the seller in cash, not greater than \$18.50 nor less than \$16.00 per Share, specified by such shareholders, upon the terms and subject to the conditions set forth in the Offer. The Company will determine a single per Share Purchase Price (not greater than \$18.50 nor less than \$16.00 per Share) that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price which will allow it to buy 22,000,000 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. All Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms described below.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 6.

If, before the Expiration Date (as defined in Section 1), more than 22,000,000 Shares (or such greater number of Shares as the Company may elect to purchase) are validly tendered at or below the Purchase Price, the Company will accept Shares for purchase first from all Odd Lot Owners (as defined in Section 2) who validly tender all their Shares at or below the Purchase Price and then on a pro rata basis from all other shareholders who validly tender Shares at or

below the Purchase Price. See Sections 1 and 2. The Company will return all Shares not purchased under the Offer, including Shares tendered and not withdrawn at prices greater than the Purchase Price and Shares not purchased because of proration. Tendering shareholders will not be obligated to pay brokerage fees or commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the Company's purchase of Shares pursuant to the Offer. In addition, the Company will pay all fees and expenses of Donaldson, Lufkin & Jenrette Securities Corporation (the "Dealer Manager"), Harris Trust Company of New York (the "Depositary") and Morrow & Co., Inc. (the "Information Agent") in connection with the Offer. See Section 15.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY SHAREHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING SHARES. Shareholders must make their own decisions whether to tender Shares and, if so, how many Shares to tender and the price or prices at which Shares should be tendered. The Company has been advised that none of its directors or executive officers intends to tender any Shares pursuant to the Offer.

The Offer is a part of a major restructuring by the Company. The Company has authorized the sale of its four non-drugstore businesses (the "Non-Drugstore Businesses") resulting in an after-tax reserve of \$25.6 million for the loss on the disposal of these discontinued operations and the closing of 200 underperforming drugstores and the disposition of other assets causing a pre-tax charge of \$149.2 million. The Company is making the Offer because the Board of Directors believes that, given the Company's businesses, assets and prospects and the current market price of the Shares, the purchase of the Shares pursuant to the Offer is an attractive investment for the Company. The Non-Drugstore Businesses are ADAP, an auto parts retailer with 95 stores, Encore Books, which operates 103 stores, Concord Custom Cleaners with 170 outlets and Sera-Tec Biologicals, which consists of 33 plasma collection centers providing plasma for use in therapeutic and diagnostic products. No agreement exists between the Company and any prospective purchaser concerning such planned dispositions. Any such sales would also be subject to the identification of persons willing to purchase one or more of the Non-Drugstore Businesses at prices and upon other terms deemed acceptable by the Company, as well as the negotiation of definitive agreements.

The Offer, the sale of the Non-Drugstore Businesses and the closing of 200 underperforming drugstores are intended to enhance shareholder value. Moreover, the disposition of the Non-Drugstore Businesses will allow the Company better to focus its resources on the Company's drugstore business.

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The Offer provides shareholders who are considering a sale of all or a portion of their Shares the opportunity to determine the price or prices (not greater than \$18.50 nor less than \$16.00 per Share) at which they are willing to sell their Shares and, if any such Shares are purchased pursuant to the Offer, to sell those Shares for cash without the usual transaction costs associated with open-market sales. The Offer also gives shareholders the opportunity to sell Shares at prices greater than market prices prevailing prior to announcement of the Offer.

As of January 7, 1994, there were 88,081,859 Shares outstanding, 2,595,756 Shares issuable upon exercise of stock options under the Company's stock option plans and 6,397,200 Shares issuable upon conversion of the Company's 6 3/4% Zero Coupon Subordinated Convertible Notes due 2006 (the "Convertible Notes"). The 22,000,000 Shares that the Company is offering to purchase represent approximately 25% of the Shares outstanding as of January 7, 1994 and approximately 23% of the fully diluted Shares outstanding as of such date. THE OFFER IS NOT BEING MADE TO HOLDERS OF THE CONVERTIBLE NOTES. THE COMPANY WILL, UPON THE TERMS AND SUBJECT TO THE CONDITIONS OF THE OFFER, ACCEPT TENDERS OF SHARES THAT, IN ACCORDANCE WITH THE TERMS OF SUCH CONVERTIBLE NOTES, ARE ISSUED UPON CONVERSION OF CONVERTIBLE NOTES AND VALIDLY TENDERED PURSUANT TO THE OFFER. To the extent Convertible Notes are converted into Shares, but the resulting Shares are not purchased pursuant to the Offer, holders of Convertible Notes so converted will have lost all preferential rights of Convertible Notes as compared to Shares (including, among other things, the priority afforded holders of Convertible Notes with respect to the distribution of assets upon liquidation). Each holder of Convertible Notes is urged to consult his own broker or investment or tax advisor with respect to the Offer. NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY HOLDER OF CONVERTIBLE NOTES AS TO WHETHER TO CONVERT ALL OR ANY PORTION OF HIS CONVERTIBLE NOTES INTO SHARES OR AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING PURSUANT TO THE OFFER ALL OR ANY PORTION OF THE SHARES ISSUABLE UPON SUCH CONVERSION.

1. NUMBER OF SHARES; PRORATION.

Upon the terms and subject to the conditions of the Offer, the Company will accept for payment and purchase 22,000,000 Shares or such lesser number of Shares as are validly tendered on or prior to the Expiration Date at a price (determined in the manner set forth below) not greater than \$18.50 nor less than \$16.00 per Share. The term "Expiration Date" means 12:00 midnight, New York City time, on Monday, February 7, 1994, unless the Company, in its sole discretion, shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall refer to the latest time and date at which the Offer, as so extended by the Company, shall expire. See Section 14 for a description of the Company's right to extend the time during which the Offer is open and to delay, terminate or amend the Offer. See also Section 6. Subject to Section 2, if the Offer is over subscribed, Shares tendered at or below the Purchase Price prior to the Expiration Date will be subject to proration. The proration period also expires on the Expiration Date.

The Company will, upon the terms and subject to the conditions of the Offer, determine the Purchase Price (not greater than \$18.50 nor less than \$16.00 per Share) that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select a single per Share Purchase Price that will allow it to buy 22,000,000 Shares (or such lesser number as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. The Company reserves the right, in its sole discretion, to purchase more than 22,000,000 Shares pursuant to the Offer.

If (i) the Company increases or decreases the price to be paid for Shares, increases the number of Shares being sought and any such increase in the number of Shares being sought exceeds 2% of the outstanding Shares, or decreases the number of Shares being sought, and (ii) the Offer is scheduled to expire less than ten business days from and including the date that notice of such increase or decrease is first published, sent or given in the manner specified in Section 14, the Offer will be extended for ten business days from and including the date of such notice. For purposes of the Offer, a "business day" means any day other than a Saturday, Sunday or federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight, New York City time.

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In accordance with Instruction 5 of the Letter of Transmittal, each shareholder desiring to tender Shares must specify the price or prices (not greater than \$18.50 nor less than \$16.00 per Share) at which such shareholder is willing to have the Company purchase his Shares. All Shares purchased pursuant to the Offer will be purchased at the Purchase Price. All Shares not purchased pursuant to the Offer, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration, will be returned to the tendering shareholders at the Company's expense as promptly as practicable following the Expiration Date.

If the number of Shares validly tendered prior to the Expiration Date at or below the Purchase Price is less than or equal to 22,000,000 Shares (or such greater number of Shares as the Company may elect to purchase pursuant to the Offer), the Company will, upon the terms and subject to the conditions of the Offer, purchase at the Purchase Price all Shares so tendered.

Upon the terms and subject to the conditions of the Offer, in the event that prior to the Expiration Date more than 22,000,000 Shares (or such greater number of Shares as the Company elects to purchase) are validly tendered at or below the Purchase Price, the Company will accept Shares for purchase in the following order of priority:

(a) first, all Shares validly tendered at or below the Purchase Price prior to the Expiration Date by any Odd Lot Owner who:

- (1) tenders all Shares beneficially owned by such Odd Lot Owner at or below the Purchase Price (partial tenders will not qualify for this preference); and
- (2) completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) then, after purchase of all of the foregoing Shares, all other Shares validly tendered at or below the Purchase Price before the Expiration Date on a pro rata basis, if necessary (with adjustments to

avoid purchases of fractional shares).

In the event that proration of tendered Shares is required, the Company will determine the final proration factor as promptly as practicable after the Expiration Date. Proration for each shareholder tendering Shares other than Odd Lot Owners shall be based on the ratio of the number of Shares tendered by such shareholder to the total number of Shares tendered by all shareholders other than Odd Lot Owners. Although the Company does not expect to be able to announce the final results of such proration until approximately seven New York Stock Exchange, Inc. (the "NYSE") trading days after the Expiration Date, it will announce preliminary results of proration by press release as promptly as practicable after the Expiration Date. Shareholders may obtain such preliminary information from the Information Agent and may be able to obtain such information from their brokers or financial advisors.

On April 5, 1989, the Company's Board of Directors declared a dividend distribution of one Right for each Share outstanding on April 19, 1989 (the "Record Date"). Shares issued subsequent to the Record Date automatically receive the Rights. The Rights expire on April 5, 1999 unless redeemed earlier by the Company. Each Right entitles the registered holder to purchase from the Company a unit consisting of one two-thousandth of a share of Series A Junior Participating Preferred Stock of the Company at an exercise price of \$60, subject to adjustment to prevent dilution. The Rights are not currently exercisable and trade together with the Shares associated therewith. The Rights will not become exercisable or separately tradeable as a result of the Offer. Absent circumstances causing the Rights to become exercisable or separately tradeable prior to the Expiration Date, the tender of any Shares pursuant to the Offer will include the tender of the associated Rights. No separate consideration will be paid for such Rights. Upon the purchase of Shares by the Company pursuant to the Offer, the sellers of the Shares so purchased will no longer own the Rights associated with such Shares.

As described in Section 13, the number of Shares that the Company will purchase from a shareholder may affect the federal income tax consequences to the shareholder of such purchase and therefore may be relevant to a shareholder's decision whether to tender Shares.

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2. TENDERS BY OWNERS OF FEWER THAN 100 SHARES.

The Company, upon the terms and subject to the conditions of the Offer, will accept for payment, without proration, all Shares validly tendered on or prior to the Expiration Date at or below the Purchase Price by or on behalf of shareholders who beneficially held, as of the close of business on January 6, 1994, and continue to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares ("Odd Lot Owners"). To avoid proration, however, an Odd Lot Owner must validly tender at or below the Purchase Price all Shares that such Odd Lot Owner beneficially owns; partial tenders will not qualify for this preference. This preference is not available to holders of 100 or more Shares, even if such holders have separate stock certificates for fewer than 100 Shares. Any Odd Lot Owner wishing to tender all Shares beneficially owned by him free of proration pursuant to this Offer must complete the section captioned "Odd Lots" in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery. By accepting the Offer, a shareholder owning fewer than 100 Shares would not only avoid the payment of brokerage commissions but would also avoid any applicable odd lot discounts payable in a sale of his Shares on a stock exchange, including the NYSE.

3. PROCEDURE FOR TENDERING SHARES.

Proper Tender of Shares. For Shares to be validly tendered pursuant to the Offer:

(a) the certificates for such Shares (or confirmation of receipt of such Shares pursuant to the procedures for book-entry transfer set forth below), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees, and any other documents required by the Letter of Transmittal, must be received on or before the Expiration Date by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase; or

(b) the tendering shareholder must comply with the guaranteed delivery procedure set forth below.

As specified in Instruction 5 of the Letter of Transmittal, each shareholder desiring to tender Shares pursuant to the Offer must properly indicate in the section captioned "Price (In Dollars) Per Share At Which Shares Are Being Tendered" on the Letter of Transmittal the price (in multiples of \$.125) at which his Shares are being tendered; provided, however, than an Odd Lot Owner may check the box in the section entitled "Odd Lots" indicating that he is tendering all of his Shares at the Purchase Price. Shareholders desiring to tender Shares at more than one price must complete separate Letters of Transmittal for each price at which Shares are being tendered, except that the same Shares cannot be tendered (unless properly withdrawn previously in accordance with the terms of the Offer) at more than one price. In order to validly tender Shares, one and only one price box must be checked in the appropriate section on each Letter of Transmittal.

In addition, Odd Lot Owners who tender all their Shares must complete the section entitled "Odd Lots" in the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery in order to qualify for the preferential treatment available to Odd Lot Owners as set forth in Section 1.

Signature Guarantees and Method of Delivery. No signature guarantee is required on the Letter of Transmittal (i) if the Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder appears on the certificate (which term, for purposes of this Section 3, includes any participant in The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company (collectively, the "Book-Entry Transfer Facilities") whose name appears on a security position listing as the holder of the Shares) tendered therewith, and payment and delivery are to be made directly to such registered holder, or (ii) if Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States (each such entity, an "Eligible Institution"). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution. See Instruction 1 of the Letter of Transmittal. If a certificate representing Shares is registered in the name of a person other than the signer of a Letter of Transmittal, or if payment is to be made, or Shares not purchased or tendered are to be issued, to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate stock power, in either case signed exactly as

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the name of the registered holder appears on the certificate, with the signature on the certificate or stock power guaranteed by an Eligible Institution. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees and any other documents required by the Letter of Transmittal. THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING STOCK CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, IS AT THE ELECTION AND RISK OF THE TENDERING SHAREHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED.

Federal Income Tax Backup Withholding. To prevent federal income tax backup withholding equal to 31% of the gross payments made pursuant to the Offer, each shareholder who does not otherwise establish an exemption from such withholding must notify the Depository of such shareholder's correct taxpayer identification number (or certify that such taxpayer is awaiting a taxpayer identification number) and provide certain other information by completing a Substitute Form W-9 (included in the Letter of Transmittal). Foreign shareholders may be required to submit Form W-8, certifying non-United States status, in order to avoid backup withholding. See Instructions 12 and 13 of the Letter of Transmittal.

EACH SHAREHOLDER SHOULD CONSULT HIS OWN TAX ADVISOR AS TO WHETHER SUCH SHAREHOLDER IS SUBJECT TO OR EXEMPT FROM FEDERAL INCOME TAX WITHHOLDING.

For a discussion of certain other federal income tax consequences to tendering shareholders, see Section 13.

Book-Entry Delivery. The Depository will establish an account with respect to the Shares at each of the Book-Entry Transfer Facilities for purposes of the

Offer within two business days after the date of this Offer to Purchase. Any financial institution that is a participant in the Book-Entry Transfer Facility's system may make book-entry delivery of the Shares by causing such facility to transfer such Shares into the Depository's account in accordance with such facility's procedure for such transfer. Even though delivery of Shares may be effected through book-entry transfer into the Depository's account at one of the Book-Entry Transfer Facilities, a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees and other required documents must, in any case, be transmitted to and received by the Depository at one of its addresses set forth on the back cover of this Offer to Purchase prior to the Expiration Date, or the guaranteed delivery procedure set forth below must be followed. DELIVERY OF THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS TO ONE OF THE BOOK-ENTRY TRANSFER FACILITIES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Guaranteed Delivery. If a shareholder desires to tender Shares pursuant to the Offer and such shareholder's certificates are not immediately available (or the procedures for book-entry transfer cannot be completed on a timely basis) or time will not permit all required documents to reach the Depository by the Expiration Date, such Shares may nevertheless be tendered provided that all of the following conditions are satisfied:

(a) such tender is made by or through an Eligible Institution;

(b) the Depository receives (by hand, mail, telegram or facsimile transmission), on or prior to the Expiration Date, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form the Company has provided with this Offer to Purchase (indicating the price at which the Shares are being tendered) and includes a guarantee by an Eligible Institution in the form set forth in such Notice; and

(c) the certificates for all tendered Shares in proper form for transfer (or confirmation of book-entry transfer of such Shares into the Depository's account at one of the Book-Entry Transfer Facilities), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal, are received by the Depository within five NYSE trading days after the date the Depository receives such Notice of Guaranteed Delivery.

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Determination of Validity; Rejection of Shares; Waiver of Defects; No Obligation to Give Notice of Defects. All questions as to the number of Shares to be accepted, the price to be paid therefor, the form of documents and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any tender of Shares will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders it determines not to be in proper form or the acceptance of or payment for which may be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Shares. No tender of Shares will be deemed to be validly made until all defects and irregularities have been cured or waived. None of the Company, the Dealer Manager, the Depository, the Information Agent or any other person is or will be obligated to give notice of any defects or irregularities in tenders, and none of them will incur any liability for failure to give such notice.

Rule 14e-4. It is a violation of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), for a person (directly or indirectly) to tender shares for his own account unless, at the time of tender and at the end of the proration period (including any extension thereof), the person so tendering (i) has a net long position equal to or greater than the amount of (x) Shares tendered or (y) other securities immediately convertible into, exercisable, or exchangeable for the amount of Shares tendered and will acquire such Shares for tender by conversion, exercise or exchange of such other securities, and (ii) will cause such Shares to be delivered in accordance with the terms of the Offer. Rule 14e-4 provides a similar restriction applicable to the tender or guarantee of a tender on behalf of another person. The tender of Shares pursuant to any one of the procedures described above will constitute the tendering shareholder's acceptance of the terms and conditions of the Offer as well as the tendering shareholder's representation and warranty that (i) such shareholder has a net long position in the Shares being tendered within the meaning of Rule 14e-4, and (ii) the tender of such Shares complies with Rule 14e-4. The Company's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement

between the tendering shareholder and the Company upon the terms and subject to the conditions of the Offer.

4. WITHDRAWAL RIGHTS.

Except as otherwise provided in this Section 4, the tender of Shares pursuant to the Offer is irrevocable. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Company, may also be withdrawn after 12:00 midnight, New York City time, on March 8, 1994.

For a withdrawal to be effective, the Depositary must timely receive (at one of its addresses set forth on the back cover of this Offer to Purchase) a written, telegraphic or facsimile transmission notice of withdrawal. Such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If the certificates have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the tendering shareholder must also submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3, the notice of withdrawal must specify the name and the number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility. All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. None of the Company, the Dealer Manager, the Depositary, the Information Agent or any other person is or will be obligated to give notice of any defects or irregularities in any notice of withdrawal, and none of them will incur any liability for failure to give such notice. Any Shares properly

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withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. Withdrawn Shares may, however, be retendered by the Expiration Date by again following any of the procedures described in Section 3.

If the Company extends the Offer, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depositary may, subject to applicable law, retain on behalf of the Company all tendered Shares, and the Shares may not be withdrawn except to the extent tendering shareholders are entitled to withdrawal rights as described in this Section 4.

5. PURCHASE OF SHARES AND PAYMENT OF PURCHASE PRICE.

Upon the terms and subject to the conditions of the Offer, the Company will determine the Purchase Price it will pay for validly tendered Shares taking into account the number of Shares tendered and the prices specified by tendering shareholders and will accept for payment (and thereby purchase) Shares validly tendered at or below the Purchase Price as soon as practicable after the Expiration Date. For purposes of the Offer, the Company will be deemed to have accepted for payment (and therefore purchased), subject to proration, Shares which are tendered at or below the Purchase Price and not withdrawn when, as and if it gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer.

Upon the terms and subject to the conditions of the Offer, the Company will purchase and pay a single per Share Purchase Price for 22,000,000 Shares (subject to increase or decrease as provided in Section 1 and Section 14) or such lesser number of Shares as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share, as promptly as practicable after the Expiration Date.

Payment for Shares purchased pursuant to the Offer will be made by depositing the aggregate Purchase Price therefor with the Depositary, which will act as agent for tendering shareholders for the purpose of receiving payment from the Company and transmitting payment to the tendering shareholders. In the event of proration, the Company will determine the proration factor and pay for those tendered Shares accepted for payment as soon as practicable after the Expiration Date; however, the Company does not expect to be able to announce the final results of any such proration until approximately seven NYSE trading days

after the Expiration Date. Certificates for all Shares not purchased, including all Shares tendered at prices greater than the Purchase Price and Shares not purchased due to proration, will be returned (or, in the case of Shares tendered by book-entry transfer, such Shares will be credited to the account maintained with one of the Book-Entry Transfer Facilities by the participant therein who so delivered such Shares) as soon as practicable after the Expiration Date or termination of the Offer without expense to the tendering shareholder. Under no circumstances will the Company pay interest on the Purchase Price. In addition, if certain events occur, the Company may not be obligated to purchase Shares pursuant to the Offer. See Section 6.

The Company will pay all stock transfer taxes, if any, payable on the transfer to it of Shares purchased pursuant to the Offer; provided, however, that (i) if payment of the Purchase Price is to be made to, or (ii) (in the circumstances permitted by the Offer) if unpurchased Shares are to be registered in the name of, any person other than the registered owner, or if tendered certificates are registered in the name of any person other than the person signing the Letter of Transmittal, the amount of all stock transfer taxes, if any (whether imposed on the registered owner or such other person), payable on account of the transfer to such person will be deducted from the Purchase Price unless evidence satisfactory to the Company of the payment of such taxes or exemption therefrom is submitted. See Instruction 7 of the Letter of Transmittal.

THE COMPANY MAY BE REQUIRED TO WITHHOLD AND REMIT TO THE INTERNAL REVENUE SERVICE (THE "IRS"), 31% OF THE GROSS PROCEEDS PAID TO ANY TENDERING SHAREHOLDER OR OTHER PAYEE WHO FAILS TO COMPLETE FULLY AND SIGN THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL. SEE SECTION 3.

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6. CERTAIN CONDITIONS OF THE OFFER.

Notwithstanding any other provision of the Offer, the Company shall not be required to accept for payment, purchase or pay for any Shares tendered, and may terminate or amend the Offer or may postpone the acceptance for payment of, the purchase of and the payment for, Shares tendered, subject to Rule 13e-4(f) under the Exchange Act (see Section 14), if at any time on or after January 3, 1994, and at or before the time of purchase of any such Shares, any of the following events shall have occurred (or shall have been determined by the Company to have occurred) which, in the Company's sole judgment in any such case and regardless of the circumstances (including any action or omission to act by the Company), makes it inadvisable to proceed with the Offer or with such purchase or payment:

(a) there shall have been threatened, instituted or pending any action or proceeding by any government or governmental, regulatory or administrative agency or authority or tribunal or any other person, domestic or foreign, or before any court or governmental, regulatory or administrative authority or agency or tribunal, domestic or foreign, which: (1) challenges the making of the Offer, the acquisition of Shares pursuant to the Offer or otherwise relates in any manner to the Offer or (2) in the Company's sole judgment, could materially affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries or materially impair the Offer's contemplated benefits to the Company; or

(b) there shall have been any action threatened or taken, or approval withheld, or any statute, rule, regulation, judgment, order or injunction threatened, proposed, sought, promulgated, enacted, entered, amended, enforced or deemed to be applicable to the Offer or the Company or any of its subsidiaries, by any court or any government or governmental, regulatory or administrative authority or agency or tribunal, domestic or foreign, which, in the Company's sole judgment, would or might directly or indirectly: (1) make the acceptance for payment of, or payment for, some or all of the Shares illegal or otherwise restrict or prohibit consummation of the Offer, (2) delay or restrict the ability of the Company, or render the Company unable, to accept for payment or pay for some or all of the Shares, (3) materially impair the contemplated benefits of the Offer to the Company or (4) materially affect the business, condition (financial or other), income, operations or prospects of the Company and its subsidiaries, taken as a whole, or otherwise materially impair in any way the contemplated future conduct of the business of the Company or any of its subsidiaries; or

(c) there shall have occurred: (1) the declaration of any banking moratorium or suspension of payments in respect of banks in the United States, (2) any general suspension of trading in, or limitation on prices for, securities on any United States national securities exchange or in the over-the-counter market, (3) the commencement of a war, armed hostilities or any other national or international crisis directly or indirectly involving the United States, (4) any limitation (whether or not mandatory) by any governmental, regulatory or administrative agency or authority on, or any event which, in the Company's sole judgment, might affect, the extension of credit by banks or other lending institutions in the United States, (5) any significant decrease in the market price of the Shares or in the general level of market prices of equity securities in the United States or abroad or any change in the general political, market, economic or financial conditions in the United States or abroad that could have a material adverse effect on the Company's business, operations or prospects or the trading in the Shares or that, in the sole judgment of the Company, makes it inadvisable to proceed with the Offer or (6) in the case of any of the foregoing existing at the time of the commencement of the Offer, in the Company's sole judgment, a material acceleration or worsening thereof; or

(d) any change shall have occurred or be threatened in the business, condition (financial or other), income, operations, Share ownership or prospects of the Company and its subsidiaries, taken as a whole, which, in the Company's sole judgment, is or may be material to the Company or any other event shall have occurred which, in the Company's sole judgment, materially impairs the Offer's contemplated benefits; or

(e) a tender or exchange offer for any or all of the Shares (other than the Offer), or any merger, business combination or other similar transaction with or involving the Company or any subsidiary, shall have been proposed, announced or made by any person; or

(f) (i) any entity, "group" (as that term is used in Section 13(d) (3) of the Exchange Act) or person shall have acquired or proposed to acquire beneficial ownership of more than 5% of the outstanding Shares (other than any such person, entity or group who have filed a Schedule 13D or Schedule 13G with the Securities and Exchange Commission (the "Commission") on or before January 3, 1994), (ii) any such entity, group or person who have filed a Schedule 13D or Schedule 13G with the Commission on or before January 3, 1994 shall have acquired or proposed to acquire beneficial ownership of an additional 2% or more of the outstanding Shares or (iii) any person, entity or group shall have filed a Notification and Report Form under the Hart Scott Rodino Antitrust Improvements Act of 1976 or made a public announcement reflecting an intent to acquire the Company or any of its subsidiaries or any of their respective assets or securities other than in connection with a transaction authorized by the Board of Directors of the Company with respect to the sale of any of the four Non-Drugstore Businesses.

The foregoing conditions are for the Company's sole benefit and may be asserted by the Company regardless of the circumstances giving rise to any such condition (including any action or inaction by the Company) or may be waived by the Company in whole or in part. The Company's failure at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time. Any determination by the Company concerning the events described in this Section 6 shall be final and shall be binding on all parties.

7. PRICE RANGE OF SHARES; DIVIDENDS.

The Shares are traded principally on the NYSE and are also traded on the Pacific Stock Exchange, Incorporated (the "PSE"), in each case under the symbol "RAD." The following table sets forth for the calendar periods indicated the high and low closing per Share sales prices on the NYSE Composite Tape as reported in published financial sources and the dividends paid per Share:

<TABLE>
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	HIGH	LOW	DIVIDENDS
	-----	-----	-----
<S>	<C>	<C>	<C>

1992:				
1st Quarter.....	\$22 1/2	\$20 5/8	0.1375	
2nd Quarter.....	22 1/8	19 3/8	0.1375	
3rd Quarter.....	23	19 3/8	0.1375	
4th Quarter.....	24	21 1/4	0.1375	
1993:				
1st Quarter.....	21 1/2	19 3/8	0.1500	
2nd Quarter.....	19 3/8	17 1/2	0.1500	
3rd Quarter.....	18 3/4	15 1/4	0.1500	
4th Quarter.....	16 1/2	15 1/4	0.1500	
1994:				
1st Quarter (through January 7).....	18 5/8	16 3/8	0.1500	

</TABLE>

On January 6, 1994, the last trading day prior to the announcement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$17 1/8. On January 7, 1994, the last full trading day prior to the commencement of the Offer, the closing per Share sales price as reported on the NYSE Composite Tape was \$18 5/8. THE COMPANY URGES SHAREHOLDERS TO OBTAIN CURRENT QUOTATIONS OF THE MARKET PRICE OF THE SHARES.

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8. INTEREST OF DIRECTORS AND EXECUTIVE OFFICERS; TRANSACTIONS AND ARRANGEMENTS CONCERNING THE SHARES.

As of January 7, 1994, the Company's directors and executive officers as a group beneficially owned (including pursuant to options) an aggregate of 5,518,371 Shares (approximately 6.1% of the outstanding Shares including Shares issuable upon the exercise of options). Such ownership includes 1,682,500 Shares (approximately 1.9% of the outstanding Shares including Shares issuable upon the exercise of options) as of January 7, 1994 subject to stock options which are held by directors and executive officers. If the Company purchases 22,000,000 Shares (or approximately 25% of the Shares outstanding at January 7, 1994) pursuant to the Offer and no executive officer or director tenders Shares pursuant to the Offer, then after the purchase of Shares pursuant to the Offer, the Company's executive officers and directors as a group would beneficially own approximately 8.1% of the outstanding Shares including Shares issuable upon the exercise of options. The Company has been advised that no director or executive officer of the Company intends to tender any Shares pursuant to the Offer.

Based upon the Company's records and upon information provided to the Company by its directors, executive officers and affiliates, neither the Company nor any of its subsidiaries nor, to the best of the Company's knowledge, any of the directors or executive officers of the Company, nor any associates of any of the foregoing, has effected any transactions in the Shares during the 40 business day period prior to the date hereof.

Except as set forth in this Offer to Purchase, neither the Company nor, to the best of the Company's knowledge, any of its affiliates, directors or executive officers, or any of the executive officers or directors of its subsidiaries, is a party to any contract, arrangement, understanding or relationship with any other person relating, directly or indirectly, to the Offer with respect to any securities of the Company (including, but not limited to, any contract, arrangement, understanding or relationship concerning the transfer or the voting of any such securities, joint ventures, loan or option arrangements, puts or calls, guaranties of loans, guaranties against loss or the giving or withholding of proxies, consents or authorizations).

9. SOURCE AND AMOUNT OF FUNDS.

Assuming that the Company purchases 22,000,000 Shares pursuant to the Offer at a Purchase Price of \$18.50 per Share, the Company expects the maximum aggregate cost, including all fees and expenses applicable to the Offer, to be approximately \$409,000,000. The Company plans to obtain all funds needed for the Offer through unsecured borrowings from a syndicate of financial institutions led by Morgan Guaranty Trust Company of New York ("Morgan"). Morgan has committed to provide the Company with a \$250 million 364-day revolving credit facility (the "\$250 Million Facility") and a \$350 million five-year revolving credit facility (the "\$350 Million Facility," and collectively with the \$250 Million Facility, the "Credit Facilities"). This commitment is subject to the negotiation, execution and delivery of mutually acceptable definitive loan documentation. A copy of the commitment letter is filed as an Exhibit to the Schedule 13E-4 and is incorporated herein by reference. The Credit Facilities will replace existing \$100 million and \$300 million credit agreements.

Loans made under the Credit Facilities will bear interest, at the Company's option, (a) at a rate equal to the sum of the applicable margin and (i) the London inter-bank offered rate ("LIBOR"), (ii) certificate of deposit rate ("CD") or (iii) Base Rate (the greater of Morgan's prime rate and the sum of federal funds rate and 50 basis points), or (b) at a rate determined by a competitive bid system among the financial institutions party to the Credit Facilities. The interest rate for LIBOR and CD loans varies with the interest period chosen by the Company: the Company may choose interest periods of, in the case of LIBOR, one, two, three or six months, and in the case of CD, 30, 60, 90 or 180 days. The current interest rate for three month LIBOR is approximately 3.37% per annum and for 90 day CD is approximately 3.25% per annum. Morgan's current prime rate is 5.50% per annum.

The applicable margins and certain fees payable by the Company are subject to adjustment based on the Company's rating from time to time by Standard & Poors Corporation and Moody's Investors Service, Inc. The margin on loans made pursuant to the \$250 Million Facility ranges, in the case of LIBOR, from 27 to 75 basis points, and in the case of CD, from 39.5 to 67.5 basis points. The margin on loans made pursuant to

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the \$350 Million Facility ranges, in the case of LIBOR, from 25 to 75 basis points, and in the case of CD, from 37.5 to 67.5 basis points. No margin is payable under either of the Credit Facilities for loans bearing interest at the Base Rate. The Company will pay a utilization fee of 6.25 basis points per annum on all borrowings in excess of 50% of either Credit Facility. The Company will also pay facility fees (ranging from 8 to 20 basis points per annum) and fees on the commitment (ranging from zero to five basis points per annum) and the unused portion of the Credit Facilities (ranging from 8 to 25 basis points per annum).

The Credit Facilities will include representations and warranties, covenants, events of default and other terms customary to financings of this type.

The Company expects to repay the borrowings used to purchase Shares pursuant to the Offer through, depending on business and market conditions, public or private offerings of securities, additional bank borrowings, internally generated funds, the proceeds of the sales of the Non-Drugstore Businesses or other financings, or such combination of the foregoing as the Company may deem appropriate. See "Pro Forma Financial Information" for further information concerning the assumed cost of funds for the Offer.

10. BACKGROUND AND PURPOSE OF THE OFFER; CERTAIN INFORMATION ABOUT THE COMPANY.

Rite Aid Corporation operates one of the nation's largest chain of drugstores, serving customers at 2,679 convenient locations in 23 eastern states. Personal pharmacy service is the cornerstone of Rite Aid's business, with prescription sales currently totaling over 50% of drugstore sales. Other shopping advantages include an extensive selection of personal care items, over-the-counter medications, seasonal merchandise and a quality line of Rite Aid brand products.

Rite Aid's Non-Drugstore Businesses are operated through the Specialty Retailing Division and the Medical Services Division. The Specialty Retailing Division includes American Discount Auto Parts, with 95 retail stores in six New England states, Encore Books with 103 stores in six mid-Atlantic states, and Concord Custom Cleaners with 170 dry cleaning locations in 11 midwestern and southeastern states.

The Medical Services Division consists of Sera-Tec Biologicals with 33 plasma collection centers that provide plasma for medical, diagnostic and therapeutic use.

The Company's principal executive offices are located at 30 Hunter Lane, Camp Hill, Pa. 17011, and the Company's telephone number is (717) 761-2633.

The Offer is a part of a major restructuring by the Company. The Company has authorized the sale of its four Non-Drugstore Businesses resulting in an after-tax reserve of \$25.6 million for the loss on the disposal of these discontinued operations and the closing of 200 underperforming drugstores and the disposition of other assets causing a pre-tax charge of \$149.2 million. The Company is making the Offer because the Board of Directors believes that, given the Company's businesses, assets and prospects and the current market price of

the Shares, the purchase of the Shares pursuant to the Offer is an attractive investment for the Company. No agreement exists between the Company and any prospective purchaser concerning such planned dispositions. Any such sales would also be subject to the identification of persons willing to purchase one or more of the Non-Drugstore Businesses at prices and upon other terms deemed acceptable by the Company, as well as the negotiation of definitive agreements.

The Offer, the sale of the Non-Drugstore Businesses and the closing of 200 underperforming drugstores are intended to enhance shareholder value. Moreover, the disposition of the Non-Drugstore Businesses will allow the Company better to focus its resources on the Company's Drugstore business.

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In connection with the Offer, the Company's Board authorized the Company to adjust the exercise price of its outstanding employee stock options, as of the consummation of the Offer, to equal the Purchase Price.

The Offer provides shareholders who are considering a sale of all or a portion of their Shares the opportunity to determine the price or prices (not greater than \$18.50 nor less than \$16.00 per Share) at which they are willing to sell their Shares and, if any such Shares are purchased pursuant to the Offer, to sell those Shares for cash without the usual transaction costs associated with open-market sales. The Offer also allows shareholders to sell a portion of their Shares while retaining a continuing equity interest in the Company if they so desire. Any shareholders owning an aggregate of less than 100 Shares whose Shares are purchased pursuant to the Offer not only will avoid any payment of brokerage commissions, but also will avoid any applicable odd lot discounts payable on sales of odd lots on a stock exchange, including the NYSE. The Offer also gives shareholders the opportunity to sell Shares at prices greater than market prices prevailing prior to announcement of the Offer. To the extent the purchase of Shares in the Offer results in a reduction in the number of shareholders of record, the costs of the Company for services to shareholders may be reduced.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY RECOMMENDATION TO ANY SHAREHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM TENDERING ANY OR ALL OF SUCH SHAREHOLDER'S SHARES AND HAS NOT AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. SHAREHOLDERS ARE URGED TO EVALUATE CAREFULLY ALL INFORMATION IN THE OFFER, CONSULT THEIR OWN INVESTMENT AND TAX ADVISORS AND MAKE THEIR OWN DECISIONS WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH SHARES SHOULD BE TENDERED.

Following completion of the Offer, the Company may repurchase additional Shares in the open market, in privately negotiated transactions or otherwise. Any such purchases may be on the same terms or on terms which are more or less favorable to shareholders than the terms of the Offer. Rule 13e-4 under the Exchange Act prohibits the Company and its affiliates from purchasing any Shares, other than pursuant to the Offer, until at least ten business days after the Expiration Date. Any possible future purchases by the Company will depend on many factors, including the market price of the Shares, the results of the Offer, the Company's business and financial position and general economic and market conditions.

Shares the Company acquires pursuant to the Offer will be held in the Company's treasury and will be available for the Company to issue without further shareholder action (except as required by applicable law or the rules of the securities exchanges on which the Shares are listed). Such Shares could be issued without shareholder approval for such purposes as, among others, the acquisition of other businesses, the raising of additional capital for use in the Company's business, the distribution of stock dividends and the implementation of employee benefit plans.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Set forth below is certain summary historical consolidated financial information of the Company. The summary financial information is derived from the audited consolidated financial statements as reported in the Company's Annual Report and Form 10-K for the years ended February 27, 1993 and February 29, 1992 and the unaudited consolidated financial statements as reported in the Company's Quarterly Report on Form 10-Q for the period ended November 27, 1993. More comprehensive financial information is included in such reports, and the financial information that follows is qualified by reference to such documents and all of the financial statements and related notes contained therein.

RITE AID CORPORATION

SUMMARY HISTORICAL FINANCIAL INFORMATION
(IN MILLIONS, EXCEPT PER SHARE AND RATIO AMOUNTS)<TABLE>
<CAPTION>

	YEAR ENDED		39 WEEKS ENDED	
	FEBRUARY 27, 1993	FEBRUARY 29, 1992	NOVEMBER 27, 1993	NOVEMBER 28, 1992
<S>	<C>	<C>	<C>	<C>
SUMMARY OF CONSOLIDATED INCOME:				
Net sales.....	\$ 4,085	\$ 3,748	\$ 3,181	\$ 2,977
Cost of goods sold and operating expenses.....	3,837	3,505	3,022	2,811
Operating income.....	248	243	159	166
Interest expense.....	33	41	24	25
Income before income taxes.....	215	202	135	141
Income taxes.....	82	78	54	54
Net income.....	\$ 133	\$ 124	\$ 81	\$ 87
Per share:				
Net income.....	\$ 1.51	\$ 1.43	\$.92	\$.99
Net book value.....	\$ 11.76	\$ 10.82	\$ 12.23	\$ 11.40
Common dividends.....	\$.5625	\$.5125	\$.4500	\$.4125
Weighted average number of common shares outstanding (thousands).....	87,933	86,917	88,079	87,899
Ratio of earnings to fixed charges.....	3.78	3.47	3.28	3.45
SUMMARY OF CONSOLIDATED FINANCIAL POSITION:				
Total current assets.....	\$ 1,092	\$ 1,013	\$ 1,201	\$ 1,127
Total current liabilities.....	281	290	346	306
Total intangible assets.....	146	146	141	146
Total assets.....	1,875	1,734	2,055	1,894
Debt due after one year.....	489	428	558	517
Total liabilities.....	839	784	977	890
Common stockholders' equity.....	1,036	950	1,078	1,004

</TABLE>

PRO FORMA FINANCIAL INFORMATION

The following unaudited Pro Forma financial information reflects transactions regarding the restructuring program, including consummation of the Offer on the basis of stock repurchase prices of \$16.00 and \$18.50 per Share, reclassification of Rite Aid's four Non-Drugstore Businesses to discontinued operations, closure of 200 underperforming drugstores and disposition of other assets. The Unaudited Pro Forma Consolidated Statements of Earnings give effect to such transactions as if they had occurred at the beginning of the periods presented. The Unaudited Pro Forma Consolidated Statements of Financial Position give effect to the transactions as if they had occurred on the respective Consolidated Statements of Financial Position dates. The Pro Forma information should be read in conjunction with the summary historical financial information and does not purport to be indicative of the results which may be obtained in the future or which would actually have been obtained had the Offer and the divestitures occurred as of the dates indicated.

RITE AID CORPORATION

SUMMARY UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS

(IN MILLIONS, EXCEPT PER SHARE AND RATIO AMOUNTS)

<TABLE>

<CAPTION>

	39 WEEKS ENDED NOVEMBER 27, 1993	ADJUSTMENTS FOR		PRO FORMA 39 WEEKS ENDED NOVEMBER 27, 1993	@ \$16.00 PER SHARE	
		DISCONTINUED OPERATIONS (A)	CORPORATE RESTRUCTURING (B)		PRO FORMA ADJUSTMENTS FOR SHARES REPURCHASED (C)	PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET SALES						
Retail drug.....	\$2,982			\$2,982		\$ 2,982
Specialty retailing.....	153	\$(153)				
Medical services.....	46	(46)				
Total.....	3,181	(199)		2,982		2,982
COST OF GOODS SOLD AND OPERATING EXPENSES						
Retail drug.....	2,839		\$ 149	2,988		2,988
Specialty retailing.....	144	(144)				
Medical services.....	39	(39)				
Total.....	3,022	(183)	149	2,988		2,988
Operating income (loss)....	159	(16)	(149)	(6)		(6)
Interest expense.....	24	(4)		20	\$ 17	37
Income (loss) from continuing operations before income taxes.....	135	(12)	(149)	(26)	(17)	(43)
Income taxes (benefit).....	54	(4)	(58)	(8)	(7)	(15)
Income from continuing operations.....	81	(8)	(91)	(18)	(10)	(28)
DISCONTINUED OPERATIONS, NET OF INCOME TAXES						
Income from operations...		8		8		8
Loss on disposal.....		(26)		(26)		(26)
Net income (loss).....	\$ 81	\$(26)	\$(91)	\$(36)	\$(10)	\$(46)
EARNINGS (LOSS) PER SHARE						
Continuing operations....	\$.92	\$(.09)	\$(1.03)	\$(.20)		\$(.43)
Discontinued operations.....		(.21)		(.21)		(.27)
Net income (loss).....	\$.92	\$(.30)	\$(1.03)	\$(.41)		\$(.70)
Average Common Shares						
Outstanding (thousands).....	88,079			88,079	(22,000)	66,079
Ratio of earnings from continuing operations to fixed charges.....	3.28			.50		.38
Ratio of earnings from continuing operations to fixed charges excluding restructuring charge.....	3.28			3.37		2.54

<CAPTION>

	@ \$18.50 PER SHARE	
	PRO FORMA ADJUSTMENTS FOR SHARES REPURCHASED (C)	PRO FORMA
<S>	<C>	<C>
NET SALES		
Retail drug.....		\$ 2,982
Specialty retailing.....		

Medical services.....		-----	
Total.....		-----	2,982

COST OF GOODS SOLD AND OPERATING EXPENSES			
Retail drug.....			2,988
Specialty retailing.....			
Medical services.....			
Total.....		-----	2,988

Operating income (loss)....			(6)
Interest expense.....\$	19		39
	-----	-----	
Income (loss) from continuing operations before income taxes.....	(19)		(45)
Income taxes (benefit).....	(8)		(16)
	-----	-----	
Income from continuing operations.....	(11)		(29)
DISCONTINUED OPERATIONS, NET OF INCOME TAXES			
Income from operations...			8
Loss on disposal.....			(26)
	-----	-----	
Net income (loss).....\$	(11)	\$	(47)
	-----	-----	
	-----	-----	
EARNINGS (LOSS) PER SHARE			
Continuing operations....		\$	(.44)
Discontinued operations.....			(.27)

Net income (loss).....		\$	(.71)

Average Common Shares			
Outstanding (thousands).....	(22,000)		66,079
Ratio of earnings from continuing operations to fixed charges.....			.37
Ratio of earnings from continuing operations to fixed charges excluding restructuring charge....			2.46

</TABLE>

See "Notes to the Unaudited Pro Forma Financial Information".

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RITE AID CORPORATION

SUMMARY UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED FEBRUARY 27, 1993

(IN MILLIONS, EXCEPT PER SHARE AND RATIO AMOUNTS)

<TABLE>
<CAPTION>

					@ \$16.00 PER SHARE	

	YEAR ENDED	ADJUSTMENTS FOR		PRO FORMA	PRO FORMA	
	FEBRUARY 27,	DISCONTINUED	CORPORATE	YEAR ENDED	ADJUSTMENTS	
	1993	OPERATIONS (A)	RESTRUCTURING (B)	FEBRUARY 27,	FOR SHARES	
				1993	REPURCHASED (C)	PRO FORMA
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
NET SALES						
Retail drug.....	\$3,834			\$3,834		\$ 3,834
Specialty retailing.....	190	\$ (190)				
Medical services.....	61	(61)				
	-----	-----		-----		-----

Total.....	4,085	(251)		3,834		3,834
COST OF GOODS SOLD AND OPERATING EXPENSES						
Retail drug.....	3,603		\$ 149	3,752		3,752
Specialty retailing.....	181	(181)				
Medical services.....	53	(53)				
Total.....	3,837	(234)	149	3,752		3,752
Operating income (loss).....	248	(17)	(149)	82		82
Interest expense.....	33	(4)		29	\$ 22	51
Income (loss) from continuing operations						
before income taxes.....	215	(13)	(149)	53	(22)	31
Income taxes (benefit).....	82	(5)	(58)	19	(8)	11
Income from continuing operations.....	133	(8)	(91)	34	(14)	20
DISCONTINUED OPERATIONS, NET OF INCOME TAXES						
Income from operations....		8		8		8
Loss on disposal.....		(26)		(26)		(26)
Net income (loss).....	\$ 133	\$ (26)	\$ (91)	\$ 16	\$ (14)	\$ 2
EARNINGS (LOSS) PER SHARE						
Continuing operations.....	\$ 1.51	\$ (.09)	\$ (1.03)	\$.39		\$.30
Discontinued operations...		(.21)		(.21)		(.27)
Net income (loss).....	\$ 1.51	\$ (.30)	\$ (1.03)	\$.18		\$.03
Average Common Shares						
Outstanding (thousands)...	87,933			87,933	(22,000)	65,933
Ratio of earnings from continuing operations to fixed charges.....	3.78			1.78		1.34
Ratio of earnings from continuing operations to fixed charges excluding restructuring charge.....	3.78			3.97		3.00

<CAPTION>

@ \$18.50 PER SHARE

PRO FORMA
ADJUSTMENTS
FOR SHARES
REPURCHASED (C) PRO FORMA

<S>	<C>	<C>
NET SALES		
Retail drug.....		\$ 3,834
Specialty retailing.....		
Medical services.....		
Total.....		3,834
COST OF GOODS SOLD AND OPERATING EXPENSES		
Retail drug.....		3,752
Specialty retailing.....		
Medical services.....		
Total.....		3,752
Operating income (loss).....		82
Interest expense.....\$	25	54
Income (loss) from continuing operations		
before income taxes.....	(25)	28
Income taxes (benefit).....	(10)	9

Income from continuing operations.....	(15)	19
DISCONTINUED OPERATIONS, NET OF INCOME TAXES		
Income from operations....		8
Loss on disposal.....		(26)
	-----	-----
Net income (loss).....\$	(15)	\$ 1
	-----	-----
EARNINGS (LOSS) PER SHARE		
Continuing operations.....		\$.29
Discontinued operations...		(.27)

Net income (loss).....		\$.02

Average Common Shares		
Outstanding (thousands)...	(22,000)	65,933
Ratio of earnings from continuing operations to fixed charges.....		1.30
Ratio of earnings from continuing operations to fixed charges excluding restructuring charge.....		2.90

</TABLE>

See "Notes to the Unaudited Pro Forma Financial Information".

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RITE AID CORPORATION

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
NOVEMBER 27, 1993

(IN MILLIONS, EXCEPT PER SHARE AND RATIO AMOUNTS)

<TABLE>

<CAPTION>

	NOVEMBER 27, 1993	ADJUSTMENTS FOR			PRO FORMA NOVEMBER 27, 1993	@ \$16.00 PER SHARE	
		DISCONTINUED OPERATIONS (A)	RESERVE FOR DISPOSAL (A)	CORPORATE RESTRUCTURING (B)		PRO FORMA ADJUSTMENTS FOR SHARES REPURCHASED (C)	PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Cash.....	\$ 7	\$ (4)			\$ 3		\$ 3
Accounts and notes receivable.....	209	(10)			199		199
Inventories.....	962	(83)			879		879
Prepaid expenses.....	23	(2)			21		21
	-----	-----			-----		-----
Total current assets.....	1,201	(99)			1,102		1,102
Property, plant and equipment.....	1,251	(88)			1,163		1,163
Accumulated depreciation and amortization.....	580	(34)			546		546
	-----	-----			-----		-----
Property, plant and equipment, net.....	671	(54)			617		617
Excess cost over underlying equity in subsidiaries.....	36	(20)			16		16
Lease acquisition costs.....	105	(4)			101		101
	-----	-----			-----		-----
Total intangibles.....	141	(24)			117		117
Other assets.....	42	(2)			40		40
Net assets of							

discontinued operations.....	157	\$ (42)		115		115
Total assets.....	\$ 2,055	\$ (22)	\$ (42)	\$1,991		\$ 1,991
Current maturities of long-term debt.....	\$ 31			\$ 31		\$ 31
Accounts payable.....	238	\$ (12)		226		226
Income taxes.....	29	(3)		26		26
Accrued expenses.....	48	(3)		45		45
Total current liabilities.....	346	(18)		328		328
Long-term debt less current maturities.....	558			558	\$ 352	910
Restructuring reserve.....			\$149	149		149
Deferred income taxes.....	73	(4)	\$ (16)	(58)	(5)	(5)
Total liabilities.....	977	(22)	(16)	91	1,030	352
Common stock.....	90			90		90
Additional paid-in capital.....	60			60		60
Retained earnings.....	949		(26)	(91)	832	832
Treasury stock.....	(21)				(21)	(373)
Total stockholders' equity.....	1,078		(26)	(91)	961	(352)
Total liabilities and stockholders' equity.....	\$ 2,055	\$ (22)	\$ (42)	\$ --	\$1,991	\$ --
Working capital.....	\$ 855			\$ 774		\$ 774
Total debt.....	\$ 589			\$ 589		\$ 941
Book value per share.....	\$ 12.23			\$10.91		\$ 9.22
Debt/Debt and Equity.....	35.3%			38.0%		60.7%
Pro Forma Total Debt (d).....						\$ 816
Pro Forma Debt/Pro Forma Debt and Equity (d).....						57.3%

<CAPTION>

@ \$18.50 PER SHARE

PRO FORMA
ADJUSTMENTS
FOR SHARES
REPURCHASED (C) PRO FORMA

<S>	<C>	<C>
Cash.....		\$ 3
Accounts and notes receivable.....		199
Inventories.....		879
Prepaid expenses.....		21
Total current assets.....		1,102
Property, plant and equipment.....		1,163
Accumulated depreciation and amortization.....		546
Property, plant		

and equipment, net.....		617
Excess cost over underlying equity in subsidiaries.....		16
Lease acquisition costs.....		101

Total intangibles.....		117
Other assets.....		40
Net assets of discontinued operations.....		115

Total assets.....		\$ 1,991

Current maturities of long-term debt.....	\$	31
Accounts payable.....		226
Income taxes.....		26
Accrued expenses.....		45

Total current liabilities.....		328
Long-term debt less current maturities.....\$	407	965
Restructuring reserve.....		149
Deferred income taxes.....		(5)

Total liabilities.....	407	1,437
Common stock.....		90
Additional paid-in capital.....		60
Retained earnings.....		832
Treasury stock.....	(407)	(428)

Total stockholders' equity.....	(407)	554

Total liabilities and stockholders' equity.....\$	--	\$ 1,991

Working capital.....	\$	774
Total debt.....	\$	996
Book value per share.....	\$	8.38
Debt/Debt and Equity.....		64.3%
Pro Forma Total Debt (d).....	\$	871
Pro Forma Debt/Pro Forma Debt and Equity (d).....		61.1%

</TABLE>

See "Notes to the Unaudited Pro Forma Financial Information".

(IN MILLIONS, EXCEPT PER SHARE AND RATIO AMOUNTS)

<TABLE>
<CAPTION>

	ADJUSTMENTS FOR				@ \$16.00 PER SHARE		
	FEBRUARY 27 1993	DISCONTINUED OPERATIONS (A)	RESERVE FOR DISPOSAL (A)	CORPORATE RESTRUCTURING (B)	PRO FORMA FEBRUARY 27 1993	PRO FORMA ADJUSTMENT FOR SHARES REPURCHASED (C)	PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Cash.....	\$ 5	\$ (3)			\$ 2		\$ 2
Accounts and notes receivable.....	196	(10)			186		186
Inventories.....	863	(71)			792		792
Prepaid expenses.....	28	(1)			27		27
Total current assets.....	1,092	(85)			1,007		1,007
Property, plant and equipment.....	1,132	(78)			1,054		1,054
Accumulated depreciation and amortization.....	533	(30)			503		503
Property, plant and equipment, net.....	599	(48)			551		551
Excess cost over underlying equity in subsidiaries.....	37	(21)			16		16
Lease acquisition costs.....	109	(4)			105		105
Total intangibles.....	146	(25)			121		121
Other assets.....	38	(3)			35		35
Net assets of discontinued operations.....		143	\$ (42)		101		101
Total assets.....	\$ 1,875	\$ (18)	\$ (42)		\$1,815		\$ 1,815
Current maturities of long-term debt.....	\$ 31				\$ 31		\$ 31
Accounts payable.....	175	\$ (7)			168		168
Income taxes.....	36	(4)			32		32
Accrued expenses.....	39	(3)			36		36
Total current liabilities.....	281	(14)			267		267
Long-term debt less current maturities...	489				489	\$ 352	841
Restructuring reserve.....				\$149	149		149
Deferred income taxes.....	69	(4)	\$ (16)	(58)	(9)		(9)
Total liabilities.....	839	(18)	(16)	91	896	352	1,248
Common stock.....	90				90		90
Additional paid-in capital.....	59				59		59
Retained earnings.....	908		(26)	(91)	791		791
Treasury stock.....	(21)				(21)	(352)	(373)
Total stockholders' equity.....	1,036		(26)	(91)	919	(352)	567
	\$ 1,875	\$ (18)	\$ (42)	\$ --	\$1,815	\$ --	\$ 1,815
Working capital.....	\$ 811				\$ 740		\$ 740
Total debt.....	\$ 520				\$ 520		\$ 872
Book value per share...	\$ 11.76				\$10.44		\$ 8.59
Debt/Debt and Equity...	33.4%				36.1%		60.6%

Pro Forma Total
 Debt (d).....
 Pro Forma Debt/Pro
 Forma Debt and
 Equity(d).....

\$ 747

56.8%

<CAPTION>

@ \$18.50 PER SHARE

 PRO FORMA
 ADJUSTMENT
 FOR SHARES
 REPURCHASED (C) PRO FORMA

<S>	<C>	<C>
Cash.....		\$ 2
Accounts and notes receivable.....		186
Inventories.....		792
Prepaid expenses.....		27

Total current assets.....		1,007
Property, plant and equipment.....		1,054
Accumulated depreciation and amortization.....		503

Property, plant and equipment, net.....		551
Excess cost over underlying equity in subsidiaries.....		16
Lease acquisition costs.....		105

Total intangibles.....		121
Other assets.....		35
Net assets of discontinued operations.....		101

Total assets.....		\$ 1,815

Current maturities of long-term debt.....		\$ 31
Accounts payable.....		168
Income taxes.....		32
Accrued expenses.....		36

Total current liabilities.....		267
Long-term debt less current maturities...\$	407	896
Restructuring reserve.....		149
Deferred income taxes.....		(9)

Total liabilities.....	407	1,303
Common stock.....		90
Additional paid-in capital.....		59
Retained earnings.....		791
Treasury stock.....	(407)	(428)

Total stockholders' equity.....	(407)	512

	\$ --	\$ 1,815

Working capital.....		\$ 740

Total debt.....	\$ 927
Book value per share...	\$ 7.75
Debt/Debt and Equity...	64.4%
Pro Forma Total	
Debt(d).....	\$ 802
Pro Forma Debt/Pro	
Forma Debt and	
Equity(d).....	61.0%

</TABLE>

See "Notes to the Unaudited Pro Forma Financial Information".

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NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

(a) The adjustments for discontinued operations reflect the planned sale of Rite Aid's four Non-Drugstore businesses which include American Discount Auto Parts, Encore Books, Concord Custom Cleaners and Sera-Tec Biologicals. The resulting loss on disposition of these operations is estimated to be \$26 million, net of income tax benefit of \$16 million.

(b) The corporate restructuring adjustment is a pre-tax \$149 million charge for the closing of 200 under-performing drugstores and the disposition of other assets.

(c) The adjustments for shares repurchased give effect to the purchase of 22,000,000 shares at \$16.00 and \$18.50 per share, excluding related fees and expenses. The adjustments also reflect the effect of borrowing the full purchase price of the shares at an assumed rate of 6.25%. The 6.25% is a blended rate based upon the Company's intention, at some future time, to finance a portion of the additional debt on a long-term basis. Additionally, interest savings have been imputed on dividends that would have not been paid as a result of the shares repurchased, calculated at a weighted average commercial paper rate.

(d) Pro Forma Total Debt and Pro Forma Debt/Pro Forma Debt and Equity reflect the reduction of debt with assumed net proceeds of \$125 million from the sale of the Non-Drugstore businesses. No agreement exists between the Company and any prospective purchaser concerning such planned disposition. No assurances can be given as to the amount or timing of the receipt of any proceeds of any such planned dispositions. See Section 10.

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Additional Information. The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files periodic reports, proxy statements and other information with the Commission relating to its business, financial condition and other matters. The Company is required to disclose in such proxy statements and reports certain information, as of particular dates, concerning the Company's directors and officers, their remuneration, stock options granted to them, the principal owners of the Company's securities and any material interest of such persons in transactions with the Company. The Company has also filed an Issuer Tender Offer Statement on Schedule 13E-4 (the "Schedule 13E-4") with the Commission, which includes certain additional information relating to the Offer.

Such material may be inspected at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection and copying at the following regional offices of the Commission: Seven World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison, Suite 1400, Chicago, Illinois 60661. Reports, proxy materials and other information about the Company are also available at the offices of the NYSE, 20 Broad Street, New York, New York 10005 and the PSE, 301 Pine Street, San Francisco, California 94104. Copies may also be obtained by mail for prescribed rates from the Commission's Public Reference Room, 450 Fifth Street, N.W., Washington, D.C. 20549. The Schedule 13E-4 will not be available at the Commission's regional offices.

11. EFFECTS OF THE OFFER ON THE MARKET FOR SHARES; REGISTRATION UNDER THE EXCHANGE ACT.

The Company's purchase of Shares pursuant to the Offer will reduce the

number of Shares that might otherwise trade publicly and is likely to reduce the number of shareholders. Nonetheless, the Company anticipates that there will still be a sufficient number of Shares outstanding and publicly traded following the Offer to ensure a continued trading market in the Shares. Based on the published guidelines of the NYSE and the PSE, the Company does not believe that its purchase of Shares pursuant to the Offer will cause its remaining shares to be delisted from any such exchange.

The Shares are currently "margin securities" under the rules of the Federal Reserve Board. This has the effect, among other things, of allowing brokers to extend credit on the collateral of the Shares. The Company believes that, following the repurchase of Shares pursuant to the Offer, the Shares will continue to be "margin securities" for purposes of the Federal Reserve Board's margin regulations.

The Shares are registered under the Exchange Act which requires, among other things, that the Company furnish certain information to its shareholders and to the Commission and comply with the Commission's proxy rules in connection with meetings of the Company's shareholders. The Company believes that its purchase of Shares pursuant to the Offer will not result in the Shares becoming eligible for deregistration under the Exchange Act.

12. CERTAIN LEGAL MATTERS; REGULATORY APPROVALS.

The Company is not aware of any license or regulatory permit that appears to be material to its business that might be adversely affected by its acquisition of Shares as contemplated in the Offer or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the Company's acquisition or ownership of Shares as contemplated by the Offer. Should any such approval or other action be required, the Company currently contemplates that it will seek such approval or other action. The Company cannot predict whether it may determine that it is required to delay the acceptance for payment of, or payment for, Shares tendered pursuant to the Offer pending the outcome of any such matter. There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company's business. The Company's obligations under the Offer to accept for payment and pay for Shares are subject to certain conditions. See Section 6.

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13. CERTAIN FEDERAL INCOME TAX CONSEQUENCES.

The following summary is a general discussion of certain of the United States federal income tax consequences of the Offer. This summary is based upon laws, regulations, rulings and decisions now in effect, all of which are subject to change, possibly retroactively. No ruling as to any matter discussed in this summary has been requested or received from the IRS.

EACH SHAREHOLDER IS URGED TO CONSULT AND RELY ON THE SHAREHOLDER'S OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO THE SHAREHOLDER OF TENDERING SHARES PURSUANT TO THE OFFER.

In General. A shareholder's exchange of Shares for cash pursuant to the Offer will be a taxable transaction for federal income tax purposes, and may also be a taxable transaction under applicable state, local, foreign or other tax laws. This summary does not discuss any aspects of state, local, foreign or other tax laws. Certain shareholders (including insurance companies, tax-exempt organizations, financial institutions, broker dealers and shareholders who have acquired their Shares upon the exercise of options or otherwise as compensation) may be subject to special rules not discussed below. For purposes of this discussion, shareholders are assumed to hold their Shares as capital assets.

Treatment as a Sale or Exchange. Under Section 302 of the Internal Revenue Code of 1986, as amended (the "Code"), a transfer of Shares to the Company pursuant to the Offer will, as a general rule, be treated as a sale or exchange of the Shares (rather than as a corporate distribution) if the receipt of cash upon the sale (a) is "substantially disproportionate" with respect to the shareholder, (b) results in a "complete termination" of the shareholder's interest in the Company or (c) is "not essentially equivalent to a dividend" with respect to the shareholder. These tests (the "Section 302 tests") are explained more fully below.

If any of the Section 302 tests is satisfied, a tendering shareholder will recognize capital gain or loss equal to the difference between the amount of cash received by the shareholder pursuant to the Offer and the shareholder's basis in the Shares sold pursuant to the Offer. If the Shares have been held for more than one year, the gain or loss will be long-term capital gain or loss. Therefore, a tendering Shareholder may wish to take the various bases and holding periods of his Shares, if such characteristics are not uniform, into account in determining which Shares to tender.

Constructive Ownership of Stock. In determining whether any of the Section 302 tests is satisfied, a shareholder must take into account not only Shares actually owned by the shareholder, but also Shares that are constructively owned pursuant to Section 318 of the Code. Under Section 318, a shareholder may constructively own Shares actually owned, and in some cases constructively owned, by certain related individuals and entities in which the shareholder has an interest, or, in the case of shareholders that are entities, by certain individuals or entities that have an interest in the shareholder, as well as any Shares the shareholder has a right to acquire by exercise of an option or by the conversion or exchange of a security, such as the Convertible Securities. With respect to option and convertible security attribution, the IRS takes the position that Shares constructively owned by a shareholder by reason of a right on the shareholder's part to acquire the Shares from the Company are not to be considered outstanding for purposes of applying the Section 302 tests to other shareholders; however, there are both contrary and supporting judicial decisions with respect to this issue.

The Section 302 Tests. One of the following tests must be satisfied in order for the exchange of shares pursuant to the Offer to be treated as a sale rather than as a dividend distribution.

a. **Substantially Disproportionate Test.** The receipt of cash by a shareholder will be substantially disproportionate with respect to the shareholder if the percentage of the outstanding Shares actually and constructively owned by the shareholder immediately following the exchange of Shares pursuant to the Offer (treating Shares exchanged pursuant to the Offer as not outstanding) is less than 80% of the percentage of the outstanding Shares actually and constructively owned by the shareholder immediately before the exchange (treating Shares exchanged pursuant to the Offer as outstanding).

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b. **Complete Termination Test.** The receipt of cash by a shareholder will be a complete termination of the shareholder's interest if either (i) all of the Shares actually and constructively owned by the shareholder are sold pursuant to the Offer or (ii) all of the Shares actually owned by the shareholder are sold pursuant to the Offer and the shareholder is eligible to waive, and effectively waives, the attribution of Shares constructively owned by the shareholder in accordance with the procedures described in Section 302(c)(2) of the Code. Shareholders considering making such an election should do so in consultation with their own tax advisors.

c. **Not Essentially Equivalent to a Dividend Test.** The receipt of cash by a shareholder will not be essentially equivalent to a dividend if the shareholder's exchange of Shares pursuant to the Offer results in a "meaningful reduction" of the shareholder's proportionate interest in the Company. Whether the receipt of cash by a shareholder will result in a meaningful reduction of the shareholder's proportionate interest will depend on the shareholder's particular facts and circumstances. However, in the case of a small minority shareholder, even a small reduction may satisfy this test where, as expected in the case of the Offer, payments will not be pro rata with respect to all outstanding Shares. The IRS has indicated in a published ruling that, in the case of a small minority shareholder of a publicly held corporation who exercises no meaningful control over corporate affairs, a reduction in the shareholder's proportionate interest in the corporation from .0001118% to .0001081% would constitute a meaningful reduction.

Although the issue is not free from doubt, a shareholder may be able to take into account acquisitions or dispositions of Shares (including market purchases and sales) substantially contemporaneous with the Offer in determining whether any of the Section 302 tests is satisfied.

In the event that the Offer is oversubscribed, the Company's purchase of Shares pursuant to the Offer will be prorated. Thus, in such case even if all the Shares actually and constructively owned by a shareholder are tendered pursuant to the Offer, not all of the Shares will be purchased by the Company,

which in turn may affect the shareholder's ability to satisfy the Section 302 tests.

Treatment as a Dividend. If none of the Section 302 tests is satisfied and, as anticipated (although there can be no assurances), the Company has sufficient earnings and profits, a tendering shareholder will be treated as having received a dividend includible in gross income in an amount equal to the entire amount of cash received by the shareholder pursuant to the Offer. This amount will not be reduced by the shareholder's basis in the Shares exchanged pursuant to the Offer, and (except as described below for corporate shareholders eligible for the dividends-received deduction) the shareholder's basis in those Shares will be added to the shareholder's basis in his remaining Shares. No assurance can be given that any of the Section 302 tests will be satisfied as to any particular shareholder, and thus no assurance can be given that any particular shareholder will not be treated as having received a dividend taxable as ordinary income. Any cash received for Shares pursuant to the Offer in excess of the Company's earnings and profits will be treated, first, as a non-taxable return of capital to the extent of the shareholder's basis for such shareholder's Shares, and, thereafter, as a capital gain to the extent it exceeds such basis.

Special Rules for Corporate Shareholders. To the extent that the exchange of Shares by a corporate shareholder is treated as a dividend, the shareholder generally will be entitled to a dividends-received deduction equal to 70% of the dividend, subject to applicable limitations, including those relating to "debt-financed portfolio stock" under Section 246A of the Code and to the 45-day holding period requirement of Section 246(c) of the Code. Also, since it is expected that purchases pursuant to the Offer will not be pro rata as to all shareholders, any amount treated as a dividend to a corporate shareholder generally is expected to constitute an "extraordinary dividend" subject to the provisions of Section 1059 of the Code (except as may otherwise be provided in regulations yet to be promulgated by the Treasury Department). Under Section 1059 of the Code, a corporate shareholder must reduce the tax basis of all such shareholder's stock (but not below zero) by the portion of any "extraordinary dividend" that is equal to the deduction allowable under the

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dividends received deduction rules, and, if such portion exceeds the shareholder's tax basis for the stock, must treat any such excess as additional gain on the subsequent sale or other disposition of such stock.

Backup Withholding. See Section 3 concerning the potential application of federal backup withholding.

Foreign Shareholders. The Company will assume that the exchange is a dividend as to foreign shareholders and will therefore withhold federal income tax at a rate equal to 30% of the gross proceeds paid to a foreign shareholder or his agent pursuant to the Offer, unless the Depositary determines that a reduced rate of withholding is available pursuant to a tax treaty or that an exemption from withholding is applicable because the gross proceeds are effectively connected with the conduct of a trade or business by the foreign shareholder within the United States. For this purpose, a foreign shareholder is any shareholder that is not (a) a citizen or resident of the United States, (b) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or (c) any estate or trust the income of which is subject to United States federal income taxation regardless of the source of such income.

Generally, the determination of whether a reduced rate of withholding is applicable is made by reference to a foreign shareholder's address or to a properly completed Form 1001 furnished by the shareholder, and the determination of whether an exemption from withholding is available on the grounds that gross proceeds paid to a foreign shareholder are effectively connected with a United States trade or business is made on the basis of a properly completed Form 4224 furnished by the shareholder. The Depositary will determine a foreign shareholder's eligibility for a reduced rate of, or exemption from, withholding by reference to the shareholder's address and any Forms 1001 or 4224 submitted to the Depositary by a foreign shareholder unless facts and circumstances indicate that such reliance is not warranted or unless applicable law requires some other method for determining whether a reduced rate of withholding is applicable. These forms can be obtained from the Depositary. See the instructions to the Letter of Transmittal.

A foreign shareholder with respect to whom tax has been withheld may be

eligible to obtain a refund of all or a portion of the withheld tax if the shareholder satisfies one of the Section 302 tests for capital gain treatment or is otherwise able to establish that no tax or a reduced amount of tax was due. Foreign shareholders are urged to consult their own tax advisors regarding the application of federal income tax withholding, including eligibility for a withholding tax reduction or exemption and the refund procedure.

14. EXTENSION OF THE OFFER; TERMINATION; AMENDMENTS.

The Company expressly reserves the right, at any time or from time to time, in its sole discretion, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depositary and making a public announcement thereof. The Company also expressly reserves the right, in its sole discretion, to terminate the Offer and not accept for payment or pay for any Shares not theretofore accepted for payment or paid for or, subject to applicable law, to postpone payment for Shares upon the occurrence of any of the conditions specified in Section 6 by giving oral or written notice of such termination or postponement to the Depositary and making a public announcement thereof. The Company's reservation of the right to delay payment for Shares which it has accepted for payment is limited by Rules 13e-4(f)(2) and 13e-4(f)(5) promulgated under the Exchange Act. Rule 13e-4(f)(2) requires that the Company permit Shares tendered pursuant to the Offer to be withdrawn: (i) at any time during the period the Offer remains open; and (ii) if not yet accepted for payment, after the expiration of forty business days from the commencement of the Offer. Rule 13e-4(f)(5) requires that the Company must either pay the consideration offered or return the Shares tendered promptly after the termination or withdrawal of the Offer. Subject to compliance with applicable law, the Company further reserves the right, in its sole discretion, at any time or from time to time to amend the Offer in any respect, including increasing or decreasing the number of Shares the Company may purchase or the range of prices it may pay pursuant to the Offer. Amendments to the Offer may be made at any time or from time to time effected by public announcement thereof, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Any public announcement made pursuant to the Offer will be disseminated promptly to shareholders in a manner reasonably designed to inform shareholders of such

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change. Without limiting the manner in which the Company may choose to make a public announcement, except as required by applicable law, the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to the Dow Jones News Service.

If the Company materially changes the terms of the Offer or the information concerning the Offer, or if it waives a material condition of the Offer, the Company will extend the Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(2) promulgated under the Exchange Act. These rules require that the minimum period during which an offer must remain open following material changes in the terms of the offer or information concerning the offer (other than a change in price or a change in percentage of securities sought) will depend on the facts and circumstances, including the relative materiality of such terms or information. If (i) the Company increases or decreases the price to be paid for Shares, or the Company increases the number of Shares being sought and any such increase in the number of Shares being sought exceeds 2% of the outstanding Shares, or the Company decreases the number of Shares being sought and (ii) the Offer is scheduled to expire at any time earlier than the expiration of a period ending on the tenth business day from, and including, the date that notice of such increase or decrease is first published, sent or given, the Offer will be extended until the expiration of such period of ten business days.

15. FEES AND EXPENSES.

The Company has retained Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ") as Dealer Manager in connection with the Offer. The Dealer Manager will receive a fee of \$.03 per Share purchased by the Company pursuant to the Offer. The Company will also reimburse DLJ for its reasonable out-of-pocket expenses relating to the Offer, including reasonable fees and expenses of counsel. The Company has agreed to indemnify DLJ against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws. The Dealer Manager has also rendered various investment banking and other advisory services to the Company in the past, for which it has received customary compensation. DLJ has been retained to assist

the Company in connection with the sale of its Non-Drugstore Businesses, and the Company has agreed to pay DLJ fees which range from 1% to 1 1/2% of the purchase price for such businesses.

The Company has retained Morrow & Co., Inc. as Information Agent and Harris Trust Company of New York as Depositary in connection with the Offer. The Information Agent may contact shareholders by mail, telephone, telex, telegraph and personal interviews, and may request brokers, dealers and other nominee shareholders to forward materials relating to the Offer to beneficial owners. The Depositary and the Information Agent will receive reasonable and customary compensation for their services. The Company will also reimburse the Depositary and the Information Agent for out-of-pocket expenses, including reasonable attorneys' fees, and has agreed to indemnify the Depositary and the Information Agent against certain liabilities in connection with the Offer, including certain liabilities under the federal securities laws. Neither the Information Agent nor the Depositary has been retained to make solicitations or recommendations in connection with the Offer.

The Company will not pay fees or commissions to any broker, dealer, commercial bank, trust company or other person (other than the Dealer Manager) for soliciting any Shares pursuant to the Offer. The Company will, however, on request through the Information Agent, reimburse such persons for customary handling and mailing expenses incurred in forwarding materials in respect of the Offer to the beneficial owners for which they act as nominees. No such broker, dealer, commercial bank or trust company has been authorized to act as the Company's agent for purposes of this Offer. The Company will pay (or cause to be paid) any stock transfer taxes on its purchase of Shares, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

16. MISCELLANEOUS.

The Offer is not being made to, nor will the Company accept tenders from, holders of Shares in any jurisdiction in which the Offer or its acceptance would not comply with the securities or Blue Sky laws of such jurisdiction. The Company is not aware of any jurisdiction in which the making of the Offer or the tender of Shares would not be in compliance with the laws of such jurisdiction. However, the Company reserves the right to exclude holders in any jurisdiction in which it is asserted that the Offer cannot lawfully be made. So long as the Company makes a good faith effort to comply with any state law deemed applicable to the

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Offer, if it cannot do so, the Company believes that the exclusion of holders residing in such jurisdiction is permitted under Rule 13e-4(f)(9) promulgated under the Exchange Act. In any jurisdiction the securities or Blue Sky laws of which require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on the Company's behalf by DLJ as Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

RITE AID CORPORATION

January 10, 1994

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Facsimile copies of the Letter of Transmittal will be accepted. The Letter of Transmittal and certificates for the Shares and any other required documents should be sent or delivered by each shareholder or his broker, dealer, commercial bank, trust company or other nominee to the Depositary at one of its addresses set forth below:

THE DEPOSITARY:

HARRIS TRUST COMPANY OF NEW YORK

<TABLE>

<S>

<C>

<C>

BY MAIL:
P.O. BOX 1023
WALL STREET STATION
NEW YORK, NEW YORK 10268

FACSIMILE TRANSMISSION:
(212) 701-7636
(212) 701-7640

BY HAND:
RECEIVE WINDOW
77 WATER STREET
5TH FLOOR

</TABLE>

FOR INFORMATION CALL:

(212) 701-7624
(CALL COLLECT)

Any questions or requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent at the telephone numbers and addresses below. You may also contact the Dealer Manager or your broker, dealer, commercial bank or trust company for assistance concerning the Offer. To confirm delivery of your Shares, you are directed to contact the Depositary.

THE INFORMATION AGENT:

MORROW & CO., INC.

909 THIRD AVENUE
20TH FLOOR
NEW YORK, NEW YORK 10022
(212) 754-8000
(CALL COLLECT)

OR

CALL TOLL-FREE
1-800-662-5200

THE DEALER MANAGER FOR THE OFFER IS:

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

2121 AVENUE OF THE STARS
LOS ANGELES, CA 90067
(310) 282-6100
(CALL COLLECT)

LETTER OF TRANSMITTAL

TO ACCOMPANY SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED SHARE PURCHASE RIGHTS)
OF

RITE AID CORPORATION

TENDERED PURSUANT TO THE OFFER TO PURCHASE
DATED JANUARY 10, 1994

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW
YORK CITY TIME,
ON MONDAY, FEBRUARY 7, 1994, UNLESS THE OFFER IS EXTENDED

TO: HARRIS TRUST COMPANY OF NEW YORK. Depositary

<TABLE>			
<S>		<C>	<C>
	BY MAIL:	FACSIMILE TRANSMISSION:	BY HAND OR OVERNIGHT COURIER:
		(for Eligible Institutions Only)	Receive Window
	P.O. Box 1023	(212) 701-7636	77 Water Street
	Wall Street Station	(212) 701-7640	5th Floor
	New York, New York 10268		New York, New York 10005
</TABLE>			

CONFIRM BY TELEPHONE:
(212) 701-7624 (collect)

FOR INFORMATION TELEPHONE:
(212) 701-7624 (collect)

<TABLE>
<CAPTION>

DESCRIPTION OF SHARES TENDERED
(SEE INSTRUCTIONS 3 AND 4)

NAME(S) AND ADDRESS(ES) OF REGISTERED OWNER(S) (PLEASE FILL IN EXACTLY AS NAME(S) APPEAR(S) ON CERTIFICATE(S))	CERTIFICATE(S) TENDERED (ATTACH SIGNED LIST IF NECESSARY)
---	--

<S>	<C>	<C>
	NUMBER OF SHARES REPRESENTED BY CERTIFICATE(S) *	NUMBER OF SHARES TENDERED**
CERTIFICATE NUMBER(S) *		

	Total Shares Tendered	

</TABLE>

* Need not be completed if Shares are delivered by book-entry transfer.
** If you desire to tender fewer than all Shares evidenced by any certificates listed above, please indicate in this column the number of Shares you wish to tender. Otherwise, all Shares evidenced by such certificates will be deemed to have been tendered. See Instruction 4.

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN THOSE SHOWN ABOVE OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE OR TELEX NUMBER OTHER THAN THAT LISTED ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

THIS LETTER OF TRANSMITTAL IS TO BE USED ONLY (A) IF CERTIFICATES FOR SHARES (AS DEFINED BELOW) ARE TO BE FORWARDED WITH IT, OR (B) IF A TENDER OF SHARES IS TO BE MADE BY BOOK-ENTRY TRANSFER TO THE ACCOUNT MAINTAINED BY THE DEPOSITARY AT THE DEPOSITARY TRUST COMPANY ("DTC"), THE MIDWEST SECURITIES TRUST COMPANY ("MSTC"), OR THE PHILADELPHIA DEPOSITARY TRUST COMPANY ("PDTTC") (COLLECTIVELY, THE "BOOK-ENTRY TRANSFER FACILITIES") PURSUANT TO SECTION 3 OF THE OFFER TO PURCHASE.

ABSENT CIRCUMSTANCES CAUSING THE RIGHTS (AS DEFINED BELOW) TO BECOME EXERCISABLE OR SEPARATELY TRADEABLE PRIOR TO THE EXPIRATION DATE (AS DEFINED IN THE OFFER TO PURCHASE), A TENDER OF SHARES WILL ALSO CONSTITUTE A TENDER OF THE ASSOCIATED RIGHTS. UNLESS THE CONTEXT REQUIRES OTHERWISE, ALL REFERENCES HEREIN TO SHARES INCLUDE THE ASSOCIATED RIGHTS. SHAREHOLDERS WHOSE CERTIFICATES ARE NOT IMMEDIATELY AVAILABLE OR WHO CANNOT DELIVER THEIR CERTIFICATES FOR SHARES AND ALL OTHER DOCUMENTS THIS LETTER OF TRANSMITTAL REQUIRES TO THE DEPOSITARY AT OR BEFORE THE EXPIRATION DATE (OR WHO ARE UNABLE TO COMPLY WITH THE PROCEDURE FOR BOOK-ENTRY TRANSFER ON A TIMELY BASIS) MUST TENDER THEIR SHARES ACCORDING TO THE GUARANTEED DELIVERY PROCEDURE SET FORTH IN SECTION 3 OF THE OFFER TO PURCHASE. SEE INSTRUCTION 2. DELIVERY OF DOCUMENTS TO ONE OF THE BOOK-ENTRY TRANSFER FACILITIES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

// CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO AN ACCOUNT MAINTAINED BY THE DEPOSITARY WITH ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution:.....

Check Box of Applicable Book-Entry Transfer Facility:

DTC / / MSTC / / PDTC / /

Account Number:.....

Transaction Code Number:.....

// CHECK HERE IF CERTIFICATES FOR TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Owner(s):.....

Date of Execution of Notice of Guaranteed Delivery:.....

Name of Institution Which Guaranteed Delivery:.....

Check Box of Applicable Book-Entry Transfer Facility and give Account Number and Transaction Code if Delivered by Book-Entry Transfer:.....

DTC / / MSTC / / PDTC / /

Account Number:.....

Transaction Code Number:.....

To Harris Trust Company of New York:

The undersigned hereby tenders to Rite Aid Corporation, a Delaware corporation (the "Company"), the above-described shares of the Company's common stock, par value \$1.00 per share, (including the associated Preferred Share Purchase Rights (the "Rights"), the "Shares"), at the price per Share indicated in this Letter of Transmittal, net to the seller in cash, upon the terms and subject to the conditions set forth in the Company's Offer to Purchase dated January 10, 1994, receipt of which is hereby acknowledged, and in this Letter of Transmittal (which together constitute the "Offer"). Absent circumstances causing the Rights to become exercisable or separately tradeable prior to the Expiration Date, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

Subject to and effective on acceptance for payment of the Shares tendered hereby in accordance with the terms of the Offer (including, if the Offer is extended or amended, the terms or conditions of any such extension or amendment), the undersigned hereby sells, assigns, and transfers to or upon the order of the Company all right, title and interest in and to all Shares tendered hereby or orders the registration of such Shares tendered by book-entry transfer that are purchased pursuant to the Offer to or upon the order of the Company and hereby irrevocably constitutes and appoints the Depositary as attorney-in-fact of the undersigned with respect to such Shares, with full power of substitution (such power of attorney being an irrevocable power coupled with interest), to:

(a) deliver certificates for such Shares, or transfer ownership of such Shares on the account books maintained by a Book-Entry Transfer Facility, together in either such case with all accompanying evidences of transfer and authenticity, to or upon the order of the Company, upon receipt by the Depositary, as the undersigned's agent, of the Purchase Price (as defined below) with respect to such Shares;

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(b) present certificates for such Shares for cancellation and transfer

on the Company's books; and

(c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares, all in accordance with the terms of the Offer.

The undersigned hereby represents and warrants to the Company that:

(a) the undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the Instructions hereto will constitute the undersigned's acceptance of the terms and conditions of the Offer, including the undersigned's representation and warranty that (i) the undersigned has a net long position in Shares or equivalent securities at least equal to the Shares tendered within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, and (ii) such tender of Shares complies with Rule 14e-4;

(b) when and to the extent the Company accepts the Shares for purchase, the Company will acquire good, marketable and unencumbered title to them, free and clear of all security interests, liens, charges, encumbrances, conditional sales agreements or other obligations relating to their sale or transfer, and not subject to any adverse claim;

(c) on request, the undersigned will execute and deliver any additional documents the Depository or the Company deems necessary or desirable to complete the assignment, transfer and purchase of the Shares tendered hereby; and

(d) the undersigned has read and agrees to all of the terms of the Offer.

The names and addresses of the registered owners should be printed, if they are not already printed above, exactly as they appear on the certificates representing Shares tendered hereby. The certificate numbers, the number of Shares represented by such certificates, the number of Shares that the undersigned wishes to tender and the purchase price at which such Shares are being tendered should be indicated in the appropriate boxes.

The undersigned understands that the Company will determine a single per Share price (not greater than \$18.50 nor less than \$16.00 per Share) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The undersigned understands that the Company will select the Purchase Price that will allow it to buy 22,000,000 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. The undersigned understands that all Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including its proration provisions, and that the Company will return all other Shares, including Shares tendered and not withdrawn at prices greater than the Purchase Price and Shares not purchased because of proration.

The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, the Company may terminate or amend the Offer or may not be required to purchase any of the Shares tendered hereby or may accept for payment fewer than all of the Shares tendered hereby. The undersigned understands that certificate(s) for any Shares not tendered or not purchased will be returned to the undersigned at the address indicated above, unless otherwise indicated under the "Special Payment Instructions" or "Special Delivery Instructions" below. The undersigned recognizes that the Company has no obligation, pursuant to the "Special Payments Instructions," to transfer any certificate for Shares from the name of their registered owner, or to order the registration or transfer of such Shares tendered by book-entry transfer, if the Company purchases none of the Shares represented by such certificate or tendered by such book-entry transfer.

The undersigned understands that acceptance of Shares by the Company for payment will constitute a binding agreement between the undersigned and the Company upon the terms and subject to the conditions of the Offer.

The check for the Purchase Price for such of the tendered Shares as are purchased will be issued to the order of the undersigned and mailed to the address indicated above unless otherwise indicated under the "Special Payment Instructions" or the "Special Delivery Instructions" below.

All authority conferred or agreed to be conferred in this Letter of Transmittal shall survive the death or incapacity of the undersigned, and any obligations of the undersigned under this Letter of Transmittal shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

NOTE: SIGNATURES MUST BE PROVIDED BELOW

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

 PRICE (IN DOLLARS) PER SHARE AT
 WHICH SHARES ARE BEING TENDERED.

IF SHARES ARE BEING TENDERED AT
 MORE THAN ONE PRICE, USE A
 SEPARATE LETTER OF TRANSMITTAL
 FOR EACH PRICE SPECIFIED.
 (SEE INSTRUCTION 5)

CHECK ONLY ONE BOX.
 IF MORE THAN ONE BOX IS CHECKED,
 OR IF NO BOX IS CHECKED
 (EXCEPT AS PROVIDED IN
 THE ODD LOTS INSTRUCTIONS
 TO THE RIGHT), THERE IS
 NO VALID TENDER OF SHARES.

<TABLE>

<S>	<C>	<C>	<C>
// \$16	// \$16 5/8	// \$17 1/4	// \$17 7/8
// \$16 1/8	// \$16 3/4	// \$17 3/8	// \$18
// \$16 1/4	// \$16 7/8	// \$17 1/2	// \$18 1/8
// \$16 3/8	// \$17	// \$17 5/8	// \$18 1/4
// \$16 1/2	// \$17 1/8	// \$17 3/4	// \$18 3/8
			// \$18 1/2

</TABLE>

 ODD LOTS
 (SEE INSTRUCTION 8)

To be completed ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on January 6, 1994 and who continue to own beneficially as of the Expiration Date (as defined below), an aggregate of fewer than 100 Shares.

The undersigned either (check one box):

// was the beneficial owner, as of the close of business on January 6, 1994 of an aggregate of fewer than 100 Shares all of which are being tendered, or

// is a broker, dealer, commercial bank, trust company or other nominee which

(a) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and

(b) believes, based upon representations made to it by such beneficial owners, that each such person was the beneficial owner, as of the close of business on January 6, 1994 of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

If you do not wish to specify a purchase price check the following box, in which case you will be deemed to have tendered at the Purchase Price determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share in the box entitled "Price (in Dollars) Per Share at which Shares are Being Tendered" in this Letter of Transmittal.) //

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 SPECIAL PAYMENT INSTRUCTIONS
 (SEE INSTRUCTIONS 1, 4, 6, 7 AND 9)

To be completed ONLY if certificate(s) for Shares not tendered or not purchased and/or any check for the Purchase Price of Shares purchased are to be issued in the name of and sent to someone other than the undersigned.

Issue / / Check / / Certificate(s) to:

Name.....
(PLEASE PRINT)

Address.....
(INCLUDE ZIP CODE)

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER)

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 4, 6, 7 AND 9)

To be completed ONLY if certificate(s) for Shares not tendered or not purchased and/or any check for the Purchase Price of Shares purchased, issued in the name of the undersigned, are to be sent to someone other than the undersigned, or to the undersigned at an address other than that shown above.
Mail / / Check / / Certificate(s) to:

Name.....
(PLEASE PRINT)

Address.....
(INCLUDE ZIP CODE)

SHAREHOLDER(S) SIGN HERE
(SEE INSTRUCTIONS 1 AND 6)
(PLEASE COMPLETE SUBSTITUTE FORM W-9 CONTAINED HEREIN)

Must be signed by registered owner(s) exactly as name(s) appear(s) on certificate(s) or on a security position listing or by person(s) authorized to become registered owner(s) by certificate(s) and documents transmitted with this Letter of Transmittal. If signature is by attorney-in-fact, executor, administrator, trustee, guardian, officer of a corporation or another acting in a fiduciary or representative capacity, please set forth the full title. See Instruction 6.

Please print or type.

SIGNATURE(S) OF OWNER(S)

Dated....., 1994

Name(s).....
(PLEASE PRINT)

Capacity (full title).....

Area Code and Telephone Number.....

(TAX IDENTIFICATION OR SOCIAL SECURITY NUMBER(S))

GUARANTEE OF SIGNATURE(S)
(SEE INSTRUCTIONS 1 AND 6)

Authorized Signature.....
Name.....
(PLEASE PRINT)

Title.....
Name of Firm.....
Address.....
(Include Zip Code)
Area Code and Telephone Number.....
Dated....., 1994
Tax Identification or
Social Security Number.....

INSTRUCTIONS

FORMING PART OF THE TERMS OF THE OFFER

1. GUARANTEE OF SIGNATURES. No signature guarantee is required if either:

(a) this Letter of Transmittal is signed by the registered owner of the Shares exactly as the name of the registered holder appears on the certificate (which term, for purposes of this document, shall include any participant in a Book-Entry Transfer Facility whose name appears on a security position listing as the owner of Shares) tendered with this Letter of Transmittal and payment and delivery are to be made directly to such owner unless such owner has completed either the box entitled "Special Payment Instructions" or "Special Delivery Instructions" above; or

(b) such Shares are tendered for the account of a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States (each such entity an "Eligible Institution").

In all other cases, an Eligible Institution must guarantee all signatures on this Letter of Transmittal. See Instruction 6.

2. DELIVERY OF LETTER OF TRANSMITTAL AND CERTIFICATES: GUARANTEED DELIVERY PROCEDURES. This Letter of Transmittal is to be used only if certificates are delivered with it to the Depository (or such certificates will be delivered pursuant to a Notice of Guaranteed Delivery previously sent to the Depository) or if tenders are to be made pursuant to the procedure for tender by book-entry transfer set forth in Section 3 of the Offer to Purchase. Certificates for all physically tendered Shares or confirmation of a book-entry transfer into the Depository's account at a Book-Entry Transfer Facility of Shares tendered electronically, together in each case with a properly completed and duly executed Letter of Transmittal or facsimile of it, and any other documents required by this Letter of Transmittal, should be mailed or delivered to the Depository at the appropriate address set forth herein and must be delivered to the Depository on or before the Expiration Date (as defined in the Offer to Purchase).

Shareholders whose certificates are not immediately available or who cannot deliver Shares and all other required documents to the Depository on or before the Expiration Date, or whose Shares cannot be delivered on a timely basis pursuant to the procedures for book-entry transfer, may tender their Shares by or through any Eligible Institution by properly completing (including the price at which the Shares are being tendered) and duly executing and delivering a Notice of Guaranteed Delivery (or facsimile of it) and by otherwise complying with the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Pursuant to such procedure, the certificates for all physically tendered Shares, or book-entry confirmation, as the case may be, as well as a properly completed and duly executed Letter of Transmittal and all other documents required by this Letter of Transmittal, must be received by the Depository within five New York Stock Exchange, Inc. trading days after receipt by the Depository of such Notice of Guaranteed Delivery, all as provided in Section 3 of the Offer to Purchase.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, telex, facsimile transmission or mail to the Depository and must include a signature guarantee by an Eligible Institution in the form set

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forth in such Notice. For Shares to be validly tendered pursuant to the guaranteed delivery procedure, the Depository must receive the Notice of Guaranteed Delivery on or before the Expiration Date.

THE METHOD OF DELIVERY OF ALL DOCUMENTS, INCLUDING CERTIFICATES FOR SHARES, IS AT THE ELECTION AND RISK OF THE TENDERING SHAREHOLDER. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS

RECOMMENDED.

The Company will not accept any alternative, conditional or contingent tenders, nor will it purchase any fractional Shares. All tendering shareholders, by execution of this Letter of Transmittal (or a facsimile of it), waive any right to receive any notice of the acceptance of their tender.

3. INADEQUATE SPACE. If the space provided in the box captioned "Description of Shares Tendered" is inadequate, the certificate numbers and/or the number of Shares should be listed on a separate signed schedule and attached to this Letter of Transmittal.

4. PARTIAL TENDERS AND UNPURCHASED SHARES. (Not applicable to shareholders who tender by book-entry transfer.) If fewer than all of the Shares evidenced by any certificate are to be tendered, fill in the number of Shares which are to be tendered in the column entitled "Number of Shares Tendered." In such case, if any tendered Shares are purchased, a new certificate for the remainder of the Shares evidenced by the old certificate(s) will be issued and sent to the registered holders, unless otherwise specified in either the "Special Payment Instructions" or "Special Delivery Instructions" boxes on this Letter of Transmittal, as soon as practicable after the Expiration Date. All Shares represented by the certificate(s) listed and delivered to the Depository are deemed to have been tendered unless otherwise indicated.

5. INDICATION OF PRICE AT WHICH SHARES ARE BEING TENDERED. For Shares to be properly tendered, the shareholder must check the box indicating the price per Share at which he is tendering Shares under "Price (In Dollars) Per Share at Which Shares Are Being Tendered" on this Letter of Transmittal, provided, however, that an Odd Lot Owner (as defined in Instruction 8) may check the box above in the section entitled "Odd Lots" indicating that he is tendering all Shares at the Purchase Price. ONLY ONE BOX MAY BE CHECKED. IF MORE THAN ONE BOX IS CHECKED OR IF NO BOX IS CHECKED, THERE IS NO VALID TENDER OF SHARES (other than pursuant to tenders by Odd Lot holders as provided herein). A shareholder wishing to tender portions of his Share holdings at different prices must complete a separate Letter of Transmittal for each price at which he wishes to tender each such portion of his Shares. The same Shares cannot be tendered (unless previously properly withdrawn as provided in Section 4 of the Offer to Purchase) at more than one price.

6. SIGNATURES ON LETTER OF TRANSMITTAL, STOCK POWERS AND ENDORSEMENTS.

(a) If this Letter of Transmittal is signed by the registered owner(s) of the Shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the certificates without any change whatsoever.

(b) If the Shares are registered in the names of two or more joint owners, each such owner must sign this Letter of Transmittal.

(c) If any tendered Shares are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal (or facsimiles of it) as there are different registrations of certificates.

(d) When this Letter of Transmittal is signed by the registered owner(s) of the Shares listed and transmitted hereby, no endorsements of certificate(s) representing such Shares or separate stock powers are required unless payment is to be made, or the certificates for Shares not tendered or not purchased are to be issued, to a person other than the registered owner(s). Signatures on such certificates or stock powers must be guaranteed by an Eligible Institution. If this Letter of Transmittal is signed by a person other than the registered owner of the certificates listed, however, the certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered owner(s) appear(s) on the certificate, and the signatures on such certificate or stock powers must be guaranteed by an Eligible Institution. See Instruction 1.

(e) If this Letter of Transmittal or any certificates or stock powers 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 and must submit proper evidence satisfactory to the Company of their authority so to act.

7. STOCK TRANSFER TAXES. Except as provided in this Instruction 7, no stock transfer tax stamps or funds to cover such stamps need accompany this Letter of Transmittal. The Company will pay or cause to be paid any stock transfer taxes payable on the transfer to it of Shares purchased pursuant to the Offer. If, however:

(a) payment of the Purchase Price is to be made to any person(s) other than the registered owner(s);

(b) Shares not tendered or not accepted for purchase are to be registered in the name of any person(s) other than the registered owner(s); or

(c) tendered certificates are registered in the name(s) of any person(s) other than the person(s) signing this Letter of Transmittal,

then the Depositary will deduct from the Purchase Price the amount of any stock transfer taxes (whether imposed on the registered owner, such other person or otherwise) payable on account of the transfer to such person unless satisfactory evidence of the payment of such taxes or an exemption from them is submitted.

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8. ODD LOTS. As described in Section 1 of the Offer to Purchase, if the Company is to purchase less than all Shares tendered before the Expiration Date, the Shares purchased first will consist of all Shares tendered by any shareholder who owned beneficially, as of the close of business on January 6, 1994 and continues to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and who tenders all of his Shares at or below the Purchase Price (including by not designating a purchase price). This preference will not be available unless the box captioned "Odd Lots" is completed.

9. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If certificates for Shares not tendered or not purchased and/or checks are to be issued in the name of a person other than the person signing the Letter of Transmittal or if such certificates and/or checks are to be sent to someone other than the person signing the Letter of Transmittal or to the signer at a different address, the boxes captioned "Special Payment Instructions" and/or "Special Delivery Instructions" on this Letter of Transmittal should be completed as applicable and signatures must be guaranteed as described in Instruction 1.

10. IRREGULARITIES. The Company will determine, in its sole discretion, all questions as to the number of Shares to be accepted, the price to be paid therefor and the validity, form, eligibility (including time of receipt) and acceptance for payment of any tender of Shares and its determination shall be final and binding on all parties. The Company reserves the absolute right to reject any or all tenders of Shares determined by it not to be in proper form or the acceptance of or payment for which may be unlawful. The Company also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the tender of any particular Shares and the Company's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No tender of Shares will be deemed to be validly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with tenders must be cured within such time as the Company shall determine. None of the Company, the Dealer Manager, the Depositary, the Information Agent nor any other person is or will be obligated to give notice of defects or irregularities in tenders, nor shall any of them incur any liability for failure to give any such notice.

11. QUESTIONS AND REQUESTS FOR ASSISTANCE AND ADDITIONAL COPIES. Questions and request for assistance may be directed to, or additional copies of the Offer to Purchase, the Notice of Guaranteed Delivery and this Letter of Transmittal may be obtained from, the Information Agent at the address and telephone number set forth at the end of this Letter of Transmittal or from your broker, dealer, commercial bank or trust company.

12. SUBSTITUTE FORM W-9. Each tendering shareholder that is not an exempt recipient (see "Important Tax Information" below) is required to provide the Depositary with a correct taxpayer identification number ("TIN") on Substitute Form W-9 (the "Form W-9") which is provided under "Important Tax Information" below, and, if applicable, to indicate that the shareholder is not subject to backup withholding by checking the box in Part 2 of the form. Failure to provide the information on the form or to check the box in Part 2 of the form may subject the tendering shareholder to 31% Federal income tax withholding on the payments made to the shareholder or other payee with respect to Shares purchased pursuant to the Offer. The box in Part 3 of the form may be checked if the tendering shareholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the box in Part 3 is checked and the Depositary is not provided with a TIN within sixty (60) days, the Depositary will withhold 31% on all such payments thereafter until a TIN is provided to the Depositary.

13. WITHHOLDING ON FOREIGN SHAREHOLDERS. The Depositary will withhold federal income taxes equal to 30% of the gross payments payable to a foreign shareholder unless the Depositary determines that a reduced rate of withholding or an exemption from withholding is applicable. For this purpose, a foreign shareholder is any shareholder that is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or (iii) any estate or trust the income of which is subject to United States federal income taxation regardless of the source of such income. The Depositary will determine a shareholder's status as a foreign shareholder and

eligibility for a reduced rate of, or an exemption from, withholding by reference to the shareholder's address and to any outstanding certificates or statements concerning eligibility for a reduced rate of, or exemption from, withholding unless facts and circumstances indicate that reliance is not warranted. A foreign shareholder who has not previously submitted the appropriate certificates or statements with respect to a reduced rate of, or exemption from, withholding for which such shareholder may be eligible should consider doing so in order to avoid overwithholding. A foreign shareholder may be eligible to obtain a refund of tax withheld if such shareholder meets one of the three tests for capital gain or loss treatment described in Section 13 of the Offer to Purchase or is otherwise able to establish that no tax or a reduced amount of tax was due.

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A MANUALLY SIGNED FACSIMILE OF IT (TOGETHER WITH CERTIFICATES FOR SHARES OR CONFIRMATION OF BOOK-ENTRY TRANSFER AND ALL OTHER REQUIRED DOCUMENTS) OR THE NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY ON OR BEFORE THE EXPIRATION DATE.

IMPORTANT TAX INFORMATION

Under federal income tax law, a shareholder whose tendered Shares are accepted for payment is required to provide the Depositary with such shareholder's correct TIN on Form W-9 below. If the Depositary is not provided with the correct TIN, the Internal Revenue Service may subject the shareholder or other payee to a \$50 penalty. In addition, payments that are made to such shareholder or other payee with respect to Shares purchased pursuant to the Offer may be subject to backup withholding.

Certain shareholders (including, among others, all corporations and certain foreign individuals) are considered "exempt recipients" and are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, the shareholder must submit a Form W-8, signed under penalties of perjury,

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attesting to that individual's exempt status. A Form W-8 can be obtained from the Depositary. See the enclosed "Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9" for more instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any such payments made to the shareholder or other payee. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained.

PURPOSE OF FORM W-9

To prevent backup withholding on payment made to a shareholder or other payee with respect to Shares purchased pursuant to the Offer, the shareholder is required to notify the Depositary of the shareholder's correct TIN by completing the form below, certifying that the TIN provided on Form W-9 is correct (or that such shareholder is awaiting a TIN) and that:

(a) the shareholder has not been notified by the Internal Revenue Service that the shareholder is subject to backup withholding as a result of failure to report all interest or dividends; or

(b) the Internal Revenue Service has notified the shareholder that the shareholder is no longer subject to backup withholding.

The Shareholder is required to give the Depositary the TIN (e.g., social security number or employer identification number) of the record owner of the Shares. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed "Guidelines for Certification of Taxpayer Identification Number on Form W-9" for additional guidance on which number to report.

PAYER'S NAME: HARRIS TRUST COMPANY OF NEW YORK

<TABLE>		
<S>	SUBSTITUTE FORM W-9	<C> PART 1 -- PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW
		Social Security number OR ----- Employer identification number
</TABLE>		

<TABLE>		
<S>	Department of the Treasury	<C> PART 2 -- Check the box if you are NOT subject to backup withholding under the

Internal Revenue Service

provisions of section 3406(a)(1)(C) of the Internal Revenue Code because (1) you have not been notified that you are subject to backup withholding as a result of failure to report all interest or dividends or (2) the Internal Revenue Service has notified you that you are no longer subject to backup withholding. / /

Payer's Request for Taxpayer Identification Number ("TIN")

CERTIFICATION -- UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PROVIDED ON THIS FORM IS TRUE, CORRECT, AND COMPLETE.

PART 3 --

Awaiting TIN / /

SIGNATURE

DATE

</TABLE>

NOTE: FAILURE TO COMPLETE AND RETURN THIS FORM MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON FORM W-9 FOR ADDITIONAL DETAILS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECK THE BOX IN PART 3 OF FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number within sixty (60) days, 31% of all reportable payments made to me thereafter will be withheld until I provide a number.

<TABLE>
<S>

<C>

Signature

Date

</TABLE>

10

The Information Agent:

MORROW & CO., INC.

909 Third Avenue
20th Floor
New York, NY 10022
(212) 754-8000
(call collect)

or
call Toll-Free 1-800-662-5200

The Dealer Manager for the Offer is:

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
2121 AVENUE OF THE STARS
LOS ANGELES, CA 90067
(310) 282-6161
(CALL COLLECT)

RITE AID CORPORATION

NOTICE OF GUARANTEED DELIVERY
OF SHARES OF COMMON STOCK

OFFER TO PURCHASE FOR CASH UP TO 22,000,000 SHARES OF ITS COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED SHARE PURCHASE RIGHTS) AT A PURCHASE PRICE
NOT GREATER THAN \$18.50 NOR LESS THAN \$16.00 PER SHARE

This form or a facsimile copy of it must be used to accept the Offer (as defined below) if:

- (a) certificates for common stock, par value \$1.00 per share (the "Shares"), including the associated Rights (as defined herein), of Rite Aid Corporation, a Delaware corporation, are not immediately available; or
- (b) the procedure for book-entry transfer cannot be completed on a timely basis; or
- (c) time will not permit the Letter of Transmittal or other required documents to reach the Depository before the Expiration Date (as defined in Section 1 of the Offer to Purchase, as defined below).

This form or a facsimile of it, signed and properly completed, may be delivered by hand, mail, telegram, telex or facsimile transmission to the Depository by the Expiration Date. See Section 3 of the Offer to Purchase.

HARRIS TRUST COMPANY OF NEW YORK, DEPOSITARY

<TABLE>			
<CAPTION>			
<S>	BY MAIL:	FACSIMILE TRANSMISSION:	BY HAND OR OVERNIGHT COURIER:
		<C>	<C>
	P.O. Box 1023	(212) 701-7636	Receive Window
	Wall Street Station	(212) 701-7640	77 Water Street
	New York, New York 10268	(for Eligible Institutions only)	5th Floor
		FOR INFORMATION TELEPHONE:	New York, New York 10005
		(212) 701-7624 (collect)	
</TABLE>			

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN THOSE SHOWN ABOVE OR TRANSMISSION OF INSTRUCTIONS TO A FACSIMILE NUMBER OTHER THAN THOSE LISTED ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

Ladies and Gentlemen:

The undersigned hereby tenders to Rite Aid Corporation, at the price per Share indicated below, net to the seller in cash, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated January 10, 1994 (the "Offer to Purchase"), and the related Letter of Transmittal (which together with the Offer to Purchase constitute the "Offer"), receipt of which is hereby acknowledged, Shares of common stock, par value \$1.00 per Share (including the associated preferred share purchase rights (the "Rights"), the "Shares"), pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase. Unless the Rights become exercisable or separately tradeable prior to the Expiration Date, a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

PRICE (IN DOLLARS) PER SHARE AT
WHICH SHARES ARE BEING TENDERED.

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE NOTICE OF
GUARANTEED DELIVERY FOR EACH PRICE SPECIFIED.

CHECK ONLY ONE BOX.
IF MORE THAN ONE BOX IS CHECKED,
OR IF NO BOX IS CHECKED (EXCEPT AS PROVIDED IN THE ODD LOT INSTRUCTIONS TO THE
RIGHT), THERE IS
NO VALID TENDER OF SHARES.

<TABLE>				
<S>	<C>	<C>	<C>	
/ / \$16	/ / \$16 5/8	/ / \$17 1/4	/ / \$17 7/8	
/ / \$16 1/8	/ / \$16 3/4	/ / \$17 3/8	/ / \$18	
/ / \$16 1/4	/ / \$16 7/8	/ / \$17 1/2	/ / \$18 1/8	
/ / \$16 3/8	/ / \$17	/ / \$17 5/8	/ / \$18 1/4	
/ / \$16 1/2	/ / \$17 1/8	/ / \$17 3/4	/ / \$18 3/8	
			/ / \$18 1/2	
</TABLE>				

ODD LOTS

To be completed ONLY if Shares are being tendered by or on behalf of a person owning beneficially, as of the close of business on January 6, 1994 and who continue to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares.

The undersigned either (check one):

/ / was the beneficial owner, as of the close of business on January 6, 1994 of an aggregate of fewer than 100 Shares all of which are being tendered, or

/ / is a broker, dealer, commercial bank, trust company or other nominee which

- (a) is tendering, for the beneficial owners thereof, Shares with respect to which it is the record owner, and
- (b) believes, based upon representations made to it by such beneficial owners, that each such person was the beneficial owner, as of the close of business on January 6, 1994 of an aggregate of fewer than 100 Shares and is tendering all of such Shares.

If you do not wish to specify a purchase price, check the following box, in which case you will be deemed to have tendered at the Purchase Price determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share in the box entitled "Price (in Dollars) Per Share are Being Tendered"). / /

PLEASE TYPE OR PRINT
.....

NAME(S)

ADDRESS (ES)

AREA CODE AND TELEPHONE NUMBER

SIGN HERE:

Dated: 1994

If Shares will be tendered by book-entry transfer, check one box:

- / / The Depository Trust Company
- / / Midwest Securities Trust Company
- / / Philadelphia Depository Trust Company

Account Number:

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a member firm of a registered national securities exchange, a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States (each, an "Eligible Institution"), hereby (i) represents that the undersigned has a net long position in Shares or equivalent securities within the meaning of Rule 14e-4 promulgated under the Securities Exchange Act of 1934, as amended, at least equal to the Shares tendered, (ii) represents that such tender of Shares complies with Rule 14e-4, and (iii) guarantees that either the certificates representing the Shares tendered hereby in proper form for transfer, or timely confirmation of the book-entry transfer of such Shares into the Depository's account at The Depository Trust Company, the Midwest Securities Trust Company or the Philadelphia Depository Trust Company (pursuant to the procedures set forth in Section 3 of the Offer to Purchase), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantee and any other documents required by the Letter of Transmittal, will be received by the Depository at one of its addresses set forth above within five New York Stock Exchange, Inc. trading days after the date of execution hereof.

Name of Firm:.....

Authorized
Signature:.....

Name:.....

Title:.....

Address:.....

Zip Code:.....

Area Code and

Telephone Number:.....

Dated:.....1994

DO NOT SEND SHARE CERTIFICATES WITH THIS NOTICE.
SHARE CERTIFICATES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL.

Donaldson, Lufkin & Jenrette
Securities Corporation
2121 Avenue of the Stars
Los Angeles, CA 90067
(310) 282-6161

RITE AID CORPORATION

OFFER TO PURCHASE FOR CASH

UP TO 22,000,000 SHARES OF ITS COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED SHARE PURCHASE RIGHTS)
AT A PURCHASE PRICE NOT GREATER THAN
\$18.50 NOR LESS THAN \$16.00 PER SHARE

January 10, 1994

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Rite Aid Corporation, a Delaware corporation (the "Company"), has appointed us to act as Dealer Manager in connection with its offer to purchase for cash up to 22,000,000 shares of its common stock, par value \$1.00 per share (including the associated Preferred Share Purchase Rights (the "Rights"), the "Shares"), at prices, not greater than \$18.50 nor less than \$16.00 per Share, upon the terms and subject to the conditions set forth in its Offer to Purchase dated January 10, 1994 and in the related Letter of Transmittal (which together constitute the "Offer"). We enclose the materials listed below relating to the Offer. Unless the Rights become exercisable or separately tradeable prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase), a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will determine a single per Share price (not greater than \$18.50 nor less than \$16.00 per Share) (the "Purchase Price"), that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price which will allow it to buy 22,000,000 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. All Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms thereof. See Section 1 of the Offer to Purchase.

If, prior to the Expiration Date, more than 22,000,000 Shares (or such greater number of Shares as the Company may elect to purchase) are validly

tendered, the Company will, upon the terms and subject to the conditions of the Offer, accept Shares for purchase first from Odd Lot Owners (as defined in Section 2 of the Offer to Purchase) who validly tender their Shares at or below the Purchase Price and then on a pro rata basis from all other shareholders whose Shares are validly tendered at or below the Purchase Price.

The Offer is not conditioned on any minimum number of Shares being tendered. The Offer is, however, subject to certain other conditions set forth in the Offer. See Section 6 of the Offer to Purchase.

For your information and for forwarding to your clients for whom you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase dated January 10, 1994;

2. Letter to Clients which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

3. Letter, dated January 10, 1994, from Alex Grass, Chairman of the Board and Chief Executive Officer, and Martin L. Grass, President and Chief Operating Officer of the Company, to shareholders of the Company;

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4. Letter of Transmittal for your use and for the information of your clients (together with Substitute Form W-9 and guidelines);

5. Notice of Guaranteed Delivery to be used to accept the Offer if Share certificates and all other required documents cannot be delivered to the Depositary by the Expiration Date or if the procedure for book-entry transfer cannot be completed on a timely basis; and

6. Return envelope addressed to Harris Trust Company of New York, the Depositary.

WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, FEBRUARY 7, 1994, UNLESS THE OFFER IS EXTENDED.

No fees or commissions will be payable to brokers, dealers or any other persons for soliciting tenders of Shares pursuant to the Offer. The Company will, however, upon request, reimburse you for customary mailing and handling expenses incurred by you in forwarding any of the enclosed materials to the beneficial owners of Shares held by you as a nominee or in a fiduciary capacity. The Company will pay or cause to be paid any stock transfer taxes applicable to its purchase of Shares, except as otherwise provided in Instruction 7 of the Letter of Transmittal.

In order to take advantage of the Offer, a duly executed and properly completed Letter of Transmittal and any other required documents should be sent to the Depositary with either certificate(s) representing the tendered Shares or confirmation of their book-entry transfer all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

As described in Section 3 of the Offer to Purchase, tenders may be made without the concurrent deposit of stock certificates or concurrent compliance with the procedure for book-entry transfer, if such tenders are made by or through a broker or dealer which is a member firm of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc. or a commercial bank or trust company having an office, branch or agency in the United States. Certificates for Shares so tendered (or a confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the "Book-Entry Transfer Facilities" described in Section 3 of the Offer to Purchase), together with a properly completed and duly executed Letter of Transmittal and any other documents required by the Letter of Transmittal, must be received by the Depositary within five New York Stock Exchange, Inc. trading days after timely receipt by the Depositary of a properly completed and duly executed Notice of Guaranteed Delivery.

Any inquiries you may have with respect to the Offer should be addressed to the Dealer Manager or to the Information Agent at their respective addresses and telephone numbers set forth on the back cover page of the Offer to Purchase.

Additional copies of the enclosed material may be obtained from the Information Agent, Morrow & Co., Inc., telephone: (800) 662-5200.

Very truly yours,

Donaldson, Lufkin & Jenrette Securities
Corporation

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY OTHER PERSON AS THE AGENT OF THE COMPANY, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE ENCLOSED DOCUMENTS AND THE STATEMENTS CONTAINED THEREIN.

RITE AID CORPORATION

OFFER TO PURCHASE FOR CASH

UP TO 22,000,000 SHARES OF ITS COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED SHARED PURCHASE RIGHTS)
AT A PURCHASE PRICE NOT GREATER THAN
\$18.50 NOR LESS THAN \$16.00 PER SHARE

January 10, 1994

To Our Clients:

Enclosed for your consideration are the Offer to Purchase, dated January 10, 1994, and the related Letter of Transmittal (which together constitute the "Offer"), in connection with the offer by Rite Aid Corporation, a Delaware corporation (the "Company"), to purchase for cash up to 22,000,000 shares of its common stock, par value \$1.00 per share (including the associated Preferred Shared Purchase Rights (the "Rights"), the "Shares"), at prices not greater than \$18.50 nor less than \$16.00 per Share, upon the terms and subject to the conditions of the Offer. Unless the Rights become exercisable or separately tradeable prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase), a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will determine a single per Share price (not greater than \$18.50 nor less than \$16.00 per Share) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price which will allow it to buy 22,000,000 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. All Shares validly tendered prior to the Expiration Date at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms thereof. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration. See Section 1 of the Offer to Purchase.

If, prior to the Expiration Date, more than 22,000,000 Shares (or such greater number of Shares as the Company may elect to purchase) are validly tendered, the Company will, upon the terms and subject to the conditions of the Offer, accept Shares for purchase first from Odd Lot Owners (as defined in Section 2 of the Offer to Purchase) who validly tender their Shares at or below the Purchase Price and then on a pro rata basis from all other shareholders whose Shares are validly tendered at or below the Purchase Price.

WE ARE THE HOLDER OF RECORD OF SHARES HELD FOR YOUR ACCOUNT. AS SUCH, WE ARE THE ONLY ONES WHO CAN TENDER YOUR SHARES, AND THEN ONLY PURSUANT TO YOUR INSTRUCTIONS. WE ARE SENDING YOU THE LETTER OF TRANSMITTAL FOR YOUR INFORMATION ONLY; YOU CANNOT USE IT TO TENDER SHARES WE HOLD FOR YOUR ACCOUNT.

Please instruct us as to whether you wish us to tender any or all of the Shares we hold for your account on the terms and subject to the conditions of the Offer.

We call your attention to the following:

1. You may tender Shares at prices (in multiples of \$.125), not greater than \$18.50 nor less than \$16.00 per Share, as indicated in the attached Instruction Form, net to you in cash.
 2. The Offer is not conditioned on any minimum number of Shares being tendered. The Offer is, however, subject to certain other conditions set forth in the Offer.
 3. The Offer, proration period and withdrawal rights will expire at 12:00 midnight, New York City time, on Monday, February 7, 1994, unless the Company extends the Offer.
- 2
4. The Offer is for up to 22,000,000 Shares, constituting approximately 25% of the Shares outstanding as of January 10, 1994.
 5. Tendering shareholders will not be obligated to pay any brokerage commissions, solicitation fees or, subject to Instruction 7 of the Letter of Transmittal, stock transfer taxes on the Company's purchase of Shares pursuant to the Offer.
 6. If you owned beneficially as of the close of business on January 6, 1994 and continued to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and you instruct us to tender on your behalf all such Shares at or below the Purchase Price before the expiration of the Offer and check the box captioned "Odd Lots" in the attached Instruction Form, the Company, upon the terms and subject to the conditions of the Offer, will accept all such Shares for purchase before proration, if any, of the purchase of other Shares tendered at or below the Purchase Price.
 7. If you wish to tender portions of your Shares at different prices you must complete a separate Instruction Form for each price at which you wish to tender each such portion of your Shares. We must submit separate Letters of Transmittal on your behalf for each price you will accept.

If you wish to have us tender any or all of your Shares, please so instruct us by completing, executing, detaching and returning to us the attached Instruction Form. An envelope to return your Instruction Form to us is enclosed.

If you authorize us to tender your Shares, we will tender all such Shares unless you specify otherwise on the attached Instruction Form.

YOUR INSTRUCTION FORM SHOULD BE FORWARDED TO US IN AMPLE TIME TO PERMIT US TO SUBMIT A TENDER ON YOUR BEHALF ON OR BEFORE THE EXPIRATION DATE OF THE OFFER. THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, FEBRUARY 7, 1994, UNLESS THE COMPANY EXTENDS THE OFFER.

As described in Section 1 of the Offer to Purchase, if before the Expiration Date more than 22,000,000 Shares (or such greater number of Shares as the Company elects to purchase) are validly tendered at or below the Purchase Price, the Company will accept Shares for purchase at the Purchase Price in the following order of priority:

(a) first, all Shares validly tendered at or below the Purchase Price prior to the Expiration Date by any Odd Lot Owner who:

(1) tenders all Shares beneficially owned by such Odd Lot Owners at or below the Purchase Price (partial tenders will not qualify for this preference); and

(2) completes the section captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery; and

(b) then, after purchase of all of the foregoing Shares, all other Shares validly tendered at or below the Purchase Price before the Expiration Date on a pro rata basis, if necessary (with adjustments to avoid purchases of fractional Shares).

The Offer is not being made to, nor will the Company accept tenders from, holders of Shares in any jurisdiction in which the Offer or its acceptance would not comply with the securities or Blue Sky laws of such jurisdiction. The Company is not aware of any jurisdiction in which the making of the Offer or the tender of Shares would not be in compliance with the laws of such jurisdictions. However, the Company reserves the right to exclude holders in any jurisdiction in which it is asserted that the Offer cannot lawfully be made. So long as the Company makes a good faith effort to comply with any state law deemed applicable to the Offer, if it cannot do so, the Company believes that the exclusion of holders residing in such jurisdiction is permitted under Rule 13e-4(f) (9) promulgated under the Exchange Act. In any jurisdiction the securities or Blue Sky laws of which require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on the Company's behalf by Donaldson, Lufkin & Jenrette Securities Corporation as Dealer Manager or one or more registered brokers or dealers licensed under the laws of such jurisdiction.

INSTRUCTION FORM

WITH RESPECT TO THE OFFER TO PURCHASE FOR CASH
UP TO 22,000,000 SHARES OF COMMON STOCK
(INCLUDING THE ASSOCIATED PREFERRED SHARE PURCHASE RIGHTS)
OF RITE AID CORPORATION
AT A PURCHASE PRICE NOT GREATER THAN
\$18.50 NOR LESS THAN \$16.00 PER SHARE

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated January 10, 1994 and the related Letter of Transmittal (which together constitute the "Offer"), in connection with the offer by Rite Aid Corporation, a Delaware corporation (the "Company"), to purchase for cash up to 22,000,000 shares of its common stock, par value \$1.00 per share (including the associated Preferred Share Purchase Rights (the "Rights"), the "Shares"), at prices not greater than \$18.50 nor less than \$16.00 per Share, upon the terms and subject to the conditions of the Offer. Unless the Rights become exercisable or separately tradeable prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase), a tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights.

The Company will determine a single per Share price (not greater than \$18.50 nor less than \$16.00 per Share) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price which will allow it to buy 22,000,000 Shares (or such lesser number of Shares as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. All Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms thereof. The Company will return all other Shares, including Shares tendered at prices greater than the Purchase Price and Shares not purchased because of proration. See Section 1 of the Offer to Purchase.

The undersigned hereby instruct(s) you to tender to the Company the number of Shares indicated below or, if no number is indicated, all Shares you hold for the account of the undersigned, at the price per Share indicated below, pursuant to the terms and subject to the conditions of the Offer.

Aggregate number of Shares to be tendered by you for us: Shares*

PRICE (IN DOLLARS) PER SHARE AT
WHICH SHARES ARE BEING TENDERED.

IF SHARES ARE BEING TENDERED AT MORE THAN ONE PRICE, USE A SEPARATE INSTRUCTION FORM FOR EACH PRICE SPECIFIED.

CHECK ONLY ONE BOX.

IF MORE THAN ONE BOX IS CHECKED, OR IF NO BOX IS CHECKED (EXCEPT AS PROVIDED IN THE ODD LOTS INSTRUCTIONS TO THE RIGHT), THERE IS NO VALID TENDER OF SHARES.

<TABLE>

<S>	<C>	<C>	<C>
/ / \$16	/ / \$16 5/8	/ / \$17 1/4	/ / \$17 7/8
/ / \$16 1/8	/ / \$16 3/4	/ / \$17 3/8	/ / \$18
/ / \$16 1/4	/ / \$16 7/8	/ / \$17 1/2	/ / \$18 1/8
/ / \$16 3/8	/ / \$17	/ / \$17 5/8	/ / \$18 1/4
/ / \$16 1/2	/ / \$17 1/8	/ / \$17 3/4	/ / \$18 3/8
			/ / \$18 1/2

</TABLE>

ODD LOTS

/ / By checking this box, the undersigned represents that the undersigned owned beneficially, as of the close of business on January 6, 1994, and will continue to own beneficially as of the Expiration Date, an aggregate of fewer than 100 Shares and is instructing the holder to tender all such Shares.

If you do not wish to specify a purchase price, check the following box, in which case you will be deemed to have tendered at the Purchase Price determined by the Company in accordance with the terms of the Offer (persons checking this box need not indicate the price per Share in the box entitled "Price (in Dollars) Per Share at which Shares are Being Tendered"). / /

SIGNATURE BOX

Signature(s).....

Dated.....

Name(s) and Address(es) (Please Print).....
.....

Area Code and Telephone Number.....

Taxpayer Identification or Social Security Number.....

- -----

* Unless otherwise indicated, all of the Shares, including the associated Rights, held for the account of the undersigned will be tendered.

GUIDELINES FOR CERTIFICATION OF TAXPAYER
IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

IRS INSTRUCTIONS

(SECTION REFERENCES ARE TO THE INTERNAL REVENUE CODE.)

PURPOSE OF FORM. -- A person who is required to file an information return with the Internal Revenue Service (the IRS) must obtain your correct taxpayer identification number (TIN) to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an individual retirement account (IRA). Use Form W-9 to furnish your correct TIN to the requester (the person asking you to furnish your TIN), and, when applicable, (1) to certify that the TIN you are furnishing is correct (or that you are waiting for a number to be issued), (2) to certify that you are not subject to backup withholding, and (3) to claim exemption from backup withholding if you are an exempt payee. Furnishing your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

NOTE: IF A REQUESTER GIVES YOU A FORM OTHER THAN A W-9 TO REQUEST YOUR TIN, YOU MUST USE THE REQUESTER'S FORM.

HOW TO OBTAIN A TIN. -- If you do not have a TIN, apply for one immediately. To apply, get FORM SS-5, Application for a Social Security Card (SSN) (for individuals), from your local office of the Social Security Administration, or FORM SS-4, Application for Employer Identification Number (EIN) (for businesses and all other entities), from your local IRS office.

To complete Form W-9, if you do not have a TIN, check the box in Part 3 of the substitute Form W-9, sign and date the form, and give it to the requester. Generally, you will then have 60 days to obtain a TIN and furnish it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN to the requester. For reportable interest or dividend payments, the payer must exercise one of the following options concerning backup withholding during this 60-day period. Under option (1), a payer must backup withhold on any withdrawals you make from your account after 7 business days after the requester receives this form back from you. Under option (2), the payer must backup withhold on any reportable interest or dividend payments made to your account, regardless of whether you make any withdrawals. The backup withholding under option (2) must begin no later than 7 business days after the requester receives this form back. Under option (2), the payer is required to refund the amounts withheld if your certified TIN is received within the 60-day period and you were not subject to backup withholding during the period.

NOTE: CHECKING THE BOX IN PART 3 OF THE SUBSTITUTE FORM W-9 MEANS THAT YOU HAVE ALREADY APPLIED FOR A TIN OR THAT YOU INTEND TO APPLY FOR ONE IN THE NEAR FUTURE.

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date this form, and give it to the requester.

WHAT IS BACKUP WITHHOLDING? -- Persons making certain payments to you after 1992 are required to withhold and pay to the IRS 31% of such payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee compensation, and certain payments from fishing boat operators, but do not include real estate transactions.

If you give the requester your correct TIN, make the appropriate certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- (1) You do not furnish your TIN to the requester, or
- (2) The IRS notifies the requester that you furnished an incorrect TIN, or
- (3) You are notified by the IRS that you are subject to backup withholding because you failed to report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- (4) You fail to certify to the requester that you are not subject to backup withholding under (3) above (for reportable interest and dividend accounts opened after 1983 only), or
- (5) You fail to certify your TIN. This applies only to reportable interest, dividend, broker or barter exchange accounts opened after 1983, or broker accounts considered inactive in 1983.

Except as explained in (5) above, other reportable payments are subject to backup withholding only if (1) or (2) above applies. Certain payees and payments are exempt from backup withholding and information reporting. See PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING, below, and EXEMPT PAYEES AND PAYMENTS under SPECIFIC INSTRUCTIONS, on page 2, if you are an exempt payee.

PAYEES AND PAYMENTS EXEMPT FROM BACKUP WITHHOLDING. -- The following is a list of payees exempt from backup withholding and for which no information reporting is required. For interest and dividends, all listed payees are exempt except item (9). For broker transactions, payees listed in (1) through (13) and a person registered under the Investment Advisers Act of 1940 who regularly acts as a broker are exempt. Payments subject to reporting under sections 6041 and 6041A are generally exempt from backup withholding only if made to payees described in Items (1) through (7), except that a corporation that provides medical and health care services or bills and collects payments for such services is not exempt from backup withholding or information reporting. Only payees described in items (2) through (6) are exempt from backup withholding for barter exchange transactions, patronage dividends, and payments by certain fishing boat operators.

- (1) A corporation.

(2) An organization exempt from tax under Section 501(a), or an IRA, or a custodial account under section 403(b)(7).

(3) The United States or any of its agencies or instrumentalities.

(4) A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities.

(5) A foreign government or any of its political subdivisions, agencies or instrumentalities.

(6) An international organization or any of its agencies or instrumentalities.

(7) A foreign central bank of issue.

(8) A dealer in securities or commodities required to register in the U.S. or a possession of the U.S.

(9) A futures commission merchant registered with the Commodity Futures Trading Commission.

(10) A real estate investment trust.

(11) An entity registered at all times during the tax year under the Investment Company Act of 1940.

(12) A common trust fund operated by a bank under section 584(a).

(13) A financial institution.

(14) A middleman known in the investment community as a nominee or listed in the most recent publication of the American Society of Corporation Secretaries, Inc., Nominee List.

(15) A trust exempt from tax under section 664 or described in section 4947.

Payments of dividends and patronage dividends generally not subject to backup withholding also include the following:

- - Payments to nonresident aliens subject to withholding under section 1441.
- - Payments to partnerships not engaged in trade or business in the U.S. and that have at least one nonresident partner.
- - Payments of patronage dividends not paid in money.
- - Payments made by certain foreign organizations.

Payments of interest generally not subject to backup withholding include the following:

- - Payments of interest on obligations issued by individuals.

NOTE: YOU MAY BE SUBJECT TO BACKUP WITHHOLDING IF THIS INTEREST IS \$600 OR MORE AND IS PAID IN THE COURSE OF THE PAYER'S TRADE OR BUSINESS AND YOU HAVE NOT PROVIDED YOUR CORRECT TIN TO THE PAYER.

- - Payments of tax-exempt interest (including exempt-interest dividends under section 852).
- - Payments described in section 6049(b)(5) to nonresident aliens.
- - Payments on tax-free covenant bonds under section 1451.
- - Payments made by certain foreign organizations.
- - Mortgage interest paid by you.

Payments that are not subject to information reporting are also not subject to backup withholding. For details, see sections 6041, 6041A(a), 6042, 6044, 6045, 6049, 6050A, and 6050N, and their regulations.

PENALTIES

FAILURE TO FURNISH TIN. -- If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. -- If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

CRIMINAL PENALTY FOR FALSIFYING INFORMATION. -- Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

MISUSE OF TINS. -- If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

2

SPECIFIC INSTRUCTIONS

NAME. -- If you are an individual, you must generally provide the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, please enter your first name, the last name shown on your social security card and your new last name.

If you are a sole proprietor, you must furnish your individual name and either your SSN or EIN. You may also enter your business name. Enter your name(s) as shown on your social security card and/or as it was used to apply for your EIN on Form SS-4.

SIGNING THE CERTIFICATION. --

(1) INTEREST, DIVIDEND, AND BARTER EXCHANGE ACCOUNTS OPENED BEFORE 1984 AND BROKER ACCOUNTS CONSIDERED ACTIVE DURING 1983. -- You are required to furnish your correct TIN, but you are not required to sign the certification.

(2) INTEREST, DIVIDEND, BROKER AND BARTER EXCHANGE ACCOUNTS OPENED AFTER 1983 AND BROKER ACCOUNTS CONSIDERED INACTIVE DURING 1983. -- You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item (2) in the certification before signing the form.

(3) REAL ESTATE TRANSACTIONS. -- You must sign the certification. You may cross out item (2) of the certification.

(4) OTHER PAYMENTS. -- You are required to furnish your correct TIN, but you are not required to sign the certification unless you have been notified of an incorrect TIN. Other payments include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

(5) MORTGAGE INTEREST PAID BY YOU, ACQUISITION OR ABANDONMENT OF SECURED PROPERTY, OR IRA CONTRIBUTIONS. -- You are requested to furnish your correct TIN, but you are not required to sign the certification.

(6) EXEMPT PAYEES AND PAYMENTS. -- If you are exempt from backup withholding, you should complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part 1, write "EXEMPT" in the block in Part 2, and sign and date the form. If you are a nonresident alien or foreign entity not subject to backup withholding, give the requester a completed Form W-8, Certificate of Foreign Status.

(7) "AWAITING TIN". -- Follow the instructions under HOW TO OBTAIN A TIN, on page 1, check the box in Part 3 of the Substitute Form W-9 and sign and date the form.

SIGNATURE. -- For a joint account, only the person whose TIN is shown in Part 1 should sign the form.

PRIVACY ACT NOTICE. -- Section 6109 requires you to furnish your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividends, and certain other payments to a payee who does not furnish a TIN to a payer. Certain penalties may also apply.

WHAT NAME AND NUMBER TO GIVE THE REQUESTER

<TABLE>

<C> <S>

<C>

FOR THIS TYPE OF ACCOUNT:

GIVE THE NAME AND
SOCIAL SECURITY
NUMBER OF:

- | | |
|---|---|
| 1. Individual | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual on the account(1) |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor(2) |
| 4. a. The usual revocable savings trust (grantor is also trustee) | The grantor-trustee(1) |
| b. So-called trust account that is not a legal or valid trust under state law | The actual owner(1) |
| 5. Sole proprietorship | The owner(3) |

FOR THIS TYPE OF ACCOUNT:

GIVE THE NAME AND
EMPLOYER
IDENTIFICATION NUMBER
OF:

- | | |
|---|-----------------------|
| 6. Sole proprietorship | The owner(3) |
| 7. A valid trust, estate or pension trust | Legal entity(4) |
| 8. Corporate | The corporation |
| 9. Association, club, religious, charitable, educational, or other tax-exempt organization | The organization |
| 10. Partnership | The partnership |
| 11. A broker or registered nominee | The broker or nominee |
| 12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments | The public entity |

</TABLE>

- (1) List first and circle the name of the person whose number you furnish.
- (2) Circle the minor's name and furnish the minor's social security number.
- (3) Show the individual's name. You may also enter your business name. You may use your SSN or EIN.
- (4) List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

NOTE: IF NO NAME IS CIRCLED WHEN THERE IS MORE THAN ONE NAME, THE NUMBER WILL BE CONSIDERED TO BE THAT OF THE FIRST NAME LISTED.

[RITE AID LETTERHEAD]

Frank Bergonzi
Senior Vice President, Finance
(717) 975-5750

Suzanne Mead
Vice President, Advertising and
Corporate Communications
(717) 975-5887

FOR IMMEDIATE RELEASE

RITE AID ANNOUNCES MAJOR RESTRUCTURING
INCLUDING STOCK BUYBACK, ASSET SALES, STORE CLOSINGS

CAMP HILL, PA. (January 7, 1994)--Rite Aid Coporation (RAD-NYSE, PSE) today announced a major restructuring. Its board of directors authorized the commencement of a "Dutch Auction" cash self tender offer for up to 22,000,000 of its common shares; the planned sale of its four non-drugstore businesses resulting in an after-tax reserve of \$25.6 million for the loss on the disposal of these discontinued operations; and the closing of 200 underperforming drugstores and elimination of other assets causing a pre-tax write off of \$149.2 million.

The "Dutch Auction" cash self-tender offer for up to 22,000,000 shares will commence on January 10, 1994. The tender price range will be from \$16.00 per share to \$18.50 per share.

ADAP, an auto parts retailer with 95 stores, Encore Books operating 103 units, and Concord Custom Cleaners with 170 outlets will all be sold. In addition, Sera Tec Biologicals, which consists of 33 plasma collection centers providing plasma for use in therapeutic and diagnostic products, will also be disposed. The 200 drugstores will be closed within the next six months. At this time, the company is not making public the specific store locations.

Donaldson, Lufkin & Jenrette Securities Corporation has been retained to sell the four businesses and also to act as the dealer manager for the tender offer. The board does not make any recommendation to shareholders with regard to the tendering of shares. Details of the offer will be mailed to shareholders next week.

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JANUARY 10, 1994

To Our Shareholders:

We are pleased to inform you that Rite Aid Corporation is offering to purchase 22,000,000 shares (representing approximately 25% of the currently outstanding shares) of its common stock (including the associated Preferred Share Purchase Rights) from its shareholders through a tender offer at prices not greater than \$18.50 nor less than \$16.00 per share. The Company is conducting the tender offer through a procedure commonly referred to as a "Dutch Auction." This procedure allows you to select the price within that price range at which you are willing to sell your shares to the Company. Based upon the number of shares tendered and the prices specified by the tendering shareholders, Rite Aid will determine the single per share price within that price range that will allow it to buy 22,000,000 shares (or such lesser number of shares as are validly tendered). All of the shares that are validly tendered at prices at or below that purchase price will, subject to possible proration, be purchased at that purchase price, net in cash to the selling shareholder. All other shares which have been tendered and not purchased will be returned to the shareholder. The tender offer is not conditioned on any minimum number of shares being tendered.

The Offer is a part of a major restructuring by the Company. The Company has authorized the sale of its four non-drugstore businesses (the "Non-Drugstore Businesses") resulting in an after-tax reserve of \$25.6 million for the loss on the disposal of these discontinued operations and the closing of 200 underperforming drugstores and the disposition of other assets causing a pre-tax charge of \$149.2 million. The Company is making the Offer because the Board of Directors believes that, given the Company's businesses, assets and prospects and the current market price of the Shares, the purchase of the Shares pursuant to the Offer is an attractive investment for the Company. The Non-Drugstore Businesses are ADAP, an auto parts retailer with 95 stores, Encore Books, which operates 103 stores, Concord Custom Cleaners with 170 outlets and Sera-Tec Biologicals, which consists of 33 plasma collection centers providing plasma for use in therapeutic and diagnostic products. No agreement exists between the Company and any prospective purchaser concerning such planned dispositions. Any such sales would also be subject to the identification of persons willing to purchase one or more of the Non-Drugstore Businesses at prices and upon other terms deemed acceptable by the Company, as well as the negotiations of definitive agreements.

The Offer, the sale of the Non-Drugstore Businesses and the closing of 200 underperforming drugstores are intended to enhance shareholder value. Moreover, the disposition of the Non-Drugstore Businesses will allow the Company better to focus its resources on the Company's drugstore business.

The tender offer is explained in detail in the enclosed Offer to Purchase

and Letter of Transmittal. If you wish to tender your shares, detailed instructions on how to tender shares are also in the enclosed materials. We encourage you to read these materials carefully before making any decision with respect to the tender offer. Please note that the tender offer is scheduled to expire at midnight on February 7, 1994, unless extended by the Company. Neither the Company nor its Board of Directors makes any recommendation to any shareholder as to whether to tender or refrain from tendering shares.

SINCERELY,

MARTIN L. GRASS
PRESIDENT AND CHIEF OPERATING OFFICER
ALEX GRASS
CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase, dated January 10, 1994, and the related Letter of Transmittal. Capitalized terms not defined in this notice are defined in the Offer to Purchase. The Offer is not being made to, nor will the Company accept tenders from, holders of Shares in any jurisdictions in which the Offer or its acceptance would violate that jurisdiction's laws. The Company is not aware of any jurisdiction in which the making of the Offer or the tender of Shares would not be in compliance with the laws of such jurisdiction. In those jurisdictions whose laws require that the Offer be made by a licensed broker or dealer, the Offer shall be deemed to be made on the Company's behalf by Donaldson, Lufkin & Jenrette Securities Corporation or one or more registered brokers or dealers licensed under the laws of such jurisdictions.

NOTICE OF OFFER BY

RITE AID CORPORATION

TO PURCHASE FOR CASH UP TO

22,000,000 SHARES OF ITS COMMON STOCK

(INCLUDING THE ASSOCIATED PREFERRED SHARE PURCHASE RIGHTS)

AT A PURCHASE PRICE NOT GREATER THAN \$18.50

NOR LESS THAN \$16.00 PER SHARE

Rite Aid Corporation, a Delaware corporation (the "Company"), invites shareholders to tender shares of its common stock, par value \$1.00 per share (including the associated Preferred Share Purchase Rights (the "Rights"), the "Shares"), to the Company at prices, net to the seller in cash, not greater than \$18.50 nor less than \$16.00 per Share, specified by such shareholders, upon the terms and subject to the conditions set forth in the Offer to Purchase, dated January 10, 1994 (the "Offer to Purchase"), and in the related Letter of Transmittal (which together constitute the "Offer"). Absent circumstances causing the Rights to become exercisable or separately tradeable prior to the Expiration Date, the tender of Shares will also constitute a tender of the associated Rights. Unless the context requires otherwise, all references herein to Shares include the associated Rights. The information contained in the Offer to Purchase and the Letter of Transmittal is incorporated by reference herein in its entirety.

THE OFFER IS NOT CONDITIONED ON ANY MINIMUM NUMBER OF SHARES BEING TENDERED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS SET FORTH IN THE OFFER.

THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00
MIDNIGHT, NEW YORK CITY TIME, ON MONDAY, FEBRUARY 7, 1994, UNLESS THE OFFER IS
EXTENDED.

The Company will, upon the terms and subject to the conditions of the Offer, determine a single per Share price (not greater than \$18.50 nor less than \$16.00 per Share) (the "Purchase Price") that it will pay for Shares validly tendered pursuant to the Offer taking into account the number of Shares so tendered and the prices specified by tendering shareholders. The Company will select the Purchase Price which will allow it to buy 22,000,000 Shares (or such lesser number as are validly tendered at prices not greater than \$18.50 nor less than \$16.00 per Share) pursuant to the Offer. All Shares validly tendered at prices at or below the Purchase Price will be purchased at the Purchase Price, net to the seller in cash, upon the terms and subject to the conditions of the Offer, including the proration terms described below. For purposes of the Offer, the Company will be deemed to have accepted for payment (and thereby purchased), subject to proration, Shares which are validly tendered at or below the Purchase Price when, as and if it gives oral or written notice to the Depositary of its acceptance of such Shares for payment pursuant to the Offer. In all cases, payment for Shares tendered and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depositary of certificates for such Shares (or a timely confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase)), a properly completed and duly executed Letter of Transmittal (or facsimile thereof) and any other documents required by the Letter of Transmittal.

Upon the terms and subject to the conditions of the Offer, in the event that prior to the Expiration Date more than 22,000,000 Shares (or such greater number of Shares as the Company may elect to purchase pursuant to the Offer) are validly tendered at or below the Purchase Price, the Company will accept Shares for purchase, in the following order of priority: (a) first, all Shares validly tendered by any Odd Lot Owner (as defined in the Offer) who tenders all such Shares beneficially owned by such Odd Lot Owner at or below the Purchase Price (partial tenders will not qualify for this preference) and who completes the box captioned "Odd Lots" on the Letter of Transmittal and, if applicable, on the Notice of Guaranteed Delivery, and (b) then, after purchase of all of the foregoing Shares, all other Shares validly tendered at or below the Purchase Price before the Expiration Date on a pro rata basis, if necessary (with adjustments to avoid purchases of fractional Shares).

The Offer provides shareholders who are considering a sale of all or a portion of their Shares the opportunity to determine the price or prices (not greater than \$18.50 nor less than \$16.00 per Share) at which they are willing to sell their Shares and, if any such Shares are purchased pursuant to the Offer, to sell those Shares for cash without the usual transaction costs associated with open-market sales. The Company is making the Offer because the Board of Directors believes that, given the Company's business, assets and prospects and the current market price of the Shares, the purchase of the Shares pursuant to the Offer is an attractive investment for the Company.

NEITHER THE COMPANY NOR ITS BOARD OF DIRECTORS MAKES ANY
RECOMMENDATION TO ANY SHAREHOLDER AS TO WHETHER TO TENDER OR REFRAIN FROM

TENDERING SHARES. SHAREHOLDERS MUST MAKE THEIR OWN DECISIONS WHETHER TO TENDER SHARES AND, IF SO, HOW MANY SHARES TO TENDER AND THE PRICE OR PRICES AT WHICH SHARES SHOULD BE TENDERED. THE COMPANY HAS BEEN ADVISED THAT NO DIRECTOR OR EXECUTIVE OFFICER OF THE COMPANY INTENDS TO TENDER ANY SHARES PURSUANT TO THE OFFER.

The Company reserves the right, at any time or from time to time, in its sole discretion, to extend the period of time during which the Offer is open by giving oral or written notice of such extension to the Depositary and making a public announcement thereof. Subject to certain conditions, the Company also expressly reserves the right to terminate the Offer and not accept for payment any Shares not theretofore accepted for payment.

Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Company, may also be withdrawn after 12:00 midnight, New York City time, on March 8, 1994. For a withdrawal to be effective, the Depositary must timely receive a written, telegraphic, telex or facsimile transmission notice of withdrawal. Such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder (if different from that of the person who tendered such Shares). If the certificates have been delivered or otherwise identified to the Depositary, then, prior to the release of such certificates, the tendering shareholder must also submit the serial numbers of the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (except in the case of Shares tendered by an Eligible Institution). If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in the Offer to Purchase, the notice of withdrawal must specify the name and number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares and otherwise comply with the procedures of such facility.

The Offer to Purchase and the Letter of Transmittal contain important information, which should be read before shareholders decide whether to accept or reject the Offer and if accepted, at what price or prices to tender their Shares. These materials are being mailed to record holders of Shares and are being furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the Company's shareholder list (or, if applicable, who are listed as participants in a clearing agency's security position listing) for transmittal to beneficial holders of Shares.

THE INFORMATION REQUIRED TO BE DISCLOSED BY RULE 13E-4(D)(1) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, IS CONTAINED IN THE OFFER TO PURCHASE AND IS INCORPORATED IN THIS NOTICE BY REFERENCE.

Please contact the Information Agent for copies of the Offer to Purchase, the related Letter of Transmittal and other tender offer materials. It will furnish copies promptly at the Company's expense.

THE INFORMATION AGENT FOR THE OFFER IS:

MORROW & CO., INC.
909 Third Avenue
20th Floor
New York, New York 10022

(212) 754-8000
or
CALL TOLL-FREE 1-800-662-5200

The Dealer Manager for the Offer is:

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

2121 Avenue of the Stars
Los Angeles, CA 90067
(310) 282-6161 (call collect)

January 10, 1994

January 7, 1994

Mr. Frank Bergonzi
Senior Vice President-Finance
Rite Aid Corporation
P.O. Box 3165
Harrisburg, PA 17105

Dear Frank:

You have advised us that Rite Aid Corporation ("Rite Aid") proposes to raise \$600 million in revolving commitments for the repurchase of up to 22 million shares of Rite Aid common stock and for general corporate purposes. In connection with this transaction, Morgan Guaranty Trust Company of New York ("Morgan") would be pleased to underwrite a \$250 million 364-day facility and a \$350 million five-year facility (together the "Credit Facilities") under the terms and conditions described in the attached Summaries of Terms and Conditions (the "Term Sheets") for the Credit Facilities.

Morgan's commitment is subject to (i) acceptance by you as set forth in the last paragraph of this letter by 5:00 p.m. January 11, 1994, and (ii) the negotiation, execution and delivery of mutually acceptable definitive loan documentation (to be prepared by Morgan's counsel, Davis Polk & Wardwell) within 90 days of the launch of the syndication.

It is J.P. Morgan Securities, Inc.'s ("JPMSI") intention to syndicate this facility to a group of lenders acceptable to Morgan and Rite Aid (Morgan and such other lenders herein being called the "Banks"). Rite Aid agrees to provide such assistance in the syndication effort as may be reasonably requested, including making members of management of Rite Aid and its subsidiaries available to meet with prospective syndicate members, and assisting JPMSI in the preparation of a financing memorandum.

By signing below, Rite Aid acknowledges its obligation to pay Morgan and JPMSI the fees as set forth in the Fee Letter dated January 7, 1994 among Rite Aid, Morgan, and JPMSI.

In addition, by signing below, Rite Aid agrees to indemnify and defend Morgan and JPMSI and each other Bank and their respective directors, officers, agents, employees and affiliates from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them arising out of or by reason of any investigation, litigation or other proceeding brought or threatened relating to any loan made or proposed to be made to Rite Aid or any of its affiliates in connection with the matters herein referred to (including, but without limitation, any use made or proposed to be made by Rite Aid or any of its affiliates of the proceeds of such loans, but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the indemnitee), including, without limitation, amounts paid in settlement, court costs, and fees and disbursements of counsel incurred in connection with any such pending or threatened investigation, litigation or other proceeding.

Finally, by signing below, Rite Aid acknowledges its obligation to pay Morgan's and JPMSI's reasonable out-of-pocket costs and expenses in connection herewith, including fees and disbursements of Morgan's counsel, Davis Polk & Wardwell, regardless of whether any loan documents are agreed to and signed by the Banks and Rite Aid, and regardless of whether any loans are actually made.

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If you accept and agree to this proposal, please so indicate by signing in the space provided below and returning a copy of this letter to us. This offer will expire at 5:00 p.m. on January 11, 1994, if this letter and the Fee Letter have not been accepted by you by that time.

Very truly yours,

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: /s/ STEPHEN J. KENNEALLY

Name: Stephen J. Kenneally
Title: Vice President

J.P. MORGAN SECURITIES, INC.

By: /s/ BARBARA J. ASCH

Name: Barbara J. Asch
Title: Vice President

ACCEPTED AND AGREED TO
this 7th day of January, 1994:

By: /s/ FRANK BERGONZI

Name: Frank Bergonzi
Title: Senior Vice President -- Finance

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SUMMARY OF TERMS AND CONDITIONS
FOR RITE AID CORPORATION
5 YEAR CREDIT FACILITY

BORROWER: Rite Aid Corporation ("Rite Aid").

AMOUNT: \$350 million.

PURPOSE: General Corporate Purposes and to finance the proposed repurchase of up to 22 million shares of Rite Aid common stock.

AGENT: Morgan Guaranty Trust Company of New York ("Morgan").

ARRANGER: J.P. Morgan Securities, Inc.

LENDERS: Syndicate of lenders acceptable to Rite Aid and Morgan ("the Banks").

FACILITY DESCRIPTION: 5 years on a fully revolving basis.

BORROWING OPTIONS: Adjusted LIBOR, Adjusted CD, Base Rate, and Competitive Bid.

LIBOR and CD will be adjusted for reserves and other regulatory requirements, if any.

Base Rate means the higher of Morgan's prime rate or the federal funds rate + 0.50%.

MONEY MARKET OPTION
DESCRIPTION:

The Borrower may request the Agent to solicit competitive bids from the Banks at a margin over LIBOR or at an absolute rate. Each Bank will bid at its own discretion for amounts up to the total amount of commitments and the Borrower will be under no obligation to accept any of the bids. Any Money Market advances made by a Bank shall be deemed usage of the facility for the purpose of fees and availability. However, each Bank's advance shall not reduce such Bank's obligation to lend its pro rata share of the remaining undrawn commitment.

Bid Selection Mechanism: The Borrower will determine the aggregate amount of bids, if any, it will accept. Bids will be accepted in order of the lowest to the highest rates ("Bid Rates"). If two or more Banks bid at the same Bid Rate and the amount of such bids accepted is less than the aggregate amount of such bids, then the amount to be borrowed at such Bid Rate will be allocated among such Banks in proportion to the amount for which each Bank bid at such Bid Rate. If the bids are either unacceptably high to the Borrower or are insufficient in amount, the Borrower may cancel the auction.

PRICING: Pricing on the commitments and loans will be at the rates per annum, varying commensurate with credit quality, set forth in the attached Pricing Grid.

Margins: See attached Pricing Grid.

Facility Fee: A per annum fee calculated on a 360 day basis payable on each Bank's commitment irrespective of usage, quarterly in arrears and on termination of a Bank's Commitment. See attached Pricing Grid.

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Commitment Fee: A per annum fee calculated on a 360 day basis payable on the unused portion of the facility quarterly in arrears and on termination of the facility. See attached Pricing Grid.

REFERENCE LENDERS: Morgan and two other banks representative of the syndicate.

INTEREST PAYMENTS: At the end of each applicable Interest Period or quarterly, if earlier.

INTEREST PERIODS: Syndicated Borrowings:
Base Rate -- 30 days.
Adjusted LIBOR Loans -- 1, 2, 3, or 6 months.
Adjusted CD Loans -- 30, 60, 90, or 180 days.

Non-Syndicated Borrowings:
Money Market LIBOR Loans -- minimum 1 month.
Money Market Absolute Rate Loan -- minimum 14 days.

DRAWDOWNS: Minimum amounts of \$10 million with additional increments of \$1 million. Drawdowns are at the Borrower's option with same day notice for Base Rate Loans, one business day's notice for Money Market Absolute Rate Loans, one business day's notice for Adjusted CD Loans, three business days' notice for Adjusted LIBOR Loans, and five business days' notice for Money Market LIBOR Loans.

PREPAYMENTS: Base Rate Loans, Adjusted LIBOR, and Adjusted CD may be prepaid at any time on three business days' notice. Money Market Loans may not be prepaid before the end of an Interest Period.

TERMINATION OR REDUCTION OF COMMITMENTS: The Borrower may terminate unused commitments in amounts of at least \$10 million at any time on three business days' notice.

REPRESENTATIONS AND WARRANTIES: With respect to the Borrower and its Consolidated or Significant Subsidiaries, as appropriate, including but not limited to:

1. Corporate existence.
2. Corporate and governmental authorization; no contravention; binding effect.
3. Financial information.
4. No material adverse change.
5. Full disclosure.
6. No material litigation.
7. Compliance with laws, including ERISA.
8. Payment of taxes.
9. Existence, incorporation, etc. of subsidiaries.
10. Environmental matters.

CONDITIONS TO CLOSING AND EACH BORROWING: Customary in Credit Agreements of this nature, including but not limited to:

1. Absence of Default.
2. Accuracy of representations and warranties.
3. Negotiation and execution of satisfactory closing documentation, including the cancellation of the \$100 and \$300 million Credit Agreements dated as of November 19, 1993.

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COVENANTS: Customary in Credit Agreements of this nature, including but not limited to:

1. Information.
2. Payment of obligations.
3. Maintenance of property; insurance coverage.
4. Conduct of business; maintenance of existence.
5. Compliance with laws.
6. Inspection of property, books, and records.
7. Restriction on debt of subsidiaries.
8. Restriction on sales with leases back.
9. Negative pledge (including subsidiary stock and assets) with customary exceptions and a basket of 5% of consolidated net tangible assets.
10. Operating Cash Flow to Total Borrowed Funds not to be less than 30%.

11. Debt to Total Capital not to exceed 66% at fiscal year end 1995, 56% at fiscal year end 1996, 50% at fiscal year end 1997, and 40% at fiscal year end 1998.
12. Limitation on minority investments.
13. Limitations on consolidations, mergers and sale of assets.
14. Use of proceeds.

EVENTS OF DEFAULT:

Customary in Credit Agreements of this nature, including but not limited to:

1. Failure to pay principal under the Credit Agreement when due. Failure to pay interest, fees or other amounts within 5 days of when due.
2. Failure to meet covenants (with grace periods, where appropriate).
3. Representations or warranties false in any material respect when made.
4. Cross default to other debt of the Borrower and its Subsidiaries in excess of \$25 million (in aggregate) which is triggered by (i) failure to pay when due (including any applicable grace period) or (ii) an event which results in acceleration of, or with the giving of notice or lapse of time or both would enable the holder to accelerate, the maturity of its debt.
5. Change of ownership or control.
6. Other usual defaults with respect to the Borrower and Subsidiaries, including but not limited to insolvency, bankruptcy, ERISA, and judgment defaults.

INCREASED COSTS/CHANGE OF CIRCUMSTANCES:

The credit agreement will contain customary provisions protecting the Banks in the event of unavailability of funding, illegality, increased costs and funding losses (including funding losses incurred as a result of prepayment of Adjusted CD and Adjusted LIBOR loans).

Capital adequacy compensation will be required only with respect to capital requirements adopted after the date hereof. Banks will represent that capital adequacy compensation is not required at time of closing.

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INDEMNIFICATION:

The Borrower will indemnify the Banks against all losses, liabilities, claims, damages, or expenses relating to their loans, the Borrower's use of loan proceeds or the commitments, including but not limited to reasonable attorneys' fees and settlement costs (except such as result from the indemnitee's gross negligence or willful misconduct).

TRANSFERS AND PARTICIPATIONS:

Banks will have the right to transfer or sell participations in their loans or commitments with the transferability of voting rights limited to changes in principal, rate, fees and term. Assignments will be allowed with the consent of the Borrower, such consent not to be unreasonably withheld. Assignment to a Bank's affiliate or a Federal Reserve Bank is allowed without the consent of the Borrower.

EXPENSES:

Borrower will pay all legal and other reasonable out-of-pocket expenses of the Agent related to this transaction and any subsequent amendments or waivers, including the reasonable fees and expenses of Davis Polk & Wardwell, special counsel to the Agent.

GOVERNING LAW:

State of New York.

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PRICING GRID FOR RITE AID CORPORATION

\$350 MILLION 5-YEAR FACILITY

(BASIS POINTS PER ANNUM)

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
	IF THE BORROWER IS RATED A+ BY S&P AND A1 BY MOODY'S OR BETTER	IF THE BORROWER IS RATED A BY S&P AND A2 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED A- BY S&P AND A3 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED BBB+ BY S&P AND BAA1 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED BBB BY S&P, AND BAA2 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED BBB- OR BELOW BY S&P OR BAA3 OR BELOW BY MOODY'S OR IS UNRATED BY EITHER S&P OR MOODY'S	
- -							
Facility Fee	10.00	12.50	12.50	15.00	17.50	20.00	
Commitment Fee	2.50	2.50	2.50	5.00	5.00	5.00	
"Unused"	12.50	15.00	15.00	20.0	22.50	25.00	
LIBOR+	25.00	25.00	30.00	37.50	42.50	55.00	
CD+	37.50	37.50	42.50	50.00	55.00	67.50	
Based Rate+	0	0	0	0	0	0	
"Used" (LIBOR+)	L+35.00	L+37.50	L+42.50	L+52.50	L+60.0	L+75.00	

</TABLE>

NOTE: A 6.25 BASIS POINT PER ANNUM UTILIZATION FEE SHALL ACCRUE ON BORROWINGS IN EXCESS OF 60% OF THE FACILITY.

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SUMMARY OF TERMS AND CONDITIONS
FOR RITE AID CORPORATION

364-DAY CREDIT FACILITY

BORROWER: Rite Aid Corporation ("Rite Aid").

AMOUNT: \$250 million.

PURPOSE: To bridge long-term debt issues and asset sales related to the repurchase of up to 22 million shares of Rite Aid common stock.

AGENT: Morgan Guaranty Trust Company of New York ("Morgan").

ARRANGER: J.P. Morgan Securities, Inc.

LENDERS: Syndicate of lenders acceptable to Rite Aid and Morgan ("the Banks").

FACILITY DESCRIPTION: 364 days on a fully revolving basis.

BORROWING OPTIONS: Adjusted LIBOR, Adjusted CD, Base Rate, and Competitive Bid.

LIBOR and CD will be adjusted for reserves and other regulatory requirements, if any.

Base Rate means the higher of Morgan's prime rate or the federal funds rate + 0.50%.

[MONEY MARKET OPTION
DESCRIPTION:

The Borrower may request the Agent to solicit competitive bids from the Banks at a margin over LIBOR or at an absolute rate. Each Bank will bid at its own discretion for amounts up to the total amount of commitments and the Borrower will be under no obligation to accept any of the bids. Any Money Market advances made by a Bank shall be deemed usage of the facility for the purpose of fees and availability. However, each Bank's advance shall not reduce such Bank's obligation to lend its pro rata share of the remaining

undrawn commitment.

Bid Selection Mechanism: The Borrower will determine the aggregate amount of bids, if any, it will accept. Bids will be accepted in order of the lowest to the highest rates ("Bid Rates"). If two or more Banks bid at the same Bid Rate and the amount of such bids accepted is less than the aggregate amount of such bids, then the amount to be borrowed at such Bid Rate will be allocated among such Banks in proportion to the amount for which each Bank bid at such Bid Rate. If the bids are either unacceptably high to the Borrower or are insufficient in amount, the Borrower may cancel the auction.]

PRICING: Pricing on the commitments and loans will be at the rates per annum, varying commensurate with credit quality, set forth in the attached Pricing Grid.

Margins: See attached Pricing Grid.

Facility Fee: A per annum fee calculated on a 360 day basis payable on each Bank's commitment irrespective of usage, quarterly in arrears and on termination of a Bank's Commitment. See attached Pricing Grid.

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Commitment Fee: A per annum fee calculated on a 360 day basis payable on the unused portion of the facility quarterly in arrears and on termination of the facility. See attached Pricing Grid.

REFERENCE LENDERS: Morgan and two other banks representative of the syndicate.

INTEREST PAYMENTS: At the end of each applicable Interest Period or quarterly, if earlier.

INTEREST PERIODS: Syndicated Borrowings:
Base Rate -- 30 days.
Adjusted LIBOR Loans -- 1, 2, 3, or 6 months.
Adjusted CD Loans -- 30, 60, 90, or 180 days.

[Non-Syndicated Borrowings:
Money Market LIBOR Loans -- minimum 1 month.
Money Market Absolute Rate Loan -- minimum 14 days.]

DRAWDOWNS: Minimum amounts of \$10 million with additional increments of \$1 million. Drawdowns are at the Borrower's option with same day notice for Base Rate Loans, [one business day's notice for Money Market Absolute Rate Loans], one business day's notice for Adjusted CD Loans, three business days' notice for Adjusted LIBOR Loans, [and five business days' notice for Money Market LIBOR Loans].

PREPAYMENTS: Base Rate Loans, Adjusted LIBOR, and Adjusted CD may be prepaid at any time on three business days' notice. [Money Market Loans may not be prepaid before the end of an Interest Period].

TERMINATION OR REDUCTION OF COMMITMENTS: OPTIONAL: The Borrower may terminate unused commitments in amounts of at least \$10 million at any time on three business days' notice.

MANDATORY: Commitments will be reduced by the net proceeds from any capital markets issues (with a maturity in excess of one year) and from the net proceeds from the sale of the Specialty Retailing assets.

REPRESENTATIONS AND WARRANTIES: With respect to the Borrower and its Consolidated or Significant Subsidiaries, as appropriate, including but not limited to:
1. Corporate existence.
2. Corporate and governmental authorization; no contravention; binding effect.
3. Financial information.
4. No material adverse change.
5. Full disclosure.

6. No material litigation.
7. Compliance with laws, including ERISA.
8. Payment of taxes.
9. Existence, incorporation, etc. of subsidiaries.
10. Environmental matters.

CONDITIONS TO CLOSING AND
EACH BORROWING:

Customary in Credit Agreements of this nature, including but not limited to:

1. Absence of Default
2. Accuracy of representations and warranties.
3. Negotiation and execution of satisfactory closing documentation,

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including the cancellation of the \$100 and \$300 million Credit Agreements dated as of November 19, 1993.

COVENANTS:

Customary in Credit Agreements of this nature, including but not limited to:

1. Information.
2. Payment of obligations.
3. Maintenance of property; insurance coverage.
4. Conduct of business; maintenance of existence.
5. Compliance with laws.
6. Inspection of property, books, and records.
7. Restriction on debt of subsidiaries.
8. Restriction on sales with leases back.
9. Negative pledge (including a subsidiary stock and assets) with customary exceptions and a basket of 5% of consolidated net tangible assets.
10. Operating Cash Flow to Total Borrowed Funds not to be less than 30%.
11. Debt to total Capital not to exceed 66%.
12. Limitation on minority investments.
13. Limitations on consolidations, mergers and sale of assets.
14. Use of proceeds.

EVENTS OF DEFAULT:

Customary in Credit Agreements of this nature, including but not limited to:

1. Failure to pay principal under the Credit Agreement when due. Failure to pay interest, fees or other amounts within 5 days of when due.
2. Failure to meet covenants (with grace periods, where appropriate).
3. Representations or warranties false in any material respect when made.
4. Cross default to other debt of the Borrower and its subsidiaries in excess of \$25 million (in aggregate) which is triggered by (i) failure to pay when due (including any applicable grace period) or (ii) an event which results in acceleration of, or with the giving of notice or lapse of time or both would enable the holder to accelerate, the maturity of its debt.
5. Change of ownership or control.
6. Other usual defaults with respect to the Borrower and Subsidiaries, including but not limited to insolvency, bankruptcy, ERISA, and judgment defaults.

INCREASED COSTS/CHANGE OF
CIRCUMSTANCES:

The credit agreement will contain customary provisions protecting the Banks in the event of unavailability of funding, illegality, increased costs and funding losses (including funding losses incurred as a result of prepayment of Adjusted CD and Adjusted LIBOR loans).

Capital adequacy compensation will be required only with respect to capital requirements adopted after the date hereof. Banks will represent that capital adequacy compensation is not required at time of closing.

INDEMNIFICATION:

The Borrower will indemnify the Banks against all

losses, liabilities, claims, damages, or expenses relating to their loans, the Borrower's use

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of loan proceeds or the commitments, including but not limited to reasonable attorneys' fees and settlement costs (except such as result from the indemnitee's gross negligence or willful misconduct).

TRANSFERS AND PARTICIPATIONS:

Banks will have the right to transfer or sell participations in their loans or commitments with the transferability of voting rights limited to changes in principal, rate, fees and term. Assignments will be allowed with the consent of the Borrower, such consent not to be unreasonably withheld. Assignment to a Bank's affiliate or a Federal Reserve Bank is allowed without the consent of the Borrower.

EXPENSES:

Borrower will pay all legal and other reasonable out-of-pocket expenses of the Agent related to this transaction and any subsequent amendments or waivers, including the reasonable fees and expenses of Davis Polk & Wardwell, special counsel to the Agent.

GOVERNING LAW:

State of New York.

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PRICING GRID FOR RITE AID CORPORATION

\$250 MILLION 364-DAY FACILITY
(BASIS POINTS PER ANNUM)

<TABLE>
<CAPTION>

<S>	<C>	<C>	<C>	<C>	<C>	<C>
	IF THE BORROWER IS RATED A+ BY S&P AND A1 BY MOODY'S OR BETTER	IF THE BORROWER IS RATED A BY S&P AND A2 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED A- BY S&P AND A3 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED BBB+ BY S&P AND BAA1 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED BBB BY S&P, AND BAA2 BY MOODY'S OR BETTER AND NO OTHER LEVEL APPLIES	IF THE BORROWER IS RATED BBB- OR BELOW BY S&P OR BAA3 OR BELOW BY MOODY'S OR IS UNRATED BY EITHER S&P OR MOODY'S
Facility Fee	8.00	9.00	10.0	12.50	15.00	20.00
Commitment Fee	0	0	0	0	0	0
"Unused"	8.00	9.00	10.0	12.50	15.00	20.00
LIBOR+	27.00	28.50	32.50	40.00	45.00	55.00
CD+	39.50	41.00	45.00	52.50	57.50	67.50
Based Rate+	0	0	0	0	0	0
"Used" (LIBOR+)	L+35.00	L+37.50	L+42.50	L+52.50	L+50.00	L+75.00

</TABLE>

NOTE: A 6.25 BASIS POINT PER ANNUM UTILIZATION FEE SHALL ACCRUE ON BORROWINGS IN EXCESS OF 50% OF THE FACILITY.