

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a red Greek letter alpha symbol to the right, all on a dark red background.

## Rite Aid Corporation F1Q10 (Qtr End 05/30/09) Earnings Call Transcript

### Question-and-Answer Session

---

#### Operator

(Operator Instructions) Your first question comes from John Heinbockel - Goldman Sachs

#### John Heinbockel - Goldman Sachs

Can you give us a little bit of a generic time table for the three big buckets of EBITDA, potential improvement and how those will play out because obviously they're going to have different time tables in terms of how quickly they come in or how slowly? What's the time table for each and what's going to be the most impactful in 2009 do you think?

#### John Standley

We're the furthest along on the low volume store, we have the largest number of initiatives cooking in that bucket. You can tell by the things that we've getting done here that that's going to be probably the most impactful to this year. We're making some progress on the high volume stores particularly on the labor side with the labor standards and things that we got done here in this quarter but I think that one is probably going to take the longest to get done. It's actually a little more complex in that the things that you want to address can vary from store to store and so that one is going to take a little bit longer to execute. I think the low volume store one will certainly be the most impactful.

On the sales growth initiatives between the front end and the pharmacy, the pharmacy one is moving the quickest. We've made the most progress there and as I mentioned in my comments, we've seen a good response in the high volume front end store, low volume pharmacy stores, those stores pharmacies are growing stronger then the rest of the chain at the moment. I think we've got good traction there.

Conversely on the lower volume front end store and the higher volume pharmacy stores, we're still working our way through that. The RX loyalty program I think will help us address that but that's coming a little bit later in the year so we'll probably get a little bit less benefit from that bucket this year. I think that's kind of how it plays out.

#### John Heinbockel - Goldman Sachs

If you look at the pharmacy has held up incredibly well despite rising unemployment and in fact lately much, much higher generic hit so you're taking share, it looks like you're taking share, where do you think that's coming from is that all independent or supermarkets or where do you think its coming from?

Copyright © 2009 CBS Interactive, Inc. All Rights Reserved.