

RITE AID CORP
Form S-8
October 05, 2007

As filed with the Securities and Exchange Commission on October 5, 2007
Registration No. 333-

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM S-8
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

RITE AID CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

23-1614034
(I.R.S. Employer
Identification No.)

30 Hunter Lane
Camp Hill, Pennsylvania 17011
(717) 761-2633
(Address of Principal Executive Offices)

2006 Omnibus Equity Plan
2004 Omnibus Equity Plan
2001 Stock Option Plan
2000 Omnibus Equity Plan

(Full Title of the Plan)

Robert B. Sari, Esq.
Executive Vice President and General Counsel
Rite Aid Corporation
30 Hunter Lane
Camp Hill, Pennsylvania 17011
(717) 761-2633
(717) 760-7867 (facsimile)
(Name, Address and Telephone Number,
Including Area Code, of Agent for Service)

CALCULATION OF REGISTRATION FEE

| Title of Securities To Be Registered | Amount To Be Registered | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee |
|--|-------------------------|---|---|----------------------------|
| Common Stock, par value \$1.00 per share: shares available for issuance pursuant to employee benefit plans | 35,328,764 | \$4.38 | \$154,739,986 | \$4,750.52(1) |
| Common Stock, par value \$1.00 per share: shares subject to outstanding options | 5,096,986 | \$5.18 | \$26,402,387 | \$810.55(2) |
| Common Stock, par value \$1.00 per share: shares issued pursuant to employee benefit plans | 1,668,775 | \$4.38 | \$7,309,235 | \$224.39(1) |
| Total: | 42,094,525 | | \$188,451,608 | \$5,785.46 |

(1) Computed in accordance with Rule 457(h) under the Securities Act by averaging the high and low sales prices of Rite Aid Common Stock as reported by the NYSE on October 2, 2007.

(2) Computed in accordance with Rule 457(h) under the Securities Act, such computations based on the weighted average exercise price of \$5.18 per share covering 5,096,986 options.

EXPLANATORY NOTE

Rite Aid Corporation has prepared this registration statement in accordance with the requirements of Form S-8 under the Securities Act of 1933, as amended (the "Securities Act"), to register shares of its common stock, \$1.00 par value per share. This registration statement also includes a reoffer prospectus. The reoffer prospectus may be utilized for reofferings and resales on a continuous or a delayed basis in the future of up to 6,765,761 shares of common stock that constitute "control securities" and/or "restricted securities" which have been issued prior to or issuable after the filing of this registration statement. The reoffer prospectus does not contain all of the information included in the registration statement, certain items of which are contained in schedules and exhibits to the registration statement as permitted by the rules and regulations of the Securities and Exchange Commission (the "SEC"). Statements contained in this reoffer prospectus as to the contents of any agreement, instrument or other document referred to are not necessarily complete. With respect to each such agreement, instrument or other document filed as an exhibit to the registration statement, we refer you to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by this reference.

PART I

RITE AID CORPORATION

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

The documents containing the information specified in Part I of Form S-8 will be sent or given to employees as specified by Rule 428(b)(1) of the Securities Act. Such documents need not be filed with the SEC either as part of this registration statement or as prospectuses or prospectus supplements pursuant to Rule 424 of the Securities Act. These documents and the documents incorporated by reference in this registration statement pursuant to Item 3 of Part II of this registration statement, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

Reoffer Prospectus

6,765,761 Shares

Rite Aid Corporation

Common Stock

This reoffer prospectus relates to 6,765,761 shares of our common stock, par value \$1.00 per share, consisting of 1,668,775 restricted shares and 5,096,986 shares issuable upon exercise of currently outstanding options, which may be offered for sale from time to time by certain stockholders of Rite Aid Corporation, as described under the caption "Selling Stockholders." These stockholders are current or former directors, officers or employees of ours. We will not receive any proceeds from the sale of shares of common stock pursuant to this reoffer prospectus. The selling stockholders acquired the common stock pursuant to grants under our 2006 Omnibus Equity Plan, 2004 Omnibus Equity Plan, 2001 Stock Option Plan and/or 2000 Omnibus Equity Plan, and these stockholders may resell all, a portion, or none of the shares of common stock from time to time.

The shares of common stock are "control securities" and/or "restricted securities" under the Securities Act of 1933, as amended, before their sale under this reoffer prospectus. This reoffer prospectus has been prepared for the purpose of registering the shares under the Securities Act to allow for future sales by selling stockholders, on a continuous or delayed basis, to the public without restriction. Each stockholder that sells shares of our common stock pursuant to this reoffer prospectus may be deemed to be an "underwriter" within the meaning of the Securities Act. Any commissions received by a broker or dealer in connection with resales of shares may be deemed to be underwriting commissions or discounts under the Securities Act.

You should read this reoffer prospectus and any accompanying prospectus supplement carefully before you make your investment decision. The sales may occur in transactions on the New York Stock Exchange at prevailing market prices or in negotiated transactions. We will not receive any proceeds from any of these sales. We are paying the expenses incurred in registering the shares, but all selling and other expenses incurred by each of the selling stockholders will be borne by that stockholder.

Investing in the common stock involves risks. See "Risk Factors" beginning on page 5.

Our common stock is listed on the New York Stock Exchange under the trading symbol "RAD." The last reported sale price of our common stock on the New York Stock Exchange on October 2, 2007 was \$4.47 per share.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this reoffer prospectus is October 5, 2007.

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DOCUMENTS INCORPORATED BY REFERENCE

We are incorporating by reference certain information that we have filed with the SEC under the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information contained in the documents we are incorporating by reference is considered to be part of this reoffer prospectus and the information that we later file with the SEC will automatically update and supersede the information contained or incorporated by reference into this reoffer prospectus. We are incorporating by reference:

- our annual report on Form 10-K for the fiscal year ended March 3, 2007, which we filed with the SEC on April 30, 2007;
- our quarterly report on Form 10-Q for the fiscal quarter ended June 2, 2007, which we filed with the SEC on July 12, 2007; and
- our current reports on Form 8-K, which we filed with the SEC on June 1, 2007; June 4, 2007; June 7, 2007; June 13, 2007; June 29, 2007; August 17, 2007; September 28, 2007 and October 3, 2007.

All documents that we subsequently file pursuant to Section 13(a), 13(c), 14 and 15(d) of the Exchange Act prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference in this registration statement shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained in this registration statement, or in any other subsequently filed document that also is or is deemed to be incorporated by reference in this registration statement, modifies or supersedes such prior statement. Any statement contained in this registration statement shall be deemed to be modified or superseded to the extent that a statement contained in a subsequently filed document that is or is deemed to be incorporated by reference in this registration statement modifies or supersedes such prior statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

We will provide without charge to each person to whom a reoffer prospectus is delivered, upon written or oral request by such person, a copy of any or all of the documents that have been incorporated by reference in this registration statement but not delivered with the reoffer prospectus. 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.

AVAILABLE INFORMATION

We are subject to the information requirements of the Exchange Act. Accordingly, we file annual, quarterly and current reports, proxy statements and other information with the SEC. We also furnish our stockholders, annual reports, which include financial statements audited by our independent

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registered public accounting firm and other reports which the law requires us to send to our stockholders. The public may read and copy any reports, proxy statements or other information that we file at the SEC's public reference room at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the public reference room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public from commercial documents retrieval services and at the web site maintained by the SEC at "<http://www.sec.gov>." You may obtain a copy of any of these documents at no cost, by writing or telephoning us:

Rite Aid Corporation
30 Hunter Lane
Camp Hill, Pennsylvania 17011
Attention: Investor Relations
Phone: (717) 761-2633

We also make available on our website (www.riteaid.com), free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as soon as practical after we file these reports with the SEC.

Our common stock is listed on the New York Stock Exchange under the symbol "RAD." You can inspect and copy reports, proxy statements and other information about us at the NYSE's offices at 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-8 under the Securities Act with respect to the shares offered by this reoffer prospectus. This reoffer prospectus does not contain all of the information in the registration statement. You will find more information about us and our common stock in the registration statement. Any statements made in this reoffer prospectus concerning the provisions of legal documents are not necessarily complete and you should read the documents which are filed as exhibits to the registration statement or otherwise filed with the SEC.

You should only rely on the information included or incorporated by reference in this reoffer prospectus or any supplement. We have not authorized anyone else to provide you with different information. The common stock is not being offered in any state where the offer is not permitted. You should not assume that the information in this reoffer prospectus or any supplement is accurate as of any date other than the date on the front of this reoffer prospectus.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This reoffer prospectus and the documents incorporated by reference into this reoffer prospectus include forward-looking statements. These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will" and similar expressions and include references to assumptions and relate to our future prospects, developments and business strategies.

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

- our high level of indebtedness;
- our ability to make interest and principal payments on our debt and satisfy the other covenants contained in our senior secured credit facility and other debt agreements;
- our ability to improve the operating performance of our existing stores in accordance with our long term strategy;
- our ability to realize the benefits of the Brooks Eckerd acquisition;
- our ability to hire and retain pharmacists and other store personnel;
- our ability to open or relocate stores according to our real estate development program;
- the efforts of private and public third party payors to reduce prescription drug reimbursement and encourage mail order;
- competitive pricing pressures and continued consolidation of the drugstore industry;
- the outcome of lawsuits and governmental investigations;
- general economic conditions and inflation, interest rate movements and access to capital;
- changes in state or federal legislation or regulations; and
- other risks and uncertainties described from time to time in our filings with the SEC.

We undertake no obligation to revise the forward-looking statements included or incorporated by reference in this reoffer 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 reoffer prospectus. In addition, you are advised to review any further disclosure we make on related subjects in reports that we file with the SEC.

THE COMPANY

Our Business

We are the third largest retail drugstore chain in the United States based on revenues and number of stores. We operate our drugstores in 31 states across the country and in the District of Columbia. As of June 2, 2007, we operated 3,333 stores. On June 4, 2007, we completed our acquisition of all of the membership interests of JCG (PJC) USA, LLC ("Jean Coutu USA") from The Jean Coutu Group (PJC) Inc. ("Jean Coutu Group"), pursuant to the terms of the Stock Purchase Agreement dated August 23, 2006. Jean Coutu USA, which was a wholly owned subsidiary of the Jean Coutu Group, operated stores under the Brooks and Eckerd banners and six distribution centers. As a result of this acquisition, as of September 1, 2007, we have 5,142 stores. This acquisition created the largest drugstore chain on the East Coast, which will significantly strengthen our position as the third largest national drugstore chain, will provide us with the scale to more effectively compete with our major drugstore rivals and will enable us to achieve significant cost efficiencies in the areas of merchandising, purchasing, advertising and distribution as well as administrative expenses.

In our stores, we sell prescription drugs and a wide assortment of other merchandise, which we call "front-end" products. In fiscal year 2007, prescription drug sales accounted for 63.7% 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, the federally funded prescription drug benefit program ("Medicare Part D"), the discovery of new and better drug therapies and our on-going program of purchasing prescription files from independent pharmacies. We offer approximately 26,000 front-end products, which accounted for the remaining 36.3% of our total sales in fiscal year 2007. Front end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, beverages, convenience foods, greeting cards, seasonal merchandise and numerous other everyday and convenience products, as well as photo processing. We attempt to distinguish our stores from other national chain drugstores, in part, through our private brands and our strategic alliance with GNC, a leading retailer of vitamin and mineral supplements. We offer approximately 2,500 products under the Rite Aid private brand, which contributed approximately 12.6% of our front-end sales in the categories where private brand products were offered in fiscal year 2007.

The overall average size of each store in our chain is approximately 12,300 square feet. The average size of our stores is larger in the western United States. As of March 3, 2007, approximately 56% of our stores were freestanding; approximately 43% of our stores included a drive-thru pharmacy; approximately 67% included one-hour photo shops; and approximately 38% included a GNC store-within-Rite Aid-store.

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 under the symbol "RAD". We were incorporated in 1968 and are a Delaware Corporation.

RISK FACTORS

Prospective investors should carefully review the following factors together with the other information contained in this reoffer prospectus prior to making an investment decision.

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 June 2, 2007, \$4.25 billion of outstanding indebtedness and stockholders' equity of approximately \$1.71 billion. We also had additional borrowing capacity under our existing \$1.75 billion senior secured revolving credit facility of approximately \$1.37 billion at that time, net of outstanding letters of credit of \$123.9 million.

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

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

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

Our ability to meet our cash requirements, including our debt service obligations, will be dependent upon our ability to substantially improve our operating performance, which will be subject to general economic and competitive conditions and to financial, business and other factors, many of which 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

generate sufficient operating cash flow to pay our debts or to successfully undertake any of these actions could have a material adverse effect on us.

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

As of June 2, 2007, after giving pro forma effect to the borrowings made to finance the Brooks Eckerd acquisition, approximately \$1.6 billion of our outstanding indebtedness bears an interest rate that varies depending upon the London Interbank Offered Rate ("LIBOR"). If we borrow additional amounts under our senior credit facility, the interest rate on those borrowings will also vary depending upon LIBOR. Further, we pay ongoing program fees under our receivables securitization agreements that vary depending upon LIBOR. If LIBOR rises, the interest rates on outstanding debt and the program fees under our receivables securitization program will increase. Therefore an increase in LIBOR would increase our interest payment obligations under these loans, increase our receivables securitization program fee payments and have a negative effect on our cash flow and financial condition. We currently do not maintain any hedging contracts that would limit our exposure to variable rates of interest.

The covenants in our indebtedness impose restrictions that may limit our operating and financial flexibility.

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

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

In addition, if we have less than \$100.0 million of revolver availability under our senior secured credit facility, we will be subject to a fixed charge coverage ratio maintenance test. If we are unable to meet the terms of the financial covenants or if we breach any of these covenants, a default could result under one or more of these agreements. A default, if not waived by our lenders, could result in the acceleration of our outstanding indebtedness and cause our debt to become immediately due and payable.

If acceleration occurs, we would not be able to repay our debt and it is unlikely that we would be able to borrow sufficient additional funds to refinance such debt. Even if new financing is made available to us, it may not be available on terms acceptable to us. If we obtain modifications of our agreements, or are required to obtain waivers of defaults, we may incur significant fees and transaction costs.

Risks Related to Our Operations

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

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

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

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

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

Moreover, the Brooks Eckerd stores are not fully integrated with one another and in many instances operate using different systems. As a result, we are undertaking to integrate not one but two drugstore chains into our operations. Complications in integrating these two drugstore chains could increase our integration costs and make it more difficult to achieve a successful integration following the acquisition.

We may not successfully integrate the operations of Brooks Eckerd in a timely manner and we may not realize the anticipated net reductions in costs and expenses and other benefits and synergies of the acquisition of Brooks Eckerd to the extent, or in the timeframe, anticipated. In addition to the

