

RITE AID CORP
Form 424B3
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PROSPECTUS

RITE AID CORPORATION

Offer to exchange \$300.0 million aggregate principal amount of 9½% Senior Secured Notes Due 2011 (which we refer to as the old notes) for \$300.0 million aggregate principal amount of 9½% Senior Secured Notes Due 2011 (which we refer to as the new notes) which have been registered under the Securities Act of 1933, as amended, and are fully and unconditionally guaranteed by the subsidiary guarantors listed on page ii of this prospectus

The exchange offer will expire at 5:00 p.m., New York City time, on September 8, 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- ¶ We will exchange new notes for all outstanding old notes that are validly tendered and not withdrawn prior to the expiration or termination of the exchange offer.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 August 7, 2003.

TABLE OF CONTENTS

	Page
Subsidiary Guarantors	ii
Cautionary Note Regarding Forward-Looking Statements	iii
Summary	1
Summary Description of the Exchange Offer	5
Consequences of Not Exchanging Old Notes	10
Summary Description of the New Notes	11
Risk Factors	14
Use of Proceeds	22
Ratio of Earnings to Fixed Charges	23
Selected Consolidated Financial Information	24
The Exchange Offer	26
Description of the New Notes	33
Description of Collateral and Intercreditor Arrangements	87
Material Federal Income Tax Considerations	91
Plan of Distribution	93
Legal Matters	93
Experts	93
Where You Can Find More Information	94
Incorporation By Reference	94

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 September 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.

i

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.

ii

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."

iii

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.

1

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.

2

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;

3

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.

Recent Developments

On May 28, 2003, we announced that we replaced our senior secured credit facility with a new \$1.85 billion senior secured credit facility that consists of a \$1.15 billion term loan and a \$700.0 million revolving credit facility that matures in April 2008. Our obligations under the new credit facility are guaranteed by substantially all of our wholly owned subsidiaries that guaranteed our obligations under our former senior secured credit facility. These subsidiary guarantees are secured by a first priority security interest in substantially the same collateral that secured the guarantees under our former senior secured credit facility and will secure the guarantees of the new notes on a second priority basis. The proceeds of the new credit facility were used to repay outstanding amounts under our former credit facility, to refinance our synthetic lease, and to replace our former revolving credit facility. On August 4, 2003, we amended and restated our new credit facility, which among other matters, resulted in a lower interest rate on the term loan borrowings under the facility. The interest rate on the term loan borrowings under the facility have been reduced by 0.5%.

On June 25, 2003, Mary F. Sammons, formerly our President and Chief Operating Officer, became our President and Chief Executive Officer at our annual meeting of stockholders. Robert G. Miller, formerly our Chairman and Chief Executive Officer, retained the position of Chairman. Mr. Miller will remain as Chairman until his term on our Board of Directors ends at our annual meeting in June 2005. At that time, the decision will be made regarding his standing for re-election to our Board.

4

Summary Description of the Exchange Offer

Old Notes	9½% Senior Secured Notes due 2011, which we issued on February 12, 2003.
New Notes	9½% Senior Secured Notes due 2011, 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 \$300.0 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 September 8, 2003 unless extended in our sole and absolute discretion. By tendering your old notes, you represent to us that:

- 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;
 - 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

5

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 September 8, 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 completed and duly executed letter of transmittal, with any required signature guarantees, and all other documents required by the letter of transmittal, to BNY Midwest Trust Company, as exchange agent, at one of the addresses listed below under the caption "The Exchange Offer—Exchange Agent," or

tender your old notes by using the book-entry transfer procedures described below and transmitting a properly completed and duly executed letter of transmittal, with any required signature guarantees, or an agent's message instead of the letter of transmittal, to the exchange agent. In order for a book-entry transfer to constitute a valid tender of your old notes in the exchange offer, BNY Midwest Trust Company, as exchange agent, must receive a confirmation of book-entry transfer of your old notes into the exchange agent's account at DTC prior to the

6
expiration or termination of the exchange offer. For more information regarding the use of book-entry transfer procedures, including a description of the required agent's message, see the discussion below under the caption "The Exchange Offer—Book-Entry Transfers."

Guaranteed Delivery Procedures

If you are a registered holder of old notes and wish to tender your old notes in the exchange offer, but

- the old notes are not immediately available,

time will not permit your old notes or other required documents to reach the exchange agent before the expiration or termination of the exchange offer, or

the procedure for book-entry transfer cannot be completed prior to the expiration or termination of the exchange offer,

then you may tender old notes by following the procedures described below under the caption "The Exchange Offer—Guaranteed Delivery Procedures."

Special Procedures for Beneficial Owners

If you are a beneficial owner whose old notes are registered in the name of the broker, dealer, commercial bank, trust company or other nominee and you wish to tender your old notes in the exchange offer, you should promptly contact the person in whose name the old notes are registered and instruct that person to tender on your behalf. If you wish to tender in the exchange offer on your behalf, prior to completing and executing the letter of transmittal and delivering your old notes, you must either make appropriate arrangements to register ownership of the old notes in your name or obtain a properly completed bond power from the person in whose name the old notes are registered.

Material Federal Income Tax Considerations

The exchange of the old notes for new notes in the exchange offer will not be a taxable transaction for United States federal income tax purposes. See the discussion under the caption "Material 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."

7

Resales

Based on interpretations by the staff of the SEC, as set forth in no-action letters issued to the third parties, we believe that the new notes you receive in the exchange offer may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act. However, you will not be able to freely transfer the new notes if:

- you are our "affiliate," as defined in Rule 405 under the Securities Act;
- you are not acquiring the new notes in the exchange offer in the ordinary course of your business;
- you have an arrangement or understanding with any person to participate in the distribution, as defined in the Securities Act, of the new notes, you will receive in the exchange offer;
- you are holding old notes that have or are reasonably likely to have the status of an unsold allotment in the initial offering; or
- you are a participating broker-dealer that received new notes for its own account in the exchange offer in exchange for old notes that were acquired as a result of market-making or other trading activities.

If you fall within one of the exceptions listed above, you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction involving the new notes. See the discussion below under the caption "The Exchange Offer—Procedures for Tendering Old Notes" for more information.

Broker-Dealer

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 new notes. The letter of transmittal states that by so acknowledging and 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 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 up to 180 days after the expiration date, as defined in this prospectus, 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.

8

Registration Rights Agreement

When we issued the old notes in February 2003, we entered into a registration rights agreement with the initial purchasers of the old notes. 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 old notes for the new notes.

If we do not consummate the exchange offer within 210 days of the date that we sold the old notes (February 12, 2003), the interest rate borne by the old notes will be increased at a rate of 0.25% per annum every 90 days (but shall not exceed 0.50% per annum) until the exchange offer is completed, or until the old notes are freely transferable under Rule 144 of the Securities Act.

Under some circumstances set forth in the registration rights agreement, holders of old notes, including holders who are not permitted to participate in the exchange offer or who may not freely sell new notes received in the exchange offer, may require us to file and cause to become effective, a shelf registration statement covering resales of the old notes 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 New Notes—Registration Rights and Additional Interest."

9

CONSEQUENCES OF NOT EXCHANGING OLD NOTES

If you do not exchange your old notes in the exchange offer, your old notes will continue to be subject to the restrictions on transfer described in the legend on the certificate for your old notes. In general, you may offer or sell your old notes 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 old notes under the Securities Act. Under some circumstances, however, holders of the old notes, including holders who are not permitted to participate in the exchange offer or who may not freely resell new notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of old notes by these holders. For more information regarding the consequences of not tendering your old notes and our obligation to file a shelf registration statement, see "The Exchange Offer—Consequences of Exchanging or Failing to Exchange Old Notes" and "Description of the New Notes—Registration Rights Agreement and Additional Interest."

10

Summary Description of the New Notes

The terms of the new notes and those of the outstanding old notes are substantially identical, except that the transfer restrictions and registration rights relating to the old notes do not apply to the new notes. For a more complete

understanding of the new notes, see "Description of the New Notes."

Issuer	Rite Aid Corporation.
Securities	Up to \$300.0 million aggregate principal amount of 9½% Senior Secured Notes due 2011.
Maturity Date	February 15, 2011.
Interest	We will pay interest on the new notes at the rate of 9½% per year, payable in cash, on February 15 and August 15 of each year, beginning on August 15, 2003.
Mandatory Redemption	None.
Optional Redemption	Prior to February 15, 2007, we may redeem some or all of the new notes by paying a "make-whole" premium based on U.S. Treasury rates. On or after February 15, 2007, we may redeem some or all of the new notes at the redemption prices listed under the heading "Description of the New Notes—Optional Redemption," plus accrued and unpaid interest to the date of redemption.
Subsidiary Guarantees	Our obligations under the new notes 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 new senior secured credit facility. Under certain circumstances, subsidiaries may be released from these guarantees without the consent of holders of the new notes. The subsidiary guarantees will be subordinated to the subsidiary guarantees of our new senior secured credit facility.
Security	The guarantees of the new notes 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 our new senior secured 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, intellectual property and certain real 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 new notes.
11	
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 New Notes—Definitions"), each holder of new notes may require us to repurchase its new notes 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 New Notes—Repurchase at the Option of Holders Upon a Change of Control" and "Risk Factors—Risks Related to the Exchange Offer and Holding the New

Notes—We may be unable to purchase the new notes upon a change of control."

Ranking

The new notes 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, which is shared 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 new notes will be structurally subordinated to our substantial subsidiary liabilities and the liens on the collateral would be invalid or unenforceable.

As of May 31, 2003,

the total outstanding debt of us and the subsidiary guarantors (including current maturities and capital lease obligations, but excluding letters of credit) was approximately \$3.9 billion;

none of our or any subsidiary guarantor's debt would have been subordinated to the new notes 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 \$1.2 billion; 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 \$801.6 million.

12

Subject to permitted liens, the second priority liens will be shared equally and ratably with the holders of our 12.5% senior secured notes due 2006 and our 8.125% senior secured notes due 2010, in the distribution of the collateral, except in limited circumstances. Our new senior secured credit facility is secured by a first priority lien on the collateral and this lien will be senior to the liens securing the new notes. Pursuant to the indenture governing the new notes, 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 notes.

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 new

senior secured credit facility is outstanding. The second priority liens will not entitle holders of the new notes 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 new notes provides that the holders of new notes 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 new notes. See "Description of the New Notes" and "Description of Collateral and Intercreditor Arrangements."

Covenants

The indenture governing the new notes contains covenants that limit our ability and the ability of our restricted subsidiaries to, among other things:

- incur additional debt;
- to 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.

13

RISK FACTORS

You should consider carefully the following factors, as well as the other information set forth or incorporated by reference in this prospectus, before tendering your old notes in the exchange offer. When we use the term "notes" in this prospectus, the term includes the old notes and the new notes.

Risks Related to the Exchange Offer and Holding the New Notes

Holders who fail to exchange their old notes will continue to be subject to restrictions on transfer.

If you do not exchange your old notes for new notes in the exchange offer, you will continue to be subject to the restrictions on transfer of your old notes described in the legend on the certificates for your old notes. The restrictions on transfer of your old notes arise because we issued the old notes 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 old notes 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 old notes under the Securities Act. For further information regarding the consequences of tendering your old notes in the exchange offer, see the discussions below under the captions "The Exchange Offer—Consequences of Exchanging or Failing to Exchange Old Notes" and "Material Federal Income Tax Considerations."

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

Delivery of new notes in exchange for old notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of the following:

- certificates for old notes or a book-entry confirmation of a book-entry transfer of old notes into the Exchange Agent's account at DTC, New York, New York as depository, including an Agent's Message (as defined herein) if the tendering holder does not deliver a letter of transmittal;
- a completed and signed letter of transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message in lieu of the letter of transmittal; and
- any other documents required by the letter of transmittal.

Therefore, holders of old notes who would like to tender old notes in exchange for new notes should be sure to allow enough time for the old notes to be delivered on time. We are not required to notify you of defects or irregularities in tenders of old notes for exchange. Old notes 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 Old Notes" and "The Exchange Offer—Consequences of Exchanging or Failing to Exchange Old Notes."

Some holders who exchange their old notes 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 old notes in the exchange offer for the purpose of participating in a distribution of the new notes, 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.

There is no established trading market for the new notes and you may find it difficult to sell your new notes.

There is no existing trading market for the new notes. We do not intend to apply for listing or quotation of the new notes on any exchange. Therefore, we do not know the extent to which investor interest will lead to the development of a trading market or how liquid that market might be, nor can

14

we make any assurances regarding the ability of new note holders to sell their new notes, the amount of new notes to be outstanding following the exchange offer or the price at which the new notes might be sold. As a result, the market price of the new notes could be adversely affected. Historically, the market for non-investment grade debt, such as the new notes, has been subject to disruptions that have caused substantial volatility in the prices of such securities. Any such disruptions may have an adverse affect on holders of the new notes.

The guarantees of the new notes will be subordinated to the guarantees of our first priority debt, including our new senior secured credit facility, and the guarantees of the new notes are secured only to the extent that the first priority debt are oversecured; the terms of the new notes permit, without the consent of holders of new notes, 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 new notes.

Subject to some limitations, those of our subsidiaries that guarantee our obligations under our new senior secured credit facility will guarantee our obligations under the new notes. These guarantees will, however, be subordinated to the guarantees of our first priority debt, including our new senior secured credit facility. The collateral that secures the guarantees of the new notes will also secure the guarantees of certain existing and future indebtedness, including our new senior secured credit facility and any refinancing of our new senior secured credit facility, on a first priority basis,

certain existing and future indebtedness, on a second priority basis, including the guarantees of the old and new notes, our 12.5% senior secured notes due 2006, our 8.125% senior secured notes due 2010 and possible additional future indebtedness on a second priority basis. In addition, the indenture permits the incurrence of additional debt prior to the new notes but junior to our first priority debt. Any rights to payment and claims to the collateral by the holders of the new notes will therefore be fully subordinated to any claims by our creditors under the new senior secured credit facility. 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 new notes.

Only when our obligations under the new senior secured 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 new notes 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 new senior secured 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 new notes. 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 new senior secured credit facility and other possible future first priority debt is oversecured, and (ii) the oversecured amount is sufficient, subject to other permitted liens, to secure the old and new notes, the 12.5% senior secured notes, the 8.125% senior secured notes and any other possible future 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 new notes without the consent of holders of new notes.

The lenders under the first priority debt, including the new senior secured 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 new notes and the amended and restated collateral trust and intercreditor agreement, the holders of the new notes will be deemed to have given approval for the release of the liens securing the new notes, subject to certain limitations. All collateral sold, transferred or otherwise disposed of in accordance with the terms of the new senior secured credit facility and the second priority debt will automatically be released from the lien securing the subsidiary guarantees of the new notes. Accordingly, any such sale, transfer or disposition in a transaction that does not violate the asset disposition covenant in the indenture governing the new notes 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

15

result in such assets ceasing to constitute collateral. The liens securing guarantees of the new notes 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 new notes. The new notes may not represent a majority of the second priority debt obligations. Accordingly, substantial collateral may be released automatically without consent of the holders of new notes 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 new notes 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 and the senior collateral agents. In addition, the terms of the new notes 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 new notes without the consent of holders of new notes. See "Description of the New Notes" and "Description of Collateral and Intercreditor Arrangements."

If the guarantees of the new notes and the liens that secure these guarantees are held to be invalid or unenforceable or are limited in accordance with their terms, the new notes 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 new senior secured credit facility will initially guarantee our obligations on the new notes. 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 new notes 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 new notes 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 new notes upon a change of control.

Upon a change of control event, we would be required to offer to purchase the new notes 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 new notes 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 new senior secured credit facility provides that the occurrence of certain events that would constitute a change in control for the purposes of the indenture governing the new notes constitutes a

16

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 new notes. 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 new notes of their right to require us to repurchase their new notes 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 new notes 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 new notes in connection with a change in control would result in a default under the indenture governing

the new notes. 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.

Risks Related to our Financial Condition

We are highly leveraged. Our substantial indebtedness will severely 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 May 31, 2003, \$3.9 billion of outstanding indebtedness and stockholders' deficit of \$140.6 million. We also had additional borrowing capacity under our revolving credit facility of \$576.5 million at that time net of outstanding letters of credit of \$123.5 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 the end of fiscal year 2004, 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 2003 by \$203.9 million and for the first quarter of fiscal 2004 by \$38.9 million. It was also necessary for us to supplement our cash from operations with borrowings under our senior secured credit facility for our 2001 and 2000 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 future 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.

Some of our debt, including borrowings under our new senior secured credit facility, is based upon variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

17

Approximately \$1.2 billion or 29.1%, of our outstanding indebtedness as of May 31, 2003 bears an interest rate that varies depending upon LIBOR. If we borrow additional amounts under our new senior secured 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.

The covenants in our outstanding indebtedness, including the indenture governing the new notes, 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, investments and capital expenditures;
- 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.

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. The consummation of the offering of the old notes and the offering of our 9½% senior secured notes required consents to certain amendments of our former senior secured credit facility and our second priority collateral arrangements. In fiscal 2003, as well as in fiscal 2002 and 2001, we modified certain covenants contained in our then existing senior secured credit facility and loan agreements. In fiscal 2000, we obtained waivers of compliance contained in our 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

Major lawsuits have been brought against us and certain of our subsidiaries, and 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 several major ongoing lawsuits and investigations in which we are involved. While some of these lawsuits have been settled, pending court approval or appeal, we are unable to predict the outcome of any of these matters at this time. If any of these cases result in a substantial monetary judgment against us or are settled on unfavorable terms, our results of operations, financial condition and cash flows could be materially adversely affected.

There are currently pending both civil and criminal governmental investigations by the United States Attorney concerning our operations under prior management and other matters. Settlement

18

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 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 April 2004. Pharmacy sales represented approximately 63.2% of our total sales during fiscal 2003, and 64.5% of our total sales during the first quarter of fiscal 2004, 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, and would have a material adverse effect on our results of operations, financial condition and cash flows.

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.

Our operations during fiscal 2000 were adversely affected by a number of factors, including our financial difficulties, inventory shortages, allegations of violations of the law, including drug pricing issues, disputes with suppliers and uncertainties regarding our ability to produce audited financial statements. To improve operations, new management developed and in fiscal 2001 began implementing and continues to implement a business strategy to improve our stores and enhance our relationships with our customers by improving the pricing of products, providing more consistent advertising through weekly circulars, eliminating inventory shortages and out-dated inventory, strengthening our relationships with our vendors, developing programs intended to provide better customer service, purchasing prescription files and other means.

Since the beginning of fiscal 1997, we have relocated 980 stores, remodeled 649 stores, opened 476 new stores and closed or sold an additional 1,412 stores. These new, relocated and remodeled stores represented approximately 60% of our total stores at May 31, 2003. Although this substantial investment made in our store base over the last seven years has given us a modern store base, our store base has not yet achieved a level of sales productivity comparable to our major competitors. Accordingly, many of our new and relocated stores have not developed a critical mass of customers needed to achieve profitability. Our long term business strategy is to focus on improving the productivity of our existing store base. We believe that improving the sales of existing stores is important to achieving profitability and continuing to improve operating cash flow.

If we are not successful in implementing our business strategy, or if our business 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.

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.

On June 25, 2003 Mary F. Sammons, formerly our President and Chief Operating Officer, became our President and Chief Executive Officer. Robert G. Miller, formerly our Chairman and Chief Executive Officer, retained the position of Chairman.

Terrorist attacks, such as the attacks that occurred in New York and Washington, D.C. on September 11, 2001, and other attacks or acts of war may adversely affect the markets in which we operate, our operations and our profitability.

The attacks of September 11, 2001 and subsequent events, including the current military action in Iraq, have caused instability in the United States and other financial markets and have led, and may continue to lead to, further armed hostilities, prolonged military action in Iraq or further acts of terrorism in the United States or abroad, which could cause further instability in financial markets and reduced consumer confidence. The threat of terrorist attacks, the current military action in Iraq and other related developments may adversely affect prevailing economic conditions, resulting in reduced consumer spending and reduced sales in our stores. These developments will subject us to increased risks and, depending on their magnitude, could have a material adverse effect on our business.

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 and mail order pharmacies. 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. Because many of our stores are new, their ability to achieve profitability depends on their ability to achieve a critical mass of customers. While customer growth is often achieved through purchases of prescription files from existing pharmacies, our ability to achieve this critical mass through purchases of prescription files could be confined by liquidity constraints. Although in the past our competitiveness has been adversely affected by problems with inventory shortages, uncompetitive pricing and customer service, we have taken steps to address these issues. We believe that the continued consolidation of the drugstore industry and additional store openings 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.

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 with third parties, have been increasing and we expect them to continue to increase. In fiscal 2003 and the

20

first quarter of fiscal 2004, sales of prescription drugs represented 63.2% and 64.5% of our sales, respectively, and 92.7% and 93.1%, respectively, of all of the prescription drugs that we sold were with third-party payors. During fiscal 2003, the top five third-party payors accounted for approximately 29% 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, if Medicare is reformed to include prescription benefits, we may be reimbursed for some prescription drugs at prices lower than our current reimbursement levels. In fiscal 2003, approximately 11% of our revenues were 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 covers prescription drugs at reimbursement levels lower than our current levels, our margins on these sales would be reduced, and the profitability of our business and our results of operations, financial condition and 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 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. 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 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.

21

USE OF PROCEEDS

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

22

RATIO OF EARNINGS TO FIXED CHARGES

We have calculated the ratio of earnings to fixed charges in the following table by dividing earnings less preferred stock dividend requirements by fixed charges. For this purpose, earnings include pre-tax income from continuing operations plus fixed charges. Fixed charges include interest, whether expensed or capitalized, amortization of debt expense, preferred stock dividend requirement and that portion of rental expense which is representative of the interest factor in those rentals.

	Year Ended					Thirteen Week Period Ended	
	March 1, 2003 (52 weeks)	March 2, 2002 (52 weeks)	March 3, 2001 (53 weeks)	February 26, 2000 (52 weeks)	February 27, 1999 (52 weeks)	May 31, 2003	June 1, 2002
	(Dollars in thousands)						
Fixed Charges:							
Interest Expense	\$ 330,020	\$ 396,064	\$ 649,926	\$ 542,028	\$ 274,826	\$ 78,958	\$ 84,681
Interest Portion of Net Rental Expense (1)	189,463	182,260	159,066	146,852	139,104	46,782	47,090
Fixed Charges Before Capitalized Interest and Preferred Stock Dividend Requirements	519,483	578,324	808,992	688,880	413,930	125,740	131,721
Preferred Stock Dividend Requirement (2)	49,540	42,354	42,445	15,554	965	—	11,123
Capitalized Interest	301	806	1,836	5,292	7,069	48	95
Total Fixed Charges	\$ 569,324	\$ 621,484	\$ 853,273	\$ 709,726	\$ 421,964	\$ 125,788	\$ 142,939
Earnings:							
Loss From Continuing Operations Before Income Taxes and Cumulative Effect of Accounting Change (3)	\$ (154,016)	\$ (839,426)	\$ (1,282,807)	\$ (1,123,296)	\$ (665,040)	\$ (38,822)	\$ (40,927)
	—	12,092	36,675	15,181	448	—	—

Share of Loss From Equity Method Investees Preferred Stock Dividend Requirement (2)	(49,540)	(42,354)	(42,445)	(15,554)	(965)	—	(11,123)
Fixed Charges Before Capitalized Interest	569,023	620,678	851,437	704,434	414,895	125,740	142,844
Total Adjusted Earnings (Loss)	365,467	(249,010)	(437,140)	(419,235)	(250,662)	86,918	90,794
Earnings to Fixed Charges, Deficiency	\$ (203,857)	\$ (870,494)	\$ (1,290,413)	\$ (1,128,961)	\$ (672,626)	\$ (38,870)	\$ (52,145)

(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.

(3)Gains and losses on extinguishment of debt that were previously classified as an extraordinary item in the years ended March 1, 2003 and March 2, 2002, and in the thirteen week period ended June 1, 2002, are now included as a component of results from continuing operations, pursuant to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 145, "Recission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections."

23

SELECTED CONSOLIDATED FINANCIAL INFORMATION

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, incorporated by reference in this prospectus. The selected consolidated financial data for the thirteen-week periods ended May 31, 2003 and June 1, 2002 are unaudited and not necessarily indicative of the results to be expected for the full year. The unaudited interim selected consolidated financial data reflects all adjustments (consisting primarily of normal recurring adjustments except as described in the footnotes to the interim consolidated financial statements) which are, in the opinion of management, necessary to present fairly the financial data for the interim periods.

	March 1, 2003 (52 weeks) ⁽⁵⁾	March 2, 2002 (52 weeks) ⁽⁵⁾	Year Ended March 3, 2001 (53 weeks) ⁽¹⁾	February 26, 2000 (52 weeks) ⁽¹⁾	February 27, 1999 (52 weeks) ⁽¹⁾	Thirteen Week Period Ended May 31, 2003	Thirteen Week Period Ended June 1, 2002 ⁽⁵⁾
(Dollars in thousands)							
Operations Data:							
Revenues	\$ 15,791,278	\$ 15,166,170	\$ 14,516,865	\$ 13,338,947	\$ 12,438,442	\$ 4,046,168	\$ 3,923,7
Costs and expenses:							
Cost of goods sold, including occupancy	12,035,537	11,697,912	11,151,490	10,213,428	9,406,831	3,068,175	2,993,7

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costs								
Selling, general and administrative expenses	3,471,573	3,422,383	3,412,442	3,651,248	3,168,363	889,773	889,1	
Stock-based compensation expense (benefit) ⁽⁴⁾	4,806	(15,891)	45,865	(43,438)	32,200	9,835	8,0	
Goodwill amortization	—	21,007	20,670	24,457	26,055	—		
Store closing and impairment charges (credits)	135,328	251,617	388,078	139,448	195,359	6,366	(4,1	
Interest expense	330,020	396,064	649,926	542,028	274,826	78,958	84,6	
Interest rate swap contracts	278	41,894	—	—	—	—	2	
(Gain) loss on debt or lease conversions, modifications, and retirements ⁽³⁾	(13,628)	221,054	100,556	—	—	33,427	(2	
Share of loss from equity investment	—	12,092	36,675	15,181	448	—		
Gain on sale of assets and investments	(18,620)	(42,536)	(6,030)	(80,109)	—	(1,504)	(16,8	
Total costs and expenses	15,945,294	16,005,596	15,799,672	14,462,243	13,104,082	4,084,990	3,964,6	
Loss from continuing operations before income taxes and cumulative effect of accounting change	(154,016)	(839,426)	(1,282,807)	(1,123,296)	(665,640)	(38,822)	(40,9	
Income tax (benefit) expense	(41,940)	(11,745)	148,957	(8,375)	(216,941)	—	43,5	
Income (loss) from continuing operations before cumulative effect of accounting change	(112,076)	(827,681)	(1,431,764)	(1,114,921)	(448,699)	(38,822)	2,5	
Income (loss) from discontinued operations, net ⁽¹⁾	—	—	11,335	9,178	(12,823)	—		
Loss on disposal of discontinued operations, net ⁽¹⁾	—	—	(168,795)	—	—	—		
Cumulative effect of accounting change, net	—	—	—	(27,300)	—	—		
Net income (loss)	\$ (112,076)	\$ (827,681)	\$ (1,589,224)	\$ (1,133,043)	\$ (461,522)	\$ (38,822)	\$ 2,5	

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	Year Ended					Thirteen Week Period Ended	
	March 1, 2003 (52 weeks) ⁽⁵⁾	March 2, 2002 (52 weeks) ⁽⁵⁾	March 3, 2001 (53 weeks) (1)	February 26, 2000 (52 weeks) (1)	February 27, 1999 52 weeks) ⁽¹⁾	May 31, 2003	June 1, 2002 ⁽⁵⁾
(Dollars in thousands)							
Basic and diluted (loss) income per share:							
Loss from continuing operations ⁽³⁾	\$ (0.28)	\$ (1.82)	\$ (5.15)	\$ (4.34)	\$ (1.74)	\$ (0.08)	\$ (0.01)
Income (loss) from discontinued operations	—	—	(0.50)	0.04	(0.05)	—	—
Cumulative effect of accounting change	—	—	—	(0.11)	—	—	—
Net loss per share	\$ (0.28)	\$ (1.82)	\$ (5.65)	\$ (4.41)	\$ (1.79)	\$ (0.08)	\$ (0.01)
Balance Sheet Data (at end of period):							
Working capital (deficit)	\$ 1,676,889	\$ 1,580,218	\$ 1,955,877	\$ 752,657	\$ (892,115)	\$ 1,703,762	\$ 1,499,192
Property, plant and equipment (net)	1,868,579	2,096,030	3,041,008	3,445,828	3,328,499	1,932,726	2,048,826
Total assets	6,133,515	6,491,759	7,913,911	9,845,566	9,778,451	6,239,100	6,469,238
Total debt and capital lease obligations ⁽²⁾	3,862,628	4,056,468	5,894,548				