RITE AID CORP
Form S-4
April 11, 2005
As Filed with the Securities and Exchange Commission on April 11, 2005
Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

RITE AID CORPORATION

*And the Subsidiary Guarantors listed below
(Exact name of registrant as specified in its charter)

Delaware	**5912**	**26-1614034**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

30 Hunter Lane
Camp Hill, Pennsylvania 17011
(717) 761-2633

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robert B. Sari, Esq.
Senior Vice President, General Counsel and Secretary
Rite Aid Corporation
30 Hunter Lane
Camp Hill, Pennsylvania 17011
(717) 761-2633
(717) 760-7867 (facsimile)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications to:

Stacy J. Kanter, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, New York 10036
(212) 735-3000
(212) 735-2000 (facsimile)

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
7½% Senior Secured Notes Due 2015	$200,000,000	100%	$200,000,000	$23,540
Guarantees related to the 7½% Senior Secured Notes Due 2015	N/A	N/A	N/A	N/A (2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) promulgated under the Securities Act of 1933, as amended.
(2) No separate consideration is received for the guarantee and, therefore, no additional fee is required.

The Registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.

TABLE OF ADDITIONAL REGISTRANTS

Name of Additional Registrant*	State or Other Jurisdiction of Incorporation or	Primary Standard Industrial	I.R.S Employer Identification

	Formation	Classification Code Number	Number
Ann & Government Streets–Mobile, Alabama, LLC	Delaware	5912	N/A
Apex Drug Stores, Inc.	Michigan	5912	38-2413448
Broadview and Wallings–Broadview Heights Ohio, Inc.	Ohio	5912	25-1814215
Central Avenue & Main Street Petal-MS, LLC	Delaware	5912	N/A
Eagle Managed Care Corp.	Delaware	9995	25-1724201
Eighth and Water Streets– Urichsville, Ohio, LLC	Delaware	5912	N/A
England Street–Asheland Corporation	Virginia	5912	80-0052343
Fairground, L.L.C.	Virginia	5912	54-1849788
GDF, Inc.	Maryland	9995	34-1343867
Gettysburg and Hoover–Dayton, Ohio, LLC	Ohio	5912	N/A
Harco, Inc.	Alabama	5912	63-0522700
K&B, Incorporated	Delaware	6749	51-0346254
K&B Alabama Corporation	Alabama	5912	72-1011085
K&B Louisiana Corporation	Louisiana	5912	72-1043860
K&B Mississippi Corporation	Mississippi	5912	72-0983482
K&B Services, Incorporated	Louisiana	5912	72-1245171
K&B Tennessee Corporation	Tennessee	5912	62-1444359
K&B Texas Corporation	Texas	5912	72-1010327
Keystone Centers, Inc.	Pennsylvania	5912	23-1730114
Lakehurst and Broadway Corporation	New Jersey	5912	23-2937947
Mayfield & Chillicothe Roads–Chesterland, LLC	Ohio	5912	N/A
Munson & Andrews, LLC	Delaware	5912	N/A
Name Rite, L.L.C.	Delaware	6749	N/A
Northline & Dix–Toledo–Southgate, LLC	Michigan	5912	N/A
PDS-1 Michigan, Inc.	Michigan	5912	38-2935739
Patton Drive and Navy Boulevard Property Corporation	Florida	5912	23-2870495
Paw Paw Lake Road & Paw Paw Avenue–Coloma, Michigan, LLC	Delaware	5912	N/A
Perry Distributors, Inc.	Michigan	4225	38-1718545
Perry Drug Stores, Inc.	Michigan	5912	38-0947300
RDS Detroit, Inc.	Michigan	5912	35-1799950
Ram–Utica, Inc.	Michigan	9995	80-0052329
Read's Inc.	Maryland	6719	80-0052330
Rite Aid Drug Palace, Inc.	Delaware	5912	23-2325476
Rite Aid Hdqtrs. Corp.	Delaware	AUX1	23-2308342
Rite Aid Hdqtrs. Funding, Inc.	Delaware	6719	73-3167335
Rite Aid of Alabama, Inc.	Alabama	5912	23-2410761
Rite Aid of Connecticut, Inc.	Connecticut	5912	23-1940645
Rite Aid of Delaware, Inc.	Delaware	5912	23-1940646
Rite Aid of Florida, Inc.	Florida	5912	23-2047226
Rite Aid of Georgia, Inc.	Georgia	5912	23-2125551
Rite Aid of Illinois, Inc.	Illinois	5912	23-2416666
Rite Aid of Indiana, Inc.	Indiana	5912	23-2048778
Rite Aid of Kentucky, Inc.	Kentucky	5912	23-2039291

Name of Additional Registrant*	State or Other Jurisdiction of Incorporation or Formation	Primary Standard Industrial Classification Code Number	I.R.S Employer Identification Number
Rite Aid of Maine, Inc.	Maine	5912	01-0324725
Rite Aid of Maryland, Inc.	Maryland	5912	23-1940941
Rite Aid of Massachusetts, Inc.	Massachusetts	5912	23-1940647
Rite Aid of Michigan, Inc.	Michigan	5912	N/A
Rite Aid of New Hampshire, Inc.	New Hampshire	5912	23-2008320
Rite Aid of New Jersey, Inc.	New Jersey	5912	23-1940648
Rite Aid of New York, Inc.	New York	5912	23-1940649
Rite Aid of North Carolina, Inc.	North Carolina	5912	23-1940650
Rite Aid of Ohio, Inc.	Ohio	5912	23-1940651
Rite Aid of Pennsylvania, Inc.	Pennsylvania	5912	23-1940652
Rite Aid of South Carolina, Inc.	South Carolina	5912	23-2047222
Rite Aid of Tennessee, Inc.	Tennessee	5912	23-2047224
Rite Aid of Vermont, Inc.	Vermont	5912	23-1940942
Rite Aid of Virginia, Inc.	Virginia	5912	23-1940653
Rite Aid of Washington, D.C., Inc.	Washington DC	5912	23-2461466
Rite Aid of West Virginia, Inc.	West Virginia	5912	23-1940654
Rite Aid Realty Corp.	Delaware	6719	23-1725347
Rite Aid Rome Distribution Center, Inc.	New York	4225	23-1887836
Rite Aid Services, L.L.C.	Delaware	7363	02-0655440
Rite Aid Transport, Inc.	Delaware	4210	25-1793102
Rite Fund, Inc.	Delaware	6749	51-0273194
Rite Investments Corp.	Delaware	6749	51-0273192
Rx Choice, Inc.	Delaware	7359	25-1598207
Seven Mile and Evergreen–Detroit, LLC	Michigan	5912	N/A
Silver Springs Road–Baltimore, Maryland/One, LLC	Delaware	5912	N/A
Silver Springs Road–Baltimore, Maryland/Two, LLC	Delaware	5912	N/A
State & Fortification Streets–Jackson, Mississippi, LLC	Delaware	5912	N/A
State Street and Hill Road–Gerard, Ohio, LLC	Delaware	5912	N/A
The Lane Drug Company	Ohio	5912	53-0125212
The Muir Company	Ohio	5912	38-0857390
Thrifty Corporation	California	5912	95-1297550
Thrifty PayLess, Inc.	California	5912	95-4391249
Tyler and Sanders Roads, Birmingham–Alabama, LLC	Delaware	5912	N/A
Virginia Corporation	Delaware	6749	51-0335659
112 Burleigh Avenue Norfolk, LLC	Virginia	5912	N/A
537 Elm Street Corp.	Rhode Island	5912	23-2962033
657–659 Broad St. Corp.	New Jersey	5912	80-0052338
764 South Broadway–Geneva, Ohio, LLC	Ohio	5912	23-1974076
1515 West State Street Boise, Idaho, LLC	Delaware	5912	N/A
1740 Associates, L.L.C.	Michigan	5912	N/A
3581 Carter Hill Road–Montgomery Corp.	Alabama	5912	80-0052336
4042 Warrensville Center Road–Warrensville Ohio, Inc.	Ohio	5912	25-1820507
5277 Associates, Inc.	Washington	5912	23-2940919

5600 Superior Properties, Inc.	Ohio	5912	80-0052337

*Addresses and telephone numbers of principal executive offices are the same as those of Rite Aid Corporation.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy, these securities in any state where the offer or sale is not permitted.

Subject to Completion, Dated April 11, 2005

PROSPECTUS

RITE AID CORPORATION

Offer to exchange $200 million aggregate principal amount of 7½% Senior Secured Notes due 2015 (which we refer to as the Restricted Bonds) for $200 million aggregate principal amount of 7½% Senior Secured Notes due 2015 (which we refer to as the Exchange Bonds) which have been registered under the Securities Act of 1933, as amended, and fully and unconditionally guaranteed by the subsidiary guarantors listed on the second page of this prospectus.

The exchange offer will expire at 5:00 p.m., New York City time, on , 2005, unless we extend the exchange offer in our sole and absolute discretion.

Terms of the exchange offer:

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

Each broker-dealer that receives Exchange Bonds for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Bonds. By so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Bonds received in exchange for Restricted Bonds where such Restricted Bonds were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date (as defined herein) and ending on the close of business 90 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution".

There is no established trading market for the Exchange Bonds, although the Restricted Bonds currently trade on the Portal Market.

See "Risk Factors" beginning on page 14 for a discussion of risks you should consider prior to tendering your outstanding Restricted Bonds for exchange.

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

The date of this prospectus is , 2005.

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

Rite Aid Corporation
30 Hunter Lane
Camp Hill, Pennsylvania 17011

Attention: Investor Relations

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

In order to obtain timely delivery, you must request the information no later than , 2005, which is five business days before the expiration date of the exchange offer.

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Subsidiary Guarantors

Ann & Government Streets–Mobile, Alabama, LLC
Apex Drug Stores, Inc.
Broadview and Wallings–Broadview Heights Ohio, Inc.
Central Avenue & Main Street Petal-MS, LLC
Eagle Managed Care Corp.
Eighth and Water Streets–Urichsville, Ohio, LLC
England Street–Asheland Corporation
Fairground, L.L.C.
GDF, Inc.
Gettysburg and Hoover–Dayton, Ohio, LLC
Harco, Inc.
K&B, Incorporated
K&B Alabama Corporation
K&B Louisiana Corporation
K&B Mississippi Corporation
K&B Services, Incorporated
K&B Tennessee Corporation
K&B Texas Corporation
Keystone Centers, Inc.
Lakehurst and Broadway Corporation
Mayfield & Chillicothe Roads–Chesterland, LLC
Munson & Andrews, LLC
Name Rite, L.L.C.
Northline & Dix–Toledo–Southgate, LLC
PDS-1 Michigan, Inc.
Patton Drive and Navy Boulevard Property Corporation
Paw Paw Lake Road & Paw Paw Avenue–Coloma, Michigan, LLC
Perry Distributors, Inc.
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RDS Detroit, Inc.
Ram–Utica, Inc.
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Rite Aid of North Carolina, Inc.
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Rite Aid of Pennsylvania, Inc.

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Rite Aid of Vermont, Inc.
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Rite Aid of Washington, D.C., Inc.
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State & Fortification Streets–Jackson, Mississippi, LLC
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764 South Broadway–Geneva, Ohio, LLC
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1740 Associates, L.L.C.
3581 Carter Hill Road–Montgomery Corp.
4042 Warrensville Center Road–Warrensville Ohio, Inc.
5277 Associates, Inc.
5600 Superior Properties, Inc.

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SUMMARY

The following information summarizes the detailed information and financial statements included elsewhere or incorporated by reference in this prospectus. We encourage you to read this entire prospectus carefully. Unless otherwise indicated or the context otherwise requires, dates in this prospectus that refer to a particular fiscal year (e.g., fiscal 2004) refer to the fiscal year ended on the Saturday closest to February 29 or March 1 of that year. The fiscal years ended February 28, 2004, March 1, 2003, March 2, 2002 and February 26, 2000 included 52 weeks. The fiscal year ended March 3, 2001 included 53 weeks.

Rite Aid Corporation

Our Business

We are the third largest retail drugstore chain in the United States based on revenues and number of stores. As of November 27, 2004, we operated 3,363 drugstores in 28 states across the country and in the District of Columbia. During fiscal 2004 and the thirty-nine week period ended November 27, 2004, we generated $16.6 billion and $12.5 billion in revenues, respectively. We believe we have the first or second market position in approximately 56% of the 151 major U.S. metropolitan markets in which we operate.

In our stores, we sell prescription drugs and a wide assortment of other merchandise, which we call "front-end" products. In fiscal 2004, our pharmacists filled more than 200 million prescriptions, which accounted for approximately 63.6% of our total sales. We believe that our pharmacy operations will continue to represent a significant part of our business due to favorable industry trends, including an aging population, increased life expectancy and the discovery of new and better drug therapies. We offer approximately 24,000 front-end products, including over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, convenience foods, greeting cards, seasonal merchandise and numerous other everyday and convenience products, as well as photo processing, which accounted for the remaining 36.4% of our total sales in fiscal 2004. We distinguish our stores from other national chain drugstores, in part, through our private brands and our strategic alliance with General Nutrition Companies, Inc., a leading retailer of vitamin and mineral supplements. We offer approximately 2,100 front-end products under the Rite Aid private brand, which contributed approximately 11.4% of our front-end sales in the categories where private brands were offered in fiscal 2004.

Our Business Strategy

Our strategy is to continue to focus on improving the productivity of our existing store base. We believe that improving the sales of our existing stores is important to achieving profitability and improving cash flow. To achieve this objective, we are implementing the following strategies:

Grow Our Pharmacy Sales and Attract More Customers. We recently completed the implementation of our next generation pharmacy system in all of our stores and have implemented e-prescription applications in all of our stores, which will further enable our pharmacists to work directly with customers and doctors and adjudicate and fill prescriptions in a more efficient manner. We also drive pharmacy sales growth via our automatic refill program, prescription file buys, in-store immunization programs, fully integrated diabetes program, a specialty pharmacy program, a workers compensation program and several initiatives aimed at managed care providers and doctors. We believe these activities and our focus on generic prescription drugs and direct marketing efforts will attract new customers to our stores and increase profitability. We also continue to develop and implement programs designed to improve customer satisfaction. We believe that by executing our "With us, it's personal" program that is aimed at delivering more personalized service along with faster prescription delivery to our customers, our growth will continue. Although we are already an industry leader in dispensing generic drugs, which generally have a higher gross margin compared to

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branded drugs, we continue to take additional steps to further improve our generic efficiency, including adding functionality to our proprietary pharmacy information system to aid our pharmacists in dispensing generic prescriptions whenever possible. We are working to increase customer loyalty by establishing a strong community presence through health expositions and not-for-profit activities, focusing on the attraction and retention of managed care customers, partnering with several Medicare endorsed card programs to provide discounts to senior citizens and participating in almost all Medicare endorsed prescription cards for senior citizens.

We have resumed our new store relocation and store remodeling program. We intend for the program to start out slowly and believe it will not have a significant impact on operating results or the profile of our store base. Our goal is to open or relocate between 25 and 30 stores by the end of fiscal 2005 and an additional 80 to 85 stores by the end of fiscal 2006, of which we expect that approximately 50% will be relocated stores and the remaining 50% will be new stores. The program is focused on our strongest existing markets and also includes a significant number of remodels. An integral part of the program is the development of a new prototype store and two pilot stores that we have recently constructed and opened. One of the pilot stores is a new 14,500 square foot prototype that is about 30% larger than our current prototype. The other pilot store utilizes the features of the new design to remodel a smaller store. We believe that this program over the longer term, along with the execution of the near term strategy of improving store productivity, will continue to increase our pharmacy sales.

Grow Front-End Sales. We intend to grow front-end sales through continued emphasis on core drugstore categories, a focus on seasonal and cross-merchandising, offering a wider selection of products and services to our customers and effective promotions in our weekly advertising circulars. Our focus for expanding our products and services includes a continued strengthening of our collaborative relationship with our suppliers, an emphasis on our Rite Aid brand products, which provide better value for our customers and higher margins for us, offering ethnic products targeted to selected markets and utilizing digital technology in our one-hour photo development. We believe that the new store and store relocation program described above will also contribute to an increase in our front-end sales.

Contain Expenses. We continue to execute our cost management programs. Our emphasis is on targeted expense areas that are subject to specific work plans for improvement that are continuously monitored. Some examples of targeted expense areas, include (i) workers compensation expense; (ii) utility expense and (iii) repair and maintenance expense. We plan to contain worker's compensation expense through improving workplace safety at our stores and distribution centers and actively managing open claims. We plan to contain utility expense through development and implementation of energy management procedures and systems and through analysis of energy data to facilitate lowest cost bidding for services. We plan to contain repair and maintenance expense by consolidating contracts where applicable, and consistently seeking out lowest cost bidders for preventive maintenance services.

Focus on Customers and Associates. Our "With us, it's personal" commitment encourages associates to provide customers with a superior customer service experience. We obtain feedback on our customer service performance by utilizing an automated survey system that collects store specific information from customers shortly after the point of sale, frequent customer surveys by an independent third party, and mystery shoppers. We also have several programs in place that enhance customer satisfaction, examples of which are the maintenance of a customer support center that centrally receives and processes all customer calls and our "never out of stock" program. We continue to develop and implement associate training programs to improve customer satisfaction and educate our associates about the products we offer. We have implemented programs that create compensatory and other incentives for associates who provide customers with excellent service and who improve our corporate culture. We believe that these steps further enable and motivate our associates to deliver superior customer service.

Recent Developments

March sales announcement

On April 5, 2005, we announced unaudited sales results for March 2005.

For the four weeks ended March 26, 2005, same store sales rose 1.6% over the prior-year period. Pharmacy same store sales decreased 0.8%, while front-end same store sales were up 6.3%. March same store sales were positively affected by a shift to a March Easter this year from an April Easter last year (March 27 this year as compared to April 11 last year).

Total drugstore sales for the four-week period rose 1.2% to $1.301 billion compared to $1.286 billion for the same period last year. Prescription revenue accounted for 64.2% of drugstore sales, and third party prescription revenue represented 93.8% of pharmacy sales.

Fiscal 2005 earnings announcement

On April 7, 2005, we announced financial results for the fourth quarter and fiscal year ended February 26, 2005.

Fourth Quarter Results for Fiscal 2005

Revenues for the 13-week fourth quarter were $4.34 billion versus revenues of $4.40 billion in the prior year fourth quarter. Revenues decreased 1.3 percent.

Same store sales decreased 0.9 percent during the fourth quarter as compared to the year-ago like period, consisting of a 1.1 percent pharmacy same store sales decrease and a 0.5 percent decrease in front-end same store sales. Prescription sales accounted for 61.9 percent of total sales, and third party prescription sales represented 93.6 percent of pharmacy sales.

Net income for the fourth quarter increased to $228.6 million or $.35 per diluted share compared to last year's fourth quarter net income of $59.4 million or $.09 per diluted share. The improvement was due primarily to a $179.5 million or $.29 per diluted share income tax benefit from the reduction of a valuation allowance for deferred tax assets.

In the fourth quarter, we opened four new stores, relocated four stores, acquired two stores, closed 13 stores and remodeled 18 stores. Stores in operation at the end of the quarter totaled 3,356.

Year End Results for Fiscal 2005

For the 52-week fiscal year ended February 26, 2005, we had revenues of $16.8 billion as compared to revenues of $16.6 billion for the prior year. Revenues increased 1.3%.

Same store sales increased 1.6 percent, consisting of a 1.6 percent pharmacy same store sales increase and a 1.6 percent increase in front-end same store sales. Prescription sales accounted for 63.6 percent of total sales, and third party prescription sales were 93.5 percent of pharmacy sales.

Net income for the year was $302.5 million, or $.47 per diluted share, compared to net income of $83.4 million or $.11 per diluted share for last year. The improvement in results was due primarily to a $38.8 million positive impact from a LIFO credit, a $17.8 million decrease in depreciation and amortization expense, an $18.6 million reduction in interest expense, a $16.1 million reduction in loss on debt modifications and retirements and a $119.8 million increase in an income tax benefit primarily from the reduction of a valuation allowance for deferred tax assets. The tax benefit increased net income by $179.5 million or $.32 per diluted share.

During the year, we reduced debt by $580 million to $3.3 billion from $3.9 billion.

For the year, we opened seven new stores, relocated 13 stores, acquired five stores, closed 38 stores and remodeled 172 stores. Stores in operation at the end of the year totaled 3,356.

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Election of New Director

On April 7, 2005, we announced that Philip G. Satre has been elected to our Board of Directors, effective as of April 6, 2005. Mr. Satre will initially not serve as a member of any committee of our Board of Directors. Mr. Satre's term will expire at our annual meeting in June 2005, at which time he will stand for election for a two year term.

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SUMMARY DESCRIPTION OF THE EXCHANGE OFFER

On January 11, 2005, we completed the private offering of $200.0 million aggregate principal amount of 7½% Senior Secured Notes due 2015, which we refer to as the "Restricted Bonds". As part of that offering, we entered into a registration rights agreement with the initial purchasers of those Restricted Bonds in which we agreed, among other things, to deliver a prospectus to you and to complete an exchange offer for the Restricted Bonds. Below is a summary of the exchange offer.

Restricted Bonds	\$200.0 million principal amount of 7½% Senior Secured Notes due 2015.
Exchange Bonds	\$200.0 million principal amount of 7½% Senior Secured Notes due 2015, the issuance of which has been registered under the Securities Act of 1933, as amended (the "Securities Act"). The form and terms of the Exchange Bonds are identical in all material respects to those of the Restricted Bonds, except that the transfer restrictions, registration rights and additional interest provisions relating to the Restricted Bonds do not apply to the Exchange Bonds.
Exchange Offer	We are offering to issue up to \$200.0 million principal amount of Exchange Bonds, in exchange for a like principal amount of the Restricted Bonds, to satisfy our obligations under the registration rights agreement that we entered into when the Restricted Bonds were issued in reliance upon the exemption from registration provided by Rule 144A and Regulation S of the Securities Act.
Expiration Date; Tenders	The exchange offer will expire at 5:00 p.m., New York City time, on , 2005, unless extended in our sole and absolute discretion. By tendering your Restricted Bonds, you represent to us that: • you are not our "affiliate," as defined in Rule 405 under the Securities Act; • you are not engaged in, and do not intend to engage in, and have no arrangement or understanding with any person to participate in, a distribution of the Exchange Bonds; • you are acquiring the Exchange Bonds in your ordinary course of business; and • if you are a broker-dealer, you will receive the Exchange Bonds for your own account in exchange for Restricted Bonds that were acquired by you as a result of your market-making or other trading activities and that you will deliver a prospectus in connection with any resale of the Exchange Bonds you receive. For further information regarding resales of the Exchange Bonds by participating broker-dealers, see the discussion under the caption "Plan of Distribution."

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Withdrawal	You may withdraw any Restricted Bonds tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on , 2005.

Conditions to the Exchange Offer	The exchange offer is subject to customary conditions, which we may waive. See the discussion below under the caption "The Exchange Offer—Conditions to the Exchange Offer" for more information regarding the conditions to the exchange offer.
Procedures for Tendering the Restricted Bonds	Except as described in the section titled "The Exchange Offer—Procedures for Tendering Restricted Bonds," a tendering holder must, on or prior to the expiration date, transmit an agent's message to the exchange agent at the address listed in this prospectus. In order for your tender to be considered valid, the exchange agent must receive a confirmation of book entry transfer of your Restricted Bonds into the exchange agent's account at The Depository Trust Company ("DTC") prior to the expiration or termination of the exchange offer.
Special Procedures for Beneficial Owners	If you are a beneficial owner whose Restricted Bonds are registered in the name of the broker, dealer, commercial bank, trust company or other nominee, and you wish to tender your Restricted Bonds in the exchange offer, you should promptly contact the person in whose name the Restricted Bonds are registered and instruct that person to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the Restricted Bonds by causing DTC to transfer the Restricted Bonds into the exchange agent's account.
Material Federal Income Tax Considerations	The exchange of the Restricted Bonds for Exchange Bonds in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See the discussion under the caption "Material United States Federal Income Tax Considerations" for more information regarding the tax consequences to you of the exchange offer.
Use of Proceeds	We will not receive any proceeds from the exchange offer.
Exchange Agent	BNY Midwest Trust Company is the exchange agent for the exchange offer. You can find the address and telephone number of the exchange agent below under the caption "The Exchange Offer—Exchange Agent."

Resales	Based on interpretations by the staff of the SEC, as detailed in a series of no-action letters issued to third parties, we believe that the Exchange Bonds issued in the exchange offer may be offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery requirements of the Securities Act as long as:

- you are acquiring the Exchange Bonds in the ordinary course of your business;
- you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate, in a distribution of the Exchange Bonds; and
- you are not an affiliate of ours.

If you are an affiliate of ours, are engaged in or intend to engage in or have any arrangement or understanding with any person to participate in the distribution of the Exchange Bonds:

- you cannot rely on the applicable interpretations of the staff of the SEC;
- you will not be entitled to participate in the exchange offer; and
- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

See the discussion below under the caption "The Exchange Offer—Consequences of Exchanging or Failing to Exchange Restricted Bonds" for more information.

Broker-Dealer

Each broker or dealer that receives Exchange Bonds for its own account in exchange for Restricted Bonds that were acquired as a result of market-making or other trading activities must acknowledge that it will comply with the registration and prospectus delivery requirements of the Securities Act in connection with any offer to resell or other transfer of the Exchange Bonds issued in the exchange offer, including the delivery of a prospectus that contains information with respect to any selling holder required by the Securities Act in connection with any resale of the Exchange Bonds.

Furthermore, any broker-dealer that acquired any of its Restricted Bonds directly from us:

- may not rely on the applicable interpretation of the staff of the SEC's position contained in Exxon Capital Holdings Corp., SEC no-action letter (April 13, 1988), Morgan, Stanley & Co. Inc., SEC no-action letter (June 5, 1991) and Shearman & Sterling, SEC no-action letter (July 2, 1993); and

- must also be named as a selling bondholder in connection with the registration and prospectus delivery requirements of the Securities Act relating to any resale transaction.

	This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Bonds received in exchange for Restricted Bonds which were received by such broker-dealer as a result of market making activities or other trading activities. We have agreed that for a period of not less than 90 days after the consummation of the exchange offer, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution" for more information.
Registration Rights Agreement	When we issued the Restricted Bonds in January 2005, we entered into a registration rights agreement with the initial purchasers of the Restricted Bonds. Under the terms of the registration rights agreement, we agreed to use our best efforts to file with the SEC and cause to become effective, a registration statement relating to an offer to exchange the Restricted Bonds for the Exchange Bonds.
	If the registration statement of which this prospectus is a part, is not declared effective within 180 days of the date that we sold the Restricted Bonds (July 10, 2005), if we do not complete the exchange offer within 210 days of the date that we sold the Restricted Bonds (August 9, 2005), or if we fail to meet certain other conditions described under "Description of the Exchange Bonds – Additional Interest", the interest rate borne by the Restricted Bonds will be increased at a rate of 0.25% per annum every 90 days (but shall not exceed 0.50% per annum) until the condition which gave rise to the additional interest is cured.
	Under some circumstances set forth in the registration rights agreement, holders of Restricted Bonds, including holders who are not permitted to participate in the exchange offer or who may not freely sell Exchange Bonds received in the exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the Restricted Bonds by these holders.
	A copy of the registration rights agreement is incorporated by reference as an exhibit to the registration statement of which this prospectus is a part. See "Description of the Exchange Bonds—Registration Rights."

CONSEQUENCES OF NOT EXCHANGING RESTRICTED BONDS

If you do not exchange your Restricted Bonds in the exchange offer, your Restricted Bonds will continue to be subject to the restrictions on transfer currently applicable to the Restricted Bonds. In general, you may offer or sell your Restricted Bonds only:

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

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

SUMMARY DESCRIPTION OF THE EXCHANGE BONDS

The summary below describes the principal terms of the Exchange Bonds. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Exchange Bonds" section of this prospectus contains a more detailed description of the terms and conditions of the Exchange Bonds.

Issuer	Rite Aid Corporation, a Delaware corporation.
Exchange Bonds	$200.0 million aggregate principal amount of 7½% Senior Secured Notes due 2015 (which we refer to in this prospectus as the Exchange Bonds).
Maturity Date	January 15, 2015.
Interest	We will pay interest on the Exchange Bonds at the rate of 7½% per year, payable in cash, on January 15 and July 15 of each year, beginning on July 15, 2005. Interest will accrue from the issue date of the Restricted Bonds.
Subsidiary Guarantees	Our obligations under the Exchange Bonds will be fully and unconditionally guaranteed, jointly and severally, subject to certain limitations, by those of our subsidiaries that from time to time guarantee our obligations under our senior credit facility. Under certain circumstances, subsidiaries may be released from these guarantees without the consent of holders of the Exchange Bonds. The subsidiary guarantees will be subordinated to the subsidiary guarantees of our senior credit facility.
Security	The guarantees of the Exchange Bonds will be secured, subject to permitted liens, by shared second priority liens granted by our subsidiary guarantors on all of the assets

that secure our obligations under the senior credit facility (other than cash or cash equivalents that may collateralize letter of credit obligations) which currently consist of substantially all of the inventory, accounts receivable (to the extent not included in our off balance sheet accounts receivable securitization program) and intellectual property of the subsidiary guarantors (which we collectively refer to in this prospectus as the collateral). Under certain circumstances, collateral may be released without the consent of the holders of the Exchange Bonds.

Ranking

The Exchange Bonds will be:

- unsecured, unsubordinated obligations of Rite Aid Corporation; and
- equal in ranking with all of our existing and future unsecured, unsubordinated debt. Currently, all of our debt is senior debt.

The subordinated guarantees by the subsidiary guarantors will be secured, subject to permitted liens, by second priority liens on the collateral that share equally with other second priority debt in the distribution of proceeds of the collateral, except in limited circumstances.

Our subsidiaries conduct substantially all our operations and have significant liabilities, including trade payables. If the subsidiary guarantees are invalid or unenforceable or the limitations under the guarantees are applied, the Exchange Bonds will be structurally subordinated to our substantial subsidiary liabilities and the liens on the collateral would be invalid or unenforceable.

As of November 27, 2004, after giving effect to our offering of the Restricted Bonds and the application of the net proceeds therefrom;

- the total outstanding debt of us and the subsidiary guarantors (including current maturities and capital lease obligations, but excluding unused commitments, undrawn letters of credit and off balance sheet obligations under our accounts receivable securitization program) would have been approximately $3.2 billion;
- none of our or any subsidiary guarantor's debt would have been subordinated to the Restricted Bonds or the subsidiary guarantees;
- the total outstanding debt of us and the subsidiary guarantors that would be senior to the guarantees by the subsidiary guarantors and have the benefit of first priority liens on the collateral would have been

approximately $560.0 million (not including $112.1 million outstanding letters of credit); and

- the total outstanding debt of us and the subsidiary guarantors that would have the benefit of pari passu subordinated guarantees from the subsidiary guarantors and share pari passu, subject to permitted liens, second priority liens on the collateral would have been approximately $995.4 million (including the Restricted Bonds but excluding unamortized discount of $6.6 million).

Subject to permitted liens, the second priority liens will be shared equally and ratably with other second priority debt, including our 12.5% senior secured notes due 2006, our 8.125% senior secured notes due 2010 and our 9½% senior secured notes due 2011, that share equally with the Exchange Bonds in the distribution of the collateral, except in limited circumstances. Our senior credit facility is secured by a first priority lien on the collateral and those liens will be senior to the liens securing the Exchange Bonds. Pursuant to the indenture governing the Exchange

Bonds, the security agreements and a collateral trust and intercreditor agreement, additional debt secured by first priority liens and additional debt secured by second priority liens may be incurred without the consent of the holders of the Exchange Bonds.

Pursuant to the security agreements and a collateral trust and intercreditor agreement, the holders of the first priority liens will, at all times, control all rights and remedies with respect to the collateral while our senior credit facility is outstanding. The second priority liens will not entitle holders of the Exchange Bonds to take any action whatsoever with respect to the collateral at any time when the first priority liens are outstanding. The holders of the first priority liens will receive all proceeds from any realization on the collateral until the obligations secured by the first priority liens are paid in full.

The indenture for the Exchange Bonds provides that the holders of Exchange Bonds are deemed to have consented to various releases of collateral and subsidiary guarantees as well as various amendments to the second priority collateral documents that could be adverse to holders of Exchange Bonds.

See "Description of the Exchange Bonds" and "Description of Collateral and Intercreditor Arrangements."

Form and Denomination	The Exchange Bonds will be issued only in registered form. The Exchange Bonds will be issued in minimum denominations of $1,000. The Exchange Bonds will be represented by a single permanent global Exchange Bond in fully registered form, deposited with a custodian for and registered in the name of a nominee of The Depository Trust Company (which we refer to in this prospectus as DTC). Beneficial interests in the global Exchange Bond will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. Except as described herein, Exchange Bonds in certificated form will not be issued in exchange for the global Exchange Bonds or interests therein.
Optional Redemption	Prior to January 15, 2010, we may redeem some or all of the Exchange Bonds by paying a "make-whole" premium based on U.S. Treasury rates. On or after January 15, 2010, we may redeem some or all of the Exchange Bonds at the redemption prices listed under the heading "Description of the Exchange Bonds—Optional Redemption," plus accrued and unpaid interest to the date of redemption.
	In addition, at any time and from time to time, prior to January 15, 2008, we may redeem up to 35% of the original aggregate principal amounts of the Exchange Bonds and

	the Restricted Bonds with the net proceeds of one or more of our equity offerings at a redemption price of 107.500% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, provided that at least 65% of the original aggregate amount of the Exchange Bonds remain issued and outstanding.
Repurchase at Option of Holders Upon a Change in Control	In the event of a change in control (as defined under the heading "Description of the Exchange Bonds—Definitions"), each holder of Exchange Bonds may require us to repurchase its Exchange Bonds in whole or in part, at a repurchase price of 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the repurchase date. See "Description of the Exchange Bonds —Repurchase at the Option of Holders Upon a Change of Control" and "Risk Factors—Risks Related to the Exchange Offer and Holding the Exchange Bonds—We may be unable to purchase the Exchange Bonds upon a change of control."
Certain Covenants	The indenture governing the Exchange Bonds will contain covenants that limit our ability and the ability of our restricted subsidiaries to, among other things:

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

Risk Factors

You should carefully consider all of the information contained or incorporated by reference in this prospectus prior to participating in the exchange offer. In particular, we urge you to carefully consider the information set forth under "Risk Factors" beginning on page 14, for a discussion of risks and uncertainties relating to us, our subsidiaries, our business, the exchange offer and holding the Exchange Bonds.

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Our headquarters are located at 30 Hunter Lane, Camp Hill, Pennsylvania 17011, and our telephone number is (717) 761-2633. Our common stock is listed on the New York Stock Exchange and the Pacific Exchange under the trading symbol "RAD." We were incorporated in 1968 and are a Delaware corporation.

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RISK FACTORS

Participating in the exchange offer involves a number of risks. You should consider carefully the following information about these risks, together with the other information included and incorporated by reference in this prospectus before tendering your Restricted Bonds in the exchange offer. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business operations. We cannot assure you that any of the events discussed in the risk factors below will not occur. If they do, our business, financial condition or results of operations could be materially and adversely affected.

Risks Related to our Financial Condition

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

We had, as of November 27, 2004, approximately $3.2 billion of outstanding indebtedness (after giving effect to our offering of the Restricted Bonds and the use of proceeds therefrom and including current maturities and capital lease obligations but not including unused commitments, undrawn letters of credit and off balance sheet obligations pursuant to our accounts receivable securitization program) and stockholders' equity of $83.6 million (after giving effect to the declaration and payment of a regularly scheduled dividend on our previously outstanding 8% Series D preferred stock in the amount of $8.9 million, which dividend was paid in additional shares of 8% Series D preferred stock in December 2004, to our issuance, in January 2005, of 2.5 million shares of 7% Series E Mandatory Convertible Preferred Stock, including the anticipated use of proceeds therefrom, and to our exchange of our remaining Series D preferred stock for Series F, G and H preferred stock). We also had additional borrowing capacity under our revolving credit facility of $738.9 million at that time, which is net of outstanding letters of credit of $112.1 million. Our debt obligations adversely affect our operations in a number of ways and, while we believe we have adequate sources of liquidity to meet our anticipated annual requirements for working capital, debt service and capital expenditures through fiscal year 2006, there can be no assurance that our cash flow from operations will be sufficient to service our debt, which may require us to borrow additional funds for that purpose, restructure or otherwise refinance our debt. Our earnings were insufficient to cover our fixed charges for fiscal 2004, by $2.6 million and by considerably higher amounts in prior fiscal years.

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

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

Our ability to make payments on our debt depends upon our ability to substantially improve our operating performance, which is subject to general economic and competitive conditions and to financial, business and other factors, many of which we cannot control. If our cash flow from our operating activities is insufficient, we may take certain actions, including delaying or reducing capital or other expenditures, attempting to restructure or refinance our debt, selling assets or operations or seeking additional equity capital. We may be unable to take any of these actions on satisfactory terms or in a timely manner. Further, any of these actions may not be sufficient to allow us to service our debt obligations or may have an adverse impact on our business. Our existing debt agreements limit our ability to take certain of these actions. Our failure to earn enough to pay our debts or to successfully undertake any of these actions could have a material adverse effect on us.

Borrowings under our senior credit facility are based upon variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

Approximately $549.0 million of our outstanding indebtedness as of November 27, 2004 bears an interest rate that varies depending upon LIBOR. If we borrow additional amounts under our senior credit facility, the interest rate on those borrowings will vary depending upon LIBOR. If LIBOR rises, the interest rates on this outstanding debt will also increase. Therefore an increase in LIBOR would increase our interest payment obligations under these outstanding loans and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest.

The covenants in our outstanding indebtedness, including the indenture governing the Exchange Bonds, impose restrictions that may limit our operating and financial flexibility.

The covenants in the instruments that govern our outstanding indebtedness restrict our ability to:

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

In addition, if we have less than $300 million available under our revolving credit facility, we will be subject to certain financial covenant ratios. If we are unable to meet the terms of the financial covenant ratios or if we breach any of these covenants, a default could result under one or more of these agreements. A default, if not waived by our lenders, could result in the acceleration of our outstanding indebtedness and cause our debt to become immediately due and payable. If acceleration occurs, we would not be able to repay our debt and it is unlikely that we would be able to borrow sufficient additional funds to refinance such debt. Even if new financing is made available to us, it may not be available on terms acceptable to us.

If we obtain modifications of our agreements or are required to obtain waivers of defaults, we may incur significant fees and transaction costs. In fiscal 2005, 2004, 2003, 2002 and 2001, we modified certain covenants contained in our then existing senior credit facility and loan agreements. In fiscal 2000, we obtained waivers of compliance contained in our then existing credit facilities and public indentures. In connection with obtaining these modifications and waivers, we paid significant fees and transaction costs.

Risks Related to our Operations

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

We have not yet achieved the sales productivity level of our major competitors. We believe that improving the sales of existing stores is important to achieving profitability and continuing to improve

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operating cash flow. If we are not successful in implementing our strategy, or if our strategy is not effective, we may not be able to continue to improve our operations. In addition, any adverse change in general economic conditions can adversely affect consumer buying practices and reduce our sales of front-end products, which are our higher margin products, and cause a proportionately greater decrease in our profitability. Failure to continue to improve operations or a decline in general economic conditions would adversely affect our results of operations, financial condition and cash flows and our ability to make principal or interest payments on our debt.

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

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

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

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

There are currently pending both civil and criminal investigations by the United States Attorney. In addition to any fines or damages that we might have to pay, any criminal conviction against us may result in the loss of licenses and contracts that are material to the conduct of our business, which would have a negative effect on our results of operations, financial condition and cash flows.

There are currently pending both civil and criminal governmental investigations by the United States Attorney concerning our financial reporting and other matters. Settlement discussions have begun with the United States Attorney for the Middle District of Pennsylvania, who has proposed that the government would not institute any criminal proceeding against us if we enter into a consent judgment providing for a civil penalty payable over a period of years. The amount of the civil penalty has not been agreed to and there can be no assurance that a settlement will be reached or that the amount of such penalty will not have a material adverse effect on our financial condition and results of operations. We recorded an accrual of $20.0 million in fiscal 2003 in connection with the resolution of these matters; however, we may incur charges materially in excess of that amount and we are unable to estimate the possible range of loss. We will continue to evaluate our estimate and to the extent that additional information arises or our strategy changes, we will adjust our accrual accordingly.

If we were convicted of any crime, certain licenses and government contracts, such as Medicaid plan reimbursement agreements, that are material to our operations may be revoked, which would have a material adverse effect on our results of operations and financial condition. In addition, substantial penalties, damages, or other monetary remedies assessed against us could also have a material adverse effect on our results of operations, financial condition and cash flows.

Given the size and nature of our business, we are subject from time to time to various lawsuits which, depending on their outcome, may have a negative impact on our results of operations, financial condition and cash flows.

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

We obtain approximately 90% of our pharmaceutical products from a single supplier, McKesson Corp. ("McKesson"), pursuant to a contract that runs until March 2009. Pharmacy sales, which have been increasing as a percentage of our total sales, represented approximately 63.2%, 63.6% and 64.2% of our total sales during fiscal 2003, fiscal 2004 and the thirty-nine months period ended November 27, 2004, respectively, and, therefore, our relationship with McKesson is important to us. Any significant disruptions in our relationship with McKesson would make it difficult for us to continue to operate our business until we found a replacement supplier. There can be no assurance that we would be able to find a replacement supplier on a timely basis, or that such supplier would be able to fulfill our demand on similar terms, which would have a material adverse effect on our results of operations, financial condition and cash flows.

Risks Related to our Industry

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

We face intense competition with local, regional and national companies, including other drugstore chains, independently owned drugstores, supermarkets, mass merchandisers, discount stores, dollar stores and mail order pharmacies. Our industry also faces growing competition from companies who import drugs directly from other countries, such as Canada. We may not be able to effectively compete against them because our existing or potential competitors may have financial and other resources that are superior to ours. In addition, we may be at a competitive disadvantage because we are more highly leveraged than our competitors. The ability of our stores to achieve profitability depends on their ability to achieve a critical mass of customers. We believe that the continued consolidation of the drugstore industry will further increase competitive pressures in the industry. As competition increases, a significant increase in general pricing pressures could occur which would require us to increase our sales volume and to sell higher margin products and services in order to remain competitive. We cannot assure you that we will be able to continue to compete effectively in our markets or increase our sales volume in response to further increased competition.

Another adverse trend for drugstore retailing has been the rapid growth in mail-order and internet based prescription processors. These prescription distribution methods have grown in market share relative to drugstores as a result of the rapid rise in drug costs experienced in recent years and are predicted to continue to rise. Mail-order prescription distribution methods are perceived by employers and insurers as being less costly than traditional distribution methods and are being encouraged, and, in some cases, required, by third party pharmacy benefit managers, employers and unions that administer benefits. As a result, some labor unions and employers are requiring, and others may encourage or require, that their members or employees obtain medications from mail-order pharmacies which offer drug prescriptions at prices lower than we are able to offer. For example, when we announced our third-quarter earnings, we disclosed that our sales continued to be negatively impacted by mandatory mail prescription programs, including the United Auto Workers' program. In addition to these forms of mail-order distribution, there has also been an increasing number of internet-based prescription distributors that specialize in offering certain high demand lifestyle drugs at deeply discounted prices. A number of these internet-based distributors operate outside the reach of regulations that govern legitimate drug retailers. Competition from Canadian imports has also been increasing significantly recently and also creates volume and pricing pressure. Imports from foreign countries may increase further if recently introduced legislation seeking to legalize the importation of drugs from Canada and other countries is eventually enacted. These alternate distribution channels have negatively affected sales for traditional chain drug retailers, including us, in the last few years and we expect such negative effect to continue in the future.

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

Sales of prescription drugs, as a percentage of sales, and the percentage of prescription sales reimbursed by third parties have been increasing and we expect them to continue to increase. Sales of prescription drugs represent approximately 64% of our sales and we are reimbursed by third-party payors for approximately 93% of all the prescription drugs that we sell. The top five third-party payors account for approximately 30% of our total sales the largest of which is approximately 10.5% of our total sales. Any significant loss of third-party provider business could have a material adverse effect on our business and results of operations. Also, these third-party payors could reduce the levels at which they will reimburse us for the prescription drugs that we provide to their members. Furthermore, the passing in December 2003 of the Medicare Prescription Drug, Improvement and Modernization Act will grant a prescription drug benefit to participants. As a result of this benefit, we may be reimbursed for some prescription drugs at prices lower than our current reimbursement levels. Approximately 12% of our revenues are from state sponsored Medicaid agencies. There have been a number of recent proposals and enactments by various states to reduce Medicaid reimbursement levels in response to budget problems, some of which propose to reduce reimbursement levels in the applicable states significantly, and we expect other similar proposals in the future. If third-party payors reduce their reimbursement levels or if Medicare or state Medicaid programs cover prescription drugs at lower reimbursement levels, our margins on these sales would be reduced, and the profitability of our business and our results of operations, financial condition or cash flows could be adversely affected.

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

Our pharmacy business is subject to federal, state and local regulation. These include local registrations of pharmacies in the states where our pharmacies are located, applicable Medicare and Medicaid regulations, and prohibitions against paid referrals of patients. Failure to properly adhere to these and other applicable regulations could result in the imposition of civil and criminal penalties including suspension of payments from government programs; loss of required government certifications; loss of authorizations to participate in or exclusion from government reimbursement programs, such as the Medicare and Medicaid programs; loss of licenses; significant fines or monetary penalties for anti-kickback law violations, submission of false claims or other failures to meet reimbursement program requirements and could adversely affect the continued operation of our business. Furthermore, our pharmacies could be affected by federal and state reform programs, such as healthcare reform initiatives, the passing of which could adversely affect our results of operations, financial condition and cash flows.

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

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

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

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

There is a nationwide shortage of qualified pharmacists. In response to this challenge, we have implemented improved benefits and training programs in order to attract, hire and retain qualified pharmacists. However, we may not be able to attract, hire and retain enough qualified pharmacists. This could adversely affect our operations.

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

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

Risks Relating to the Exchange Offer and Holding the Exchange Bonds

The guarantees of the Exchange Bonds will be subordinated to the guarantees of our first priority debt, including our senior credit facility, and the guarantees of the Exchange Bonds are secured only to the extent that the first priority debt is oversecured; the terms of the Exchange Bonds permit, without the consent of holders of Exchange Bonds, various releases of collateral and subsidiary guarantees as well as various amendments to the second priority collateral documents that could be adverse to holders of Exchange Bonds.

Subject to some limitations, those of our subsidiaries that from time to time guarantee our obligations under our senior credit facility will guarantee our obligations under the Exchange Bonds. These guarantees will, however, be subordinated to the guarantees of our first priority debt, including our senior credit facility. The collateral that secures the guarantees of the Exchange Bonds will also secure the guarantees of certain existing and future indebtedness, including our senior credit facility and any refinancing of our senior credit facility, on a first priority basis, and the guarantees of the Exchange Bonds, our 12.5% senior secured notes due 2006 our 8.125% senior secured notes due 2010, our 9½% senior secured notes due 2011, and possible additional future indebtedness on a second priority basis. Any rights to payment and claims to the collateral by the holders of the Exchange Bonds will therefore be fully subordinated to any claims by our creditors under the senior credit facility with respect to distributions of collateral. In addition, other second priority debt may require the proceeds of collateral dispositions to be allocated to prepay, repurchase or provide for the prepayment or repurchase of other second priority debt when no such prepayment, repurchase or provision is required with respect to the Exchange Bonds. Our 12.5% senior secured notes, our 8.125% senior secured notes and our 9½% senior secured notes require such repurchase or provision for repurchase in certain circumstances, some of which would be prior to the time that we would be required to take such actions with respect to the Exchange Bonds.

Only when our obligations under the senior credit facility and any other first priority debt are satisfied in full will the proceeds of the collateral be available, subject to other permitted liens, to satisfy obligations under guarantees of the Exchange Bonds and the other debt secured by the shared second priority lien. Even if the proceeds from the sale or liquidation of the collateral are sufficient to satisfy our obligations under the senior credit facility and any such additional first priority debt, if the amount of such remaining proceeds is less than the aggregate outstanding principal amount of debt secured by the shared second priority lien, we may be unable to fully satisfy our obligations under guarantees of the Exchange Bonds. As a result, our obligations that are secured, subject to permitted liens, by the shared second priority lien are secured only to the extent that (i) the senior credit facility and other first priority debt is oversecured, and (ii) the oversecured amount is sufficient, subject to other permitted liens, to secure the Exchange Bonds, the 12.5% senior secured notes, the 8.125% senior secured notes and the 9½% senior secured notes, and any other second priority debt. Pursuant to the indenture and the second priority collateral documents, substantial additional debt may share the second priority liens securing the subsidiary guarantees of the Exchange Bonds without the consent of holders of Exchange Bonds.

The lenders under the first priority debt, including the senior credit facility, will, at all times, control all remedies or other actions related to the collateral. In addition, if the lenders under the first priority debt release the liens securing the obligations under the first priority debt then, under the terms of the indenture governing the Exchange Bonds, the holders of the Exchange Bonds will be deemed to have given approval for the release of the liens securing the Exchange Bonds, subject to certain limitations. All collateral used, sold, transferred or otherwise disposed of in accordance with the terms of the second priority debt will automatically be released from the lien securing the subsidiary guarantees of the Exchange Bonds. Accordingly, any such sale, transfer or disposition in a transaction that does not violate the asset disposition covenant in the indenture governing the Exchange Bonds may result in a release of collateral. Because the asset disposition covenant of the indenture does not restrict transfers of assets by our subsidiaries to us, any transfer of collateral to us could result in such assets ceasing to constitute collateral. The liens securing guarantees of the Exchange Bonds may also be released pursuant to the directions from representatives of a majority of the second priority debt obligations, unless the release involves all or substantially all the collateral, in which case release shall require the consent of the holders of Exchange Bonds. The Exchange Bonds offered hereby do not and in the future may not represent a majority of the second priority debt obligations. Accordingly, substantial collateral may be released automatically without consent of the holders of Exchange Bonds or the trustee under the indenture. In addition, if the lenders under the first priority debt release any of the subsidiary guarantors securing the obligations under the first priority debt, then the holders of the Exchange Bonds will be deemed to have given approval for such release of any such subsidiary guarantor from its obligations under the subsidiary guarantee, subject to certain limitations. The second priority collateral documents may be amended with the consent of holders representing a majority of the second priority debt obligations. In addition, the terms of the Exchange Bonds permit various other releases of collateral and subsidiary guarantees as well as various amendments to the second priority collateral documents that could be adverse to holders of Exchange Bonds without the consent of holders of Exchange Bonds. See "Description of Exchange Bonds" and "Description of Collateral and Intercreditor Arrangements."

If the guarantees of the Exchange Bonds and the liens that secure these guarantees are held to be invalid or unenforceable or are limited in accordance with their terms, the Exchange Bonds would be unsecured and structurally subordinated to the debt of our subsidiaries.

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

All of the subsidiaries that guarantee our obligations under our senior credit facility will initially guarantee our obligations on the Exchange Bonds. These guarantees will be secured, subject to permitted liens, by shared second priority liens on the collateral. The terms of these guarantees will provide that they are limited (and subject to reduction) to the extent necessary to prevent such guarantees and the guarantees of first priority debt from constituting fraudulent conveyances. However, the guarantees of first priority debt will only be limited (or reduced) after the subordinated guarantees for the Exchange Bonds and the other debt are extinguished.

Our creditors or the creditors of our subsidiaries could challenge these guarantees and these liens as fraudulent conveyances or on other grounds. The delivery of these guarantees and the grant of the shared second priority liens securing these guarantees could be found to be a fraudulent transfer and declared void if a court determined that: the subsidiary delivered the guarantee and granted the lien with the intent to hinder, delay or defraud its existing or future creditors; the subsidiary did not receive fair consideration for the delivery of the guarantee and the incurrence of the lien; or the subsidiary was insolvent at the time it delivered the guarantee and granted the lien. We cannot assure you that a court would not reach one of these conclusions. In the event that a court declares either these guarantees or these liens to be void, or in the event that the guarantees must be limited or voided in accordance with their terms, any claim you may make against us for amounts payable on the Exchange Bonds would be unsecured and effectively subordinated to the obligations of our subsidiaries, including trade payables and other liabilities that constitute indebtedness.

We may be unable to purchase the Exchange Bonds upon a change of control.

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

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

There is no public market for the Exchange Bonds, and we do not know if a market will ever develop or, if a market does develop, whether it will be sustained.

The Exchange Bonds are a new issue of securities for which there is no existing trading market. Accordingly, we cannot assure you that a liquid market will develop for the Exchange Bonds, that you will be able to sell your Exchange Bonds at a particular time or that the prices that you receive when you sell the Exchange Bonds will be favorable.

We do not intend to apply for listing or quotation of any series of bonds on any securities exchange or stock market, although our Restricted Bonds trade on the Portal Market. The liquidity of any market for the Exchange Bonds will depend on a number of factors, including:

- the number of holders of Exchange Bonds;

- our operating performance and financial condition;
- our ability to complete the offer to exchange the Restricted Bonds for the Exchange Bonds;
- the market for similar securities;
- the interest of securities dealers in making a market in the Exchange Bonds; and
- prevailing interest rates.

Holders of Restricted Bonds who fail to exchange their Restricted Bonds in the exchange offer will continue to be subject to restrictions on transfer.

If you do not exchange your Restricted Bonds for Exchange Bonds in the exchange offer, you will continue to be subject to the restrictions on transfer applicable to the Restricted Bonds. The restrictions on transfer of your Restricted Bonds arise because we issued the Restricted Bonds under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the Restricted Bonds if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register the Restricted Bonds under the Securities Act. For further information regarding the consequences of tendering your Restricted Bonds in the exchange offer, see the discussion below under the caption "The Exchange Offer— Consequences of Exchanging or Failing to Exchange Restricted Bonds."

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

Delivery of Exchange Bonds in exchange for Restricted Bonds tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of book-entry transfer of Restricted Bonds into the exchange agent's account at DTC, as depositary, including an agent's message (as defined herein). We are not required to notify you of defects or irregularities in tenders of Restricted Bonds for exchange. Restricted Bonds that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the registration rights agreement will terminate. See "The Exchange Offer—Procedures for Tendering Restricted Bonds" and "The Exchange Offer—Consequences of Exchanging or Failing to Exchange Restricted Bonds."

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

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

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

- our high level of indebtedness;
- our ability to make interest and principal payments on our debt and satisfy the other covenants contained in our senior credit facility and other debt agreements, including the indenture governing the Exchange Bonds;
- our ability to improve the operating performance of our existing stores in accordance with our long term strategy;
- our ability to hire and retain pharmacists and other store personnel;
- the outcomes of pending lawsuits and governmental investigations;
- competitive pricing pressures and continued consolidation of the drugstore industry; and
- the efforts of third-party payors to reduce prescription drug reimbursements and encourage mail order, changes in state or federal legislation or regulations, the success of planned advertising and merchandising strategies, general economic conditions and inflation, interest rate movements, access to capital, and our relationships with our suppliers.

We undertake no obligation to revise the forward-looking statements included or incorporated by reference in this prospectus to reflect any future events or circumstances. Our actual results, performance or achievements could differ materially from the results expressed in, or implied by, these forward-looking statements. Factors that could cause or contribute to such differences are discussed in the section entitled "Risk Factors" included in this prospectus. In addition, you are advised to review any further disclosures we make on related subjects in reports we file with the SEC.

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USE OF PROCEEDS

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

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges on a historical basis for each of the last five years ended February 26, 2000, March 3, 2001, March 2, 2002, March 1, 2003 and February 28, 2004 and for the thirty-nine weeks ended November 27, 2004 and November 29, 2003.

	Year Ended					Thirty-Nine Weeks Ended	
	February 28, 2004 (52 Weeks)	March 1, 2003 (52 Weeks)	March 2, 2002 (52 Weeks)	March 3, 2001 (53 Weeks)	February 26, 2000 (52 Weeks)	November 27, 2004	November 29, 2003
	(Dollars in thousands)						
Fixed charges:							
Interest expense	$ 313,498	$ 330,020	$ 396,064	$ 649,926	$ 542,028	$ 224,973	$ 236,085
Interest portion of net rental expense (1)	184,391	189,528	181,493	159,247	148,669	153,454	155,903
Fixed charges before capitalized interest and preferred stock dividend requirements	497,889	519,548	577,557	809,173	690,697	378,427	391,988
Preferred stock dividend requirement (2)	37,074	49,540	42,354	42,445	15,554	39,343	24,471
Capitalized interest	133	301	806	1,836	5,292	160	106
Total fixed charges	$ 535,096	$ 569,389	$ 620,717	$ 853,454	$ 711,543	$ 417,930	$ 416,565
Earnings:							
Income (loss) from continuing operations before income taxes, and cumulative effect of accounting change	$ 34,584	$ (154,482)	$ (837,385)	$ (1,283,602)	$ (1,129,036)	$ 85,025	$ (23,515)
Share of loss from equity method investees	—	—	12,092	36,675	15,181	—	—
Preferred stock dividend requirement	(37,074)	(49,540)	(42,354)	(42,445)	(15,554)	(39,343)	(24,471)
Fixed charges before capitalized interest	534,963	569,088	619,911	851,618	706,251	417,770	416,459
Total adjusted earnings (loss)	532,473	365,066	(247,736)	(437,754)	(423,158)	463,452	368,473
Earnings to fixed charges (deficiency)	$ (2,623)	$ (204,323)	$ (868,453)	$ (1,291,208)	$ (1,134,701)	$ 45,522	$ (48,092)
Ratio of earnings to fixed charges	—	—	—	—	—	1.11	—

(1)

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

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

SELECTED HISTORICAL FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited consolidated financial statements and related notes and the interim condensed consolidated financial statements and related notes incorporated by reference into this prospectus. The selected consolidated financial data for the thirty-nine week periods ended November 27, 2004 and November 29, 2003 are unaudited and not necessarily indicative of the results to be expected for the full year. The following selected financial data does not give pro forma effect to our offering of the Restricted Bonds, our issuance of 2.5 million shares of 7% Series E Mandatory Convertible Preferred Stock, our exchange of our remaining shares of Series D preferred stock for Series F, G and H preferred stock or to the $37.5 million in proceeds from our December 15, 2004 sale and leaseback transaction described in Note 11 to our unaudited financial statements included in our quarterly report on Form 10-Q/A for the quarter ended November 27, 2004 and incorporated by reference in this prospectus.

	Fiscal Year Ended					Thirty-Nine Week Period Ended	
	February 28, 2004 (52 weeks)	March 1, 2003 (52 weeks)	March 2, 2002 (52 weeks)	March 3, 2001 (53 weeks)(1)	February 26, 2000 (52 weeks)(1)	November 27, 2004	November 29, 2003
	(Dollars in thousands)						
perations Data:							
evenues	$16,600,449	$15,791,278	$15,166,170	$14,516,865	$13,338,947	$12,475,599	$12,204,103
osts and expenses:							
ost of goods sold, cluding ccupancy costs	12,568,729	12,036,003	11,695,871	11,152,285	10,219,168	9,388,222	9,261,318
elling, general and lministrative expenses(2)	3,624,226	3,476,379	3,406,492	3,458,307	3,607,810	2,748,014	2,694,884
oodwill amortization(3)	—	—	21,007	20,670	24,457	—	
ore closing and npairment arges	22,074	135,328	251,617	388,078	139,448	11,263	299
terest expense	313,498	330,020	396,064	649,926	542,028	224,973	236,085
terest rate swap contracts	—	278	41,894	—	—	—	
oss (gain) on debt odifications and tirements, net(4)	35,315	(13,628)	221,054	100,556	—	19,425	35,315
nare of loss from equity	—	—	12,092	36,675	15,181	—	

vestments							
oss (gain) on sale of sets and investments, net	2,023	(18,620)	(42,536)	(6,030)	(80,109)	(1,323)	(283
otal costs and expenses	16,565,865	15,945,760	16,003,555	15,800,467	14,467,983	12,390,574	12,227,618
come (loss) from ontinuing perations before income xes and cumulative effect counting change	34,584	(154,482)	(837,385)	(1,283,602)	(1,129,036)	85,025	(23,515
come tax (benefit) xpense							