

RITE AID CORP
Form DEF 14A
May 15, 2015

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

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

(Name of Registrant as Specified In Its Charter)

(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:
 - (2) Aggregate number of securities to which transaction applies:
 - (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):

Edgar Filing: RITE AID CORP - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o 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:

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

(3) Filing Party:

(4) Date Filed:

Table of Contents

RITE AID CORPORATION

P.O. BOX 3165

HARRISBURG, PENNSYLVANIA 17105

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 25, 2015

To Our Stockholders:

What: Our 2015 Annual Meeting of Stockholders

When: June 25, 2015 at 8:00 a.m., local time

Where: Clarion Hotel

148 Sheraton Drive

New Cumberland, PA 17070

Why: At this Annual Meeting, stockholders will be asked to:

1. Elect nine directors to hold office until the 2016 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified;
2. Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm;
3. Approve, on an advisory basis, the compensation of our named executive officers as presented in the proxy statement;
4. Consider and vote on stockholder proposals, if properly presented at the Annual Meeting; and
5. Transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

The close of business on May 1, 2015 has been fixed as the record date for determining those Rite Aid stockholders entitled to vote at the Annual Meeting. Accordingly, only stockholders of record at the close of business on that date will receive this notice of, and be eligible to vote at, the Annual Meeting and any adjournment or postponement of the Annual Meeting. The above items of business for the Annual Meeting are more fully described in the proxy statement accompanying this notice.

Your vote is important. Please read the proxy statement and the instructions on the enclosed proxy card and then, whether or not you plan to attend the Annual Meeting in person, and no matter how many shares you own, please submit your proxy promptly by telephone or via the Internet in accordance with the instructions on the enclosed proxy card, or by completing, dating and returning your proxy card in the envelope provided. This will not prevent you from voting in person at the Annual Meeting. It will, however, help to assure a quorum and to avoid added proxy solicitation costs.

You may revoke your proxy at any time before the vote is taken by delivering to the Secretary of Rite Aid a written revocation or a proxy with a later date (including a proxy by telephone or via the Internet) or by voting your shares in person at the Annual Meeting, in which case your prior proxy would be disregarded.

By order of the Board of Directors

Edgar Filing: RITE AID CORP - Form DEF 14A

Marc A. Strassler
Secretary
Camp Hill, Pennsylvania
May 15, 2015

Table of Contents

TABLE OF CONTENTS

	Page
<u>Questions and Answers About the Annual Meeting</u>	1
<u>Proposal No. 1 Election of Directors</u>	7
<u>Board of Directors</u>	7
<u>Director Compensation Table for Fiscal Year 2015</u>	20
<u>Proposal No. 2 Ratification of the Appointment of Independent Registered Public Accounting Firm</u>	22
<u>Proposal No. 3 Advisory Vote on the Compensation of Our Named Executive Officers</u>	23
<u>Proposal No. 4 Stockholder Proposal Accelerated Vesting of Performance Awards</u>	25
<u>Proposal No. 5 Stockholder Proposal Proxy Access</u>	28
<u>Executive Officers</u>	31
<u>Executive Compensation</u>	33
<u>Compensation Discussion and Analysis</u>	33
<u>Compensation Committee Report</u>	47
<u>Summary Compensation Table</u>	48
<u>Grants of Plan-Based Awards Table for Fiscal Year 2015</u>	50
<u>Executive Employment Agreements</u>	51
<u>Outstanding Equity Awards at Fiscal Year 2015 Year-End</u>	53
<u>Options Exercises and Stock Vested Table for Fiscal Year 2015</u>	54
<u>Nonqualified Deferred Compensation for Fiscal Year 2015</u>	54
<u>Potential Payments Upon Termination or Change in Control</u>	54
<u>Audit Committee Report</u>	60
<u>Equity Compensation Plan Information</u>	62
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	63
<u>Security Ownership of Certain Beneficial Owners and Management</u>	64
<u>Certain Relationships and Related Transactions</u>	65
<u>Compensation Committee Interlocks and Insider Participation</u>	66
<u>Stockholder Proposals for the 2016 Annual Meeting of Stockholders</u>	66
<u>Incorporation by Reference</u>	67
<u>Other Matters</u>	67
<u>Important Notice Regarding Delivery of Stockholder Documents</u>	68
<u>Annual Report</u>	68

Table of Contents

RITE AID CORPORATION

**P.O. BOX 3165
HARRISBURG, PENNSYLVANIA 17105**

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 25, 2015

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 25, 2015:

**The proxy statement and annual report, as well as the Company's proxy card, are available at
www.proxyvote.com.**

This proxy statement is being furnished to you by the Board of Directors (the "Board" or "Board of Directors") of Rite Aid Corporation (the "Company" or "Rite Aid") to solicit your proxy to vote your shares at our 2015 Annual Meeting of Stockholders (the "Annual Meeting"). The Annual Meeting will be held on June 25, 2015 at 8:00 a.m., local time, at the Clarion Hotel, 148 Sheraton Drive, New Cumberland, PA 17070. This proxy statement, the foregoing notice and the accompanying proxy card are first being mailed and made available on or about May 15, 2015 to all holders of our common stock, par value \$1.00 per share, entitled to vote at the Annual Meeting. At Rite Aid and in this proxy statement, we refer to our employees as associates.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Who is entitled to vote at the Annual Meeting?

Holders of Rite Aid common stock as of the close of business on the record date, May 1, 2015, will receive notice of, and be eligible to vote at, the Annual Meeting and any adjournment or postponement of the Annual Meeting. At the close of business on the record date, Rite Aid had outstanding and entitled to vote 988,837,450 shares of common stock. No other shares of Rite Aid capital stock are entitled to notice of and to vote at the Annual Meeting.

What matters will be voted on at the Annual Meeting?

There are five proposals that are scheduled to be considered and voted on at the Annual Meeting:

Edgar Filing: RITE AID CORP - Form DEF 14A

Proposal No. 1: Elect nine directors to hold office until the 2016 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified;

Proposal No. 2: Ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm;

Proposal No. 3: Conduct an advisory vote to approve the compensation of our named executive officers as presented in this proxy statement;

Proposal No. 4: Consider a stockholder proposal relating to accelerated vesting of performance awards; and

Proposal No. 5: Consider a stockholder proposal relating to proxy access.

Table of Contents

Stockholders also will be asked to consider and vote at the Annual Meeting on any other matter that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting. At this time, the Board of Directors is unaware of any matters, other than those set forth above and the possible submission of the Krol Proposals, as described in the section entitled "Other Matters," that may properly come before the Annual Meeting.

What are the Board's voting recommendations?

The Board recommends that you vote "FOR" the nominees of the Board in the election of directors, "FOR" the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm, "FOR" the approval, on an advisory basis, of the compensation of our named executive officers as presented in this proxy statement and "AGAINST" each of the stockholder proposals.

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

If your shares are registered directly in your name with our transfer agent, Broadridge Financial Solutions, Inc., you are considered the "stockholder of record" with respect to those shares.

If your shares are held in a stock brokerage account or by a bank or other nominee, those shares are held in "street name" and you are considered the "beneficial owner" of the shares. As the beneficial owner of those shares, you have the right to direct your broker, bank or nominee how to vote your shares, and you will receive separate instructions from your broker, bank or other holder of record describing how to vote your shares.

How can I vote my shares before the Annual Meeting?

If you hold your shares in your own name, you may submit a proxy by telephone, via the Internet or by mail.

Submitting a Proxy by Telephone: You can submit a proxy for your shares by telephone until 11:59 p.m. Eastern Daylight Time on June 24, 2015, by calling the toll-free telephone number on the enclosed proxy card, 1-800-690-6903. Telephone proxy submission is available 24 hours a day. Easy-to-follow voice prompts allow you to submit a proxy for your shares and confirm that your instructions have been properly recorded. Our telephone proxy submission procedures are designed to authenticate stockholders by using individual control numbers.

Submitting a Proxy via the Internet: You can submit a proxy for your shares via the Internet until 11:59 p.m. Eastern Daylight Time on June 24, 2015, by accessing the website listed on the enclosed proxy card, www.proxyvote.com, and following the instructions you will find on the website. Internet proxy submission is available 24 hours a day. As with telephone proxy submission, you will be given the opportunity to confirm that your instructions have been properly recorded.

Submitting a Proxy by Mail: If you choose to submit a proxy for your shares by mail, simply mark the enclosed proxy card, date and sign it, and return it in the postage paid envelope provided.

By casting your vote in any of the three ways listed above, you are authorizing the individuals listed on the proxy to vote your shares in accordance with your instructions. You may also attend the Annual Meeting and vote in person.

If your shares are held in the name of a bank, broker or other nominee, you will receive instructions from the holder of record that you must follow for your shares to be voted. The availability of telephonic or Internet voting will depend on the bank's or broker's voting process. Please check with your bank or broker and follow the voting procedures your bank or broker provides to vote your

Table of Contents

shares. Also, please note that if the holder of record of your shares is a bank, broker or other nominee and you wish to vote in person at the Annual Meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy and proof of identification at the Annual Meeting; otherwise, you will not be able to vote in person at the Annual Meeting.

If I am the beneficial owner of shares held in "street name" by my broker, will my broker automatically vote my shares for me?

New York Stock Exchange ("NYSE") rules applicable to brokers grant your broker discretionary authority to vote your shares without receiving your instructions on certain matters. Your broker has discretionary voting authority under NYSE rules to vote your shares on the ratification of Deloitte & Touche LLP as our independent registered public accounting firm. However, unless you provide voting instructions to your broker, your broker does not have discretionary authority to vote on the election of directors, the advisory vote on the compensation of our named executive officers and the vote on each of the stockholder proposals. **Accordingly, it is particularly important that beneficial owners instruct their brokers how they wish to vote their shares.**

How will my shares be voted if I give my proxy but do not specify how my shares should be voted?

If you provide specific voting instructions, your shares will be voted at the Annual Meeting in accordance with your instructions. If you hold shares in your name and sign and return a proxy card without giving specific voting instructions, your shares will be voted "FOR" the nominees of the Board in the election of directors, "FOR" the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm, "FOR" the approval, on an advisory basis, of the compensation of our named executive officers and "AGAINST" each of the stockholder proposals.

Could other matters be decided at the Annual Meeting?

At this time, we are unaware of any matters, other than as set forth above and the possible submission of the Krol Proposals, as described in the section entitled "Other Matters," that may properly come before the Annual Meeting. If any other matters properly come before the Annual Meeting, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Annual Meeting or any adjournment or postponement of the Annual Meeting, will be deemed authorized to vote or otherwise act on such matters in accordance with their judgment.

Who may attend the Annual Meeting?

All stockholders are invited to attend the Annual Meeting. Persons who are not stockholders may attend only if invited by the Board of Directors. If you are the beneficial owner of shares held in the name of your broker, bank or other nominee, you must bring proof of ownership (e.g., a current broker's statement) in order to be admitted to the meeting. You can obtain directions to the Annual Meeting by contacting our Investor Relations Department at (717) 975-3710.

Can I vote in person at the Annual Meeting?

Yes. If you hold shares in your own name as a stockholder of record, you may come to the Annual Meeting and cast your vote at the meeting by properly completing and submitting a ballot. **If you are the beneficial owner of shares held in the name of your broker, bank or other nominee, you must first obtain a legal proxy from your broker, bank or other nominee giving you the right to vote those shares and submit that proxy along with a properly completed ballot at the meeting; otherwise, you will not be able to vote in person at the Annual Meeting.**

Table of Contents

How can I change my vote?

You may revoke your proxy at any time before it is exercised by:

Delivering to the Secretary a written notice of revocation, dated later than the proxy, before the vote is taken at the Annual Meeting;

Delivering to the Secretary an executed proxy bearing a later date, before the vote is taken at the Annual Meeting;

Submitting a proxy on a later date by telephone or via the Internet (only your last telephone or Internet proxy will be counted), before 11:59 p.m. Eastern Daylight Time on June 24, 2015; or

Attending the Annual Meeting and voting in person (your attendance at the Annual Meeting, in and of itself, will not revoke the proxy).

Any written notice of revocation, or later dated proxy, should be delivered to:

Rite Aid Corporation
30 Hunter Lane
Camp Hill, Pennsylvania 17011
Attention: Marc A. Strassler, Secretary

Alternatively, you may hand deliver a written revocation notice, or a later dated proxy, to the Secretary at the Annual Meeting before we begin voting.

If your shares of Rite Aid common stock are held by a bank, broker or other nominee, you must follow the instructions provided by the bank, broker or other nominee if you wish to change your vote.

What is an "abstention" and how would it affect the vote?

An "abstention" occurs when a stockholder sends in a proxy with explicit instructions to decline to vote regarding a particular matter. Abstentions are counted as present for purposes of determining a quorum. An abstention with respect to the election of directors is neither a vote cast "for" a nominee nor a vote cast "against" the nominee and, therefore, will have no effect on the outcome of the vote. Abstentions with respect to the ratification of Deloitte & Touche LLP as our independent registered public accounting firm, the advisory vote on compensation of our named executive officers and the vote on each of the stockholder proposals will have the same effect as voting "against" the proposal.

What is a broker "non-vote" and how would it affect the vote?

A broker non-vote occurs when a broker or other nominee who holds shares for the beneficial owner is unable to vote those shares for the beneficial owner because the broker or other nominee does not have discretionary voting power for the proposal and has not received voting instructions from the beneficial owner of the shares. Brokers will have discretionary voting power to vote shares for which no voting instructions have been provided by the beneficial owner only with respect to the ratification of Deloitte & Touche LLP as our independent registered public accounting firm. Brokers will not have such discretionary voting power to vote shares with respect to the election of directors, the advisory vote on the compensation of our named executive officers and the vote on each of the stockholder proposals. Shares that are the subject of a broker non-vote are included for quorum purposes, but a broker non-vote with respect to a proposal will not be counted as a vote cast and will not be counted as a vote represented at the meeting and entitled to vote and, consequently, will have no effect on the outcome of the vote. Accordingly, it is particularly important that beneficial owners of Rite Aid shares instruct their brokers how to vote their shares.

Table of Contents

What are the quorum and voting requirements for the proposals?

In deciding the proposals that are scheduled for a vote at the Annual Meeting, each holder of common stock as of the record date is entitled to one vote per share of common stock. In order to take action on the proposals, a quorum, consisting of the holders of 494,418,726 shares (a majority of the aggregate number of shares of Rite Aid common stock) issued and outstanding and entitled to vote as of the record date for the Annual Meeting, must be present in person or by proxy. This is referred to as a "quorum." Proxies marked "Abstain" and broker non-votes will be treated as shares that are present for purposes of determining the presence of a quorum.

Proposal No. 1 Election of Directors

The affirmative vote of a majority of the total number of votes cast is required for the election of each director nominee named in Proposal No. 1. This means that the votes cast "for" that nominee must exceed the votes cast "against" that nominee. Any shares not voted (whether by abstention, broker non-vote or otherwise) will not be counted as votes cast and will have no effect on the outcome of the vote. For more information on the operation of our majority voting standard, see the section entitled "Board of Directors Corporate Governance Majority Voting Standard and Policy."

Proposal No. 2 Ratification of Independent Registered Public Accounting Firm

The affirmative vote of a majority of the shares represented at the meeting and entitled to vote is required for the ratification of Deloitte & Touche LLP as our independent registered public accounting firm in Proposal No. 2. Any shares represented and entitled to vote at the meeting and not voted (whether by abstention or otherwise) will have the same effect as a vote "against" the proposal.

Proposal No. 3 Advisory Vote on Compensation of Named Executive Officers

The affirmative vote of a majority of the shares represented at the meeting and entitled to vote is required for the approval of the advisory vote on the compensation of our named executive officers in Proposal No. 3. Any shares represented and entitled to vote at the meeting and not voted (whether by abstention or otherwise) will have the same effect as a vote "against" the proposal. Any broker non-votes with respect to the advisory vote on the compensation of our named executive officers will not be counted as shares represented at the meeting and entitled to vote and, consequently, will have no effect on the outcome of the vote.

Proposal No. 4 Stockholder Proposal Accelerated Vesting of Performance Awards

The affirmative vote of a majority of the shares represented at the meeting and entitled to vote is required for the approval of the stockholder proposal in Proposal No. 4. Any shares represented and entitled to vote at the meeting and not voted (whether by abstention or otherwise) will have the same effect as a vote "against" the proposal. Any broker non-votes with respect to the stockholder proposal will not be counted as shares represented at the meeting and entitled to vote and, consequently, will have no effect on the outcome of the vote.

Proposal No. 5 Stockholder Proposal Proxy Access

The affirmative vote of a majority of the shares represented at the meeting and entitled to vote is required for the approval of the stockholder proposal in Proposal No. 5. Any shares represented and entitled to vote at the meeting and not voted (whether by abstention or otherwise) will have the same effect as a vote "against" the proposal. Any broker non-votes with respect to the stockholder proposal will not be counted as shares represented at the meeting and entitled to vote and, consequently, will have no effect on the outcome of the vote.

Table of Contents

What happens if a quorum is not present at the Annual Meeting?

If the shares present in person or represented by proxy at the Annual Meeting are not sufficient to constitute a quorum, the stockholders by a vote of the holders of a majority of votes present in person or represented by proxy (which may be voted by the proxyholders) may, without further notice to any stockholder (unless a new record date is set), adjourn the meeting to a different time and place to permit further solicitations of proxies sufficient to constitute a quorum.

Who will count the votes?

Representatives of Broadridge Financial Solutions, Inc. will tabulate the votes and act as inspectors of election.

Who will conduct the proxy solicitation and how much will it cost?

We are soliciting proxies from stockholders on behalf of our Board and will pay for all costs incurred by it in connection with the solicitation. In addition to solicitation by mail, the directors, officers and associates of Rite Aid and its subsidiaries may solicit proxies from stockholders of Rite Aid in person or by telephone, facsimile or email without additional compensation other than reimbursement for their actual expenses.

We have retained Innisfree M&A Incorporated ("Innisfree"), a proxy solicitation firm, to assist us in the solicitation of proxies for the Annual Meeting. Rite Aid will pay Innisfree a fee of approximately \$12,000 and reimburse the firm for approximately \$2,000 of reasonable out-of-pocket expenses.

Arrangements also will be made with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such persons, and we will reimburse such custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses in connection with the forwarding of solicitation materials to the beneficial owners of our stock.

Why did I receive a "Notice of Internet Availability of Proxy Materials" but no proxy materials?

We distribute our proxy materials to certain stockholders via the Internet under the "Notice and Access" approach permitted by the rules of the U.S. Securities and Exchange Commission (the "SEC"). This approach expedites stockholders' receipt of proxy materials while conserving natural resources and reducing our distribution costs. On May 15, 2015, we mailed a Notice of Internet Availability of Proxy Materials containing instructions on how to access the proxy materials on the Internet to participating stockholders.

If you have any questions about voting your shares or attending the Annual Meeting, please call our Investor Relations Department at (717) 975-3710.

Table of Contents

PROPOSAL NO. 1

ELECTION OF DIRECTORS

General

Our By-Laws provide that the Board of Directors may be composed of up to 15 members, with the number to be fixed from time to time by the Board. The Board has fixed the number of directors at nine, effective as of the date of the Annual Meeting, and there are nine nominees for director at our Annual Meeting.

Director Nominees

The Board of Directors, based on the recommendation of the Nominating and Governance Committee, has nominated Joseph B. Anderson, Jr., Bruce G. Bodaken, David R. Jessick, Kevin E. Lofton, Myrtle S. Potter, Michael N. Regan, Frank A. Savage, John T. Standley and Marcy Syms to be elected directors at the Annual Meeting. Other than Mr. Savage, each of the nominees for director to be elected at the Annual Meeting currently serves as a director of the Company. In selecting Mr. Anderson as a nominee, the Board voted to waive the requirement that a nominee has not yet reached the age of 72 because of Mr. Anderson's extensive knowledge and experience, his valuable contributions as a Board member and his leadership as Chair of the Nominating and Governance Committee.

Each director elected at the Annual Meeting will hold office until the 2016 Annual Meeting of Stockholders. Each director elected at the Annual Meeting will serve until his or her successor is duly elected and qualified.

If any nominee at the time of election is unable or unwilling to serve or is otherwise unavailable for election, and as a consequence thereof other nominees are designated, then the persons named in the proxy or their substitutes will have the discretion and authority to vote or to refrain from voting for other nominees in accordance with their judgment.

RECOMMENDATION

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR"
THE ELECTION OF EACH OF THE NOMINEES LISTED ABOVE.**

BOARD OF DIRECTORS

The following table sets forth certain information with respect to our director nominees as of May 1, 2015. If elected, each of the following person's terms will expire at the 2016 Annual Meeting of Stockholders.

Name	Age	Position with Rite Aid	Year First Became Director
John T. Standley	52	Chairman and Chief Executive Officer	2009
Joseph B. Anderson, Jr.	72	Director	2005
Bruce G. Bodaken	63	Director	2013
David R. Jessick	61	Director	2009
Kevin E. Lofton	60	Director	2013
Myrtle S. Potter	56	Director	2013
Michael N. Regan	67	Director	2007
Frank A. Savage	67	Director	
Marcy Syms	64	Director	2005

Table of Contents

Board Composition

The Board is committed to ensuring that it is composed of a highly capable and diverse group of directors who are well-equipped to oversee the success of the business and effectively represent the interests of stockholders. In addition, the Board believes that having directors with a mix of tenures on the Board helps transition the knowledge of the more experienced directors while providing a broad, fresh set of perspectives and a Board with a diversity of experiences and viewpoints.

Director Tenure*

Board Gender Diversity*

Board Racial Diversity*

*

The compositions depicted include calculations based on the assumption that Mr. Savage is elected to the Board at the Annual Meeting.

In assessing Board composition and selecting and recruiting director candidates, the Board seeks to maintain an engaged, independent Board with broad experience and judgment that is committed to representing the long-term interests of our stockholders. The Nominating and Governance Committee considers a wide range of factors, including the size of the Board, the experience and expertise of existing Board members, other positions the director candidate has held or holds (including other board memberships), and the candidate's independence. In addition, the Nominating and Governance Committee takes into account a candidate's ability to contribute to the diversity of background and experience represented on the Board, and it reviews its effectiveness in balancing these considerations when assessing the composition of the Board.

Prior to the Annual Meeting, the Nominating and Governance Committee sought to recruit an additional Board member whose qualifications align with the Company's long-term growth strategy. After considering a number of candidates and comprehensively reviewing these candidates' abilities and qualifications, the Nominating and Governance Committee recommended Mr. Savage for election to the Board. Mr. Savage brings to the Board extensive experience in senior management and in-depth financial and banking knowledge and experience.

Table of Contents

The chart below summarizes the qualifications, attributes, and skills for each of our director nominees. The fact that we do not list a particular experience or qualification for a director nominee does not mean that nominee does not possess that particular experience or qualification.

Skills and Experience	Standley	Anderson	Bodaken	Jessick	Lofton	Potter	Regan	Savage	Syms
Current/Former CEO	X	X	X		X				X
Management/Business Operations	X	X	X	X	X	X	X	X	X
Retail Industry	X			X					X
Healthcare Industry			X		X	X			
Finance/Accounting	X	X		X			X	X	
Board/Corporate Governance	X	X	X	X	X	X	X	X	X

Director Biographies

Following are the biographies for our director nominees, including information concerning the particular experience, qualifications, attributes or skills that led the Nominating and Governance Committee and the Board to conclude that such person should serve on the Board:

John T. Standley. Mr. Standley, Chairman and Chief Executive Officer, has been Chairman of the Board since June 21, 2012, Chief Executive Officer since June 2010 and was President from September 2008 until June 2013. Mr. Standley served as the Chief Operating Officer from September 2008 until June 2010. He also served as a consultant to Rite Aid from July 2008 to September 2008. From August 2005 through December 2007, Mr. Standley served as Chief Executive Officer and was a member of the Board of Directors of Pathmark Stores, Inc. From June 2002 to August 2005, he served as Senior Executive Vice President and Chief Administrative Officer of Rite Aid and, in addition, in January 2004 was appointed Chief Financial Officer of Rite Aid. He had served as Senior Executive Vice President and Chief Financial Officer of Rite Aid from September 2000 to June 2002 and had served as Executive Vice President and Chief Financial Officer of Rite Aid from December 1999 until September 2000. Mr. Standley is a member of the National Association of Chain Drug Stores' Board of Directors and also serves on the SUPERVALU INC. Board of Directors.

As the Company's Chief Executive Officer, with more than 20 years of retail, financial and executive experience, Mr. Standley brings to the Board an in-depth understanding of all aspects of the Company, including its customers, operations and key business drivers. In addition, his experience serving as a chief financial officer of a number of companies, including the Company, provides the Board with additional insights into financial and accounting matters relevant to the Company's operations.

Joseph B. Anderson, Jr. Mr. Anderson has been the Chairman of the Board and Chief Executive Officer of TAG Holdings, LLC, a manufacturing, service and technology business, since January 2002. Mr. Anderson was Chairman of the Board and Chief Executive Officer of Chivas Industries, LLC from 1994 to 2002. Mr. Anderson also serves as a director of Quaker Chemical Corporation and Meritor, Inc. Mr. Anderson previously served as a director of NV Energy Inc. until December 2013 and Valassis Communications, Inc. until February 2014.

Mr. Anderson has a broad base of experience, including 19 years of chief executive officer experience at manufacturing, service and technology companies. From this experience, Mr. Anderson brings an array of skills, including in the areas of strategic, business and financial planning and corporate development. In addition, his service on the boards of directors of a number of publicly-traded companies provides the Board with insights into how boards at other companies have addressed issues similar to those faced by the Company.

Table of Contents

Bruce G. Bodaken. From 2000 through December 2012, Mr. Bodaken served as Chairman and Chief Executive Officer of Blue Shield of California. Mr. Bodaken also previously served as President and Chief Operating Officer of Blue Shield of California from 1995 to 2000 and Executive Vice President and Chief Operating Officer from 1994 to 1995. Prior to joining Blue Shield of California, Mr. Bodaken served as Senior Vice President and Associate Chief Operating Officer of F.H.P., Inc., a managed care provider, from 1990 to 1994 and held various positions at F.H.P. from 1980 to 1990, including Regional Vice President. Mr. Bodaken is currently a director and a member of the audit committee of WageWorks, Inc. and a director and member of the compensation and nominating and governance committees of AltheaDx, Inc. He is also a member of the Institute of Medicine's Roundtable on Value and Science-Driven Health Care and has a Visiting Scholar appointment at the Brookings Institution.

Mr. Bodaken brings to the Board an in-depth knowledge of the health insurance and managed care industries and more than 20 years of executive leadership skills.

David R. Jessick. Self-employed since 2005, Mr. Jessick served as a consultant to Rite Aid's Chief Executive Officer and senior financial staff from July 2002 until February 2005 and was Senior Executive Vice President, Chief Administrative Officer of Rite Aid from December 1999 to July 2002. From July 1998 to June 1999, Mr. Jessick was Executive Vice President, Finance and Investor Relations of Fred Meyer, Inc., and from February 1997 to July 1998, Mr. Jessick was Chief Financial Officer of Fred Meyer, Inc. From 1979 to 1996, he held various financial positions including Executive Vice President and Chief Financial Officer at Thrifty Payless Holdings, Inc. Mr. Jessick began his career as a Certified Public Accountant for Peat, Marwick, Mitchell & Co. Mr. Jessick is currently a director and audit committee chairman of Big 5 Sporting Goods Corporation. In addition, he previously served as a director of DFC Global Corp. from 2005 to 2014.

Mr. Jessick brings over 33 years of retail, executive and financial experience to the Board. His familiarity with our business and his experience as a chief financial officer provide useful insights into operational and financial matters relevant to the Company's business. In addition, his service on other boards of directors enables Mr. Jessick to share insights with the Board regarding corporate governance best practices.

Kevin E. Lofton. Mr. Lofton has served as the Chief Executive Officer of Catholic Health Initiatives ("CHI"), a healthcare system operating the full continuum of services from hospitals to home health agencies nationwide since 2003 and as President and CEO of CHI from 2003 through January 2014. Mr. Lofton previously served as Chief Executive Officer of the University of Alabama at Birmingham Hospital and Howard University Hospital in Washington, D.C. Mr. Lofton is also a director and member of the audit and compensation committees of Gilead Sciences, Inc.

Mr. Lofton brings to the Board an in-depth knowledge and understanding of the healthcare industry and valuable executive leadership skills from senior management and leadership roles in healthcare systems and hospitals.

Myrtle S. Potter. Ms. Potter has served since 2005 as the Chief Executive Officer of Myrtle Potter & Company, LLC, a private consulting firm she founded, and from 2009 to 2014 as the Chief Executive Officer of Myrtle Potter Media, Inc., a consumer healthcare content company she founded. Ms. Potter previously served at Genentech, Inc., as President of Commercial Operations from 2004 to 2005 and as Executive Vice President, Commercial Operations and Chief Operating Officer from 2000 to 2004. From 1998 to 2000 Ms. Potter served as President of Bristol-Myers Squibb, Inc.'s Cardiovascular Metabolic U.S. operations. Ms. Potter serves as a director of Liberty Mutual Holding Company, Inc., Insmad, Inc., Everyday Health, Inc. and Proteus Digital Health, Inc. and as a trustee of The University of Chicago. Ms. Potter served on the board of Medco Health Solutions, Inc. from

Table of Contents

December 2007 until its acquisition by Express Scripts, Inc. in April 2012. She continued on the board at Express Scripts until June 2012.

Ms. Potter brings to the Board extensive experience in executive management and leadership roles in the healthcare industry. She also brings valuable experience as a consultant to global life science, biopharmaceutical and biotechnical companies regarding corporate strategy, customer engagement, commercialization, product development and as a former board member of two leading pharmacy benefits management companies.

Michael N. Regan. Since August 2014, Mr. Regan has served as Executive Vice President and Chief Financial Officer of Outrigger Enterprises Group, a privately held hospitality company. Prior to that, Mr. Regan served as the Hold Separate Manager on behalf of the Federal Trade Commission, operating the Lumiere Place Casino and Hotel in St. Louis, Missouri from August 2013 through its sale in spring 2014 and prior to that as Chief Financial Officer of Indianapolis Downs LLC, a casino and horse track complex located near Indianapolis, Indiana during its bankruptcy from January 2012 through its sale in February 2013. From May 2007 through December 2011, Mr. Regan was a self-employed private equity investor. Prior thereto, Mr. Regan served as Chief Financial Officer of The St. Joe Company, a major real estate development company based in Florida, from November 2006 to May 2007. From 1997 to November 2006, he served as Senior Vice President, Finance and held various other positions with The St. Joe Company and was a member of the senior management team. Prior to joining The St. Joe Company, he served in various financial management functions at Harrah's Entertainment from 1980 through 1997, including as Vice President and controller from 1991 to 1997.

Mr. Regan's over 30 years of experience, including serving as a chief financial officer and as a senior vice president of finance, provides the Board with additional perspectives on financial, operational and strategic planning, and real estate matters relevant to the Company.

Frank A. Savage. Mr. Savage has been a senior advisor to investment banking firm Lazard Ltd. ("Lazard") since January 1, 2014 and served as Vice Chairman of U.S. Investment Banking at Lazard from 2009 to December 31, 2013. He was the Co-Head of Lazard's Restructuring Group from June 1999 to December 31, 2013 and also served on Lazard's Deputy Chairman Committee from 2006 to December 2013. Prior to joining Lazard, Mr. Savage served as Co-Head of the Restructuring Practice at investment banking firm BT Alex. Brown Inc. and before that was the Head of the Restructuring Group at investment bank UBS AG. Mr. Savage is currently a director and member of the Corporate Governance and Nominating Committee of SUPERVALU INC.

Mr. Savage brings to the Board extensive financial and investment banking experience.

Marcy Syms. Ms. Syms served as a director of Syms Corp., a chain of retail clothing stores, from 1983, when she was named President and COO, until 2012. Ms. Syms became CEO of Syms Corp. in 1998 and was named Chair in 2010. In November 2011, Syms Corp. and its subsidiaries filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code and ceased all retail operations. Ms. Syms is also a founding member of the Board of Directors of the Syms School of Business at Yeshiva University. Currently, Ms. Syms serves as President of the Sy Syms Foundation and Founder and President of the TPD Group LLC, a multi-generational succession planning company.

Ms. Syms brings to the Board over 18 years of experience as a chief executive officer of a chain of retail stores, including an array of skills in strategic planning, marketing and human resources matters similar to those faced by the Company.

Board Leadership

Mr. Standley serves as Chairman of the Board and Chief Executive Officer. Mr. Regan has served as our Lead Independent Director since 2011 and it is expected that he will continue in that role.