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October 2018

RE: Please Vote AGAINST the Say-on-Pay Proposal at Rite Aid Corp. (NYSE:RAD) on October 30, 2018

Dear Fellow Rite Aid Shareholder:

We urge you to **Vote No** on the advisory vote to Approve Executive Compensation ("Say-on-Pay") at Rite Aid's annual shareholder meeting on October 30, due to a litany of pay-for-failure practices, the most troubling of which are tied to the company's failed mergers with Walgreens Boots Alliance Inc. (NYSE:WBA) and Albertsons Companies, Inc. Specifically:

- ***Windfall Pay-for-Failure Retention Bonuses:*** In one of the most perverse award agreements imaginable, CEO John Standley received a $3 million cash payout triggered by the collapse of the Albertsons merger, which was terminated in the face of widespread investor opposition. Board discretion was also poorly invoked to pay retention awards to other senior executives that otherwise would only have been paid upon completion of the Walgreens merger, which was called off in June 2017.

- ***The Vesting of Special CEO Performance Award Tied to EnvisionRX Acquisition Despite Write-downs:*** Even as Rite Aid has been forced to write-off more than a quarter of the $2 billion purchase price of EnvisionRX in goodwill impairments, the Compensation Committee somehow determined that CEO Standley would vest in a 1.1 million share award contingent upon the successful integration of the PBM purchase.

- ***Reduced Performance Hurdles in the Annual Incentive Plan:*** Facing the prospect of zero bonus payouts for top executives for the second straight year, the Compensation Committee lowered the threshold EBITDA level mid-year – facilitating a 75% payout to executive officers, including $1.8 million for CEO Standley.

The extent of Rite Aid's missteps and performance challenges are laid bare by the last-minute governance reforms the board has undertaken following the collapse of the Albertsons merger in August, including stripping CEO Standley of the chairmanship. Equally striking, however, is the board's relative silence on the problematic payouts just discussed; nowhere, for instance, does the annual proxy statement - or the earlier merger proxy – explain how shareholders' interests were served by guaranteeing CEO Standley a lucrative payout if a combination that he helped orchestrate and was slated to lead fell through.