

RITE AID CORP  
Form PREM14A  
March 03, 2017

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**RITE AID CORPORATION**

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(Name of Registrant as Specified In Its Charter)

N/A

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:  
Common stock, par value \$1.00 per share, of Rite Aid Corporation ("Common Stock").
  - (2) Aggregate number of securities to which transaction applies:  
1,100,457,272 shares of Common Stock as of February 23, 2017, which consists of: (A) 1,053,689,721 shares of Common Stock outstanding; (B) 34,332,968 shares of Common Stock issuable upon the exercise of options granted pursuant to the 2004 omnibus equity plan, 2006 omnibus equity plan, 2010 omnibus equity plan, 2012 omnibus equity plan and 2014 omnibus equity plan, as well as any other plans or agreements to which Rite Aid has granted equity awards; (C) 5,816,329 shares of restricted Common Stock subject to vesting conditions granted pursuant to the above Rite Aid plans; (D) 6,520,230 shares of restricted Common Stock issuable upon vesting and settlements of performance-vesting restricted units granted pursuant to the above Rite Aid plans; and (E) 98,024 time-vesting restricted stock units granted pursuant to the above Rite Aid plans.

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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(A) 1,053,689,721 shares of Common Stock outstanding, multiplied by \$7.00 per share, (B) 34,332,968 shares of Common Stock issuable upon the exercise of options granted pursuant to the 2004 omnibus equity plan, 2006 omnibus equity plan, 2010 omnibus equity plan, 2012 omnibus equity plan and 2014 omnibus equity plan, as well as any other plans or agreements to which Rite Aid has granted equity awards, multiplied by \$4.278, which is the excess of \$7.00 over \$2.722, which is the weighted average exercise price of such options, (C) 5,816,329 shares of restricted Common Stock subject to vesting conditions granted pursuant to the above Rite Aid plans, multiplied by \$7.00 per share, (D) 6,520,230 shares of restricted Common Stock issuable upon vesting and settlements of performance-vesting restricted units granted pursuant to the above Rite Aid plans, multiplied by \$7.00 per share and (E) 98,024 time-vesting restricted stock units granted pursuant to the above Rite Aid plans, multiplied by \$7.00 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying the sum (7,609,746,565.10) calculated in the preceding sentence by .0001159.

- (4) Proposed maximum aggregate value of transaction:

\$7,609,746,565.10

- (5) Total fee paid:

\$881,969.63

o Fee paid previously with preliminary materials.

ý Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

\$982,609.03

- (2) Form, Schedule or Registration Statement No.:

Schedule 14A, File No. 001-05742

- (3) Filing Party:

Rite Aid Corporation

- (4) Date Filed:

November 24, 2015

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION  
DATED March 2, 2017**

[ • ], 2017

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of Rite Aid Corporation, which we refer to as Rite Aid, to be held on [ • ], 2017 at [ • ], at [ • ], [ • ] time.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 27, 2015, which we refer to as the original merger agreement, as amended by Amendment No. 1 thereto, dated January 29, 2017, which we refer to as the merger agreement amendment, among Walgreens Boots Alliance, Inc., which we refer to as WBA, Victoria Merger Sub, Inc., which we refer to as Merger Sub and which is a wholly owned direct subsidiary of WBA, and Rite Aid. We refer to the original merger agreement, as amended by the merger agreement amendment, as the merger agreement. Pursuant to the terms of the merger agreement, Merger Sub will merge with and into Rite Aid, with Rite Aid surviving the merger as a wholly owned direct subsidiary of WBA. You also will be asked to consider and vote on a non-binding advisory proposal to approve compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

If the merger is completed, you will be entitled to receive a maximum of \$7.00 in cash and a minimum of \$6.50 in cash, without interest, for each share of our common stock you own (unless you have properly exercised your appraisal rights with respect to such shares). The exact price per share will be determined based on the number of stores of Rite Aid, WBA and their respective subsidiaries that are required to be divested by the Federal Trade Commission, which we refer to as the FTC. The price will be \$7.00 per share if 1,000 stores or fewer are required to be divested and will be \$6.50 per share if 1,200 stores (or more, should WBA agree to sell more) are required to be divested. If the required number of stores to be divested falls between 1,000 and 1,200 stores, then there will be a pro-rata adjustment of the price per share. If the price is \$7.00 per share, this represents (i) a premium of approximately 15.1% (or 6.9% if the price is \$6.50 per share) to Rite Aid's closing stock price on October 26, 2015, the last trading day prior to the date on which public announcement of the execution of the original merger agreement was made and (ii) a premium of approximately 12.2% (or 4.2% if the price is \$6.50 per share) to the volume weighted average share price of our common stock during the thirty (30) days ended October 26, 2015.

**Rite Aid's Board of Directors, after considering the reasons more fully described in this proxy statement, determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Rite Aid and its stockholders, and adopted, approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement. The Board of Directors recommends that you vote (i) "FOR" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "FOR" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "FOR" the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.**

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Rite Aid agreed to reduce the purchase price from the original merger agreement and make other changes to the original merger agreement because the parties were unable to obtain FTC clearance by the "end date" in the original merger agreement, and the Board of Directors believed, for the reasons described in the enclosed proxy statement, that it was in the best interests of Rite Aid stockholders to agree to a reduced price and other amended terms, rather than terminate the original merger agreement and continue as a stand-alone company. ***The merger agreement amendment necessitates a new vote on the merger, so despite the fact that you may have voted on the original merger agreement in connection with the February 4, 2016 special meeting of stockholders, Rite Aid is asking for your vote again.***

The enclosed proxy statement provides detailed information about the special meeting, the merger agreement, the changes to the original merger agreement and the merger. A copy of the original merger agreement is attached as Annex A to the proxy statement and a copy of the merger agreement amendment is attached as Annex B to the proxy statement. The proxy statement also describes the actions and determinations of our Board of Directors in connection with its evaluation of the merger agreement and the merger. We encourage you to read the proxy statement and its annexes, including the original merger agreement and the merger agreement amendment, carefully and in their entirety. You may also obtain more information about Rite Aid from documents we file with the U.S. Securities and Exchange Commission from time to time.

Whether or not you plan to attend the special meeting in person, please complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the special meeting and vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your shares in "street name," you should instruct your broker, bank or other nominee how to vote in accordance with the voting instruction form you will receive from your broker, bank or other nominee.

**Your vote is very important, regardless of the number of shares that you own. We cannot complete the merger unless the proposal to adopt the merger agreement is approved by the affirmative vote of the holders of a majority of the outstanding shares of our common stock. The failure of any stockholder to vote in person by ballot at the special meeting, to submit a signed proxy card or to grant a proxy electronically over the Internet or by telephone will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement. If you hold your shares in "street name," the failure to instruct your broker, bank or other nominee on how to vote your shares will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement.**

If you have any questions or need assistance voting your shares of our common stock, please contact Morrow Sodali LLC, our proxy solicitor, by calling (800) 662-5200 toll free.

On behalf of our Board of Directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

John T. Standley

*Chief Executive Officer and Chairman of the Board of Directors*

**Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the merger, or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement is dated [ • ], 2017 and, together with the enclosed form of proxy card, is first being mailed to stockholders of Rite Aid on or about [ • ], 2017.

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION  
DATED March 2, 2017**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY.**

Notice is hereby given that a special meeting of stockholders of Rite Aid Corporation, a Delaware corporation, which we refer to as Rite Aid, will be held on [ • ], 2017, at [ • ], at [ • ], [ • ] time for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of October 27, 2015, which we refer to as the original merger agreement, as amended by Amendment No. 1 thereto, dated as of January 29, 2017, which we refer to as the merger agreement amendment, among Walgreens Boots Alliance, Inc., which we refer to as WBA, Victoria Merger Sub, Inc., which we refer to as Merger Sub and which is a wholly owned direct subsidiary of WBA, and Rite Aid, as it may be amended from time to time (a copy of the original merger agreement is attached as Annex A to the proxy statement accompanying this notice and a copy of the merger agreement amendment is attached as Annex B to the proxy statement accompanying this notice; we refer to the original merger agreement, as amended by the merger agreement amendment, as the merger agreement);
2. To consider and vote on the proposal to approve, by means of a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger contemplated by the merger agreement;
3. To consider and vote on the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting; and
4. To transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon is required to approve the proposal to adopt the merger agreement. The affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon is required to approve the proposal to approve one or more adjournments of the special meeting. The affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon is required to approve the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. The failure of any stockholder of record to submit a signed proxy card, grant a proxy electronically over the Internet or by telephone or to vote in person by ballot at the special meeting will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement, but will not have any effect on the adjournment proposal or the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. If you hold your shares in "street name," the failure to instruct your broker, bank or other nominee on how to vote your shares will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement, but will not have any effect on the adjournment proposal or the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable to Rite Aid's named executive officers in connection with the merger. Abstentions will have the same effect as a vote "AGAINST" the proposal to adopt the merger

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agreement, the adjournment proposal and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger.

Only stockholders of record as of the close of business on [ • ], 2017 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournment or postponement thereof. A list of stockholders entitled to vote at the special meeting will be available in our offices located at 30 Hunter Lane, Camp Hill, Pennsylvania 17011, during regular business hours for a period of at least ten (10) days before the special meeting and at the place of the special meeting during the meeting.

Stockholders who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of Rite Aid common stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all applicable requirements under Delaware law. The relevant section of Delaware law regarding appraisal rights in effect as of the date of the original merger agreement, not including the August 1, 2016 amendments to Delaware law, are summarized herein and reproduced in their entirety in Annex D to the accompanying proxy statement.

**The Board of Directors recommends that you vote (i) "FOR" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "FOR" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "FOR" the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.**

By Order of the Board of Directors,

James J. Comitale  
*Senior Vice President, General Counsel and Secretary*

Dated: [ • ], 2017

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**YOUR VOTE IS IMPORTANT**

WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, WE ENCOURAGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY TELEPHONE, (2) THROUGH THE INTERNET OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before the special meeting. If your shares are held in the name of a broker, bank or other nominee, please follow the instructions on the voting instruction card furnished to you by such broker, bank or other nominee, which is considered the stockholder of record, in order to vote. As a beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares in your account. Your broker, bank or other nominee cannot vote on any of the proposals, including the proposal to adopt the merger agreement, without your instructions.

If you fail to return your proxy card, to grant your proxy electronically over the Internet or by telephone, or to vote by ballot in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. If you are a stockholder of record, voting in person by ballot at the special meeting will revoke any proxy that you previously submitted. If you hold your shares through a broker, bank or other nominee, you must obtain from the record holder a valid legal proxy issued in your name in order to vote in person at the special meeting.

We encourage you to read the accompanying proxy statement, including all documents incorporated by reference into the accompanying proxy statement, and annexes to the accompanying proxy statement, carefully and in their entirety. If you have any questions concerning the merger, the special meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

**Morrow Sodali LLC**  
470 West Avenue  
Stamford, Connecticut 06902  
Banks and Brokerage Firms Call: (203) 658-9400  
Stockholders Call Toll Free: (800) 662-5200  
Email: rad.info@morrrowsodali.com

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**SUMMARY**

*This summary highlights selected information from this proxy statement related to the merger of Merger Sub with and into Rite Aid with Rite Aid surviving as a wholly owned direct subsidiary of WBA, which transaction we refer to as the merger. This summary may not contain all of the information that is important to you. To understand the merger more fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement, the annexes to this proxy statement, including the original merger agreement and the merger agreement amendment, and the documents incorporated by reference in this proxy statement. You may obtain the documents and information incorporated by reference in this proxy statement without charge by following the instructions under "Where You Can Find More Information" beginning on page 143. The original merger agreement is attached as Annex A to this proxy statement and the merger agreement amendment is attached as Annex B to this proxy statement.*

*Except as otherwise specifically noted in this proxy statement or as the context otherwise requires, "Rite Aid," or "we," "our," "us" and similar words in this proxy statement refer to Rite Aid Corporation including, in certain cases, its subsidiaries. Throughout this proxy statement we refer to Walgreens Boots Alliance, Inc. as WBA and to Victoria Merger Sub, Inc. as Merger Sub. In addition, throughout this proxy statement we refer to (i) the original Agreement and Plan of Merger, dated as of October 27, 2015, among WBA, Merger Sub and Rite Aid, as the original merger agreement, (ii) Amendment No. 1 to the Agreement and Plan of Merger, dated January 29, 2017, among WBA, Merger Sub and Rite Aid, as the merger agreement amendment, and (iii) the original merger agreement, as amended by the merger agreement amendment, as the merger agreement.*

**Parties Involved in the Merger (page 37)**

***Rite Aid Corporation***

Rite Aid is a leading retail drugstore chain in the United States. As of February 1, 2017, Rite Aid operated nearly 4,600 stores in 31 states across the country and in the District of Columbia.

Rite Aid sells prescription drugs and a wide assortment of other merchandise, which Rite Aid calls "front-end" products. Front-end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, food and beverages, greeting cards, seasonal merchandise and numerous other everyday and convenience products.

On June 24, 2015, we completed our acquisition of Envision Topco Holdings, LLC which we refer to as EnvisionRx, pursuant to the terms of that certain Agreement and Plan of Merger, dated as of February 10, 2015, by and among Rite Aid, Eagle Merger Sub 1 LLC, Eagle Merger Sub 2 LLC, TPG VI Envision BL, LLC, Envision Topco Holdings, LLC and Shareholder Representative Services LLC, in its capacity as sellers' representative, which we refer to as the EnvisionRx Agreement. EnvisionRx is a full-service pharmacy services provider. EnvisionRx provides both transparent and traditional pharmacy benefit manager options through its EnvisionRx and MedTrak pharmacy benefit managers, respectively. EnvisionRx also offers fully integrated mail-order and specialty pharmacy services through Orchard Pharmaceutical Services; access to a leading cash pay infertility discount drug program via Design Rx; an innovative claims adjudication software platform in Laker Software; and a national Medicare Part D prescription drug plan through Envision Insurance Company's EnvisionRx Plus Silver product for the low income auto-assign market and its Clear Choice product for the chooser market. EnvisionRx operates as our 100 percent owned subsidiary.

Rite Aid was incorporated in Delaware on April 15, 1968. Rite Aid's common stock is currently listed on the New York Stock Exchange, which we refer to as the NYSE, under the symbol "RAD."

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***Walgreens Boots Alliance, Inc.***

WBA is the first global, pharmacy-led health and wellbeing enterprise with net sales of \$117.4 billion in the fiscal year ended August 31, 2016. Together with its equity method investments, WBA employs more than 400,000 people and has over 13,200 stores in 11 countries and a pharmaceutical wholesale and a distribution network that includes over 390 distribution centers delivering to more than 230,000 pharmacies, doctors, health centers and hospitals each year.

WBA's portfolio of retail and business brands includes Walgreens, Duane Reade, Boots and Alliance Healthcare, as well as increasingly global health and beauty product brands, such as No7, Botanics, Liz Earle and Soap & Glory.

WBA was created through the combination of Walgreen Co. and Alliance Boots GmbH in December 2014. WBA was incorporated in Delaware in 2014 and is the successor of Walgreen Co., an Illinois corporation, which was formed in 1909 as a successor to a business founded in 1901. Its principal executive offices are located at 108 Wilmot Road, Deerfield, Illinois 60015. WBA's common stock trades on the NASDAQ Stock Market under the symbol "WBA."

***Victoria Merger Sub, Inc.***

Merger Sub is a Delaware corporation and a wholly owned subsidiary of WBA, formed on October 23, 2015 for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. Upon completion of the merger, Merger Sub will cease to exist.

**Certain Effects of the Merger on Rite Aid (page 38)**

Upon the terms and subject to the conditions of the merger agreement, Merger Sub will merge with and into Rite Aid, with Rite Aid continuing as the Surviving Corporation and a wholly owned direct subsidiary of WBA. Throughout this proxy statement, we use the term Surviving Corporation to refer to Rite Aid as the surviving corporation following the merger. If the merger is completed, you will not own any shares of the capital stock of the Surviving Corporation, and instead will only be entitled to receive the merger consideration, as described under "Proposal 1: Adoption of the Merger Agreement Merger Consideration" beginning on page 112.

**Effect on Rite Aid if the Merger is Not Completed (page 39)**

If the merger agreement is not adopted by Rite Aid stockholders or if the merger is not completed for any other reason, Rite Aid stockholders will not receive any payment for their shares of common stock. Instead, Rite Aid will remain a public company, Rite Aid's common stock will continue to be listed and traded on the NYSE and registered under the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and Rite Aid will continue to file periodic reports with the U.S. Securities and Exchange Commission, which we refer to as the SEC.

Under certain specified circumstances, Rite Aid will be required to pay WBA a termination fee upon the termination of the merger agreement or will be entitled to receive a termination fee from WBA, as described under "Proposal 1: Adoption of the Merger Agreement Termination of the Merger Agreement Termination Fees" beginning on page 134. If the merger agreement is terminated because stockholders do not approve the merger, no termination fee will be payable by WBA to Rite Aid.

**Merger Consideration (page 39)**

At the time at which the merger will become effective, which we refer to as the effective time of the merger, each share of Rite Aid common stock issued and outstanding immediately prior to the

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effective time of the merger (other than shares owned by (i) WBA, Merger Sub or Rite Aid (which will be cancelled), (ii) stockholders who have properly exercised and perfected appraisal rights under Delaware law, or (iii) any direct or indirect wholly owned subsidiary of Rite Aid or WBA; collectively we refer to all such shares in this proxy statement as excluded shares) will be converted into the right to receive the per share merger consideration (as described below), and will cease to be outstanding, will automatically be cancelled and will cease to exist, and each certificate that immediately prior to the effective time of the merger represented any of the shares of Rite Aid common stock (other than the excluded shares) or non-certificated shares held in book-entry form representing any such Rite Aid common stock will thereafter represent only the right to receive the per share merger consideration.

We refer to the per share merger consideration as an amount (as adjusted below) equal to a maximum of \$7.00 per share in cash, without interest; provided that to the extent WBA agrees to, or consummates, a divestiture action (as defined in the merger agreement) involving the sale, transfer, disposal, divestiture or hold separate of more than 1,000 retail stores of WBA and its subsidiaries and Rite Aid and its subsidiaries, which we refer to as the divested stores, the per share merger consideration will be reduced by \$0.0025 per share for each divested store in excess of 1,000 divested stores; provided, further, that in no event will the per share merger consideration be less than \$6.50 per share.

As described under "Proposal 1: Adoption of the Merger Agreement Merger Consideration Exchange Procedures" beginning on page 113, at or prior to the effective time of the merger, WBA will deposit, or cause to be deposited, with a paying agent selected by WBA and reasonably acceptable to Rite Aid, which we refer to as the paying agent, a cash amount in immediately available funds sufficient in the aggregate to provide all funds necessary to pay the aggregate per share merger consideration.

After the merger is completed, under the terms of the merger agreement, you will have the right to receive the per share merger consideration, but you no longer will have any rights as a Rite Aid stockholder as a result of the merger (except for the right to receive the per share merger consideration and except that stockholders who properly exercise and perfect their demand for right of appraisal will instead have the right to receive a payment for the "fair value" of their shares as determined pursuant to an appraisal proceeding as contemplated by Delaware law, as described under "The Merger Appraisal Rights" beginning on page 102).

**Changes to the Original Merger Agreement Pursuant to the Merger Agreement Amendment (page 40)**

The original merger agreement was amended pursuant to the merger agreement amendment to, among other things, (i) reduce the per share merger consideration from \$9.00 per share to a range of \$6.50 to \$7.00 per share; (ii) increase the number of stores that WBA is required to divest, to the extent necessary to obtain the required regulatory approvals, from 1,000 stores to 1,200 stores; (iii) require that WBA sell, transfer, dispose of, divest, license or hold separate Rite Aid's portfolio of trademarks and related intellectual property (including domain names) containing the "Rite Aid" name and logo, except that WBA and its subsidiaries (including Rite Aid and its subsidiaries after the closing) will be entitled to a royalty-free exclusive license thereto for a specified period, which we refer to collectively as the Rite Aid Brand Rights; (iv) extend the end date from January 27, 2017 to July 31, 2017; (v) provide for a reduced \$162.5 million termination fee payable by WBA to Rite Aid in the event that the merger agreement is terminated and the termination fee is payable but Rite Aid fails to satisfy the Adjusted EBITDA (as such term is defined in the merger agreement) threshold specified in the material adverse effect definition in the merger agreement; (vi) reduce the Adjusted EBITDA (as such term is defined in the merger agreement) threshold in the material adverse effect definition in the merger agreement from \$1.075 billion to \$1 billion; (vii) acknowledge that each party has complied with its obligations pursuant to the covenant requiring the parties to use their reasonable best efforts to consummate the transaction and specifying their obligations in connection with seeking regulatory

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approval of the merger, which we refer to as the antitrust efforts covenant, and that no material adverse effect has occurred from the date of the original merger agreement to the date of the merger agreement amendment; (viii) revise the no material adverse effect closing condition to be measured from the date of the merger agreement amendment rather than from the date of the original merger agreement; (ix) remove Rite Aid's obligation to reimburse WBA's expenses in certain circumstances specified in the original merger agreement; and (x) require that WBA sell, transfer, dispose of, divest or hold separate certain Rite Aid distribution centers, inventory related thereto and certain administrative assets.

**The Special Meeting (page 32)**

*Date, Time and Place*

The special meeting of our stockholders will be held on [ • ], 2017 at [ • ], at [ • ], [ • ] time.

*Purpose*

At the special meeting, we will ask our stockholders of record as of the close of business on [ • ], 2017, which we refer to as the record date, to vote on proposals (i) to adopt the merger agreement, (ii) to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger, and (iii) to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

*Record Date; Shares Entitled to Vote*

You are entitled to vote at the special meeting if you owned shares of our common stock on the record date. You will have one vote at the special meeting for each share of our common stock you owned at the close of business on the record date.

*Quorum*

As of the record date, there were approximately [ • ] shares of Rite Aid common stock outstanding and entitled to be voted at the special meeting. A quorum of stockholders is necessary to hold a special meeting. The holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting, either present in person or represented by proxy, will constitute a quorum at the special meeting. As a result, [ • ] shares must be represented by proxy or by stockholders present and entitled to vote at the special meeting to have a quorum.

*Required Vote*

The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon is required to adopt the merger agreement. Approval of the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger requires the affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon. Approval of the proposal to approve one or more adjournments of the special meeting, whether or not a quorum is present, requires the affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon.

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*Share Ownership of Rite Aid Directors and Executive Officers*

At the close of business on [ • ], 2017, the record date, Rite Aid directors and executive officers beneficially owned and were entitled to vote, in the aggregate, [ • ] shares of Rite Aid common stock (excluding any shares of Rite Aid common stock that would be delivered upon exercise or conversion of stock options or other equity-based awards), which represented approximately [ • ]% of the outstanding shares of Rite Aid common stock on that date. Our directors and executive officers have informed us that they currently intend to vote all of their shares of Rite Aid common stock (i) "**FOR**" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "**FOR**" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "**FOR**" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.

*Voting of Proxies*

Any Rite Aid stockholder of record entitled to vote at the special meeting may submit a proxy by returning a signed proxy card by mail or voting electronically over the Internet or by telephone, or may vote in person by appearing at the special meeting. If you are a beneficial owner and hold your shares of Rite Aid common stock in "street name" through a broker, bank or other nominee, you should instruct your broker, bank or other nominee on how you wish to vote your shares of Rite Aid common stock using the instructions provided by your broker, bank or other nominee. Under applicable stock exchange rules, if you fail to instruct your broker, bank or other nominee on how to vote your shares, your broker, bank or other nominee only has discretion to vote your shares on routine matters. Proposals 1, 2 and 3 in this proxy statement are non-routine matters, and brokers, banks and other nominees therefore cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your broker, bank or other nominee on how you wish to vote your shares.

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy, signing another proxy card with a later date and returning it to us prior to the special meeting or attending the special meeting and voting in person. If you hold your shares of common stock in "street name," you should contact your broker, bank or other nominee for instructions regarding how to change your vote; or contact our proxy solicitor, Morrow Sodali LLC at (800) 662-5200.

**Recommendation of Our Board of Directors and Reasons for the Merger (page 74)**

The Board of Directors, after considering various factors described herein, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Rite Aid and its stockholders, and approved, adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement.

**The Board of Directors unanimously recommends that you vote (i) "FOR" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "FOR" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "FOR" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.**

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**Opinion of Rite Aid's Financial Advisor (page 80)**

In connection with the merger, Rite Aid's financial advisor, Citigroup Global Markets Inc., which we refer to as Citi, delivered a written opinion, dated January 29, 2017, to the Board of Directors as to the fairness, from a financial point of view and as of the date of the opinion, of the per share merger consideration to be received by holders of Rite Aid common stock pursuant to the merger agreement. The full text of Citi's written opinion, dated January 29, 2017, which describes the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as Annex C to this proxy statement and is incorporated herein by reference. The description of Citi's opinion set forth below is qualified in its entirety by reference to the full text of Citi's opinion. **Citi's opinion was provided for the information of the Board of Directors (in its capacity as such) in connection with its evaluation of the per share merger consideration from a financial point of view and did not address any other aspects or implications of the merger. Citi expressed no view as to, and its opinion did not address, the underlying business decision of Rite Aid to effect the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Rite Aid or the effect of any other transaction Rite Aid might engage in or consider. Citi's opinion is not intended to be and does not constitute a recommendation as to how any stockholder should vote or act on any matters relating to the merger or otherwise.**

**Financing of the Merger (page 99)**

WBA's obligation to complete the merger is not subject to the receipt of financing. Concurrently with the signing of the original merger agreement, WBA entered into a bridge facility commitment letter, which we refer to as the Signing Date Commitment Letter, dated October 27, 2015 and amended and restated as of November 19, 2015, with UBS Securities LLC and UBS AG, Stamford Branch providing for a \$12.8 billion fully-committed senior unsecured bridge loan facility. On December 18, 2015, WBA entered into (a) a bridge term loan credit agreement with the lenders party thereto and UBS AG, as administrative agent, which we refer to as the Expired Bridge Credit Agreement, (b) a term loan credit agreement with the lenders party thereto and Bank of America, N.A., as administrative agent, which we refer to as the Expired Term Loan Credit Agreement, and (c) a term loan credit agreement with the lenders party thereto and Sumitomo Mitsui Banking Corporation, as administrative agent, which, together with the Expired Bridge Credit Agreement and Expired Term Loan Credit Agreement, we refer to as the Expired Credit Agreements. The Signing Date Commitment Letter and the commitments contemplated thereby terminated upon WBA entering into the Expired Credit Agreements. The Expired Credit Agreements expired on January 27, 2017, which date was the original end date under the original merger agreement prior to the execution of the merger agreement amendment.

***Backstop Commitment Letter and Credit Agreement***

Following the execution of the merger agreement amendment, on January 30, 2017, WBA entered into a backstop facility commitment letter, which we refer to as the Backstop Commitment Letter, with HSBC Securities (USA) Inc., HSBC Bank USA, National Association, and HSBC Bank plc, which, collectively, we refer to as HSBC, providing for commitments in an aggregate principal amount of up to \$5,000,000,000, which commitments were intended to replace a portion of the expired commitments in respect of the Expired Credit Agreements.

Pursuant to the terms of the Backstop Commitment Letter, HSBC committed to enter into the Backstop Credit Agreement (as defined below) as promptly as practicable (and in any event, within one business day) following the effectiveness of the Backstop Commitment Letter. Accordingly, WBA entered into a backstop bridge term loan credit agreement, dated January 31, 2017, with the lenders party thereto and HSBC, as administrative agent, which is a 364-day unsecured bridge term loan facility

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with aggregate commitments equal to \$5,000,000,000, which we refer to as the Backstop Credit Agreement.

The ability of WBA to request the making of loans under the Backstop Credit Agreement is subject to the satisfaction (or waiver) of certain conditions set forth therein (including, among other things, the delivery of an officer's certificate certifying the accuracy of certain representations and warranties set forth in and the absence of certain defaults under the Backstop Credit Agreement). Loans will be available under the Backstop Credit Agreement in U.S. Dollars.

The commitments of the lenders to make such term loans under the Backstop Credit Agreement expire upon the earliest of (i) the date of the consummation of the merger with or without the funding of the loans under the Backstop Credit Agreement, (ii) prior to the time of the consummation of the merger, the termination of the merger agreement by WBA or with the written consent of WBA in accordance with its terms (other than with respect to provisions therein that expressly survive termination), (iii) 11:59 p.m. (New York time) on July 31, 2017 and (iv) the date of termination in full of the commitments thereunder by mutual agreement of the parties thereto.

Borrowings under the Backstop Credit Agreement will bear interest at a fluctuating rate per annum equal to, at WBA's option, the alternate base rate, or the reserve adjusted Eurocurrency rate, in each case, plus an applicable margin calculated based on WBA's credit ratings. WBA will also pay certain customary fees.

***Revolving Credit Agreement***

On February 1, 2017, WBA entered into a revolving credit agreement with Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., U.S. Bank National Association and JPMorgan Chase Bank, N.A., with JPMorgan Chase Bank, N.A. as administrative agent, which we refer to as the Revolving Credit Agreement. The Revolving Credit Agreement is a revolving credit facility with aggregate commitments equal to \$1,000,000,000 with a facility termination date of the earlier of (a) 364 days following the effective date of the Revolving Credit Agreement, subject to the extension thereof pursuant to the Revolving Credit Agreement, and (b) the date of termination in whole of the aggregate commitment pursuant to the Revolving Credit Agreement.

The ability of WBA to request the making of loans under the Revolving Credit Agreement to be used for any purpose (including general corporate purposes) is subject to the satisfaction (or waiver) of certain customary conditions set forth therein (including a separate set of customary "limited conditions" applicable to any loans made thereunder for the sole purpose of financing the merger). Loans will be available under the Revolving Credit Agreement in U.S. Dollars.

Borrowings under the Revolving Credit Agreement will bear interest at a fluctuating rate per annum equal to, at WBA's option, the alternate base rate or the reserve adjusted Eurocurrency rate, in each case, plus an applicable margin calculated based on WBA's credit ratings. In addition, WBA will also pay to the lenders under the Revolving Credit Agreement certain customary fees.

***Term Loan Credit Agreements***

On February 22, 2017, WBA entered into (a) a Term Loan Credit Agreement we refer to as the Syndicated Credit Agreement with the lenders party thereto and Bank of America, N.A., as administrative agent and (b) a Term Loan Credit Agreement we refer to as the Sumitomo Credit Agreement which, together with the Syndicated Credit Agreement, we refer to as the Term Loan Credit Agreements, and which Term Loan Credit Agreements together with the Backstop Credit Agreement and Revolving Credit Agreement, we refer to as the Credit Agreements, with Sumitomo Mitsui Banking Corporation, as lender and administrative agent. In connection therewith, as of such

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date of entering into the Term Loan Credit Agreements the commitments available under the Backstop Credit Agreement were automatically reduced to zero.

The Syndicated Credit Agreement is a two-tranche unsecured term loan facility, with the first tranche maturing October 27, 2019 and the second tranche maturing October 27, 2021. The aggregate commitments of all lenders under the Syndicated Credit Agreement are equal to \$4.8 billion, provided that WBA may increase the commitments available under either of the tranches of the Syndicated Credit Agreement at any time prior to the funding date thereunder by up to \$450 million, subject to obtaining commitments from existing lenders and/or new lenders selected by WBA and reasonably acceptable to Bank of America, N.A., as administrative agent.

The Sumitomo Credit Agreement is a two-tranche unsecured term loan facility (each tranche in an amount of \$500 million), with the first tranche maturing on the first anniversary of the funding date thereunder and the second tranche maturing on the earlier of the first anniversary of the funding date thereunder and March 30, 2018. The aggregate commitments under the Sumitomo Credit Agreement are equal to \$1.0 billion.

The ability of WBA to request the making of loans under each Term Loan Credit Agreement is subject to the satisfaction (or waiver) of certain conditions set forth therein (including, among other things, the delivery of an officer's certificate certifying the accuracy of certain representations and warranties set forth in and the absence of certain defaults under each Term Loan Credit Agreement).

The commitments of the lenders to make such term loans under the Term Loan Credit Agreements expire upon the earliest of (i) the date of the consummation of the merger with or without the funding of the loans under each Term Loan Credit Agreement, (ii) prior to the time of the consummation of the merger, the termination of the merger agreement by WBA or with the written consent of WBA in accordance with its terms (other than with respect to provisions therein that expressly survive termination), (iii) 11:59 p.m. (New York time) on July 31, 2017; provided that WBA may extend such date to October 31, 2017 on prior written notice to the applicable Administrative Agent and lenders; provided further that such notice may not be delivered prior to the earlier of (1) July 24, 2017 and (2) the date of any amendment or extension of the end date in the merger agreement beyond July 31, 2017 and (iv) the date of termination in full of the commitments thereunder by mutual agreement of the parties thereto.

Loans will be available under each Term Loan Credit Agreement in U.S. Dollars. Borrowings under the Term Loan Credit Agreements will bear interest at a fluctuating rate per annum equal to, at WBA's option, the alternate base rate or the reserve adjusted Eurocurrency rate, in each case, plus an applicable margin calculated based on WBA's credit ratings. In addition, WBA will also pay to the lenders under the Term Loan Credit Agreements certain customary fees.

WBA currently expects (a) to finance the merger consideration and/or the refinancing of a portion of the indebtedness of Rite Aid and, if necessary, the WBA 2018 Notes, the WBA 2021 Notes and the WBA 2023 Notes (each as defined below) and (b) to pay related fees and expenses with a combination of (i) existing cash on WBA's balance sheet, (ii) loans under the Credit Agreements and/or (iii) the issuance of new debt securities.

Each Credit Agreement contains representations and warranties and affirmative, negative and financial covenants and events of default, in each case, that are customary for unsecured financings of this type and substantially consistent with those of the Expired Credit Agreements, which representations and warranties and affirmative and negative covenants in the case of the Term Loan Credit Agreements will not be in effect until the funding of the loans under the applicable Term Loan Credit Agreement and in the case of the Revolving Credit Agreement will be in effect from the date of effectiveness of the Revolving Credit Agreement.

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The foregoing description of the Backstop Credit Agreement, Revolving Credit Agreement and Term Loan Credit Agreements does not purport to be complete and is qualified in its entirety by reference to the full text of the applicable Credit Agreement.

***\$6.0 Billion Issuance of Notes***

On June 1, 2016, WBA completed the public offering and issuance of \$1,250,000,000 aggregate principal amount of 1.750% notes due 2018, which we refer to as the WBA 2018 Notes, \$1,500,000,000 aggregate principal amount of 2.600% notes due 2021, which we refer to as the WBA 2021 Notes, \$750,000,000 aggregate principal amount of 3.100% notes due 2023, which we refer to as the WBA 2023 Notes, \$1,900,000,000 aggregate principal amount of 3.450% notes due 2026, which we refer to as the WBA 2026 Notes, and \$600,000,000 aggregate principal amount of 4.650% notes due 2046, which we refer to as the WBA 2046 Notes.

In the event that the merger is not consummated (or if the merger agreement is terminated) on or prior to June 1, 2017, then WBA will be required to redeem the WBA 2018 Notes, the WBA 2021 Notes and the WBA 2023 Notes (but not the WBA 2026 Notes or the WBA 2046 Notes) at a redemption price per note equal to 101% of the principal amount thereof, plus accrued and unpaid interest from and including the most recent date to which interest has been paid to, but excluding, the date of redemption.

**Treatment of Equity and Equity-Based Awards (page 112)**

The merger agreement provides that Rite Aid's equity awards that are outstanding immediately prior to the effective time of the merger will be subject to the following treatment at the effective time of the merger:

***Treatment of Options***

Upon completion of the merger, each vested option to purchase Rite Aid common stock (including any option subject to accelerated vesting upon completion of the merger) with a per share exercise price less than the per share merger consideration that is outstanding immediately prior to the completion of the merger, which we refer to as a cash-out option, will be cancelled and converted into the right to receive, without interest, an amount in cash equal to the product of (x) the total number of shares of Rite Aid common stock subject to such cash-out option and (y) the excess, if any, of the per share merger consideration (which will range from \$6.50 to \$7.00) over the per share exercise price of such cash-out option, less applicable withholding taxes.

Upon completion of the merger, each unvested option to purchase Rite Aid common stock, and each vested option to purchase Rite Aid common stock with a per share exercise price equal to or greater than the per share merger consideration (which will range from \$6.50 to \$7.00), that is outstanding immediately prior to the completion of the merger, which we refer to as a rollover option, will be converted into an option to acquire, on the same terms and conditions as were applicable immediately prior to the completion of the merger, a number of shares of WBA common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such rollover option and (y) a fraction, the numerator of which is the per share merger consideration (which will range from \$6.50 to \$7.00) and the denominator of which is the volume weighted average trading price of WBA common stock on the five (5) consecutive trading days immediately preceding the closing date of the merger, which fraction we refer to as the conversion ratio, with any fractional shares rounded down to the next lower whole number of shares after aggregating each individual holder's option with the same exercise price. The exercise price of each converted rollover option will be equitably adjusted to be equal to the quotient (rounded up to the nearest whole cent) of (x) the exercise price per share of Rite Aid common stock subject to such rollover option and (y) the conversion ratio (rounded up to the nearest whole cent).

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***Treatment of Restricted Stock and Performance Stock Units***

Upon completion of the merger, each share of Rite Aid restricted stock and each Rite Aid performance stock unit that is outstanding immediately prior to the completion of the merger, which we refer to as a rollover stock award, will be converted into a WBA restricted share award or a WBA performance stock unit, as applicable, relating to the number of shares of WBA common stock equal to the product of (x) the number of shares of Rite Aid common stock relating to such rollover stock award (which, in the case of performance stock units for which the applicable performance period has not completed, will be the target number of shares) and (y) the conversion ratio, with any fractional shares rounded down to the next lower whole number of shares (with such rounding applied on an aggregate basis to each individual holder), and with each such converted rollover stock award generally subject to the same terms and conditions as were applicable immediately prior to the completion of the merger. With respect to each rollover stock award that is a performance stock unit, following the completion of the merger: (i) the performance goals or conditions will not apply with respect to a pro rata portion of such award (with such portion based on the number of days elapsed in the performance period through the completion of the merger), and such portion of the rollover stock award will continue to be subject to service-based vesting on the same schedule as applied prior to the completion of the merger, and (ii) the remaining portion of the performance stock unit will continue to be subject to performance-based vesting (based on the achievement of adjusted performance goals) and service-based vesting on the same schedule as applied prior to the completion of the merger.

***Treatment of Restricted Stock Units***

Upon completion of the merger, each Rite Aid restricted stock unit outstanding immediately prior to the completion of the merger, whether or not vested, will automatically be cancelled and converted into the right to receive an amount in cash equal to the product of (x) the total number of shares of Rite Aid common stock subject to such restricted stock unit and (y) the per share merger consideration (which will range from \$6.50 to \$7.00), less applicable withholding taxes.

***Treatment Under Rite Aid Stock Plans***

Pursuant to the terms of Rite Aid's stock plans, the vesting of each rollover option and rollover stock award outstanding as of the date of the original merger agreement, including the rollover options and rollover stock awards then held by any executive officer, will accelerate and vest (with any performance conditions deemed achieved at target levels) upon the occurrence of both (i) a change in control and (ii) a qualifying termination during the two (2) year period following a change in control, which we refer to as "double-trigger" vesting. The merger will be treated as a change in control for purposes of Rite Aid's stock plans with respect to any rollover options and rollover stock awards that are granted prior to the date of the original merger agreement, but will not be treated as a change in control for purposes with respect to any rollover options and rollover stock awards that are granted following the date of the original merger agreement and prior to completion of the merger (which will be subject to the vesting provisions of the executive officer's employment agreement, as described below).

**Interests of the Directors and Executive Officers of Rite Aid in the Merger (page 89)**

When considering the recommendation of the Board of Directors that you vote to approve the proposal to adopt the merger agreement, you should be aware that our directors and executive officers may have interests in the merger that may be different from, or in addition to, your interests as a stockholder. The Board of Directors was aware of and considered these interests to the extent such interests existed at the time, among other matters, in evaluating and overseeing the negotiation of the merger agreement, in approving the merger agreement and the merger and in recommending that the

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merger agreement be adopted by the stockholders of Rite Aid. These interests may include the following:

Continued indemnification and directors' and officers' liability insurance to be provided by the Surviving Corporation.

The treatment of outstanding equity awards described above under "Summary Treatment of Equity and Equity-Based Awards" beginning on page 9.

The entitlement of Rite Aid's executive officers to receive payments and benefits upon certain terminations of employment under their respective employment agreements with Rite Aid, as follows:

*Triggering Events.* During the term of the employment agreements, the employment agreements provide that each executive officer will be entitled to receive a severance benefit under his or her employment agreement if (i) the officer is terminated other than for cause or (ii) the officer resigns with good reason (as such terms are defined in the employment agreements), which we refer to as a qualifying termination.

*Reimbursement of Certain Taxes.* Contingent on the closing, the employment agreement with Mr. Standley provides for the reimbursement of taxes incurred as a result of Sections 280G and 4999 of the Internal Revenue Code of 1986, as amended, which we refer to as the Code.

*Benefits.* In the circumstances described above under "Summary Interests of the Directors and Executive Officers of Rite Aid in the Merger Triggering Events" beginning on page 11, except as described below, each named executive officer and each other executive officer who is party to an employment agreement will receive:

*Cash Severance.* Cash severance equal to two times the executive's annual base salary and target annual bonus for each of Messrs. Standley, Martindale, Karst and Donley, and cash severance equal to two times the executive's annual base salary for each of Messrs. Montini, Abelman, Everett and Ms. Konrad.

*Pro Rata Bonus.* Under the employment agreements with Messrs. Standley, Martindale, Karst, and Donley, a pro rata target annual bonus to the extent that such targets have been achieved or exceeded for the fiscal year (based on the number of days in the fiscal year prior to termination).

*Health Benefit Continuation.* Two (2) years of continued coverage under the surviving company's health and medical plans for the executive and his or her qualifying dependents.

*Accelerated Vesting of Certain Outstanding Equity Awards.*

The employment agreement with Mr. Standley provides for the accelerated vesting of then-outstanding unvested options upon the occurrence of a change in control. The merger is expected to constitute a change in control for the purposes of Mr. Standley's employment agreement. Of the unvested options that would be subject to accelerated vesting in connection with the merger, 766,255 options have an exercise price that exceeds a per share merger consideration of \$7.00 and will be treated as rollover options. Mr. Standley's employment agreement further provides that, upon a qualifying termination, all outstanding restrictions with respect to any restricted stock awards will lapse to the extent the restrictions would have lapsed had Mr. Standley remained employed by Rite Aid for a period of three (3) years following the date of such termination.



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The employment agreements with each of the other executive officers provide that, upon a qualifying termination, all restrictions with respect to any restricted stock awards will lapse to the extent the restrictions would have lapsed had the executives remained employed by Rite Aid for a period of two (2) years following the date of such termination.

The entitlement of Rite Aid's executive officers to accelerated vesting of the unvested portion of their individual account balances under Rite Aid's supplemental executive retirement plan upon a termination without cause within twelve (12) months of the completion of the merger.

The entitlement of Messrs. Abelman, Donley, Everett, Karst and Montini and Ms. Konrad to receive a lump-sum payment of, or the lapse of a repayment obligation regarding, their respective retention awards on the one hundred and twentieth (120th) day following the closing of the merger or upon an earlier qualifying termination.

The fact that, following the request of WBA, at the recommendation of Jones Day in connection with the review by the Federal Trade Commission, which we refer to as the FTC, of the merger and the divestiture to Fred's, Inc., which we refer to as Fred's, in order to enhance the management team of Fred's and provide continuity of management following the acquisition of the stores and assets to be purchased by Fred's from the Company, and at the direction of the Board of Directors, some of our executive officers and officers are discussing and/or in the future may discuss or enter into agreements with Fred's or any of Fred's affiliates regarding employment with, or service on the board of directors of, or the right to purchase or participate in the equity of, Fred's or one or more of Fred's affiliates.

The fact that prior to or following the closing, some of our executive officers have discussed and/or in the future may discuss or enter into agreements with WBA or Merger Sub or any of their respective affiliates regarding employment with, or the right to purchase or participate in the equity of, WBA or the Surviving Corporation or one or more of their respective affiliates.

If the proposal to adopt the merger agreement is approved by our stockholders and the merger closes, under the terms of the merger agreement, any shares of Rite Aid common stock held by our directors and executive officers, including such shares held following the vesting or settlement of equity and equity-based awards, will be treated in the same manner as outstanding shares of common stock held by all other stockholders of Rite Aid entitled to receive the per share merger consideration.

**Appraisal Rights (page 102)**

If the merger agreement is adopted by Rite Aid stockholders, stockholders who do not vote in favor of the proposal to adopt the merger agreement and who properly exercise and perfect their demand for appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL. This means that holders of Rite Aid common stock are entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the "fair value" of the shares of Rite Aid common stock, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest to be paid upon the amount determined to be fair value, if any, as determined by the court. Stockholders who wish to seek appraisal of their shares are in any case encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights due to the complexity of the appraisal process.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as determined pursuant to Section 262 of the DGCL could be more than, the same as or less than the value of the consideration they would receive pursuant to the merger if they did not seek appraisal of their shares.

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To exercise your appraisal rights, you must submit a written demand for appraisal to Rite Aid before the vote is taken on the proposal to adopt the merger agreement, you must not submit a blank proxy or otherwise vote in favor of the proposal to adopt the merger agreement and you must continue to hold the shares of Rite Aid common stock of record through the effective time of the merger. Your failure to follow the procedures specified under the DGCL will result in the loss of your appraisal rights. The DGCL requirements for exercising appraisal rights in effect as of the date of the original merger agreement, not including the August 1, 2016 DGCL amendments, are described in further detail in this proxy statement, and the relevant section of the DGCL regarding such appraisal rights is reproduced and attached as Annex D to this proxy statement. If you hold your shares of Rite Aid common stock through a broker, bank or other nominee and you wish to exercise appraisal rights, you should consult with your broker, bank or other nominee to determine the appropriate procedures for the making of a demand for appraisal by such broker, bank or other nominee.

**U.S. Federal Income Tax Consequences of the Merger (page 106)**

The receipt of cash for shares of Rite Aid common stock pursuant to the merger generally will be a taxable transaction for U.S. federal income tax purposes. The receipt of cash by a U.S. Holder (as defined under "The Merger U.S. Federal Income Tax Consequences of the Merger" beginning on page 106) in exchange for such U.S. Holder's shares of Rite Aid common stock in the merger generally will result in the recognition of gain or loss in an amount measured by the difference between the cash such U.S. Holder receives in the merger and such U.S. Holder's adjusted tax basis in the shares of Rite Aid common stock surrendered in the merger. A Non-U.S. Holder (as defined under "The Merger U.S. Federal Income Tax Consequences of the Merger" beginning on page 106) generally will not be subject to U.S. federal income tax with respect to the exchange of our common stock for cash in the merger unless such Non-U.S. Holder has certain connections to the United States. Stockholders should refer to the discussion under "The Merger U.S. Federal Income Tax Consequences of the Merger" beginning on page 106 and consult their tax advisors concerning the U.S. federal income tax consequences relating to the merger in light of their particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction.

**Regulatory Approvals (page 108)**

*General*

Rite Aid and WBA have agreed to use their reasonable best efforts to take, and to assist and cooperate with each other in taking, all actions and to use their reasonable best efforts to do all things reasonably necessary, proper or advisable, to consummate the merger and the other transactions contemplated by the merger agreement, subject to certain specified limitations under the merger agreement. These approvals include approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to as the HSR Act. Although we expect that all required regulatory clearances and approvals will be obtained, we cannot assure you that these regulatory clearances and approvals will be timely obtained or obtained at all, or that the granting of these regulatory clearances and approvals will not involve the imposition of additional conditions on the completion of the merger, including the requirement to divest assets, or require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the closing of the merger not being satisfied.

*HSR Act and U.S. Antitrust Matters*

Under the merger agreement, the merger cannot be completed until the applicable waiting periods under the HSR Act (and any extension thereof) have expired or been terminated. Rite Aid and WBA filed their respective HSR Act notifications on November 10, 2015, resulting in an initial waiting period ending on December 10, 2015. On December 10, 2015, the FTC issued a Request for Additional

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Information and Documentary Material, which we refer to as a second request, to each of Rite Aid and WBA. The effect of the second request is to extend the waiting period imposed by the HSR Act until thirty (30) days after Rite Aid and WBA have substantially complied with the second request, unless such waiting period is extended voluntarily by the parties or terminated earlier by the FTC. For a more detailed description of the status of the FTC review and divestiture process, see "The Merger Background of the Merger" beginning on page 40. In addition to the review of the merger by the FTC, certain state attorneys general are also reviewing the merger. Rite Aid and WBA are cooperating with the FTC and the state attorneys general.

***Other Regulatory Approvals***

Approval (or non-objection, grant of exemption or, in certain circumstances, alternative resolution, as the case may be) has been or will be sought from (i) the state insurance regulator in the State of Ohio for the change of control of Envision Insurance Company, (ii) the Department of Managed Health Care of the State of California with respect to the change of control of Envision Insurance Company as a Knox-Keene licensed health care service plan, (iii) the Board of Pharmacy of the State of California with respect to (A) a change in ownership of Orchard Pharmaceutical Services, LLC and (B) the transfer of certain other licenses, (iv) the Insurance Department of the State of Texas with respect to the change of control of Rite Aid's subsidiary licensed as a third-party administrator in Texas, and (v) the state insurance regulator in the State of Utah with respect to the change of ownership of Rite Aid's subsidiary licensed as a health discount program operator. In addition, a response letter from the Department of Insurance of the State of Missouri has been or will be sought confirming that the merger falls below the threshold requirements for filing a Form E (pre-acquisition notification form regarding the potential competitive impact of a proposed merger) in Missouri. To obtain these approvals, WBA, or the applicable Rite Aid subsidiary, as the case may be, has filed or will file, acquisition of control and material modification or similar statements, notices or applications (or requests for grants of exemption relating thereto), as required by the insurance and health care laws and regulations of each applicable state or jurisdiction. In addition, either prior to or following the completion of the merger, WBA or Rite Aid will be required to make change of control notification filings with various state regulators pursuant to applicable insurance and health care laws and regulations (none of which notification filings are conditions to the completion of the merger).

**Legal Proceedings Regarding the Merger (page 109)**

As of March 1, 2017, Rite Aid was aware of ten (10) putative class action lawsuits that were filed by purported Rite Aid stockholders against Rite Aid, the directors of Rite Aid, WBA and Merger Sub, challenging the transactions contemplated by the merger agreement. For a more detailed description of the litigation, see "The Merger Legal Proceedings Regarding the Merger" beginning on page 109.

**No Solicitation (page 120)**

Except as otherwise provided in the merger agreement, Rite Aid may not, and has agreed to cause its subsidiaries and its and its subsidiaries' directors, officers and employees not to, and has agreed to instruct its and its subsidiaries' representatives not to, directly or indirectly:

initiate, solicit, knowingly encourage, knowingly induce or knowingly facilitate the making of any acquisition proposal or any inquiry, offer or proposal that would reasonably be expected to lead to an acquisition proposal;

engage or otherwise participate in any negotiations or discussions (other than, in response to a *bona fide* acquisition proposal or other inquiry, offer or proposal after the date of the merger agreement amendment that was not initiated, solicited, encouraged or facilitated in, and did not otherwise result from a, material violation of the merger agreement, contacting such person and

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its advisors for the purpose of clarifying the material terms of any such acquisition proposal or inquiry, offer or proposal and the likelihood and timing of consummation thereof) concerning, or provide access to its properties, books and records or any confidential or nonpublic information or data to any person in connection with, relating to or for the purpose of encouraging or facilitating an acquisition proposal or any inquiry, offer or proposal that would reasonably be expected to lead to an acquisition proposal;

approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any acquisition proposal; or

execute or enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement or similar written or oral agreement relating to any acquisition proposal or superior proposal.

At any time after the parties entered into the merger agreement amendment and before obtaining the second stockholder approval (to which this proxy statement relates) for the proposal to adopt the merger agreement in the event that Rite Aid receives a *bona fide* acquisition proposal from any third party in circumstances not otherwise involving a breach of the merger agreement by Rite Aid and that the Board of Directors determines in good faith, after consultation with its outside legal counsel and financial advisor, that such acquisition proposal constitutes or could reasonably be expected to lead to a superior proposal Rite Aid may:

furnish information with respect to Rite Aid to the party making such acquisition proposal pursuant to a confidentiality agreement, which we refer to as an acceptable confidentiality agreement, on terms (including standstill restrictions) substantially no less restrictive to such party than those contained in the confidentiality agreement entered into by Rite Aid and WBA, dated March 3, 2015, which we refer to as the confidentiality agreement, provided that such standstill restrictions need not restrict the person making such acquisition proposal from making an acquisition proposal to Rite Aid; and

engage in discussions or negotiations with such party regarding such acquisition proposal.

**Change of Recommendation (page 121)**

The Board of Directors has made the recommendation that the holders of Rite Aid shares vote "**FOR**" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger.

The merger agreement provides that the Board of Directors may generally not effect a change of recommendation unless, prior to obtaining the second stockholder approval (to which this proxy statement relates), a *bona fide* acquisition proposal is made after the parties entered into the merger agreement amendment and the Board of Directors determines in good faith, after consultation with its financial advisor and outside legal counsel, that such acquisition proposal constitutes a superior proposal and determines in good faith, after consultation with its outside legal counsel, that the failure to effect a change of recommendation would be reasonably likely to be inconsistent with the Board of Directors' fiduciary duties under applicable law (provided that the acquisition proposal was not initiated, solicited, encouraged or facilitated in, and did not otherwise result from a, material violation of the merger agreement by Rite Aid).

If the Board of Directors effects a change of recommendation under the merger agreement, WBA may terminate the merger agreement and receive a termination fee from Rite Aid as further described under "Proposal 1: Adoption of the Merger Agreement Termination of the Merger Agreement Termination Fees" beginning on page 134.

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**Conditions to the Closing of the Merger (page 130)**

The following are some of the conditions that must be satisfied or, where permitted by law, waived before the merger may be consummated:

the second approval (to which this proxy statement relates) of the proposal to adopt the merger agreement by the requisite affirmative vote of Rite Aid's stockholders;

the expiration or termination of the applicable waiting periods under the HSR Act (and any extension thereof) (see "The Merger Regulatory Approvals for the Merger" beginning on page 108);

the consummation of the merger not being restrained, enjoined, rendered illegal or otherwise prevented or prohibited by any law or order of any governmental authority;

the accuracy of the representations and warranties of Rite Aid, WBA and Merger Sub in the merger agreement, subject in some instances to materiality or "material adverse effect" qualifiers, as of the date of the original merger agreement and the closing date of the merger;

the performance in all material respects (or, with respect to Rite Aid's specified obligations relating to incurring indebtedness, in all respects) by Rite Aid, on the one hand, and WBA and Merger Sub, on the other hand, of their respective obligations under the merger agreement at or prior to the closing;

since the date of the merger agreement amendment, there not having occurred any event, development, circumstance, change, effect, condition or occurrence that, individually or in the aggregate, has had, or would reasonably be expected to have, a "material adverse effect" with respect to Rite Aid, including any event, development, circumstance, change, effect, condition or occurrence that results in, at the earlier of the end date or the closing, Rite Aid's last twelve (12) months Adjusted EBITDA (as such term is defined in the merger agreement) being less than \$1 billion, in each case determined as of the end of the last fiscal month ended prior to the end date or the closing, as applicable, for which internal financial statements of Rite Aid are available; and

the receipt by Rite Aid and WBA of a certificate of the Chief Executive Officer or the Chief Financial Officer of the other party, certifying that the respective conditions relating to such party set forth in the preceding bullet points have been satisfied.

**Termination of the Merger Agreement (page 132)**

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger:

by the mutual written consent of WBA and Rite Aid;

by either WBA or Rite Aid:

if any court of competent jurisdiction or other governmental entity has issued a legal restraint which prevents, makes illegal, prohibits, restrains or enjoins the consummation of the merger and such legal restraint is or becomes final and nonappealable, except that this termination right will not be available to a party whose breach of the merger agreement was the primary cause of, or primarily resulted in, the issuance of such legal restraint;

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if the effective time of the merger has not occurred on or before July 31, 2017, except that this termination right will not be available to a party whose breach of the merger agreement was the primary cause of, or primarily resulted in, the failure of the effective time of the merger to occur before July 31, 2017; or

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if Rite Aid's stockholders do not adopt the merger agreement and the transactions contemplated thereby at the second stockholders meeting (to which this proxy statement relates) or at any adjournment or postponement of the second stockholders meeting at which a vote on the adoption of the merger agreement was taken.

by Rite Aid:

if there has been a breach of any representation, warranty, covenant or agreement by WBA or Merger Sub, or if any such representation or warranty has become inaccurate, such that the closing conditions relating to the accuracy of the representations and warranties of WBA and Merger Sub and performance of the obligations of WBA and Merger Sub would not be satisfied, and such breach or inaccuracy has not been cured within thirty (30) days after the receipt of notice thereof or such breach or inaccuracy is not reasonably capable of being cured within such period; or

prior to obtaining the second Rite Aid stockholder approval (to which this proxy statement relates), if (i) the Board of Directors has, after complying with its non-solicitation obligations, entered into a definitive agreement in connection with a superior proposal concurrently with such termination and (ii) Rite Aid pays to WBA the termination fee under the merger agreement of \$325 million.

by WBA:

if there has been a breach of any representation, warranty, covenant or agreement by Rite Aid, or if any such representation or warranty has become inaccurate, such that the closing conditions relating to the accuracy of the representations and warranties of Rite Aid and performance of the obligations of Rite Aid would not be satisfied, and such breach or inaccuracy has not been cured within thirty (30) days after the receipt of notice thereof or such breach or inaccuracy is not reasonably capable of being cured within such period;

if prior to obtaining stockholder approval of the merger agreement and the transactions contemplated thereby, the Board of Directors effects a change of recommendation; or

if a material adverse effect has occurred as a result of Rite Aid's failure to satisfy the Adjusted EBITDA test set forth in clause (B) of the definition of material adverse effect as of the end date or as of the date on which the closing is required to occur.

**Termination Fees (page 134)**

Under the merger agreement, Rite Aid will be required to pay to WBA a termination fee of \$325 million if the merger agreement is terminated under specified circumstances. Under the merger agreement, WBA will be required to pay Rite Aid a termination fee of \$325 million if the merger agreement is terminated under specified circumstances, which will be reduced to \$162.5 million under specified circumstances.

In no event will Rite Aid or WBA be required to pay the termination fees described above on more than one occasion.

**Expenses (page 134)**

Except as specified in the merger agreement, each party will bear its own expenses in connection with the merger agreement and the transactions contemplated thereby.

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**Specific Performance (page 135)**

The parties are entitled to injunctions, specific performance and other equitable relief to prevent breaches or threatened breaches of the merger agreement and to enforce specifically the terms of the merger agreement in addition to any other remedy to which they are entitled at law or equity.

**Market Prices and Dividend Data (page 138)**

Rite Aid's common stock is listed on the NYSE under the symbol "RAD." On October 26, 2015, the last trading day prior to the date on which the public announcement of the execution of the original merger agreement was made, the closing price of our common stock was \$6.08 per share. On January 27, 2017, the last trading day prior to the date on which the public announcement of the execution of the merger agreement amendment was made, the closing price of our common stock was \$6.93 per share. Rite Aid believes that the January 27, 2017 stock price is not an accurate reflection of the value of Rite Aid because such stock price reflected market expectations of the likelihood that the merger would occur on the terms of the original merger agreement and did not reflect the value of Rite Aid as an independent company. On [ • ], 2017, the latest practicable trading day before the printing of this proxy statement, the closing price of our common stock on the NYSE was \$[ • ] per share.

Under the terms of the merger agreement, from the date of the original merger agreement until the earlier of the effective time of the merger or the termination of the merger agreement, we may not declare or pay quarterly cash dividends on our common stock without WBA's written consent. Under our current dividend policy, we have never declared or paid any cash dividends on our capital stock and have retained any future earnings to support operations and to finance the growth and development of our business.

**Neither the SEC nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the merger, or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.**

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**QUESTIONS AND ANSWERS**

The following questions and answers are intended to address some commonly asked questions regarding the merger, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a Rite Aid stockholder. We encourage you to read carefully the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement, including the original merger agreement and the merger agreement amendment, and the documents we incorporate by reference in this proxy statement. You may obtain the documents and information incorporated by reference in this proxy statement without charge by following the instructions under "Where You Can Find More Information" beginning on page 143. The original merger agreement is attached as Annex A to this proxy statement and the merger agreement amendment is attached as Annex B to this proxy statement.

**Q: Why am I receiving these materials?**

**A:** The Board of Directors is furnishing this proxy statement and form of proxy card to the holders of Rite Aid common stock in connection with the solicitation of proxies to be voted at a special meeting of stockholders or at any adjournments or postponements of the special meeting.

**Q: When and where is the special meeting?**

**A:** The special meeting will take place on [ • ], 2017, at [ • ], at [ • ], [ • ] time.

**Q: Who is entitled to vote at the special meeting?**

**A:** Only Rite Aid stockholders of record as of the close of business on [ • ], 2017 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournments or postponements thereof. Each holder of Rite Aid common stock is entitled to cast one vote on each matter properly brought before the special meeting for each share of Rite Aid common stock that such holder owned as of the record date.

**Q: May I attend the special meeting and vote in person?**

**A:** Yes. All stockholders as of the record date may attend the special meeting and vote in person. Seating will be limited. Stockholders will need to present proof of ownership of Rite Aid common stock, such as a recent bank or brokerage account statement, and a form of personal identification to be admitted to the special meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the special meeting. Even if you plan to attend the special meeting in person, we encourage you to complete, sign, date and return the enclosed proxy card or vote electronically over the Internet or via telephone to ensure that your shares will be represented at the special meeting. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If you hold your shares in "street name," because you are not the stockholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid legal proxy from your broker, bank or other nominee.

**Q: Why is there a second special meeting relating to the merger?**

**A:** Rite Aid agreed to reduce the purchase price from the original merger agreement and make other changes to the original merger agreement because the parties were unable to obtain FTC clearance by the "end date" in the original merger agreement, and the Board of Directors believed, for the reasons described in this proxy statement, that it was in the best interests of Rite Aid stockholders to agree to a reduced price and other amended terms, rather than terminate the original merger agreement and continue as a stand-alone company. The merger agreement



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amendment necessitates a new vote on the merger, so despite the fact that you may have voted on the original merger agreement in connection with the February 4, 2016 special meeting of stockholders, Rite Aid is asking for your vote again.

Q:

**What am I being asked to vote on at the special meeting?**

A:

You are being asked to consider and vote on the following proposals:

To adopt the merger agreement, pursuant to which Merger Sub will merge with and into Rite Aid, and Rite Aid will become a wholly owned direct subsidiary of WBA;

To approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger; and

To approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

Q:

**What is the proposed merger and what effects will it have on Rite Aid?**

A:

The proposed merger is the acquisition of Rite Aid by WBA pursuant to the merger agreement. If the proposal to adopt the merger agreement is approved by the requisite number of holders of Rite Aid common stock and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into Rite Aid, with Rite Aid continuing as the Surviving Corporation. As a result of the merger, Rite Aid will become a wholly owned direct subsidiary of WBA. Rite Aid expects to de-list its common stock from the NYSE and de-register its common stock under the Exchange Act as soon as reasonably practicable following the effective time of the merger. Thereafter, Rite Aid would no longer be a publicly traded company. However, Rite Aid may continue to voluntarily file periodic reports with the SEC to the extent it is required to do so pursuant to any of its indentures that remain effective after the closing of the merger. WBA may take actions to modify these continued reporting obligations, and pursuant to the merger agreement, Rite Aid is obligated to assist with any of these actions. If the merger is completed, you will not own any shares of the capital stock of the Surviving Corporation, and instead will only be entitled to receive the per share merger consideration.

Q:

**What changes were made to the original merger agreement pursuant to the merger agreement amendment?**

A:

The original merger agreement was amended pursuant to the merger agreement amendment to, among other things, (i) reduce the per share merger consideration from \$9.00 per share to a range of \$6.50 to \$7.00 per share; (ii) increase the number of stores that WBA is required to divest, to the extent necessary to obtain the required regulatory approvals, from 1,000 stores to 1,200 stores; (iii) require that WBA sell, transfer, dispose of, divest, license or hold separate the Rite Aid Brand Rights; (iv) extend the end date from January 27, 2017 to July 31, 2017; (v) provide for a reduced \$162.5 million termination fee payable by WBA to Rite Aid in the event that the merger agreement is terminated and the termination fee is payable but Rite Aid fails to satisfy the Adjusted EBITDA (as such term is defined in the merger agreement) threshold specified in the material adverse effect definition in the merger agreement; (vi) reduce the Adjusted EBITDA (as such term is defined in the merger agreement) threshold in the material adverse effect definition in the merger agreement from \$1.075 billion to \$1 billion; (vii) acknowledge that each party has complied with its obligations pursuant to the antitrust efforts covenant and that no material adverse effect has occurred from the date of the original merger agreement to the date of the merger agreement amendment; (viii) revise the no material adverse effect closing condition to be measured from the date of the merger agreement amendment rather than from the date of the

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original merger agreement; (ix) remove Rite Aid's obligation to reimburse WBA's expenses in certain circumstances specified in the original merger agreement; and (x) require that WBA sell, transfer, dispose of, divest or hold separate certain Rite Aid distribution centers, inventory related thereto and certain administrative assets.

Q:

**What will I receive if the merger is completed?**

A:

Upon completion of the merger, you will be entitled to receive the per share merger consideration of a maximum of \$7.00 in cash and a minimum of \$6.50 in cash, without interest and less any applicable withholding taxes, for each share of common stock that you own, unless you have properly exercised and perfected and not withdrawn your demand for appraisal rights under the DGCL with respect to such shares. The exact price per share will be determined based on the number of stores required to be divested by the FTC. The price will be \$7.00 per share if 1,000 stores or fewer are required to be divested and will be \$6.50 per share if 1,200 stores (or more, should WBA agree to sell more) are required to be divested. If the number of stores required to be divested falls between 1,000 and 1,200 stores, then there will be a pro-rata adjustment of the price per share. For example, if you own 100 shares of common stock, you will receive \$700.00 in cash in exchange for your shares of common stock, less any applicable withholding taxes, if 1,000 stores or fewer are required to be divested and \$650.00 in cash in exchange for your shares of common stock, less any applicable withholding taxes, if 1,200 stores (or more, should WBA agree to sell more) are required to be divested. If the number of stores required to be divested falls between 1,000 and 1,200 stores, then there will be a pro-rata adjustment and you will receive between \$650.00 and \$700.00. In no case will you own shares in the Surviving Corporation.

Q:

**How does the per share merger consideration compare to the market price of Rite Aid common stock prior to the dates on which the public announcements of the original merger agreement and the merger agreement amendment were made?**

A:

If the price is \$7.00 per share, this represents (i) a premium of approximately 15.1% to Rite Aid's closing stock price on October 26, 2015, the last trading day prior to the date on which public announcement of the execution of the original merger agreement was made, (ii) a premium of approximately 1.0% to Rite Aid's closing stock price on January 27, 2017, the last trading day prior to the date on which public announcement of the execution of the merger agreement amendment was made, (iii) a premium of approximately 12.2% to the volume weighted average share price of our common stock during the thirty (30) days ended October 26, 2015 and (iv) a discount of approximately 9.0% to the volume weighted average share price of our common stock during the thirty (30) days ended January 27, 2017. If the price is \$6.50 per share, this represents (i) a premium of approximately 6.9% to Rite Aid's closing stock price on October 26, 2015, the last trading day prior to the date on which public announcement of the execution of the original merger agreement was made, (ii) a discount of approximately 6.2% to Rite Aid's closing stock price on January 27, 2017, the last trading day prior to the date on which public announcement of the execution of the merger agreement amendment was made, (iii) a premium of approximately 4.2% to the volume weighted average share price of our common stock during the thirty (30) days ended October 26, 2015 and (iv) a discount of approximately 15.5% to the volume weighted average share price of our common stock during the thirty (30) days ended January 27, 2017. Rite Aid believes that the premium or discount of the per share merger consideration relative to the January 27, 2017 stock price is not an accurate reflection of the value of the transaction because such stock price reflected market expectations of the likelihood that the merger would occur on the terms of the original merger agreement and did not reflect the value of Rite Aid as an independent company.

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**Q: Why was the original merger agreement amended to, among other things, reduce the per share merger consideration?**

**A:** If the original merger agreement end date was not extended, either WBA or Rite Aid could have terminated the original merger agreement at any time after January 27, 2017. During the course of negotiations relating to extending the original merger agreement on January 24, 2017, WBA informed Rite Aid that it was not willing to agree to a long-term (beyond March 31, 2017) extension of the merger agreement or increased divestiture obligations without a decrease in the purchase price. Rite Aid was therefore faced with the choice of reducing the purchase price and negotiating additional divestiture obligations intended to maximize the likelihood of FTC approval of the transaction, extending the merger agreement for a short amount of time but possibly not being entitled to the \$325 million termination fee at the extended end date if Rite Aid failed to satisfy the Adjusted EBITDA threshold in the material adverse effect closing condition to the original merger agreement, or refusing to reduce the purchase price and allowing WBA to terminate the original merger agreement, receive the termination fee that WBA would be required to pay to Rite Aid upon such termination, and then operate the business as a stand-alone company. The Board of Directors considered Rite Aid's options and the proposed terms of the merger agreement amendment, and unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to, and in the best interests of Rite Aid and its stockholders, and approved, adopted and declared advisable the merger agreement and the transactions contemplated thereby. A more complete description of the background of the negotiations relating to the merger agreement amendment is provided under "The Merger Background of the Merger" beginning on page 40 of this proxy statement and a more complete description of the factors that the Board of Directors considered and reasons for the merger is provided under "The Merger Recommendation of Our Board of Directors and Reasons for the Merger" beginning on page 74 of this proxy statement.

**Q: What do I need to do now?**

**A:** We encourage you to read this proxy statement, the annexes to this proxy statement, including the original merger agreement and the merger agreement amendment, and the documents we refer to in this proxy statement carefully and consider how the merger affects you. Then complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope or grant your proxy electronically over the Internet or by telephone, so that your shares can be voted at the special meeting. If you hold your shares in "street name," please refer to the voting instruction forms provided by your broker, bank or other nominee to vote your shares.

**Q: Should I send in my stock certificates now?**

**A:** No. After the merger is completed, under the terms of the merger agreement, you will receive shortly thereafter the letter of transmittal instructing you to send your stock certificates to the paying agent in order to receive the cash payment of the per share merger consideration for each share of your common stock represented by the stock certificates. You should use the letter of transmittal to exchange your stock certificates for the cash payment to which you are entitled upon completion of the merger. **Please do not send in your stock certificates now.**

**Q: What happens if I sell or otherwise transfer my shares of Rite Aid common stock after the record date but before the special meeting?**

**A:** The record date for the special meeting is earlier than the date of the special meeting and the date the merger is expected to be completed. If you sell or transfer your shares of your common stock after the record date but before the special meeting, unless special arrangements (such as the provision of a proxy) are made between you and the person to whom you sell or otherwise transfer

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your shares and each of you notifies Rite Aid in writing of such special arrangements, you will transfer the right to receive the per share merger consideration, if the merger is completed, to the person to whom you sell or transfer your shares of our common stock, but you will retain your right to vote these shares at the special meeting. **Even if you sell or otherwise transfer your shares of common stock after the record date, we encourage you to complete, date, sign and return the enclosed proxy card or vote via the Internet or telephone.**

**Q:**  
**How does Rite Aid's Board of Directors recommend that I vote?**

**A:**  
The Board of Directors, after considering the various factors described under "The Merger Recommendation of Our Board of Directors and Reasons for the Merger" beginning on page 74, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Rite Aid and its stockholders, and adopted, approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement.

The Board of Directors recommends that you vote (i) "**FOR**" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "**FOR**" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "**FOR**" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.

**Q:**  
**What happens if the merger is not completed?**

**A:**  
If the merger agreement is not adopted by Rite Aid stockholders or if the merger is not completed for any other reason, Rite Aid stockholders will not receive any payment for their shares of common stock. Instead, Rite Aid will remain an independent public company, your common stock in Rite Aid will continue to be listed and traded on the NYSE and registered under the Exchange Act and Rite Aid will continue to file periodic reports with the SEC.

Under specified circumstances, Rite Aid will be required to pay WBA a termination fee upon the termination of the merger agreement or will be entitled to receive a termination fee from WBA, as described under "Proposal 1: Adoption of the Merger Agreement Termination of the Merger Agreement Termination Fees" beginning on page 134. If the merger agreement is terminated because stockholders do not approve the merger, no termination fee will be payable by WBA to Rite Aid.

**Q:**  
**Do any of Rite Aid's directors or officers have interests in the merger that may differ from those of Rite Aid stockholders generally?**

**A:**  
In considering the recommendation of the Board of Directors with respect to the proposal to adopt the merger agreement, you should be aware that our directors and executive officers may have interests in the merger that may be different from, or in addition to, the interests of our stockholders generally. The Board of Directors was aware of and considered these interests to the extent such interests existed at the time, among other matters, in evaluating and overseeing the negotiation of the merger agreement, in approving the merger agreement and the merger and in recommending that the merger agreement be adopted by the stockholders of Rite Aid. For a description of the interests of our directors and executive officers in the merger, see "The Merger Interests of the Directors and Executive Officers of Rite Aid in the Merger" beginning on page 89.

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**Q:** **What vote is required to adopt the merger agreement?**

**A:** The affirmative vote of the holders of a majority of the outstanding shares of our common stock is required to approve the proposal to adopt the merger agreement.

The failure of any stockholder of record to submit a signed proxy card, grant a proxy electronically over the Internet or by telephone or to vote in person by ballot at the special meeting will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement. If you hold your shares in "street name," the failure to instruct your broker, bank or other nominee on how to vote your shares will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement. An abstention will also have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement.

As of [ • ], 2017, the record date for determining who is entitled to vote at the special meeting, there were approximately [ • ] shares of Rite Aid common stock issued and outstanding. Each holder of Rite Aid common stock is entitled to one vote per share of stock owned by such holder as of the record date.

**Q:** **What vote is required to approve the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger?**

**A:** Approval of the proposal to approve one or more adjournments of the special meeting, whether or not a quorum is present, requires the affirmative vote of a majority of the shares of our common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon. Approval of the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger requires the affirmative vote of a majority of the shares of our common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon.

The failure of any stockholder of record to submit a signed proxy card, grant a proxy electronically over the Internet or by telephone or to vote in person by ballot at the special meeting will not have any effect on the adjournment proposal or the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. If you hold your shares in "street name," the failure to instruct your broker, bank or other nominee on how to vote your shares will not have any effect on the adjournment proposal or the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. An abstention will have the same effect as a vote "AGAINST" the adjournment proposal and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger.

**Q:** **What happens if the non-binding advisory proposal to approve compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger is not approved?**

**A:** Approval, on a non-binding, advisory basis, of compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger is not a condition to completion of the merger. The vote is an advisory vote and is not binding. Accordingly, regardless of the outcome of the advisory vote, if the merger is completed, Rite Aid may still pay such compensation to its named executive officers in accordance with the terms and conditions applicable to such compensation.

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**Q:** **What constitutes a quorum?**

**A:** As of the record date, there were [ • ] shares of our common stock outstanding and entitled to be voted at the special meeting. The presence, either in person or represented by proxy, of the holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting will constitute a quorum at the special meeting. As a result, in order to have a quorum at the special meeting, at least [ • ] shares of our common stock must be represented by stockholders present in person or by proxy at the special meeting. Abstentions (which are described below) will count for the purpose of determining the presence of a quorum for the transaction of business at the special meeting. Broker non-votes are shares held by a broker, bank or other nominee that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares on how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers, banks and other nominee holders of record do not have discretionary voting authority with respect to any of the three proposals, if a beneficial owner of shares of Rite Aid common stock held in "street name" does not give voting instructions to the broker, bank or other nominee with respect to any of the proposals, then those shares will not be present in person or represented by proxy at the special meeting. If there are any broker non-votes, then such broker non-votes will count for the purpose of determining the presence of a quorum for the transaction of business at the special meeting.

**Q:** **What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

**A:** If your shares are registered directly in your name with our transfer agent, Broadridge Financial Solutions, Inc., you are considered, with respect to those shares, to be the "stockholder of record." In this case, this proxy statement and your proxy card have been sent directly to you by Rite Aid.

If your shares are held through a broker, bank or other nominee, you are considered the "beneficial owner" of the shares of Rite Aid common stock held in "street name." In that case, this proxy statement has been forwarded to you by your broker, bank or other nominee who is considered, with respect to those shares, to be the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares by following their instructions for voting. You are also invited to attend the special meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid legal proxy from your broker, bank or other nominee.

**Q:** **How may I vote?**

**A:** If you are a stockholder of record, there are four ways to vote:

By attending the special meeting and voting in person by ballot;

By visiting the Internet at the address on your proxy card;

By calling toll-free (within the U.S. or Canada) at the phone number on your proxy card; or

By completing, dating, signing and returning the enclosed proxy card in the accompanying prepaid reply envelope.

A control number, located on your proxy card, is designed to verify your identity and allow you to vote your shares of common stock, and to confirm that your voting instructions have been properly recorded when voting electronically over the Internet or by telephone. Please be aware that, although there is no charge for voting your shares, if you vote electronically over the Internet or

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by telephone, you may incur costs such as telephone and Internet access charges for which you will be responsible.

Even if you plan to attend the special meeting in person, you are strongly encouraged to vote your shares of common stock by proxy. If you are a stockholder of record or if you obtain a valid legal proxy to vote shares which you beneficially own, you may still vote your shares of common stock in person at the special meeting even if you have previously voted by proxy. If you are present at the special meeting and vote in person, your previous vote by proxy will not be counted.

If your shares are held in "street name" through a broker, bank or other nominee, you may vote through your broker, bank or other nominee by completing and returning the voting form provided by your broker, bank or other nominee, or electronically over the Internet or by telephone through your broker, bank or other nominee if such a service is provided. To vote via the Internet or via telephone through your broker, bank or other nominee, you should follow the instructions on the voting form provided by your broker, bank or other nominee.

Q:

**If my broker holds my shares in "street name," will my broker vote my shares for me?**

A:

Not without your direction. Your broker, bank or other nominee will only be permitted to vote your shares on any proposal only if you instruct your broker, bank or other nominee on how to vote. Broker non-votes are shares held by a broker, bank or other nominee that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares on how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers, banks and other nominee holders of record do not have discretionary voting authority with respect to any of the three proposals, if a beneficial owner of shares of Rite Aid common stock held in "street name" does not give voting instructions to the broker, bank or other nominee with respect to any of the proposals, then those shares will not be present in person or represented by proxy at the special meeting. If there are any broker non-votes, then such broker non-votes will be counted as a vote "**AGAINST**" the proposal to adopt the merger agreement, but will have no effect on the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. **Therefore, it is important that you instruct your broker, bank or other nominee on how you wish to vote your shares.**

Q:

**May I change my vote after I have mailed my signed proxy card or otherwise submitted my vote by proxy?**

A:

Yes. If you are a stockholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by:

Submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy;

Delivering a written notice of revocation to our Secretary;

Signing another proxy card with a later date and returning it to us prior to the special meeting; or

Attending the special meeting and voting in person.

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If you hold your shares of common stock in "street name," you should contact your broker, bank or other nominee for instructions regarding how to change your vote; or contact our proxy solicitor, Morrow Sodali LLC at (800) 662-5200. You may also vote in person at the special meeting if you obtain a valid legal proxy from your broker, bank or other nominee.

**Q:**  
**What is a proxy?**

**A:**  
A proxy is your legal designation of another person, referred to as a "proxy," to vote your shares of Rite Aid common stock. The written document describing the matters to be considered and voted on at the special meeting is called a "proxy statement." The document used to designate a proxy to vote your shares of Rite Aid common stock is called a "proxy card." The Board of Directors has designated John T. Standley and James J. Comitale, and each of them with full power of substitution, as proxies for the special meeting.

**Q:**  
**If a stockholder gives a proxy, how are the shares voted?**

**A:**  
Regardless of the method you choose to vote, the individuals named on the enclosed proxy card, or your proxies, will vote your shares in the way that you indicate. When completing the Internet or telephone process or the proxy card, you may specify whether your shares should be voted "**FOR**" or "**AGAINST**" or to abstain from voting on all, some or none of the specific items of business to come before the special meeting.

If you properly sign and return your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted as recommended by the Board of Directors with respect to each proposal.

**Q:**  
**What should I do if I receive more than one set of voting materials?**

**A:**  
You may receive more than one set of voting materials, including multiple copies of this proxy statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, date, sign and return (or vote via the Internet or telephone with respect to) each proxy card and voting instruction card that you receive.

**Q:**  
**Who will count the votes?**

**A:**  
All votes will be counted by the independent inspector of election appointed for the special meeting.

**Q:**  
**Where can I find the voting results of the special meeting?**

**A:**  
Rite Aid intends to announce preliminary voting results at the special meeting and publish final results in a Current Report on Form 8-K that will be filed with the SEC within four (4) business days following the special meeting. All reports that Rite Aid files with the SEC are publicly available when filed. See "Where You Can Find More Information" beginning on page 143 of this proxy statement.

**Q:**  
**Will I be subject to U.S. federal income tax upon the exchange of Rite Aid common stock for cash pursuant to the merger?**

**A:**  
If you are a U.S. Holder (as defined under "The Merger U.S. Federal Income Tax Consequences of the Merger" beginning on page 106), the exchange of Rite Aid common stock for cash pursuant



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to the merger generally will require you to recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash you received pursuant to the merger and your adjusted tax basis in the shares of our common stock surrendered in exchange therefor. A Non-U.S. Holder (as defined under "The Merger U.S. Federal Income Tax Consequences of the Merger" beginning on page 106) generally will not be subject to U.S. federal income tax with respect to the exchange of our common stock for cash in the merger unless such Non-U.S. Holder has certain connections to the United States. Because particular circumstances may differ, we recommend that you consult your tax advisor to determine the U.S. federal income tax consequences relating to the merger in light of your own particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction. A more complete description of the U.S. federal income tax consequences of the merger is provided under "The Merger U.S. Federal Income Tax Consequences of the Merger" beginning on page 106 of this proxy statement.

Q:

**What will the holders of outstanding Rite Aid equity awards receive in the merger?**

A:

Upon completion of the merger, each cash-out option will be converted into the right to receive, without interest, an amount in cash equal to the product of (x) the total number of shares of Rite Aid common stock subject to such cash-out option and (y) the excess, if any, of the per share merger consideration (which will range from \$6.50 to \$7.00) over the per share exercise price of such cash-out option, less applicable withholding taxes.

Upon completion of the merger, each rollover option will be converted into an option to acquire, on the same terms and conditions as were applicable immediately prior to the completion of the merger, a number of shares of WBA common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such rollover option and (y) the conversion ratio, with any fractional shares rounded down to the next lower whole number of shares after aggregating each individual holder's option with the same exercise price. The exercise price of each rollover option will be equitably adjusted to be equal to the quotient (rounded up to the nearest whole cent) of (x) the exercise price per share of Rite Aid common stock subject to such rollover option and (y) the conversion ratio (rounded up to the nearest whole cent).

Upon completion of the merger, each rollover stock award will be converted into a WBA restricted share award or a WBA performance stock unit, as applicable, relating to the number of shares of WBA common stock equal to the product of (x) the number of shares of Rite Aid common stock relating to such rollover stock award (in the case of performance stock units for which the applicable performance period has not completed, the target number of shares) and (y) the conversion ratio, with any fractional shares rounded down to the next lower whole number of shares (with such rounding applied on an aggregate basis to each individual holder), and with each such converted rollover stock award generally subject to the same terms and conditions as were applicable immediately prior to the completion of the merger. With respect to each rollover stock award that is a performance stock unit, following the completion of the merger (i) the performance goals or conditions will not apply with respect to a pro rata portion of such award (with such portion based on the number of days elapsed in the performance period through the completion of the merger), and such portion of the rollover stock award will continue to be subject to service-based vesting on the same schedule as applied prior to the completion of the merger, and (ii) the remaining portion of the performance stock unit will continue to be subject to performance-based vesting (based on the achievement of adjusted performance goals) and service-based vesting on the same schedule as applied prior to the completion of the merger.

Upon completion of the merger, each Rite Aid restricted stock unit outstanding immediately prior to the completion of the merger will automatically be cancelled and converted into the right to receive an amount in cash equal to the product of (x) the total number of shares of Rite Aid

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common stock subject to such restricted stock unit and (y) the per share merger consideration (which will range from \$6.50 to \$7.00), less applicable withholding taxes.

**Q:**  
**When do you expect the merger to be completed?**

**A:**  
While there is no assurance that the merger will close, we are working toward completing the merger by July 31, 2017. However, the exact timing of completion of the merger cannot be predicted because the completion of the merger is subject to conditions, including, among other things, adoption of the merger agreement by our stockholders and the receipt of regulatory approvals.

**Q:**  
**Am I entitled to appraisal rights under the DGCL?**

**A:**  
If the merger is adopted by Rite Aid's stockholders, stockholders who do not vote (whether in person or by proxy) in favor of the adoption of the merger agreement and who properly exercise and perfect their demand for appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the DGCL. This means that holders of Rite Aid common stock are entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the "fair value" of the shares of Rite Aid common stock, exclusive of any elements of value arising from the accomplishment or expectation of the merger, together with interest to be paid upon the amount determined to be fair value, if any, as determined by the court. Stockholders who wish to seek appraisal of their shares are in any case encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights due to the complexity of the appraisal process. The DGCL requirements for exercising appraisal rights in effect as of the date of the original merger agreement, not including the August 1, 2016 DGCL amendments, are described in further detail in this proxy statement, and the relevant section of the DGCL regarding such appraisal rights is reproduced and attached as Annex D to this proxy statement.

**Q:**  
**Why does the per share merger consideration reflect a range from \$6.50 to \$7.00 as opposed to a single price per share?**

**A:**  
Rite Aid and WBA agreed to increase the maximum number of stores that WBA was required to divest from 1,000 stores to 1,200 stores under the merger agreement amendment. The per share merger consideration was amended to be a range of \$6.50 to \$7.00 as opposed to a single price per share to provide Rite Aid stockholders with potential upside in the merger if the FTC required 1,000 or fewer stores to be divested. A range also addressed WBA's concerns regarding paying a single price despite the risk that WBA might not be able to obtain its full expected benefits of the transaction in scenarios where more than 1,000 stores were required to be divested.

**Q:**  
**When will stockholders know the exact price of the per share merger consideration within the range of \$6.50 to \$7.00?**

**A:**  
Rite Aid will announce the exact price of the per share merger consideration after an FTC consent order specifying the number of stores to be divested is finalized. It is unlikely that the exact per share merger consideration will be known before Rite Aid stockholders vote on adoption of the merger agreement. Stockholders' votes should be made with the assumption that the exact price per share could be any amount within the range of \$6.50 to \$7.00.

**Q:**  
**Is it possible for stockholders to reject the merger agreement amendment and return to the terms of the original merger agreement?**

**A:**  
No, approval of the merger agreement (as amended) is a condition to closing the merger. If the merger agreement (as amended) is not adopted by Rite Aid stockholders or if the merger is not

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completed for any other reason, Rite Aid stockholders will not receive any payment for their shares of common stock. Instead, Rite Aid will remain an independent public company, your common stock in Rite Aid will continue to be listed and traded on the NYSE and registered under the Exchange Act and Rite Aid will continue to file periodic reports with the SEC.

Under specified circumstances, Rite Aid will be required to pay WBA a termination fee upon the termination of the merger agreement or will be entitled to receive a termination fee from WBA, as described under "Proposal 1: Adoption of the Merger Agreement Termination of the Merger Agreement Termination Fees" beginning on page 134. If the merger agreement is terminated because stockholders do not approve the merger, no termination fee will be payable by WBA to Rite Aid.

*Q:*

**Who can help answer my questions?**

*A:*

If you have any questions concerning the merger, the special meeting or this proxy statement, would like additional copies of this proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

**Morrow Sodali LLC**  
470 West Avenue  
Stamford, Connecticut 06902  
Banks and Brokerage Firms Call: (203) 658-9400  
Stockholders Call Toll Free: (800) 662-5200  
Email: rad.info@morrrowsodali.com

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**FORWARD-LOOKING STATEMENTS**

This proxy statement, and the documents to which we refer you in this proxy statement, as well as information included in oral statements or other written statements made or to be made by us or on our behalf, contain "forward-looking statements" that do not directly or exclusively relate to historical facts. You can typically identify forward-looking statements by the use of forward-looking words, such as "may," "could," "should," "estimate," "project," "forecast," "intend," "expect," "anticipate," "believe," "target," "plan," "providing guidance" and similar expressions that are intended to identify information that is not historical in nature. These risks and uncertainties include, but are not limited to, the risks detailed in our filings with the SEC, including in our most recent filing on Form 10-K and subsequent periodic and interim reports, factors and matters described or incorporated by reference in this proxy statement, and the following factors:

the inability to consummate the merger due to the failure to obtain stockholder approval to adopt the merger agreement or failure to satisfy the other conditions to the completion of the merger, including receipt of required regulatory approvals;

the risk that a governmental entity may prohibit, delay or refuse to grant approval, including antitrust approval, for the consummation of the merger or may require conditions, limitations or restrictions in connection with such approvals, including the risk that the FTC may not approve the transaction despite the changes the parties to the merger agreement and to the Asset Purchase Agreement, dated as of December 19, 2016, by and among Rite Aid, Fred's (solely for the purposes set forth in the asset purchase agreement), AFAE, LLC, a subsidiary of Fred's which we refer to as the Divestiture Buyer, and WBA (solely for the purposes set forth in the asset purchase agreement), which we refer to as the asset purchase agreement, are willing to make;

the risk that the parties to the asset purchase agreement may not receive regulatory approval or be able to consummate the transactions contemplated by the asset purchase agreement in a timely manner or at all considering various closing conditions in the asset purchase agreement;

the risk that stockholders may receive the bottom of the price range for the per share merger consideration;

the risk that the merger agreement may be terminated in certain circumstances that require us to pay WBA a termination fee of \$325 million;

risks that the proposed merger disrupts our current plans and operations or affects our ability to retain or recruit key employees;

the continuing effect of the merger, including the effect of the announcement of the merger agreement amendment, on Rite Aid's business relationships (including, without limitation, customers and suppliers), operating results and business generally, and the risk that there may be a material adverse change of Rite Aid as a result of uncertainty surrounding the transaction;

the amount of the costs, fees, expenses and charges related to the merger agreement or the merger;

risks related to diverting management's or employees' attention from ongoing business operations;

risks associated with the financing of the transaction;

the risk that our stock price may decline significantly if the merger is not completed;

risks related to obtaining the requisite consents to the merger and the risk that such consents might not be received;

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the risk that the merger may not be consummated in a timely manner, if at all;

risks related to other business effects, including the effects of industry, market, economic, political or regulatory conditions, future exchange or interest rates or credit ratings, changes in tax laws, regulations, rates and policies or competitive development;

the risk that changes in federal or state laws or regulations, including the Patient Protection and Affordable Care Act and the Health Care Education Affordability Reconciliation Act and any regulations enacted thereunder may occur;

the risk that provider and state contract changes may occur;

the risk of reduction in provider payments by commercial or governmental payors;

the nature, cost and outcome of pending and future litigation and other legal proceedings, including any such proceedings related to the merger and instituted against us and others; and

the fact that Rite Aid's stockholders would forgo the opportunity to realize the potential long-term value of the successful execution of Rite Aid's current strategy as an independent company.

These factors could cause Rite Aid's plans with respect to the merger, actual results, performance or achievements, industry results and developments to differ materially from those expressed in or implied by the forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and persons reading this document are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as of the date of the particular statement. No assurance can be given that these are all of the factors that could cause actual results to vary materially from those described in the forward-looking statements.

All of the forward-looking statements we make in this proxy statement are qualified by the information contained or incorporated by reference herein, including, but not limited to, (a) the information contained under this heading and (b) the information contained under the headings "Risk Factors" and information in our consolidated financial statements and notes thereto included in our most recent filing on Form 10-K and subsequent periodic and interim report filings (see "Where You Can Find More Information" beginning on page 143).

Except as required by applicable law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. Rite Aid stockholders are advised, however, to consult any future disclosures we make on related subjects as may be detailed in our other filings made from time to time with the SEC.

### **THE SPECIAL MEETING**

The enclosed proxy is solicited on behalf of the Board of Directors for use at the special meeting of stockholders or at any adjournments or postponements thereof.

#### **Date, Time and Place**

We will hold the special meeting on [ • ], 2017 at [ • ], at [ • ], [ • ] time.

#### **Purpose of the Special Meeting**

At the special meeting, we will ask our stockholders of record as of the record date to vote on proposals (i) to adopt the merger agreement, (ii) to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in

connection with the merger, and (iii) to approve one or more adjournments of the special meeting to a

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later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

**Record Date; Shares Entitled to Vote; Quorum**

Only stockholders of record as of the close of business on [ • ], 2017 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournments or postponements thereof. A list of stockholders entitled to vote at the special meeting will be available in our offices located at 30 Hunter Lane, Camp Hill, Pennsylvania 17011, during regular business hours for a period of at least ten (10) days before the special meeting and at the place of the special meeting during the special meeting.

As of the record date, there were approximately [ • ] shares of Rite Aid common stock outstanding and entitled to be voted at the special meeting.

A quorum of stockholders is necessary to hold a special meeting. The holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting, either present in person or represented by proxy, will constitute a quorum at the special meeting. As a result, [ • ] shares must be represented by proxy or by stockholders present and entitled to vote at the special meeting to have a quorum.

In the event that a quorum is not present at the special meeting, it is expected that the meeting would be adjourned or postponed to a later date to solicit additional proxies.

**Vote Required; Abstentions and Broker Non-Votes**

The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon is required to approve the proposal to adopt the merger agreement. Adoption of the merger agreement by our stockholders is a condition to the closing of the merger.

Approval of the proposal to approve one or more adjournments of the special meeting, whether or not a quorum is present, requires the affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon. Approval of the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger requires the affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon.

If a Rite Aid stockholder abstains from voting, the abstention will have the same effect as if the stockholder voted "**AGAINST**" the proposal to adopt the merger agreement, the adjournment proposal and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger.

If you hold your shares in "street name," the failure to instruct your broker, bank or other nominee on how to vote your shares will count as a vote "**AGAINST**" the proposal to adopt the merger agreement, but will have no effect on the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger.

Broker non-votes are shares held by a broker, bank or other nominee that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares on how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers,

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banks and other nominee holders of record do not have discretionary voting authority with respect to any of the three proposals, if a beneficial owner of shares of Rite Aid common stock held in "street name" does not give voting instructions to the broker, bank or other nominee with respect to any of the proposals, then those shares will not be present in person or represented by proxy at the special meeting. If there are any broker non-votes, then such broker non-votes will be counted as a vote "**AGAINST**" the proposal to adopt the merger agreement, but will have no effect on the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger.

**Shares Held by Rite Aid's Directors and Executive Officers**

As of the record date, Rite Aid directors and executive officers beneficially owned and were entitled to vote, in the aggregate, [ • ] shares of Rite Aid common stock (excluding any shares of Rite Aid common stock that would be delivered upon exercise or conversion of stock options or other equity-based awards), which represented approximately [ • ]% of the outstanding shares of Rite Aid common stock on that date. The directors and executive officers of Rite Aid have informed Rite Aid that they currently intend to vote all of their shares of Rite Aid common stock (i) "**FOR**" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "**FOR**" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "**FOR**" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.

**Voting of Proxies**

If your shares are registered in your name with our transfer agent, Broadridge Financial Solutions, Inc., you may cause your shares to be voted by returning a signed proxy card, or you may vote in person at the special meeting. Additionally, you may submit electronically over the Internet or by phone a proxy authorizing the voting of your shares by following the instructions on your proxy card. You must have the enclosed proxy card available, and follow the instructions on the proxy card, in order to submit a proxy electronically over the Internet or by telephone. Based on your proxy cards or Internet and telephone proxies, the proxy holders will vote your shares according to your directions.

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the meeting. If your shares are registered in your name, you are encouraged to vote by proxy even if you plan to attend the special meeting in person. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

Voting instructions are included on your proxy card. All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in accordance with the instructions of the stockholder. Properly executed proxies that do not contain voting instructions will be voted (i) "**FOR**" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "**FOR**" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "**FOR**" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement. No proxy that is specifically marked against the proposal to adopt the merger agreement will be voted in favor of the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by

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Rite Aid to its named executive officers in connection with the merger, unless it is specifically marked "**FOR**" the approval of such proposal.

If your shares are held in "street name" through a broker, bank or other nominee, you may vote through your broker, bank or other nominee by completing and returning the voting form provided by your broker, bank or other nominee, or by the Internet or telephone through your broker, bank or other nominee if such a service is provided. To vote via the Internet or telephone through your broker, bank or other nominee, you should follow the instructions on the voting form provided by your broker, bank or other nominee. Under applicable stock exchange rules, brokers, banks or other nominees have the discretion to vote your shares on routine matters if you fail to instruct your broker, bank or other nominee on how to vote your shares with respect to such matters. Proposals 1, 2 and 3 in this proxy statement are non-routine matters, and brokers, banks and other nominees therefore cannot vote on these proposals without your instructions. If you do not return your broker's, bank's or other nominee's voting form, do not vote via the Internet or telephone through your broker, bank or other nominee, if applicable, or do not attend the special meeting and vote in person with a proxy from your broker, bank or other nominee, such actions will have the same effect as if you voted "**AGAINST**" the proposal to adopt the merger agreement but will not have any effect on the adjournment proposal or the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger.

**Revocability of Proxies**

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by:

Submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy;

Delivering a written notice of revocation to our Secretary;

Signing another proxy card with a later date and returning it to us prior to the special meeting; or

Attending the special meeting and voting in person.

Please note that to be effective, your new proxy card, Internet or telephonic voting instructions or written notice of revocation must be received by our Secretary prior to the special meeting and, in the case of Internet or telephonic voting instructions, must be received before 11:59 p.m., Eastern time on [ • ], 2017. If you have submitted a proxy, your appearance at the special meeting, in the absence of voting in person or submitting an additional proxy or revocation, will not have the effect of revoking your prior proxy.

If you hold your shares of common stock in "street name," you should contact your broker, bank or other nominee for instructions regarding how to change your vote; or contact our proxy solicitor, Morrow Sodali LLC at 800-662-5200. You may also vote in person at the special meeting if you obtain a valid legal proxy from your broker, bank or other nominee. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow Rite Aid stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting, as adjourned.

**Board of Directors' Recommendation**

The Board of Directors, after considering various factors described under "The Merger Recommendation of Our Board of Directors and Reasons for the Merger" beginning on page 74, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Rite Aid and its

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stockholders, and approved, adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement.

The Board of Directors unanimously recommends that you vote (i) "**FOR**" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "**FOR**" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "**FOR**" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.

**Solicitation of Proxies**

The expense of soliciting proxies in the enclosed form will be borne by Rite Aid. We have retained Morrow Sodali LLC, a proxy solicitation firm, to solicit proxies in connection with the special meeting at a cost of approximately \$20,000 plus expenses. In addition, we may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners. Proxies may also be solicited by some of our directors, officers and employees, personally or by telephone, facsimile or other means of communication. No additional compensation will be paid for such services.

**Anticipated Date of Completion of the Merger**

Assuming timely satisfaction of necessary closing conditions, including the approval by our stockholders of the proposal to adopt the merger agreement, we anticipate that the merger will be consummated by July 31, 2017.

**Rights of Stockholders Who Seek Appraisal**

If the merger is adopted by Rite Aid stockholders, stockholders who do not vote in favor of the adoption of the merger agreement and who properly exercise and perfect their demand for appraisal of their shares will be entitled to appraisal rights in connection with the merger under Section 262 of the DGCL. This means that holders of Rite Aid common stock are entitled to have their shares appraised by the Delaware Court of Chancery and to receive payment in cash of the "fair value" of the shares of Rite Aid common stock, exclusive of any elements of value arising from the accomplishment or expectation of the merger, together with interest to be paid upon the amount determined to be fair value, if any, as determined by the court. Stockholders who wish to seek appraisal of their shares are in any case encouraged to seek the advice of legal counsel with respect to the exercise of appraisal rights due to the complexity of the appraisal process.

Stockholders considering seeking appraisal should be aware that the fair value of their shares as determined pursuant to Section 262 of the DGCL could be more than, the same as or less than the value of the consideration they would receive pursuant to the merger if they did not seek appraisal of their shares.

To exercise your appraisal rights, you must submit a written demand for appraisal to Rite Aid before the vote is taken on the adoption of the merger agreement, you must not submit a proxy or otherwise vote in favor of the proposal to adopt the merger agreement and you must continue to hold the shares of Rite Aid common stock of record through the effective time of the merger. Your failure to follow the procedures specified under the DGCL will result in the loss of your appraisal rights. The DGCL requirements for exercising appraisal rights in effect as of the date of the original merger agreement, not including the August 1, 2016 DGCL amendments, are described in further detail in this proxy statement, and the relevant section of the DGCL regarding such appraisal rights is reproduced and attached as Annex D to this proxy statement. If you hold your shares of Rite Aid common stock

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through a broker, bank or other nominee and you wish to exercise appraisal rights, you should consult with your broker, bank or other nominee to determine the appropriate procedures for the making of a demand for appraisal by such broker, bank or other nominee.

**Other Matters**

At this time, we know of no other matters to be submitted at the special meeting.

**Householding of Special Meeting Materials**

We may send a single copy of this proxy statement to any household at which two or more stockholders reside in accordance with SEC rules, unless we have received contrary instructions. Each stockholder in the household will continue to receive a separate proxy card. This process, known as "householding," reduces the volume of duplicate information received at your household and helps to reduce our expenses.

If, at any time, you no longer wish to participate in "householding" and would prefer to receive a separate proxy statement, please notify your broker or direct your written request to Rite Aid Corporation, Attention: Byron Purcell, Senior Director, Treasury Services & Investor Relations, 30 Hunter Lane, Camp Hill, PA 17011, or by telephone at (717) 975-5809. We will promptly deliver upon written or oral request a separate copy of the proxy statement to a stockholder at a shared address to which a single copy of the proxy statement was delivered. Stockholders who currently receive multiple copies of the proxy statement at their addresses and would like to request "householding" of their communications should contact their broker.

**THE MERGER**

This discussion of the merger is qualified in its entirety by reference to the original merger agreement and the merger agreement amendment, which are attached to this proxy statement as Annex A and Annex B, respectively, and which are incorporated into this proxy statement by reference. You should read the entire original merger agreement and merger agreement amendment carefully as they are the legal documents that govern the merger.

**Parties Involved in the Merger**

***Rite Aid Corporation***

30 Hunter Lane  
Camp Hill, PA 17011  
Phone: (717) 761-2633

Rite Aid is a leading retail drugstore chain in the United States. As of February 1, 2017, Rite Aid operated nearly 4,600 stores in 31 states across the country and in the District of Columbia.

Rite Aid sells prescription drugs and a wide assortment of other merchandise, which Rite Aid calls "front-end" products. Front-end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, food and beverages, greeting cards, seasonal merchandise and numerous other everyday and convenience products.

On June 24, 2015, we completed our acquisition of EnvisionRx, pursuant to the terms of the EnvisionRx Agreement. EnvisionRx is a full-service pharmacy services provider. EnvisionRx provides both transparent and traditional pharmacy benefit manager options through its EnvisionRx and MedTrak pharmacy benefit managers, respectively. EnvisionRx also offers fully integrated mail-order and specialty pharmacy services through Orchard Pharmaceutical Services; access to a leading cash pay infertility discount drug program via Design Rx; an innovative claims adjudication software platform in

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Laker Software; and a national Medicare Part D prescription drug plan through Envision Insurance Company's EnvisionRx Plus Silver product for the low income auto-assign market and its Clear Choice product for the chooser market. EnvisionRx operates as our 100 percent owned subsidiary.

Rite Aid was incorporated in Delaware on April 15, 1968. Rite Aid's common stock is currently listed on the NYSE under the symbol "RAD."

***Walgreens Boots Alliance, Inc.***

108 Wilmot Road  
Deerfield, IL 60015  
Phone: (847) 315-2500

WBA is the first global, pharmacy-led health and wellbeing enterprise with net sales of \$117.4 billion in the fiscal year ended August 31, 2016. Together with its equity method investments, WBA employs more than 400,000 people and has over 13,200 stores in 11 countries and a pharmaceutical wholesale and a distribution network that includes over 390 distribution centers delivering to more than 230,000 pharmacies, doctors, health centers and hospitals each year.

WBA's portfolio of retail and business brands includes Walgreens, Duane Reade, Boots and Alliance Healthcare, as well as increasingly global health and beauty product brands, such as No7, Botanics, Liz Earle and Soap & Glory.

WBA was created through the combination of Walgreen Co. and Alliance Boots GmbH in December 2014. WBA was incorporated in Delaware in 2014 and is the successor of Walgreen Co., an Illinois corporation, which was formed in 1909 as a successor to a business founded in 1901. Its principal executive offices are located at 108 Wilmot Road, Deerfield, Illinois 60015. WBA's common stock trades on the NASDAQ Stock Market under the symbol "WBA."

***Victoria Merger Sub, Inc.***

Merger Sub is a Delaware corporation and a wholly owned subsidiary of WBA, formed on October 23, 2015 for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. Upon completion of the merger, Merger Sub will cease to exist.

**Certain Effects of the Merger on Rite Aid**

Upon the terms and subject to the conditions of the merger agreement, Merger Sub will merge with and into Rite Aid, with Rite Aid continuing as the Surviving Corporation and a wholly owned direct subsidiary of WBA. Rite Aid expects to de-list its common stock from the NYSE and de-register its common stock under the Exchange Act as soon as reasonably practicable following the effective time of the merger. Thereafter, Rite Aid would no longer be a publicly traded company. However, Rite Aid may continue to voluntarily file periodic reports with the SEC to the extent it is required to do so pursuant to any of its indentures that remain effective after the closing of the merger. WBA may take actions to modify these continued reporting obligations, and pursuant to the merger agreement, Rite Aid is obligated to assist with any of these actions. If the merger is completed, you will not own any shares of the capital stock of the Surviving Corporation, and instead will only be entitled to receive the merger consideration, as described under "Proposal 1: Adoption of the Merger Agreement Merger Consideration" beginning on page 112.

The effective time of the merger will occur upon the filing of a certificate of merger with the Secretary of State of the State of Delaware (or at such later time as Rite Aid and WBA may agree and specify in the certificate of merger).

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**Effect on Rite Aid if the Merger is Not Completed**

If the merger agreement is not adopted by Rite Aid stockholders or if the merger is not completed for any other reason, Rite Aid stockholders will not receive any payment for their shares of common stock. Instead, Rite Aid will remain a public company, Rite Aid's common stock will continue to be listed and traded on the NYSE and registered under the Exchange Act and Rite Aid will continue to file periodic reports with the SEC.

Furthermore, if the merger is not consummated, and depending on the circumstances that would have caused the merger not to be consummated, it is likely that the price of Rite Aid's common stock will decline significantly. If that were to occur, it is uncertain when, if ever, the price of Rite Aid's common stock would return to the price at which it trades as of the date of this proxy statement or to the price at which it traded as of the date of the announcement of the original merger agreement or merger agreement amendment.

Accordingly, if the merger is not consummated, there can be no assurance as to the effect of these risks and opportunities on the future value of your shares of Rite Aid common stock. If the merger is not consummated, the Board of Directors will continue to evaluate and review Rite Aid's business operations, properties, dividend policy and capitalization, among other things, make such changes as are deemed appropriate and continue to seek to enhance stockholder value. If the merger agreement is not adopted by Rite Aid's stockholders or if the merger is not consummated for any other reason, there can be no assurance that any other transaction acceptable to Rite Aid will be offered or that Rite Aid's business, prospects or results of operation will not be adversely impacted.

In addition, under certain specified circumstances, Rite Aid will be required to pay WBA a termination fee upon the termination of the merger agreement or will be entitled to receive a termination fee from WBA, as described under "Proposal 1: Adoption of the Merger Agreement Termination of the Merger Agreement Termination Fees" beginning on page 134. If the merger agreement is terminated because stockholders do not approve the merger, no termination fee will be payable by WBA to Rite Aid.

**Merger Consideration**

At the effective time of the merger, each share of Rite Aid common stock issued and outstanding immediately prior to the effective time of the merger (other than excluded shares) will be converted into the right to receive the per share merger consideration, and will cease to be outstanding, will automatically be cancelled and will cease to exist, and each certificate that immediately prior to the effective time of the merger represented any of the shares of Rite Aid common stock (other than the excluded shares) or non-certificated shares held in book-entry form representing any such Rite Aid common stock will thereafter represent only the right to receive the per share merger consideration. As described under "Proposal 1: Adoption of the Merger Agreement Merger Consideration Exchange Procedures" beginning on page 113, at or prior to the effective time of the merger, WBA will deposit, or cause to be deposited, with the paying agent, a cash amount in immediately available funds sufficient in the aggregate to provide all funds necessary to pay the aggregate per share merger consideration. After the effective time of the merger, once a stockholder has provided the paying agent with his or her stock certificates or book-entry shares, as applicable, and the other items specified by the paying agent, the paying agent will promptly pay the stockholder the per share merger consideration.

After the merger is completed, under the terms of the merger agreement, you will have the right to receive the per share merger consideration, but you no longer will have any rights as a Rite Aid stockholder as a result of the merger (except for the right to receive the per share merger consideration and except that stockholders who properly exercise and perfect their demand for right of appraisal will instead have the right to receive a payment for the "fair value" of their shares as

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determined pursuant to an appraisal proceeding as contemplated by Delaware law, as described under "The Merger Appraisal Rights" beginning on page 102).

**Changes to the Original Merger Agreement Pursuant to the Merger Agreement Amendment**

The original merger agreement was amended pursuant to the merger agreement amendment to, among other things, (i) reduce the per share merger consideration from \$9.00 per share to a range of \$6.50 to \$7.00 per share; (ii) increase the number of stores that WBA is required to divest, to the extent necessary to obtain the required regulatory approvals, from 1,000 stores to 1,200 stores; (iii) require that WBA sell, transfer, dispose of, divest, license or hold separate the Rite Aid Brand Rights; (iv) extend the end date from January 27, 2017 to July 31, 2017; (v) provide for a reduced \$162.5 million termination fee payable by WBA to Rite Aid in the event that the merger agreement is terminated and the termination fee is payable but Rite Aid fails to satisfy the Adjusted EBITDA (as such term is defined in the merger agreement) threshold specified in the material adverse effect definition in the merger agreement; (vi) reduce the Adjusted EBITDA (as such term is defined in the merger agreement) threshold in the material adverse effect definition in the merger agreement from \$1.075 billion to \$1 billion; (vii) acknowledge that each party has complied with its obligations pursuant to the antitrust efforts covenant and that no material adverse effect has occurred from the date of the original merger agreement to the date of the merger agreement amendment; (viii) revise the no material adverse effect closing condition to be measured from the date of the merger agreement amendment rather than from the date of the original merger agreement; (ix) remove Rite Aid's obligation to reimburse WBA's expenses in certain circumstances specified in the original merger agreement; and (x) require that WBA sell, transfer, dispose of, divest or hold separate certain Rite Aid distribution centers, inventory related thereto and certain administrative assets.

**Background of the Merger**

Note that the portion of this "Background of the Merger" covering the period beginning in 2012 and ending on October 27, 2015 (the date of the original merger agreement with WBA) is the same as the disclosure provided in the definitive proxy statement filed on December 21, 2015 relating to the original merger agreement.

We refer to generally accepted accounting principles as applied in the United States as GAAP. This "Background of the Merger" section includes periodic information about Adjusted EBITDA, a non-GAAP financial measure. Rite Aid uses this non-GAAP financial measure in assessing its performance in addition to net income, the most directly comparable GAAP financial measure. Rite Aid believes Adjusted EBITDA serves as an appropriate measure in evaluating the performance of its business and helps its investors better compare Rite Aid's operating performance with its competitors. Adjusted EBITDA should not be considered in isolation from, and is not intended to represent alternative measures of, operating results as determined in accordance with GAAP. Rite Aid's definition of Adjusted EBITDA may not be comparable to similarly titled measurements reported by other companies and is not identical to similar terms in Rite Aid's debt facilities or the merger agreement. A reconciliation of Adjusted EBITDA to net income is included in Annex E hereto.

The Board of Directors regularly reviews and assesses Rite Aid's performance, risks, opportunities and strategy at board meetings. Additionally, the Board of Directors and Rite Aid management regularly review and evaluate the possibility of pursuing various strategic alternatives and relationships as part of Rite Aid's ongoing efforts to strengthen its businesses and maximize value for its stockholders, taking into account economic, regulatory, competitive and other conditions. From time to time, at Rite Aid's request, Citi, a financial advisor to Rite Aid, has assisted Rite Aid management and the Board of Directors in evaluating various potential strategic alternatives available to Rite Aid. Additionally, Rite Aid management sends monthly financial updates to the Board of Directors, including updates on Rite Aid's Adjusted EBITDA. These updates compare Rite Aid's actual performance to the prior year's performance and budget. Mr. John Standley, Chief Executive Officer of Rite Aid, also regularly speaks with the lead independent director of the Board of Directors to provide him with updates on Rite Aid's financial performance.

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Throughout 2012, 2013 and the first half of 2014, the Board of Directors met from time to time to discuss any approaches directed to Rite Aid, as well as outreaches made by Rite Aid, concerning potential strategic transactions, in each case with a number of third parties, which included, among others, discussions with retailers, including retailers that operate pharmacies, and pharmacy benefit management companies, which we refer to as PBMs, and companies that operate PBMs relating to an acquisition of, or business combination involving, Rite Aid. During this period, Rite Aid management kept the Board of Directors apprised of the status of discussions with any third parties regarding a potential business combination transaction.

On August 27, 2012, at the request of Rite Aid, Mr. Standley and other members of Rite Aid management, together with a representative from Citi, met with representatives of Party A and discussed, among other things, a potential business combination transaction between Rite Aid and Party A. During this meeting, Party A informed Rite Aid that it was not interested in exploring such a transaction with Rite Aid.

In early 2013, representatives of a financial advisor to Party B approached Rite Aid to explore a potential business combination transaction between Rite Aid and Party B. After several meetings among representatives of Party B, Rite Aid and their respective advisors during the first half of 2013, Party B informed Rite Aid that it was not interested in continuing with discussions regarding a potential business combination transaction with Rite Aid.

In the summer of 2013, Rite Aid management contacted Party C to discuss a possible business combination transaction. On July 29, 2013, Rite Aid and Party C executed a confidentiality agreement to protect confidential information of Rite Aid. Following Party C's due diligence review through the fall of 2013, representatives of Party C advised Rite Aid that Party C was not interested in a potential business combination transaction with Rite Aid and would only consider acquiring certain assets of Rite Aid. Rite Aid determined that it was not in Rite Aid's interests to proceed with an asset sale transaction with Party C at that time.

In the first half of 2014 through the summer of 2014, Mr. Standley, together with representatives of Citi, had discussions with representatives of Party D regarding a potential business combination transaction between Rite Aid and Party D.

On August 15, 2014, Rite Aid and Party D executed a confidentiality agreement obligating Rite Aid to protect confidential information of Party D. Subsequently, Rite Aid began conducting a due diligence review of Party D.

With the Board of Directors generally apprised of Rite Aid management's ongoing exploration of third-party interest in pursuing a business combination transaction, over the course of a series of discussions during the month of August 2014, Mr. Standley discussed various strategic alternatives with a senior executive of Party E. During these discussions, Mr. Standley concluded that Party E was not interested in exploring a potential business combination transaction with Rite Aid.

On September 30, 2014, the Board of Directors met in-person at a regular meeting, which was attended by members of Rite Aid management and representatives of Citi. Rite Aid management and Citi provided their respective views on the current state of, and prospects for, the retail drugstore sector, as well as Rite Aid in particular, and potential strategic alternatives available to Rite Aid, including remaining an independent company as well as potential business combinations and sale and acquisition transactions, including, among others, the potential acquisition of EnvisionRx and potential business combination transactions with Party D and Party F, including potential synergy opportunities. At this meeting, Citi informed the Board of Directors as to the nature of Citi's existing and previous relationship with Party D. Following this discussion, the Board of Directors directed Rite Aid management to continue exploratory discussions with Party D and to continue engaging with other

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parties that may be potentially interested in pursuing a strategic transaction, including EnvisionRx and Party F.

Shortly thereafter, Mr. Standley called a senior executive of Party F to explore a potential strategic transaction with Party F. Party F declined to consider exploration of a potential strategic transaction between Party F and Rite Aid.

As directed by the Board of Directors at the September 30, 2014 meeting, Mr. Standley also continued discussions with representatives of Party D regarding a potential strategic transaction with Party D.

On October 9, 2014, Rite Aid submitted a letter of interest to Party D setting forth certain preliminary terms for exploring a possible business combination transaction, including, among other terms, Rite Aid stockholders owning proportionate interests in the combined company, adjusted to provide for a control premium for Rite Aid stockholders and with the combined company's board composition reflecting such proportionate ownership.

Also on October 9, 2014, as a continuation of ongoing discussions regarding a strategic partnership with EnvisionRx, Mr. Standley and other representatives of Rite Aid met in-person with representatives of EnvisionRx to discuss a potential strategic partnership with EnvisionRx. During this meeting, the companies discussed a potential sale of EnvisionRx to Rite Aid.

On October 14, 2014, Rite Aid and Party D executed a confidentiality agreement, in addition to one previously executed on August 15, 2014, obligating Party D to protect the confidential information of Rite Aid.

Beginning on October 22, 2014, representatives of Jones Day, antitrust counsel to Rite Aid, together with antitrust counsel to Party D and third-party economic experts, began their review and discussions regarding possible regulatory issues relating to a potential business combination transaction between Rite Aid and Party D.

In the third week of October 2014, in response to inquiries from Rite Aid management, a representative of EnvisionRx contacted Mr. Standley and communicated that EnvisionRx would consider a proposal from Rite Aid regarding a potential acquisition of EnvisionRx by Rite Aid.

On October 23, 2014, representatives of Rite Aid and Party D and their respective advisors had a telephonic meeting to discuss organizational matters relating to a potential business combination transaction between Rite Aid and Party D.

On October 29, 2014, with the Board of Directors generally apprised of the development of discussions between Rite Aid management and EnvisionRx, Rite Aid submitted a non-binding preliminary indication of interest to EnvisionRx, subject to various conditions, including Rite Aid conducting a due diligence review of EnvisionRx.

On November 5, 2014, Mr. Standley and other members of Rite Aid management met in-person with the Chief Executive Officer and another representative of Party G to discuss, among other things, strategic alternatives involving Rite Aid and Party G. During this meeting, Rite Aid and Party G agreed to continue their exploration of a potential business combination transaction after further internal analysis and review with their respective boards of directors.

Throughout the summer and fall of 2014, Rite Aid management kept the Board of Directors generally apprised of Rite Aid management's ongoing exploration of third-party interest in pursuing a potential business combination transaction.

At a special telephonic meeting of the Board of Directors on December 5, 2014, which was attended by members of Rite Aid management and representatives of Citi, Mr. Standley informed the Board of Directors that Party D had not formally responded to Rite Aid's letter of interest submitted

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on October 9, 2014. Mr. Standley also reviewed with the Board of Directors his preliminary discussions with representatives of Party G regarding exploring a potential acquisition of or business combination transaction with Rite Aid. Mr. Standley also updated the Board of Directors on the status of communications with EnvisionRx regarding a potential acquisition transaction. At the request of Mr. Standley, Citi discussed with the Board of Directors preliminary financial matters related to a potential acquisition of EnvisionRx. After discussion, the Board of Directors authorized Rite Aid management to communicate Rite Aid's continued interest in acquiring EnvisionRx for \$2 billion, subject to the remaining terms indicated in Rite Aid's October 29, 2014 preliminary indication of interest.

During the first week of January 2015, representatives of Party D approached Mr. Standley to express Party D's interest in re-engaging in discussions to explore a potential business combination transaction with Rite Aid. In response, Mr. Standley communicated that Rite Aid was in the process of considering another transaction (which was the acquisition of EnvisionRx) but that he would review Party D's proposal with the Board of Directors.

In early 2015, with the Board of Directors generally apprised of Rite Aid management's ongoing exploration of third-party interest in pursuing a potential business combination transaction, Mr. Standley contacted Mr. Stefano Pessina, WBA's Executive Vice Chairman and Acting Chief Executive Officer at that time, to request a meeting with WBA's management to discuss a potential business combination transaction between Rite Aid and WBA.

On January 9, 2015, the Board of Directors held a special telephonic meeting which was attended by members of Rite Aid management and representatives of Citi, Skadden, Arps, Slate, Meagher & Flom LLP, legal counsel to Rite Aid, which we refer to as Skadden, and Moelis & Company LLC, which we refer to as Moelis, which had been retained by Rite Aid in light of Party D's expression of interest in re-engaging in discussions, Citi's ongoing relationship with Party D and Rite Aid management's view that the Board of Directors should consider, given the status of discussions with each party at that time, whether to suspend discussions with EnvisionRx to further explore a potential combination transaction with Party D. Mr. Standley updated the Board of Directors regarding Party D's renewed interest in exploring a possible business combination transaction with Rite Aid. Citi and Moelis each discussed with the Board of Directors preliminary financial matters relating to a potential transaction with Party D and Rite Aid management's business and strategic rationale for a potential transaction with Party D as compared to an acquisition of EnvisionRx. The representatives of Skadden then discussed in detail with the directors their fiduciary duties in considering alternative transactions, including evaluating the benefits and risks to Rite Aid and its stockholders of each transaction and the merits of each transaction as compared to other potential strategic alternatives for Rite Aid. The Board of Directors, Rite Aid management and advisors engaged in a discussion about potential transactions with Party D and EnvisionRx, including, among other things, the business, strategic and potential value creation rationales for each transaction, the regulatory issues associated with each transaction, the assessment of the potential interest of third parties in acquiring Rite Aid and the potentially transformative nature of a transaction with Party D. After discussion, the Board of Directors directed Rite Aid management to re-engage in discussions with Party D to explore further the potential for a transaction with Party D and, at that time, suspend its consideration of the EnvisionRx transaction. The Board of Directors also directed Rite Aid management to continue to explore other potential strategic alternatives, including a possible transaction with WBA.

On January 12, 2015, during an in-person meeting, Mr. Standley and Mr. Pessina discussed a potential business combination transaction between Rite Aid and WBA. During this meeting, Mr. Pessina agreed to continue discussing a potential transaction between the two companies in the following weeks, and communicated that WBA would require an agreement from Rite Aid to negotiate exclusively with WBA as a condition to continuing discussions.

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Between January 12 and January 16, 2015, representatives of Rite Aid and Party D and their respective advisors held several telephonic meetings to discuss further the potential synergies that might be realized in a business combination transaction between Party D and Rite Aid.

On January 15, 2015, representatives of Rite Aid and Party D and their respective advisors held an in-person meeting to discuss the strategic rationale, risks and opportunities in a potential merger of Party D and Rite Aid, including, among other things, costs and revenue synergies of the potential combined company. During this meeting, representatives of Party D indicated that Party D was reconsidering its interest at that time in continuing with discussions regarding a potential business combination transaction between the parties.

On January 17, 2015, Party D's representatives informed Rite Aid that Party D would not be in a position to pursue a transaction with Rite Aid at that time and would not be able to re-engage in discussions with Rite Aid regarding a potential business combination transaction for at least several months.

On January 19, 2015, the Board of Directors held a special telephonic meeting which was attended by members of Rite Aid management and representatives of Citi, Moelis and Skadden to discuss Party D's decision not to pursue a transaction with Rite Aid. Mr. Standley reported to the Board of Directors on his meeting with Mr. Pessina on January 12, 2015 regarding a potential business combination transaction with WBA, including that WBA would require an agreement from Rite Aid to negotiate exclusively with WBA as a condition to continuing discussions. The Board of Directors discussed at length potential strategic alternatives, including, among others, a potential transaction with WBA. Moelis and Citi discussed certain financial matters, including Rite Aid management's financial and strategic rationales, regarding a transaction with EnvisionRx, as well as the status of, and Rite Aid management's financial and strategic rationales regarding, a transaction with Party D. In addition, the Board of Directors discussed the relative merits and benefits and risks for Rite Aid and its stockholders of potential transactions with Party D, Party G and WBA and of remaining independent. Mr. Standley advised the Board of Directors of a proposed telephonic meeting scheduled the next day with Party G's Chief Executive Officer, at the request of the Chief Executive Officer of Party G, to follow-up on their discussions on November 5, 2014. The Board of Directors also discussed whether to re-engage with EnvisionRx with respect to a potential strategic transaction and the impact that an acquisition of EnvisionRx could have on a potential transaction with Party D, Party G, WBA or another potential acquiror of Rite Aid. The Board of Directors determined that it would be in the best interests of Rite Aid stockholders to pursue a transaction with EnvisionRx and authorized Rite Aid management to re-engage in discussions with EnvisionRx regarding a potential transaction with EnvisionRx, which discussions continued during the remainder of January and early February 2015.

Also on January 19, 2015, representatives of Jones Day, antitrust counsel to Party D and third-party economic experts were instructed to cease their review on a preliminary basis of possible regulatory issues related to a potential business combination transaction between Party D and Rite Aid.

On January 20, 2015, Mr. Standley had a telephonic meeting with Party G's Chief Executive Officer. During this meeting, the Chief Executive Officer of Party G indicated Party G was not interested in pursuing a business combination transaction with Rite Aid.

On January 21, 2015, as authorized by the Board of Directors during the January 19, 2015 meeting, Mr. Standley had a telephonic meeting with a representative of EnvisionRx to inform EnvisionRx of Rite Aid's continued interest in acquiring EnvisionRx.

On February 9, 2015, the Board of Directors held a special telephonic meeting to discuss potential transactions with EnvisionRx and WBA. Members of Rite Aid management and representatives of Citi and Skadden also attended. During this meeting, Mr. Standley reviewed with the Board of Directors his previous discussions with WBA regarding a potential acquisition of Rite Aid by WBA, including the

impact that an acquisition of EnvisionRx could have on a potential transaction with WBA or another possible acquiror of Rite Aid. Among other matters, representatives of Skadden discussed in detail with the directors their fiduciary duties in considering alternative transactions, including with EnvisionRx and WBA. The Board of Directors further discussed having a thorough review process to assess the benefits and risks to Rite Aid and its stockholders of any potential transactions, the merits of the transactions as compared to other potential strategic alternatives for Rite Aid, including a potential sale of control or merger transaction, the level of potential interest of third parties in a sale or business combination transaction with Rite Aid, and the impact of pursuing an acquisition of EnvisionRx on such a potential sale or business combination transaction.

The Board of Directors, Rite Aid management and advisors discussed the significant cost and revenue synergies for Rite Aid and potential value for its stockholders that could result from a transaction with EnvisionRx and that, based on Rite Aid's previous discussions with other parties, there was no certainty that Rite Aid could enter into an alternative strategic transaction with WBA or another party. After further consideration, the Board of Directors unanimously agreed that Rite Aid should proceed with negotiating the final terms of a merger agreement with EnvisionRx.

After further negotiations and final authorization by the Board of Directors, Rite Aid and EnvisionRx entered into a merger agreement on February 10, 2015 pursuant to which Rite Aid would acquire EnvisionRx.

Following Mr. Standley and Mr. Pessina's discussion on January 12, 2015 and continuing through February 2015, representatives of Rite Aid and WBA had several discussions to explore further a potential business combination transaction between Rite Aid and WBA, including among other things, discussions regarding the form of consideration and transaction structure.

On March 3, 2015, Rite Aid and WBA entered into a mutual confidentiality agreement to allow the parties to begin due diligence and continue discussions.

On March 5, 2015, at WBA's request, members of Rite Aid's and WBA's respective management met in-person in Palm Beach, Florida. During this meeting, representatives of WBA expressed WBA's interest in exploring a potential business combination transaction with Rite Aid.

In the weeks following the meeting on March 5, 2015, representatives of Rite Aid and WBA continued with discussions regarding a potential business combination transaction, including, among other things, discussions relating to the permitted scope of WBA's due diligence of Rite Aid to complete its synergies analysis. During those discussions, Mr. Pessina proposed a two-step transaction to complete WBA's acquisition of Rite Aid, with the sale of a subset of Rite Aid stores to WBA as the first step followed by WBA's acquisition of Rite Aid's outstanding stock for an all or primarily cash price. Mr. Standley communicated that he would review WBA's proposal with the Board of Directors.

From mid-April 2015 through June 2015, WBA and its advisors continued with its due diligence review to complete its synergies analysis. Prior to this, Rite Aid management had kept the Board of Directors generally apprised of developments with WBA since preliminary discussions first began in early 2015.

On May 8, 2015, Rite Aid received a non-binding, preliminary indication of interest from WBA, which we refer to as the WBA Initial Proposal. The WBA Initial Proposal included a purchase price for all of Rite Aid's outstanding shares of \$9.00 per share in all or primarily cash with the remainder in WBA's stock (representing a premium of approximately 14.5% to Rite Aid's closing stock price on May 7, 2015), subject to, among other things, confirmatory due diligence on, among other things, Rite Aid's capital structure, Rite Aid's meeting or exceeding analyst projections for financial results, the expected synergy potential from the transaction and validation of the potential value of net operating losses, which we refer to as NOLs. In the WBA Initial Proposal, WBA proposed a two-step transaction, as had been proposed in previous discussions between the parties, with the sale of a subset of Rite Aid

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stores to WBA as the first step. WBA also requested a 60-day period in which Rite Aid would be required to negotiate exclusively with WBA, and requested that Rite Aid terminate any ongoing discussions with any other parties and inform WBA of any unsolicited approaches Rite Aid might receive during the exclusivity period.

On May 9, 2015, Mr. Pessina called Mr. Standley to indicate that certain factors, including WBA's due diligence of Rite Aid, the takeover speculation in Rite Aid's stock price and the market pressures in the retail drugstore industry, affected the purchase price and limited the premium that WBA would pay for Rite Aid. Also on May 9, 2015, a member of Rite Aid management expressed Rite Aid's disappointment with the WBA Initial Proposal to a representative of WBA, but informed the WBA representative that Rite Aid management would review the WBA Initial Proposal with the Board of Directors.

On May 11, 2015, the Board of Directors held a special telephonic meeting which was attended by members of Rite Aid management and representatives of Citi and Skadden to discuss the WBA Initial Proposal and discuss and authorize the Board of Directors' proposed response to the WBA Initial Proposal. As previously reviewed with the Board of Directors, representatives of Skadden then discussed in detail with the directors their fiduciary duties in considering a transaction with WBA and the consequences of agreeing to exclusive negotiations with WBA, including, among other things, impacting Rite Aid's ability to solicit or consider transaction proposals from other bidders. After discussion of the WBA Initial Proposal with Rite Aid management and advisors, the Board of Directors determined that Rite Aid management should negotiate for a higher price. The Board of Directors also reviewed a draft of Rite Aid's response to such proposal, agreed on other responses to the WBA Initial Proposal and approved the form of the proposed response to the WBA Initial Proposal. The Board of Directors authorized Rite Aid management to proceed with discussions with WBA on the terms discussed at the meeting, but instructed Rite Aid management not to grant exclusivity.

The following day, on May 12, 2015, Rite Aid provided a written response to WBA, which we refer to as the Initial Rite Aid Response to WBA, seeking a higher purchase price than was proposed in the WBA Initial Proposal. The response also outlined Rite Aid's position on key points regarding the WBA Initial Proposal, including, among other things, that Rite Aid was willing to continue to evaluate a two-step transaction structure to determine if it was a viable alternative, that Rite Aid was not in a position to enter into exclusive negotiations with WBA, that Rite Aid could not provide WBA the right to purchase stores from Rite Aid if the second step of the transaction was not consummated and that any transaction would need to be structured to address regulatory risk for Rite Aid stockholders.

Shortly after receipt of the Initial Rite Aid Response to WBA, a representative of WBA contacted a member of Rite Aid management to reiterate WBA's request for a 60-day period in which Rite Aid would be required to negotiate exclusively with WBA, during which WBA and Rite Aid would seek to complete due diligence and negotiate a definitive merger agreement.

On May 14, 2015, the Board of Directors held a special telephonic meeting with members of Rite Aid management and representatives of Citi, Skadden and Jones Day to discuss the potential WBA transaction. Mr. Standley again reviewed with the Board of Directors the WBA Initial Proposal and the Initial Rite Aid Response to WBA, including WBA's request for exclusivity. Citi discussed with the Board of Directors preliminary financial and related matters regarding a potential transaction with WBA, including, among other things, Rite Aid management's internal financial projections and initial perspectives regarding potential synergies in a transaction with WBA, Rite Aid's share price trading history, research analyst ratings and estimates, and certain transaction metrics. The Board of Directors also discussed a potential response to WBA's proposed purchase price of \$9.00 per share. Rite Aid management and Citi suggested that Rite Aid continue to seek a higher purchase price from WBA, but also expressed their view that they did not expect that WBA would be willing to increase its current

proposed price significantly. As previously had been reviewed with the Board of Directors, representatives of Skadden then discussed in detail with the directors their fiduciary duties in reviewing a transaction with WBA and the considerations in deciding whether to agree to exclusive negotiations. The Board of Directors, Rite Aid management and advisors further discussed synergy estimates, their views as to the seriousness of WBA's interest in pursuing a transaction with Rite Aid, Rite Aid management's and Citi's views, based on discussions to date, that none of the other parties with which Rite Aid had discussions previously regarding a potential business combination transaction would likely be a viable acquiror of Rite Aid at that time, and the benefits and risks of soliciting potential interest of other parties in a possible business combination transaction with Rite Aid in terms of maximizing stockholder value. After further discussion, the Board of Directors authorized Rite Aid management to continue to negotiate with WBA the terms of a potential sale transaction as reviewed with the Board of Directors and to further evaluate whether to conduct a "pre-market" check to determine whether any other parties might be interested in pursuing a transaction with Rite Aid as discussions with WBA progressed.

During the week of May 17, 2015, Mr. Standley and Mr. Pessina continued their discussions about possible terms of a transaction and, as directed by the Board of Directors in the May 14, 2015 meeting, Mr. Standley expressed Rite Aid's request that, among other things, WBA increase its proposed per share price to a \$11.00 to \$12.00 per share range, and view that any definitive agreement would need to provide for a high degree of certainty in terms of WBA's obligation to obtain antitrust approvals. Mr. Standley informed Mr. Pessina that the Board of Directors had determined that it was not prepared to agree to exclusive negotiations but might consider some form of commitment at a later stage of discussions if and when appropriate and that Rite Aid management and advisors believed the two-step transaction structure proposed by WBA was not viable. Throughout these discussions, an agreement on purchase price remained unresolved.

On May 21, 2015, a member of WBA management requested that members of Rite Aid's and WBA's respective management meet in-person to further discuss the two-step transaction structure proposed by WBA. In response, the Rite Aid management representative informed the WBA management representative that Rite Aid believed the two-step transaction structure proposed by WBA was not viable and that WBA's proposed purchase price remained too low.

On May 26, 2015, members of Rite Aid management and WBA management had a telephonic meeting, during which a Rite Aid representative reiterated to WBA management that Rite Aid believed the two-step transaction structure was not viable.

On June 15, 2015, the Board of Directors held a special telephonic meeting with members of Rite Aid management and representatives of Citi and Skadden and, among other things, further discussed WBA's proposal to structure a two-step transaction. The Board of Directors instructed Mr. Standley to ask Mr. Pessina for WBA's best price for a one-step transaction. Through the remainder of June 2015 and continuing into July 2015, WBA and its advisors continued a due diligence review to complete WBA's synergies analysis.

On June 17, 2015, Mr. Standley contacted Mr. Pessina to inform him that Rite Aid would not consider the two-step transaction structure proposed by WBA and that WBA should propose its best price for a one-step transaction.

On July 8, 2015, a representative of Party D contacted Mr. Standley to inform him of Party D's interest in potentially re-engaging with Rite Aid in discussions regarding a potential business combination transaction involving Party D and Rite Aid.

As a result of the discussion on July 8, 2015, with the Board of Directors generally apprised of the developments regarding Party D's potential interest in re-engaging with Rite Aid, during the period between July 9 and July 15, 2015, representatives of Rite Aid, Citi and Party D resumed discussions

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regarding a potential business combination transaction, with negotiations focused on the relative pro forma ownership of the stockholders of Rite Aid and Party D (and the implied exchange ratio premium for Rite Aid stockholders) in the combined company.

On July 15, 2015, representatives of Party D met with members of Rite Aid management and a representative of Citi and orally communicated a preliminary indication of interest to Rite Aid, which we refer to as the Party D Proposal. The Party D Proposal included, among other things, a range of pro forma ownership of each party's stockholders in the combined company and a requirement for a sizeable equity issuance by the combined company, and did not include a range of implied values for Rite Aid or its shares.

Over the several following days, representatives of Rite Aid and Party D held meetings to discuss the Party D Proposal. During these meetings, the representatives of Rite Aid and Party D discussed, among other things, the potential pro forma ownership of each party's stockholders in the combined company and governance matters, including with respect to ensuring that the stockholders of Party D would not be able to exercise control over the combined company.

On July 17, 2015, at the requests of Rite Aid and Party D, Citi and Party D's financial advisor commenced a review of potential synergies, the pro forma capital structure, the feasibility and impact of a proposed equity issuance by Party D on the combined company, and the potential utilization of Rite Aid's NOLs by the combined company in connection with a potential business combination transaction involving Rite Aid and Party D. This review continued from July 21 through early August 2015.

On July 30, 2015, Mr. Standley and a senior executive of Party H had a telephonic meeting to discuss, among other things, potential strategic alternatives between Rite Aid and Party H. During this meeting, the senior executive of Party H informed Mr. Standley that Party H was not interested in exploring a potential business combination transaction with Rite Aid.

Also on July 30, 2015, at WBA's request, and with the Board of Directors generally apprised of the developments regarding WBA's continued interest in exploring a potential business combination transaction, members of Rite Aid's and WBA's respective management met in-person in Jackson Hole, Wyoming. During this meeting, WBA communicated an increased proposed purchase price of \$9.90 per share, all or primarily in cash, for shares of Rite Aid common stock. As previously directed by the Board of Directors during its meeting on June 15, 2015, Rite Aid management expressed Rite Aid's willingness to consider a price of \$10.25 per share, all or primarily in cash (which represented a premium of approximately 14.5% to Rite Aid's closing stock price on July 16, 2015), subject to there being a high degree of certainty of closing the transaction. Rite Aid and WBA discussed other key transaction terms, including, among others, the amount of Rite Aid's termination fee if Rite Aid were to terminate the transaction to accept a superior acquisition proposal, WBA's request for an exclusive negotiation period, WBA's requisite level of efforts to obtain antitrust approvals, including the number of store divestitures WBA would be required to accept in order to obtain such approvals, and the reverse termination fee WBA would be required to pay if it did not obtain antitrust approvals. In addition, WBA indicated in this meeting that it would no longer continue to pursue a two-step transaction structure.

On August 2, 2015, the Board of Directors held a special telephonic meeting to discuss with members of Rite Aid management and representatives from Citi and Skadden, among other things, the status of discussions with Party D and WBA, other potential strategic alternatives, other parties that might potentially be interested in an acquisition of or business combination transaction with Rite Aid, previous discussions with such parties that had declined to pursue a transaction with Rite Aid, the strategic, business and potential value creation rationale for and terms of the Party D and WBA transactions and relative benefits and risks for Rite Aid and its stockholders, and Citi's preliminary financial perspectives concerning these transactions. Citi again discussed with the Board of Directors

the nature of its relationship with Party D, including its existing and previous roles on matters involving Party D, and in light of Citi's changed relationship with Party D since January 2015, the Board of Directors did not believe there was a need to retain a second financial advisor at this time. The representatives of Skadden then reviewed with the Board of Directors legal issues with respect to the current proposals including, among other things, the directors' fiduciary duties, consideration of WBA's request for a period of exclusive negotiations and the amount and triggers for the payment to WBA of a termination fee in the event Rite Aid accepted a superior acquisition proposal and terminated the definitive merger agreement. A discussion then followed regarding the possibility of discussions with other potentially interested parties, including Party A, Party C, Party G and another potential party, Party I, with Rite Aid management and Citi expressing their view that such parties were not likely to be viable acquirors of Rite Aid at that time, noting that Party C was currently engaged in a publicly announced transformative transaction. The Board of Directors determined that Rite Aid should continue discussions with Party D and WBA, renew contacts with Party A and Party G and approach Party I to determine its possible interest in pursuing an acquisition of or business combination with Rite Aid.

On August 3, 2015, Rite Aid received a revised non-binding preliminary indication of interest from WBA, which we refer to as the WBA Revised Proposal, and a draft exclusivity agreement from WBA's outside counsel, Simpson Thacher & Bartlett LLP, which we refer to as Simpson Thacher. The terms of the WBA Revised Proposal included, among others, WBA's conditioning its proposal on Rite Aid's meeting or exceeding analyst projections for financial results, WBA's validation of potential synergies to be realized in the transaction and the value of Rite Aid's NOLs, the absence of material undisclosed liabilities or change-in-control payments, a proposal regarding the provisions limiting Rite Aid's ability to solicit and consider competing acquisition transactions in the definitive merger agreement, and providing for Rite Aid to pay a termination fee in the event a superior acquisition proposal were accepted, and a WBA reverse termination fee in the event WBA did not obtain required antitrust approvals. WBA's proposed purchase price was not specified in this proposal. WBA's draft exclusivity agreement proposed that Rite Aid would negotiate exclusively with WBA for a period of 60 days, with an option for WBA to extend such period for 30 additional days, to conduct due diligence and negotiate a definitive acquisition agreement with Rite Aid.

Also on August 3, 2015, Jones Day and Weil, Gotshal & Manges LLP, antitrust counsel to WBA, which we refer to as Weil, discussed potential regulatory matters.

Rite Aid provided WBA with its comments to the WBA Revised Proposal on August 6, 2015, which we refer to as the Rite Aid Response to the WBA Revised Proposal, consistent with guidance previously provided by the Board of Directors. Proposed changes included, among others, declining to commit to an exclusive negotiation period and counterproposals regarding regulatory approval and deal protection terms. Rite Aid also provided WBA with preliminary financial information regarding Rite Aid's capital structure at that time.

On August 7, 2015, representatives of Rite Aid management and WBA management discussed the Rite Aid Response to the WBA Revised Proposal. WBA management advised that while WBA was prepared to work to complete due diligence and negotiations within 30 days, WBA would require, in lieu of an exclusive negotiations agreement, as a condition to continuing discussions, that Rite Aid enter into a notification agreement, which we refer to as the Notification Agreement, requiring Rite Aid to advise WBA of any alternative acquisition and other alternative transaction proposals or discussions concerning such a transaction that it engaged in, initiated or received during the term of the Notification Agreement. A representative of Rite Aid management responded that Rite Aid management would need to discuss the concept of such a Notification Agreement with the Board of Directors and informed WBA that their respective counsel would need to discuss as well.

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On August 7, 2015, Simpson Thacher provided Skadden with a draft of the Notification Agreement, and Skadden and Simpson Thacher discussed the draft agreement.

On August 8, 2015, members of WBA management called members of Rite Aid management to advise Rite Aid again that WBA would not pursue further discussions with Rite Aid unless Rite Aid entered into the Notification Agreement. Members of Rite Aid management responded that the Board of Directors would consider the Notification Agreement at its meeting scheduled for August 11, 2015.

Also on August 8, 2015, consistent with the direction provided by the Board of Directors, a representative of Citi contacted a representative of Party I to inquire if Party I might have interest in a potential acquisition of or business combination transaction with Rite Aid. The representative of Party I responded that Party I would provide a response regarding whether Party I might have any interest in such a transaction within the following few days.

On August 10, 2015, at the direction of the Board of Directors, a representative of Citi contacted a representative of Party A to inquire if Party A had interest in a potential acquisition of or business combination with Rite Aid. The Party A representative responded that Party A was likely not interested in such a transaction with Rite Aid and would confirm that position with other members of Party A management.

Also on August 10, 2015, Party D orally communicated to Citi a revised preliminary, non-binding indication of interest regarding a possible business combination with Rite Aid. The terms included, among others, a revised proposal by Party D on the pro forma ownership of the combined company by Rite Aid stockholders, and did not include an implied value for Rite Aid or its shares.

On August 11, 2015, the Board of Directors held a special telephonic meeting, at which members of Rite Aid management and representatives of Citi and Skadden were present. At this meeting, the Board of Directors was updated on the status of discussions with WBA, Party A, Party D, Party G and Party I, the strategic, business and potential value creation rationales for potential transactions with Party D and WBA (the only two parties with which Rite Aid was actively involved in discussions at such time) and potential legal, fiduciary and regulatory issues with respect to the potential transactions with Party D and WBA, including potential fiduciary issues relating to whether Rite Aid should enter the Notification Agreement with WBA in light of Rite Aid's discussions with Party D and other parties about potential acquisition and business combination transactions. Citi discussed certain financial matters, including the revised terms of each of the potential transactions with Party D and WBA, and also provided an update on discussions with two other potential transaction partners, Party A and Party I. The Citi representatives and Mr. Standley noted that Party A had communicated that it would likely have no interest and would confirm its position, that Rite Aid was still awaiting Party I's response and that Mr. Standley was scheduled to speak with the Chief Executive Officer of Party G the next day. The Board of Directors, Rite Aid management and advisors discussed considerations relating to the proposed Notification Agreement in the context of a potential sale of Rite Aid to various potential acquirors or other counterparties to a business combination transaction, a comparison of key transaction terms, benefits and transaction consummation and other risks, certain regulatory and governance considerations relating to the proposed transactions, the potential pro forma impact of a transaction with WBA or Party D, and the difficulties in seeking to pursue both transactions at the same time. After further discussion, the Board of Directors determined that, based on discussions then to date, an all or primarily in cash offer from WBA to acquire Rite Aid at an acceptable price together with a commitment from WBA to divest up to 1,000 Rite Aid or WBA stores if required to obtain antitrust approvals and subject to satisfactory resolution of other terms would represent a more attractive transaction for Rite Aid stockholders than Party D's then-current oral proposal. The Board of Directors believed, given the preliminary and verbal nature of Party D's then-current proposal, and with a number of threshold issues remaining unresolved, Party D's then-current proposal had greater uncertainty with respect to closing than WBA's proposal and offered Rite Aid stockholders a likely

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lower value than a \$10.00 per share price all or primarily in cash from WBA given, among other things, the uncertainty in estimating the pro forma implied value for Rite Aid stockholders of Party D's then-current proposal due to the fact that, among other things, (1) the dilutive impact of Party D's proposed equity issuance remained unknown, (2) the valuation of the combined company and value of Rite Aid stockholders' proposed pro forma ownership in the combined company depended on the value of Party D's business, which was not a publicly traded business, and (3) there were long-term business and execution risks associated with the proposed business combination with Party D. The Board of Directors instructed Rite Aid management to negotiate the remaining threshold terms with WBA as discussed, including seeking a purchase price in the range of \$10.00 to \$10.25 per share and a commitment from WBA to divest up to 1,000 Rite Aid or WBA stores if required to obtain antitrust approvals, before responding to Party D's proposal. The Board of Directors also instructed Rite Aid management to await the outcome of Rite Aid's communications with other potential acquirors, Party A, Party G and Party I, and if no such other party indicated interest in pursuing a transaction with Rite Aid, to negotiate the terms of the Notification Agreement with WBA, as reviewed with the Board of Directors.

Following the board meeting, Mr. Standley called the Chief Executive Officer of Party G to determine whether Party G might have any interest in a potential acquisition of or business combination with Rite Aid. The Chief Executive Officer of Party G responded that he would discuss this with Party G's lead director and then advise Mr. Standley of Party G's position.