

RITE AID CORP
Form 424B3
September 11, 2003

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No.
333-107194

PROSPECTUS

RITE AID CORPORATION

Offer to exchange \$360.0 million aggregate principal amount of 8.125% Senior Secured Notes Due 2010 (which we refer to as the old notes) for \$360.0 million aggregate principal amount of 8.125% Senior Secured Notes Due 2010 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended, and fully and unconditionally guaranteed by the subsidiary guarantors listed on the first page of this prospectus

The exchange offer will expire at 5:00 p.m., New York City time, on October 10, 2003, unless we extend the exchange offer in our sole and absolute discretion.

Terms of the exchange offer:

- ¶ We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer.
 - ¶ You may withdraw tenders of old notes at any time prior to the expiration or termination of the exchange offer.
 - ¶ The terms of the new notes are substantially identical to those of the outstanding old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
 - ¶ The exchange of old notes for new notes will not be a taxable transaction for U.S. federal income tax purposes, but you should see the discussion under the caption "Material Federal Income Tax Considerations" for more information.
 - We will not receive any proceeds from the exchange offer.
 - ¶ We issued the old notes in a transaction not requiring registration under the Securities Act, and as a result, their transfer is restricted. We are making the exchange offer to satisfy your registration rights, as a holder of the old notes.
- There is no established trading market for the new notes or the old notes.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for old notes where such old notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date (as defined herein) and ending on the close of business 180 days after

the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

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

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

The date of this prospectus is September 11, 2003.

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In this prospectus, the terms "Rite Aid Corporation," "we," "us" and "our" refer to Rite Aid Corporation and our subsidiaries.

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 October 2, 2003, which is five business days before the expiration date of the exchange offer.

Notwithstanding anything expressed or implied to the contrary in this prospectus and the documents referred to herein, the parties (and each employee, representative, or other agent of the parties) may disclose to any and all persons, without limitation of any kind, the tax treatment and any facts that may be relevant to the tax structure of the transaction, provided, however, that no party (and no employee, representative, or other agent thereof) shall disclose any other information that is not relevant to understanding the tax treatment and tax structure of the transaction (including the identity of any party and any information that could lead another to determine the identity of any party), or any other information to the extent that such disclosure could result in a violation of any federal or state securities law.

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Subsidiary Guarantors

Ann & Government Streets – Mobile, Alabama, LLC

Apex Drug Stores, Inc.

Baltimore/Annapolis Boulevard & Governor Richie
Highway - Glen Burnie,
Maryland, LLC

Broadview and Wallings -
Broadview Heights Ohio, Inc.

Central Avenue & Main Street - Petal, MS, LLC

Dominion Action One Corporation

Dominion Action Two Corporation

Dominion Action Three Corporation

Dominion Action Four Corporation

Dominion Drug Stores Corp.

Drug Fair, Inc.

Eagle Managed Care Corp.

Eighth & Water Streets-
Urichsville, Ohio, LLC

England Street-Asheland
Corporation

Fairground, L.L.C.

GDF, Inc.

Gettysburg and Hoover - Dayton, Ohio, LLC

Gratiot & Center-Saginaw
Township, Michigan, 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

Ocean Acquisition Corporation

PDS-1 Michigan, Inc.

P.L.D. Enterprises, Inc.

PL Xpress, Inc.

Patton Drive and Navy Boulevard Property Corporation

Paw Paw Lake Road & Paw Paw Avenue-Coloma, Michigan, LLC

Perry Distributors, Inc.

Perry Drug Stores, Inc.

Portfolio Medical Services Inc.

RDS Detroit, Inc.

Ram-Utica, Inc.

Read's Inc.

Rite Aid Drug Palace, Inc.

Rite Aid Hdqtrs. Corp.

Rite Aid of Alabama, Inc.

Rite Aid of Connecticut, Inc.

Rite Aid of Delaware, Inc.

Rite Aid of Florida, Inc.

Rite Aid of Georgia, Inc.

Rite Aid of Illinois, Inc.

Rite Aid of Indiana, Inc.

Rite Aid of Kentucky, Inc.

Rite Aid of Maine, Inc.

Rite Aid of Maryland, Inc.

Rite Aid of Massachusetts, Inc.

Rite Aid of Michigan, Inc.

Rite Aid of New Hampshire, Inc.

Rite Aid of New Jersey, Inc.

Rite Aid of New York, Inc.

Rite Aid of North Carolina, Inc.

Rite Aid of Ohio, Inc.

Rite Aid of Pennsylvania, Inc.

Rite Aid of South Carolina, Inc.

Rite Aid of Tennessee, Inc.

Rite Aid of Vermont, Inc.

Rite Aid of Virginia, Inc.

Rite Aid of Washington, D.C., Inc.

Rite Aid of West Virginia, Inc.

Rite Aid Realty Corp.

Rite Aid Rome Distribution Center, Inc.

Rite Aid Services, L.L.C.

Rite Aid Transport, Inc.

Rite Aid Venturer #1, Inc.

Rite Fund, Inc.

Rite Investments Corp.

RX Choice, Inc.

Seven Mile and Evergreen - Detroit, LLC

Silver Springs Road-Baltimore, Maryland/One, LLC

Silver Springs Road-Baltimore, Maryland/Two, LLC

Sophie One Corp.

State & Fortification Streets - Jackson, Mississippi, LLC

State Street and Hill Road-Gerard, Ohio, LLC

Super Ice Cream Suppliers, Inc.

Super Pharmacy Network, Inc.

Super Tobacco Distributors, Inc.

The Lane Drug Company

The Muir Company

Thrifty Corporation

Thrifty PayLess, Inc.

Tyler and Sanders Roads, Birmingham-Alabama, LLC

Virginia Corporation

112 Burleigh Avenue Norfolk, LLC

537 Elm Street Corporation

657-659 Broad St. Corp.

764 South Broadway-Geneva, Ohio, LLC

1515 West State Street Boise, Idaho, LLC

1525 Cortyou Road – Brooklyn Inc.

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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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the documents we are incorporating by reference 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 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 secured credit facility and other debt agreements, including the indenture governing the new notes;
- our ability to improve the operating performance of our existing stores in accordance with our management's 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 costs, 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 this prospectus in the section titled "Risk Factors."

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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 2003) refer to the fiscal year ended on the Saturday closest to February 29 or March 1 of that year. The fiscal years ended March 1, 2003 and March 2, 2002 included 52 weeks. The fiscal year ended March 3, 2001 included 53 weeks. The fiscal years ended February 26, 2000 and February 27, 1999 included 52 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 May 31, 2003, we operated 3,396 drugstores in 28 states across the country and in the District of Columbia. During fiscal 2003 and our first quarter in fiscal 2004, we generated \$15.8 billion and \$4.0 billion in revenues. Since the beginning of fiscal 1997, we have relocated 980 stores, opened 476 new stores, remodeled 649 stores and closed or sold an additional 1,412 stores. As a result, we believe we have a modern store base.

In our stores, we sell prescription drugs and a wide assortment of other merchandise, which we call "front-end" products. In fiscal 2003, our pharmacists filled more than 200 million prescriptions, which accounted for approximately 63.2% of our total sales. In the first quarter of fiscal 2004, pharmacy sales accounted for 64.5% 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 36.8% and 35.5% of our total sales in fiscal 2003 and the first quarter of 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. ("GNC"), a leading retailer of vitamin and mineral supplements. We offer over 1,900 front-end products under the Rite Aid private brand, which contributed approximately 10.8% and 10.9% of our front-end sales in categories where private brand products are sold in fiscal 2003 and the first quarter of fiscal 2004.

Background

Under prior management, we were engaged in an aggressive expansion program from the beginning of fiscal 1997 until 1999. During that period, we purchased 1,554 stores, relocated 866 stores, opened 445 new stores, remodeled 308 stores and acquired PCS Health Systems, Inc. These activities had a significant negative impact on our operating results and financial condition, severely strained our liquidity and increased our indebtedness to \$6.6 billion as of February 26, 2000, which contributed to our inability to access the financial markets. In October 1999, we announced that we had identified accounting irregularities and our former chairman and chief executive officer resigned. In November 1999, our former auditors resigned and withdrew their previously issued opinions on our financial statements for fiscal 1998 and fiscal 1999. We needed to restate our financial statements and develop accounting systems and controls that would allow us to manage our business and accurately report the results of our operations. In addition, the SEC and the U.S. Attorney for the Middle District of Pennsylvania began investigations into our affairs.

Also, the complaint in a securities class action lawsuit, which had been filed against us in March 1999, was amended to include allegations based upon the accounting irregularities we had disclosed.

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In December 1999, a new management team was hired, and since that time we have been addressing our business, operational and financial challenges. In response to our situation, new management has:

• Reduced our indebtedness from \$6.6 billion as of February 26, 2000 to \$3.9 billion as of May 31, 2003;

• Restated our financial statements for fiscal 1998 and fiscal 1999, as well as engaged Deloitte & Touche LLP as our new auditors to audit our financial statements for fiscal years beginning with fiscal 1998;

• Settled the securities class action and related lawsuits in February 2002 for \$45.0 million, funded with insurance proceeds, and \$149.5 million of senior secured (shareholder) notes (which we redeemed in February 2003);

• Addressed and corrected problems with our accounting systems and controls, and resumed normal financial reporting;

• Implemented initiatives to improve all aspects of our supply chain, including buying practices, category management systems and other inventory issues;

- Addressed out-of-stock inventory levels and strengthened our vendor relationships; and
- Completed the refinancing of a substantial portion of our indebtedness.

Our Strengths

We believe that we are well-positioned to build on the significant investment in our modern store base by capitalizing on our competitive strengths, including the following:

Strong Brand Name with Leading Shares in Key Markets

• We are one of the nation's three largest drugstore chains with 3,396 stores as of May 31, 2003.

• We have a first or second market position in 74 of the 130 major U.S. metropolitan markets in which we operate.

• Our stores are primarily located in convenient locations within fast growing metropolitan markets.

- We believe that our brand name has helped us establish a large group of loyal customers.

New Management Team Leading Operational Turnaround

• We improved front-end same store sales growth from a negative 2.2% in fiscal 2000 to a positive rate of growth by improving store conditions and product pricing and launching a competitive marketing program.

• We have seen significant reductions in our net loss, which was \$1.6 billion for fiscal 2001 and \$112.1 million for fiscal 2003.

• We curtailed our expansion plans and reduced our capital expenditures by approximately \$524.9 million from fiscal 2000 to fiscal 2003.

• We have commenced, effective fiscal 2004, a program to develop 75 and 100 new and relocated stores for fiscal 2005 and 2006, respectively.

Modern Store Base

• Since the beginning of fiscal 1997, we have opened 476 new stores, relocated 980 stores, remodeled 649 stores and closed or sold an additional 1,412 stores, providing us with a modern store base. Approximately 60% of our stores have been constructed, remodeled or relocated since the beginning of fiscal 1997.

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Most of our new stores include a drive-thru pharmacy, a one-hour photo shop and 990 include a GNC store-within-Rite Aid-store.

To support these new stores we have improved our distribution network by opening two high capacity distribution centers.

All of our stores are integrated into a common information system, which enables our pharmacists to fill prescriptions more accurately and efficiently and is designed to reduce chances of adverse drug interaction.

Each of our stores employs point-of-sale technology that facilitates inventory replenishment, sales analysis and recognition of customer trends.

Compelling Industry Fundamentals and Demographic Trends

Increasing life expectancy and the "baby boom" generation entering their fifties are expected to drive pharmacy sales. Based upon studies published by pharmacy benefit management companies and the Congressional Budget Office, management believes that pharmacy sales growth will increase at least 30% over the next three years.

Several factors will contribute to this continued growth in the pharmacy sector, including a record number of drugs in the FDA approval pipeline.

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:

Grow Our Pharmacy Prescription Count and Attract More Customers

Continue the focus on generic prescriptions which are a value to the customer and more profitable for us;

Enable our pharmacists to work directly with customers through productivity improvements supported by technology such as automatic refill programs, our next generation pharmacy system and e-prescriptions;

- Purchase prescription files from independent pharmacists;

Attract new customers to our stores and increase sales per customer visit through various marketing strategies including weekly circulars, seasonal merchandising programs, cross-category merchandising and direct marketing efforts; and

Further enhance the store base through a program to develop new and relocated stores in our existing markets.

Grow Front End Sales

Improve inventory and product categories to offer more personalized products and services to our customers, including better management of seasonal items;

Enhance positive perceptions among customers through vendor promotions and weekly sales items;

Increase the emphasis on Rite Aid brand products to improve the customer value offering and improve our gross margin;

Continue to develop our GNC stores-within-Rite Aid stores and one-hour photo development departments;

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Increase ethnic product offerings targeted to selected markets to enhance front-end sales growth; and

Continue to strengthen our relationships with our suppliers in order to offer customers a wider selection of products and categories.

Improve Customer Satisfaction With Focus on Service and Selection in Our Stores

Implement programs that are specifically directed towards our pharmacy business, including our, "With Us, It's Personal" and "Ready When Promised" customer service campaigns, and competitively priced cash prescriptions and expand our third-party plan networks;

Improve customer loyalty by establishing a strong community presence, increasing promotional themes and exclusive offers, focusing on the attraction and retention of managed care customers and partnering with major drug suppliers to provide discount cards to senior citizens;

Continue to utilize mystery shoppers and customer communications to improve our customers' perception of us.

Contain Expenses

- Continue to execute our cost management programs;

Leverage our modern distribution facilities by utilizing new category management tools to optimize in-stock conditions and lower costs; and

Target expense areas with specific work plans for improvement and continuously monitor those work plans.

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Summary Description of the Exchange Offer

Old Notes	8.125% Senior Secured Notes due 2010, which we issued on April 22, 2003.
New Notes	8.125% Senior Secured Notes due 2010, the issuance of which has been registered under the Securities Act of 1933. The form and terms of the new notes are identical in all material respects to those of the old notes, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes.
Exchange Offer	We are offering to issue up to \$360.0 million aggregate principal amount of the new notes in exchange for a like principal amount of the old notes to satisfy our obligations under the registration rights agreement that we entered into when the old notes were issued in transactions 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 October 10, 2003, unless extended in our sole and absolute discretion. By tendering your old notes, you represent to us that: <ul style="list-style-type: none"> • you are not our "affiliate," as defined in Rule 405 under the Securities Act; any new notes you receive in the exchange offer are being acquired by you in the ordinary course of your business; <ul style="list-style-type: none"> at the time of commencement of the exchange offer, neither you nor anyone receiving new notes from you, has any arrangement or understanding with any person to participate in the distribution,

as defined in the Securities Act, of the new notes in violation of the Securities Act;
• you are not holding old notes that have, or are reasonably likely to have, the status of an unsold allotment in the initial offering;
• if you are not a participating broker-dealer, you are not engaged in, and do not intend to engage in, the distribution of the new notes, as defined in the Securities Act; and
• if you are a broker-dealer, you will receive the new notes for your own account in exchange for old notes that were acquired by you as a result of your market-making or other trading activities and that you will deliver a prospectus in connection with any resale of the new notes you receive.
For further information

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regarding resales of the new notes by participating broker-dealers, see the discussion under the caption "Plan of Distribution."

Withdrawal; Non-Acceptance

You may withdraw any old notes tendered in the exchange offer at any time prior to 5:00 p.m., New York City time, on October 10, 2003. If we decide for any reason not to accept any old notes tendered for exchange, the old notes will be returned to the registered holder at our expense promptly after the expiration or termination of the exchange offer. In the case of the old notes tendered by book-entry transfer into the exchange agent's account at The Depository Trust Company, any withdrawn or unaccepted old notes will be credited to the tendering holder's account at DTC. For further information regarding the withdrawal of tendered old notes, see the "The Exchange Offer—Terms of the Exchange Offer; Period for Tendering Old Notes" and the "The Exchange Offer—Withdrawal Rights."

Conditions to the Exchange Offer

The exchange offer is subject to customary conditions, which we may waive. See the discussion below under the caption "The Exchange Offer—Conditions to the Exchange Offer" for more information regarding the conditions to the exchange offer.

Procedures for Tendering the Old Notes

Unless you comply with the procedures described below under the caption "The Exchange Offer—Guaranteed Delivery Procedures", you must do one of the following on or prior to the expiration or termination of the exchange offer to participate in the exchange offer:

• tender your old notes by sending the certificates for your old notes, in proper form for transfer, a properly comple