

RITE AID CORP
Form FWP
May 23, 2008

Filed Pursuant to Rule 433

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Pricing Term Sheet

Rite Aid Corporation

\$150,000,000 8.5% Convertible Notes due 2015

This term sheet to the preliminary prospectus supplement dated May 21, 2008 should be read together with the preliminary prospectus supplement before making a decision in connection with an investment in the notes. The information in this term sheet supersedes the information contained in the preliminary prospectus supplement to the extent that it is inconsistent therewith. Terms used but not defined herein have the meaning ascribed to them in the preliminary prospectus supplement.

| | |
|---|--|
| Issuer: | Rite Aid Corporation |
| Size: | \$150,000,000 (\$158,000,000 including over-allotment option) |
| Maturity: | May 15, 2015 |
| Coupon: | 8.5% |
| Price to public: | 100% of face amount, plus accrued interest, if any, from May 29, 2008 |
| Underwriting discount: | 3.0% |
| Net proceeds to issuer: | \$144,500,000 (after deducting underwriting discounts and estimated net offering expenses) assuming no exercise of the over-allotment option |
| Interest payment dates: | May 15 and November 15, commencing November 15, 2008 |
| Conversion rate: | 386.3614 shares per \$1,000 principal amount of notes (equivalent to a conversion price of approximately \$2.59 per share) |
| Conversion premium: | Approximately 27.5% |
| Last reported sale price (May 22, 2008): | \$2.03 |
| Pricing Date/Closing Date: | May 22, 2008/ May 29, 2008 |
| Underwriter: | Citi |

Adjustment to Conversion Rate upon Certain Fundamental Changes - If holder elects to convert notes in connection with a make-whole fundamental change, we will increase the conversion rate for the notes surrendered for conversion by a number of additional shares of our common stock, as described below.

The following table sets forth the stock price and increase in the conversion rate, expressed as a number of additional shares to be added to the conversion rate:

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| Effective Date | Stock Price | | | | | | | | | | | | | |
|----------------|-------------|----------|---------|---------|---------|---------|---------|---------|---------|---------|--------|--------|--------|---------|
| | \$2.03 | \$2.25 | \$2.50 | \$2.75 | \$3.00 | \$3.25 | \$3.50 | \$3.75 | \$4.00 | \$5.00 | \$6.00 | \$7.00 | \$8.00 | \$10.00 |
| May 29, 2008 | 106.2493 | 103.9488 | 85.7266 | 71.4222 | 59.9772 | 50.6746 | 43.0134 | 36.6351 | 31.2753 | 16.6940 | 8.5991 | 3.9193 | 1.2409 | 0.0000 |
| May 15, 2009 | 106.2493 | 103.7066 | 85.2054 | 70.7604 | 59.2582 | 49.9503 | 42.3151 | 35.9807 | 30.6746 | 16.3252 | 8.4216 | 3.8744 | 1.2531 | 0.0000 |
| May 15, 2010 | 106.2493 | 102.1626 | 83.3710 | 68.8171 | 57.3156 | 48.0712 | 40.5357 | 34.3196 | 29.1396 | 15.2722 | 7.7411 | 3.4557 | 1.0174 | 0.0000 |
| May 15, 2011 | 106.2493 | 99.6346 | 80.4362 | 65.7484 | 54.2746 | 45.1521 | 37.7906 | 31.7735 | 26.8016 | 13.7076 | 6.7562 | 2.8687 | 0.7088 | 0.0000 |
| May 15, 2012 | 106.2493 | 95.3532 | 75.5526 | 60.6971 | 49.3149 | 40.4327 | 33.3906 | 27.7290 | 23.1216 | 11.3390 | 5.3256 | 2.0511 | 0.3167 | 0.0000 |
| May 15, 2013 | 106.2493 | 87.8617 | 67.0202 | 51.9073 | 40.7402 | 32.3429 | 25.9240 | 20.9420 | 17.0198 | 7.6070 | 3.1754 | 0.8710 | 0.0000 | 0.0000 |
| May 15, 2014 | 106.2493 | 75.0323 | 51.6754 | 35.8706 | 25.1606 | 17.8795 | 12.8968 | 9.4572 | 7.0481 | 2.4308 | 0.6831 | 0.0000 | 0.0000 | 0.0000 |
| May 15, 2015 | 106.2493 | 58.0830 | 13.6386 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

The exact stock price and effective dates may not be set forth on the table, in which case:

- (1) if the stock price is between two stock price amounts on the table or the effective date is between two dates on the table, the number of additional shares will be determined by straight-line interpolation between the number of additional shares set forth for the higher and lower stock prices and the earlier and later effective dates, as applicable, based on a 365 day year;
- (2) if the stock price is greater than \$10.00 per share (subject to adjustment as described above), no increase will be made to the conversion rate; and
- (3) if the stock price is less than \$2.03 per share (subject to adjustment as described above), no increase will be made to the conversion rate.

Notwithstanding the foregoing, in no event will the total number of additional shares added to the conversion rate exceed 106.2493 per \$1,000 principal amount of notes, subject to adjustment as described above.

Our obligation to deliver the additional shares could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

We have filed a registration statement (including a preliminary prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the preliminary prospectus supplement included in that registration

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statement and other documents we have filed with the SEC for more complete information about us and this offering. You may get these documents for free by visiting EDGAR on the SEC website at www.sec.gov. Alternatively, we or the underwriter will arrange to send you the prospectus if you request it by calling toll-free 1-877-858-5407.