

**SUMMARY PLAN DESCRIPTION FOR  
THE RITE AID 401(k) PLAN**

**EFFECTIVE: JANUARY 1, 2015**

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**THE RITE AID 401(k) PLAN  
SUMMARY PLAN DESCRIPTION**

**ARTICLE I: INTRODUCTION**

This is the Summary Plan Description for The Rite Aid 401(k) Plan (the “Plan”). This Summary Plan Description summarizes the Plan as in effect on January 1, 2015 in non-technical language. However, this Summary Plan Description is not meant to interpret, extend, or change the provisions of the Plan in any way. The provisions of the Plan may only be determined accurately by reading the actual Plan document. In the event of any conflict between the terms of this Summary Plan Description and the terms of the Plan, the Plan will govern.

The Plan is designed to allow eligible employees of Rite Aid Corporation (Rite Aid), or a Rite Aid affiliate that adopts the Plan, to save and invest a portion of their earnings for retirement. Under the Plan you may elect to make contributions to the Plan from your pay and may receive employer matching contributions with respect to your elective contributions. The Plan offers a number of investment options.

If you have any questions regarding either the Plan or this Summary Plan Description, you should ask the Plan’s administrator (see II (C) below).

**ARTICLE II: GENERAL INFORMATION ABOUT YOUR PLAN**

There is certain general information which you may need to know about your Plan. This information has been summarized for you in this section.

**A. General Plan Information**

Plan Name: The Rite Aid 401(k) Plan (formerly known as the Rite Aid Employee Investment Opportunity Plan).

Plan Number: 025

Plan Year: The Plan’s records are maintained on a twelve-month period of time called the “**Plan Year.**” The Plan’s Plan Year begins on January 1st and ends on December 31st.

Type of Plan: The Plan is a defined contribution plan intended to qualify under Sections 401(a) and 401(k) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Effective as of January 1, 2002, the Plan was amended to function as a “safe-harbor” 401(k) plan as provided under the Internal Revenue Code.

## **B. Employer Information**

The name, address, and identification number of Rite Aid are:

Rite Aid Corporation  
30 Hunter Lane  
Camp Hill, PA 17011

IRS Employer Identification Number: 23-1614034

Affiliates of Rite Aid that have adopted the Plan for their employees are listed on Schedule 1 of this Summary.

## **C. Plan Administrator Information**

The name, address and business telephone number of your Plan's administrator are:

Employee Benefits Administration Committee (EBAC)  
Rite Aid Corporation  
30 Hunter Lane Camp Hill, PA 17011  
Telephone Number: (717) 761-2633

As the Plan's administrator, EBAC has the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Plan's administrator is conclusive and binding upon all persons. The Plan's administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in the manner and to the extent it deems necessary or advisable to carry out the purpose of the Plan.

## **D. Plan Trustee Information**

The name of your Plan's Trustee is:

Wilmington Trust, N.A.  
2800 North Central Avenue, Suite 900  
Phoenix, AZ 85004

The trustees will be collectively referred to as the "Trustee" throughout this Summary Plan Description. The Trustee has responsibility to hold the Plan's assets for the benefit of you and other Plan participants and to carry out participant investment directions as provided under the Plan.

## **E. Record Keeper and Funding Agent**

The Plan's administrator has engaged Aon Hewitt to perform record keeping and certain ministerial functions for the Plan.

The address for Aon Hewitt is:

Aon Hewitt  
4 Overlook Point  
P.O. Box 1430  
Lincolnshire, IL 60069-1430

Aon Hewitt can be reached by calling the Rite Aid Customer Service Center at (855) 594-6214.

#### **F. Service of Legal Process**

The name and address of your Plan's agent for service of legal process is:

Rite Aid Corporation  
30 Hunter Lane Camp Hill, PA 17011  
Attn: General Counsel

Service of legal process may also be made on the Plan's administrator or the Trustee.

### **ARTICLE III: PARTICIPATION IN YOUR PLAN**

Before you become a participant in the Plan, there are certain eligibility and participation rules which you must meet. These rules are explained in this section.

#### **A. Eligibility Requirements**

You are eligible to make contributions to the Plan if you are an eligible employee who has completed three full consecutive months of service and has attained age 21.

- In general, an “**eligible employee**” is any person who is actively employed by Rite Aid or a Rite Aid affiliate that adopts the Plan.
- Eligible employee also includes employees transferred to employment with Jean Coutu Group (PJC) USA, Inc. or one of its subsidiaries, provided the employee must have been an eligible employee under the Plan immediately prior to his transfer.
- Eligible employee also includes union employees who are represented by a collective bargaining agreement with the International Longshore and Warehouse Union, Local 26, and are employed at the Lancaster distribution center, who were eligible employees under the Plan prior to becoming covered by the bargaining agreement.
- Eligible employee also includes union employees who are represented by a collective bargaining agreement with the United Food & Commercial Workers Union, Local 21 (“Local 21 Employees”), who are employed in stores 4065, 6234, and 6455, and any Local 21 Employees

who are employed by a store that is first covered by the collective bargaining agreement on or after July 1, 2013.

However, to be eligible for Rite Aid matching contributions, you must be an eligible employee and must be at least age 21 and have completed one year of service.

- In general, a “**year of service**” means a twelve-consecutive month period during which you complete at least 1,000 hours of service. To meet the service requirement for eligibility, you must complete at least 1,000 hours of service in the twelve-consecutive month period that begins when you start employment with Rite Aid. If you do not complete at least 1,000 hours of service in this first twelve-consecutive month period, in order to meet the service requirement, you must complete at least 1,000 hours of service in a calendar year, starting with the first calendar year beginning after your first day of employment.
- In general, if you are a non-salaried employee, an “**hour of service**” means each hour for which you are paid or entitled to payment by Rite Aid for the performance of duties, and each hour for which you are paid for reasons other than performance of duties such as illness, vacation, holidays, leave of absence, and jury duty up to 501 hours per year, but not including hours for which you receive payment under a plan to comply with worker’s compensation, unemployment compensation or disability insurance laws, or reimbursement for medical expenses.
- If you are a salaried employee, in lieu of determining hours of service on the basis of the actual hours for which you are paid or entitled to payment described above, 45 hours of service are credited for each week in which you are paid or entitled to payment by Rite Aid for at least one hour of service.
- Hours of service are also credited for qualified military service as required under Internal Revenue Service (IRS) rules.

If you are an eligible employee and became employed by Rite Aid as a result of Rite Aid’s acquiring your former employer, a special rule may apply. In this case, you may be given credit for eligibility purposes under the Plan for certain service with your former employer as if you had been employed by Rite Aid during that time. You can obtain more information on how these special rules affect you by contacting the Plan’s administrator.

Certain individuals are excluded from participation in the Plan regardless of their service or age (see III(C) below).

Participation is not automatic. If you are eligible, you must enroll in the Plan to participate (see III (B) below).

## **B. Participation Requirements**

Once you have satisfied your Plan’s eligibility requirements, your next step will be to become a participant in the Plan.

You will be notified by Aon Hewitt that you are eligible and may start your contributions to the Plan and be given information on how to make a contribution election.

You may enroll in the Plan by calling the Rite Aid Customer Service Center at (855) 594-6214 or by accessing **Your Retirement Resources™** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid). You will become a participant in the Plan as soon as practicable after you complete the enrollment process.

If you leave Rite Aid after becoming a participant in the Plan, you will again be eligible to participate when you return to employment with Rite Aid as an eligible employee. However, your re-participation is not automatic. You must call Aon Hewitt's the Rite Aid Customer Service Center at (855) 594-6214 to re-enroll.

### **C. Excluded Individuals**

Certain individuals will not be eligible to participate in the Plan regardless of their service or age. Employees who are not eligible include: (1) employees who are represented by a collective bargaining agreement under which retirement benefits were the subject of good faith bargaining and which does not provide for their participation in the Plan; (2) employees of Rite Aid affiliates, unless the affiliate adopts the Plan; and (3) non-resident aliens with no earned income from U.S. sources. In addition, individuals who provide services to Rite Aid (or a Rite Aid affiliate) who are considered "leased employees" and any person who Rite Aid (or a Rite Aid affiliate) considers to be an independent contractor, including any such person who is subsequently reclassified by a court of law or regulatory body as an employee, are excluded from the Plan.

In the event you move from a classification of ineligible employee to an eligible employee, you will be eligible to participate in the Plan as soon as practicable after meeting the service and age requirements explained in paragraph III (A) above. Your service as an ineligible employee will be counted for this purpose.

In the event you move from a classification of an eligible employee to a non-covered union employee or an employee of a Rite Aid affiliate that did not adopt the Plan, you will no longer participate in the Plan, but you will continue to vest in your Plan account in the same manner as before, based on your continued service with Rite Aid or a Rite Aid affiliate while an ineligible employee (see VI (F) below.) In addition, your Plan account will continue to be invested in accordance with your investment instructions. You may again participate as soon as practicable upon returning to an eligible class of employees and re-enrolling through Aon Hewitt's the Rite Aid Customer Service Center at (855) 594-6214.

## **ARTICLE IV: CONTRIBUTIONS TO YOUR PLAN**

### **A. Your Before-Tax Contributions**

As a participant you may elect to defer from 1% to 70% of your compensation in each payroll period, in accordance with procedures established by the Plan's administrator, instead of receiving that amount in cash and contribute the deferred amount as a before-tax contribution to the Plan. Your election to defer compensation will only be effective for compensation paid to you after your election is made.



- In general, “**compensation**” means your wages after you start participating in the Plan as paid by Rite Aid reportable as W-2 wages and includes regular pay paid within 2½ months of your termination of employment and amounts which are elective deferrals under a salary reduction agreement. Plan compensation does not include any non-taxable fringe benefits, amounts realized on the exercise of stock options, severance pay, or any amounts received under any settlement agreement with Rite Aid where the agreement requires the amounts paid pursuant to the agreement to be excluded from Plan compensation.

Your before-tax contribution in any taxable year, however, is limited by law to a specified dollar amount, which may reduce the amount you could otherwise contribute based on the percentage you elect. The 2015 limit published by the IRS is \$18,000 if you are under age 50 and \$24,000 if you are age 50 or older. Participants may check subsequent years’ contribution limits by logging on to the **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid).

The amount of annual compensation that may be taken into account for Plan contribution purposes also is limited by law. For 2015, this limit is \$265,000. The IRS may adjust this limit in the future for cost of living increases.

In addition, if you are a highly compensated employee other legal requirements may further limit the amount you may defer under the Plan or may require the Plan’s administrator to return some of your before-tax contributions to you.

- A “**highly compensated employee**” is defined by law to mean, in general, an employee who earned in the prior year in excess of \$120,000 for 2015. The IRS may adjust this limit in future years for cost of living.

If you are a participant and are age 50 or older, you are eligible to elect to make catch-up contributions, up to the catch-up dollar limit applicable for the Plan Year.

- “**Catch-up contributions**” are additional before-tax contributions you may make under certain circumstances if you are a participant and are age 50 or older.

For this purpose, if you turn age 50 at any time during a Plan Year you are considered to be age 50 as of January 1st of that year. You are eligible to make the catch-up contribution if you are a participant and will contribute the maximum amount under the Plan for the Plan Year. You may elect both a regular before-tax contribution and a catch-up contribution at any time. For your catch-up contribution to qualify as a catch-up contribution, you must make regular before-tax contributions equal to the lesser of the IRS limit in effect or 70% of your annual compensation. If you don’t reach either limit, all or a portion of your catch-up contribution will be reclassified as regular before-tax contributions for the year in which they were made.

The 2015 catch-up limit as provided by the IRS is \$6,000. This limit will be indexed for inflation according to IRS rules.

You may elect to make a contribution from your compensation at any time by calling the Rite Aid Customer Service Center at (855) 594-6214 or by accessing **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid). Such election will become effective as soon as administratively feasible. Your election will remain in effect until you modify or terminate it or become an ineligible employee. You may modify or terminate your election at any time by calling the Rite Aid Customer Service Center or by accessing **Your Retirement Resources** at [www.ybr.com](http://www.ybr.com). A modification or termination will become effective as soon as administratively feasible. Your election will generally take one or two payroll periods

to put into effect: therefore, you should make any change to your election in advance of when you want it to go into effect. Your initial election cannot be made more than one month in advance of your initial eligibility date.

The amount you elect to defer, and any earnings on that amount, will not be subject to federal income tax until it is actually distributed to you and may be exempt from state income tax as well, depending on the applicable state law. This money however, will be subject to Social Security taxes when it is earned.

You should also be aware that the annual dollar limit on your contributions is an aggregate limit which applies to all deferrals you may make under this Plan and any other cash or deferred arrangements sponsored by Rite Aid or any other employer. Generally, if your total deferrals under all cash or deferred arrangements for a calendar year exceed the annual dollar limit (\$18,000 for 2015, or \$24,000 if you are eligible to make a catch-up contribution), the excess will be included in your taxable income for the year. For this reason, if you have participated in another cash or deferred arrangement and you have exceeded the annual dollar limit on contributions and you wish to have the Plan distribute the excess deferrals (plus income) to you, you should request in writing no later than March 1 following the close of the calendar year in which such excess deferrals were made. The request must be made in writing to the Record Keeper at the following address: Aon Hewitt, 4 Overlook Point P.O. Box 1430 Lincolnshire, IL 60069-1430. . For details regarding the documentation required to process the refund, you may contact the Rite Aid Customer Service Center at (855) 594-6214. If you fail to request such a return, you may be taxed again on this amount when the excess deferral is ultimately distributed from the Plan.

- “Cash or deferred arrangements” include tax-sheltered 403(b) annuity contracts, simplified employee pensions and 401(k) plans.

## **B. Employer Matching Contributions**

Rite Aid has made and will make “safe-harbor” matching contributions on behalf of each active participant in an amount equal to 100% of the first 3% of compensation and 50% of the next 2% of compensation that you defer under the Plan for the Plan Year. The safe-harbor matching contribution will be determined based on your annual level of Plan contributions. This means that the Rite Aid matching contribution will be adjusted to the extent necessary after the end of each Plan Year to provide a matching contribution based on the total compensation you defer under the Plan for the Plan Year, not just the percentage you defer in any given pay period.

For this purpose, the amount of annual compensation that may be taken into account is limited to \$265,000 in 2015. The IRS may adjust this limit in the future for cost of living increases.

As with your before-tax contributions, if you are a highly compensated employee (see IV (A) above), certain legal requirements may limit the amount of matching contributions that Rite Aid may make on your behalf.

## **C. Employer Discretionary Contributions**

Each year, Rite Aid will decide whether or not to contribute an additional amount to the Plan out of company profits. Rite Aid may decide to contribute no additional amount. If Rite Aid makes a contribution out of company profits for a year, the contribution will be allocated to the accounts of

eligible employees who have met the Plan's age and service eligibility requirements, based on the ratio of each such eligible employee's compensation to total compensation paid to all such eligible employees.

You do not have to make a before-tax contribution to be eligible for the employer discretionary contribution. Only eligible employees who are actively employed on the last day of the Plan Year will be eligible to share in a discretionary contribution for the year.

For this purpose, the amount of annual compensation that may be taken into account is limited to \$265,000 in 2015. The IRS may adjust this limit in the future for cost of living increases.

#### **D. Employer Non-Elective Contributions for Former Brooks Participants**

For employees who became Rite Aid employees due when Rite Aid purchased the Brooks and Eckerd drugstore chains on June 4, 2007 and who became participants in the Plan as a result of the merger of The Brooks and Eckerd Pharmacy 401(k) Savings Plan with the Plan (Brooks Participants), the following contribution will be made:

- 3% of a Brooks Participant's compensation, if such Brooks Participant on July 31, 2001 (a) was an active participant in the J.C. Penney Company, Inc. Pension Plan (the "J.C. Penney Pension Plan"), (b) had attained at least age 55, and (c) had completed at least 15 years of "credited service" as defined under the J.C. Penney Pension Plan; or
- if a Brooks Participant does not meet the requirements above, 2% of the Brooks Participant's compensation, if such Brooks Participant on July 31, 2001 (a) was an active participant in the J.C. Penney Pension Plan, (b) had attained at least age 50, and (c) had completed at least 10 years of "credited service" as defined under the J.C. Penney Pension Plan.

#### **E. Other Employer Contributions**

Rite Aid may make additional contributions for any year to non-highly compensated participants to the extent necessary to satisfy applicable non-discrimination rules under the Internal Revenue Code. These contributions (if any) will be treated like your before-tax contributions for purposes of determining when you may take them out of the Plan and for vesting.

Rite Aid may also make a contribution on behalf of certain non-key employees if the Plan becomes top-heavy (see VIII (D) below).

#### **F. Your After-Tax Voluntary Contributions to the Plan**

Prior to April 2, 1996, participants were able to make voluntary contributions of their after-tax compensation to the Plan for a year. Participants are no longer able to make such contributions; however, participant accounts with these past contributions will remain in the Plan until with-drawn or distributed and will be invested like other participant accounts, in accordance with your directions.

## **G. Settlement of Litigation Claims**

Various settlement agreements have been entered into with respect to litigation involving the Rite Aid common stock previously held by the Plan. Under these settlement agreements, certain additional contributions were made to the Plan as restorative payments. These restorative payments are in addition to the contributions otherwise made to the Plan. The restorative payments were allocated to the accounts of certain participants (as described in the settlement agreements) whose accounts under the Plan included investments in Rite Aid common stock. The restorative payments were fully vested when made, and were commingled with the eligible individuals' before-tax contributions. There will be no further contributions stemming from these settlement agreements. You would have been advised if you were entitled to share in any of these restorative payments.

## **H. PAYSOP Contributions**

These contributions were made under the prior plan called the Payroll Credit Stock Ownership Plan. Effective beginning January 1, 1987, these contributions were discontinued. If you have any contributions under the Plan attributable to PAYSOP contributions, they will remain in the Plan until withdrawn or distributed in accordance with the terms of the Plan.

## **I. Rollover from Qualified Plans**

As an employee of Rite Aid, if you are eligible for the Plan (or if you are not yet eligible only because you have not yet completed three months of service or attained age 21), you may, at the discretion of the Plan's administrator, be permitted to deposit certain distributions you have received from other qualified plans into this Plan. Such a deposit is called a "rollover" and may result in tax savings to you. You should consult your tax advisor to determine if a rollover is in your best interest. A rollover contribution will be placed in a separate participant account under the Plan called a "**rollover account**" and will be invested like other participant accounts, in accordance with your directions. If you want more information about how to make a rollover contribution to the Plan, you should call the Rite Aid Customer Service Center at (855) 594-6214.

## **J. Transfers from an Acquired Employer 401(k) Plan**

If you were previously employed by a company or other entity that was acquired by Rite Aid, your account under your prior employer's 401(k) plan may have been or may be transferred by your former employer to this Plan. These transferred accounts are invested like other participant accounts, in accordance with your directions. Certain special rules may apply to your account if it was or is transferred as described. Contact the Plan's administrator for additional details.

# **ARTICLE V: INVESTMENT OF YOUR ACCOUNT**

You may direct the investment of your account under the Plan in the funds selected for investment of Plan assets. Funds are selected to offer a variety of investment choices to participants. Rite Aid is the Named Fiduciary for the Plan. Northern Trust Investments, Inc. ("Northern Trust") has been engaged as the

investment manager for the Plan and is the Named Fiduciary for all Plan assets. EBAC, with the advice of Northern Trust, has the responsibility for the selection of the current investment choices offered to participants.

Your Plan account will be credited with a share of the investment earnings or losses of the particular investment fund(s) in which you are invested. An investment election may be made by using the voice response system by calling the Rite Aid Customer Service Center at (855) 594-6214 or by accessing **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid).

The investment funds currently offered for investment under the Plan are available online at **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid). Voting, tender, and similar rights with respect to assets held under the Plan are exercised by the Trustee or investment manager. These rights are not exercised by the participants.

A participant may change an investment election on a daily basis to increase, decrease, or eliminate investment in any of the funds. In general, an investment election will be executed by Aon Hewitt and be effective on the day Aon Hewitt receives the election if received by 4 p.m. eastern time of a business day and on the next following business day if received after 4 p.m. eastern time of a business day or on any other day. The timing of the execution on an investment election will vary with holiday and other early stock market closings and in the event of a blanket temporary freeze imposed on investment changes. The price at which your investment funds are bought and sold to make a change to your investment election will be the market closing price on the day the change is effective.

Of course, initial investment elections and changes to elections for contributions from future payroll periods will not be effective until those funds are received by Aon Hewitt.

Under limited circumstances the Trustee and Aon Hewitt will not execute a participant's or beneficiary's investment instructions. The limited circumstances in which an investment election will not be executed are if implementation of the investment instructions by participants:

(1) would result in a violation of any law, including the laws that govern the investment of participant accounts; (2) would generate income that would be taxable to the Plan; (3) would not be in accordance with the documents and instruments governing the Plan, insofar as such documents and instruments are consistent with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA); (4) would jeopardize the Plan's tax qualified status under the Internal Revenue Code; (5) could result in a loss in excess of a participant's (or beneficiary's) account balance; or (6) the timing of a trade violates a fund's short-term trading policy.

#### **DEFAULT INVESTMENT OF YOUR PLAN ACCOUNT IF YOU DO NOT DIRECT**

**INVESTMENT:** If you fail to properly select an investment or investments for your Plan account, your Plan account will be invested in the Plan's "default" investment fund applicable to you. Starting December 22, 2014 the default investment selected for the Plan is the T. Rowe Price Target Date Trusts. Participants are defaulted into the T. Rowe Price Target Date Trusts with the retirement target date closest to the year they turn age 65.

You may change the investment of your account in the default fund and instead select another Plan investment fund or funds for your account at any time under the same procedures described above.

You can obtain investment information about the Plan's default investment fund and other investment options including copies of investment fund prospectuses by calling the Rite Aid Customer Service Center at (855) 594-6214 or by accessing **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid).

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Aon Hewitt will provide each participant with a quarterly account statement that provides detailed information on any activity that has transpired within his or her account during the past quarter, including any fees charged to the participant's account (not including investment-related fees). In addition, participants may contact Aon Hewitt directly at any time to receive up to date information on their account. Participants can choose by calling the Rite Aid Customer Service Center at (855) 594-6214 or by accessing **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid) at any time.

Participants may request and obtain from Aon Hewitt copies of investment fund prospectuses, financial statements and reports, and other information that is furnished to the Plan on the investment funds, including information on: (i) any annual operating expenses of each designated investment alternative (e.g., investment management fees, administrative fees, and transaction costs) which reduce the rate of return, and the aggregate amount of such expenses expressed as a percentage of average net assets of the designated investment alternative; (ii) a listing of assets comprising the portfolio of an investment alternative which holds plan assets, the value of such assets (or the proportion of the investment alternative which it comprises), and, in the case of such assets which are fixed rate investment contracts issued by a bank, savings and loan association or insurance company, the name of the issuer of the contract, the term of the contract and the rate of return on the contract; (iii) information concerning the value of shares or units in designated investment alternatives available to participants and beneficiaries under the Plan, as well as information concerning the past and current investment performance of the alternative, determined, net of expenses, on a reasonable and consistent basis; and (iv) information concerning the value of shares or units in investment alternatives held in the account of the participant or beneficiary.

In permitting investments to be directed under the Plan by participants, it is intended that the Plan constitute a plan described in Section 404(c) of ERISA and the regulations thereunder. These rules require that Rite Aid inform participants that the Plan's administrator, the Trustee and other Plan fiduciaries may be relieved of liability for any losses which are the direct and necessary result of investment instructions given by you or your beneficiary.

## **ARTICLE VI: PAYMENT OF BENEFITS UNDER YOUR PLAN**

### **A. Distribution of Benefits upon Early or Normal Retirement**

If you retire from Rite Aid (and all Rite Aid affiliates) at your early or normal retirement date, you will be entitled to 100% of your Plan account balance, minus any outstanding Plan loan balance. Payment of your benefits will begin as soon as practicable after your retirement in any form of distribution permitted under the Plan following your completion of the election forms provided for this purpose (see VI(G) below).

- Your “**normal retirement date**” is the first day of the month coinciding with or next following your 65th birthday.
- Your “**early retirement date**” is the first day of any month (prior to your normal retirement date) which is coincident with or follows the date on or after you have both reached age 55 and completed at least six whole years in a “period of service” (see VI(F) below).

### **B. Distribution of Benefits upon Late Retirement**

You may remain employed past your normal retirement date and retire instead on your late retirement date.

Your “**late retirement date**” is the first day of the month coinciding with or next following any date you choose to retire, after having reached your normal retirement date.

On your late retirement date, you will be entitled to 100% of your Plan account balance, minus any outstanding Plan loan balance. Actual benefit payments will begin as soon as practicable following your late retirement date, in one of the forms permitted under the Plan (see VI (G) below).

In general, participants must begin benefit payments no later than April 1st following the year in which they reach age 70½ or terminate employment with Rite Aid, whichever is later.

### **C. Distribution of Benefits upon Death**

Upon your death prior to the date your benefits are to begin under the Plan, your beneficiary will be entitled to the value of your vested account balance, minus any outstanding loan balance, paid as a death benefit. Your account will be 100% vested if you are employed by Rite Aid as of your date of death. If you are married at the time of your death, your spouse will be the beneficiary of the death benefit and will receive the value of your vested Plan account, unless your spouse has waived the right to receive this benefit as explained in this section. If no valid waiver and spousal consent are in effect and you die before the date your benefits are to commence, the death benefit will be paid to your spouse.

For Plan purposes your “spouse” is defined in accordance with federal law, regardless of the law of any state or other jurisdiction, including the law of the state of a participant’s residence.

You may elect in writing, on the form provided by Aon Hewitt, to waive the spouse’s death benefit and name a beneficiary other than your spouse for the death benefit; however, you will need your spouse’s written consent to such designation. Your spouse’s consent to a waiver of the spouse’s death benefit must be on the form provided by Aon Hewitt and must be notarized. If your spouse consents to waive the death benefit and you later wish to change your beneficiary designation to a different non-spouse beneficiary, your spouse must consent to this beneficiary designation, unless your spouse has previously consented to any future changes in your beneficiary designation on the form provided by Aon Hewitt. Your election must be filed with Aon Hewitt for your election to be effective. You may waive (with your spouse’s consent) the spouse’s death benefit at any time prior to your death and prior to the date your benefits commence under the Plan.

Under certain circumstances EBAC may determine that no spousal consent is necessary if you are legally separated or have been abandoned by your spouse (within the meaning of local law) and you have a court order to such effect (and there is no qualified domestic relations order (see VIII (B) below) which provides otherwise), or you have no spouse, or your spouse cannot be located.

If you are not married, you may select the beneficiary of your own choosing. At your death, your vested account balance will be paid to the beneficiary you have selected. You must designate your beneficiary online at **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid) or on a form supplied to you by Aon Hewitt and file the form with Aon Hewitt for it to be effective.

If you have no surviving, validly designated beneficiary at the time of your death, or in the event your designated beneficiary predeceases you, the death benefit will be paid to the following categories of individuals, in the following order: (1) your spouse, (2) your children (including any adopted children), (3) your parents, (4) your siblings, or (5) your estate.

If the value of your vested Plan account at your death is \$5,000 or less, your beneficiary will receive the immediate distribution of your vested Plan account in one lump-sum payment. No consent is necessary for this distribution.

IRS rules may restrict the period over which your Plan account is paid to your beneficiary upon your death and will determine the date when payments must commence to your beneficiary.

If you die on or after the date your benefits are to begin, the amount of any death benefit will depend on the form of payment you had elected and the payments you had already received (see VI (G) below).

Since your spouse participates in these elections, you must immediately inform the Plan's administrator of any changes in your marital status.

#### **D. Distribution of Benefits upon Disability**

If you become totally and permanently disabled while employed by Rite Aid, you will be entitled to 100% of your Plan account balance, minus any outstanding Plan loan balance.

- Under your Plan, “**total and permanent disability**” means a physical or mental condition that constitutes a disability as determined by the Social Security Administration.

Payment of your Plan account upon your disability will be made to you as if you had retired (see VI (G) below).

#### **E. Distribution of Benefits upon Termination of Employment**

Payment of your vested account balance under your Plan is available at your election upon your termination of employment with Rite Aid and all Rite Aid affiliates prior to your retirement, death or total and permanent disability, minus any outstanding Plan loan balance. Upon your termination of employment, you may elect payment in one of the forms permitted under the Plan (see VI (G) below).

As an exception, in the event you terminate employment and are subsequently reemployed by Rite Aid (or a Rite Aid affiliate) before a distribution of your Plan account is made, a distribution will not be made until you once again terminate employment, retire, become totally and permanently disabled while employed by Rite Aid, or die.

#### **F. Vesting in Your Plan Account**

You are always 100% vested in your before-tax contributions, including your catch-up contributions, your after-tax voluntary contributions, your rollover contributions (if any), PAYSOP contributions, any



discretionary employer profit sharing contributions made for years before 2002, and any company contributions that are made to satisfy applicable non-discrimination rules under the Internal Revenue Code to the Plan.

You are also 100% vested in the safe-harbor matching contributions made for Plan Years beginning on and after January 1, 2002.

- “**100% vested**” means that you will always be entitled to all of your Plan account if you terminate employment with Rite Aid and all Rite Aid affiliates.

Also, upon your death or “**total and permanent disability**” (as defined by the Plan) prior to your termination of employment with Rite Aid, your death while in “**qualified military service**” (as defined under the Internal Revenue Code), your eligibility for retirement, or the termination of the Plan, you will become 100% vested regardless of your “period of service” (see below).

Even though your Plan account may be 100% vested, it will still be affected by any investment gains or losses. If there is an investment gain, the balance in your Plan account generally will increase. If there is a loss from an investment, the balance in your Plan account will decrease. Also, your Plan account may be reduced to pay a share of the expenses related to administration of the Plan.

### **1. Vesting Schedule Applicable to Employer Matching Contributions Made for Years Prior to 2002 and any Employer Discretionary Contributions**

Your company matching contributions made for years before 2002 and any company discretionary profit sharing contributions vest over the time you are employed by Rite Aid (or a Rite Aid affiliate, to the extent required by the laws governing the Plan).

Rite Aid does not currently make discretionary profit sharing contributions to the Plan.

The following schedule shows how you vest in matching contributions made for years before 2002 and company discretionary profit sharing contributions (if and when made to the Plan) based on the full years in your period of service with Rite Aid (or a Rite Aid affiliate):

<u>Years of Service</u>	<u>Vested Percent</u>
Less than 2 years	0%
2 but less than 3 years	20%
3 but less than 4 years	40%
4 but less than 5 years	60%
5 but less than 6 years	80%
6 or more years	100%

- Your “**period of service**” for vesting means the sum of all periods commencing with your first day of employment or reemployment and ending on the date a **one-year break in service** begins (see VI (F)(2) below).

- Periods that you are gone from employment with Rite Aid for less than twelve months are counted as service for this purpose. Also, unpaid leave for military duty or family or medical leave will count as service to the extent required by law.

*Special Rules for Employees of Acquired Companies:* If you are an eligible employee and became employed by Rite Aid as a result of Rite Aid's acquiring your former employer, a special rule may apply. In this case, you may be given credit for vesting purposes under the Plan for certain service with your former employer as if you had been employed by Rite Aid during that time. You can obtain more information on how these special rules affect you by contacting the Plan's administrator.

## 2. Forfeitures of Your Non-Vested Account

Forfeitures are created when you terminate employment before becoming entitled to 100% of your benefits under the Plan. You will forfeit any non-vested portion of company contributions in your Plan account if you take a distribution of your benefits when you terminate employment before your death, total and permanent disability (as defined under the Plan—see VI (D) above), or retirement. However, this non-vested portion will be reinstated and you will have the chance to become vested in it if you return to employment with Rite Aid before five consecutive one-year breaks in service and pay back into the Plan the amount distributed to you before the earlier of five years after the date you are reemployed or the close of the fifth consecutive one-year break in service that follows the distribution. Your non-vested account balance will be permanently forfeited if you leave Rite Aid and have five or more consecutive one-year breaks in service whether or not you take the vested portion of your Plan account as a distribution from the Plan.

- In general, a “**one-year break in service**” is a twelve-consecutive-month-period during which you are absent from employment with Rite Aid (including Rite Aid affiliates) after your retirement, resignation, or discharge. A one-year break in service generally begins on the day after you retire, resign or are discharged, or, if earlier, the first anniversary of the date that you are first absent for any other reason.

Forfeited participant accounts may be used to reinstate the forfeited accounts of participants who return to Rite Aid and pay back their Plan distributions, to pay the expenses of administering the Plan, to fund company matching or discretionary contributions that would otherwise be made by Rite Aid, or to fund a company contribution to non-highly compensated participants in order to pass non-discrimination tests for any year.

## G. Benefit Payment Options

There are various methods by which benefits may be distributed to you from your Plan. All methods of distribution, however, have equivalent actuarial values.

Remember, participants must begin benefit payments no later than April 1st following the year in which they reach age 70½ or terminate employment with Rite Aid, whichever is later.

In general, you elect how to receive payment of your Plan account. If your Plan account is valued at more than \$5,000, you may choose among the following options for payment:

- A single lump-sum payment in cash.

- Payments in monthly, quarterly, semi-annual, or annual installments in cash over a period certain (for example, over 10, 15, or 20 years) or in specified dollar amounts. The period of the installment payments may not be longer than your life expectancy (or your life expectancy and your designated beneficiary's life expectancy combined). Life expectancies are determined under IRS life expectancy tables.

#### *Special Rules for Distributions of \$5,000 or Less*

If you terminate your employment and the value of your account (including any rollover contributions you made to the Plan, but not including any loan balance which is offset from your account after you terminate) is more than \$1,000 but less than or equal to \$5,000 you will be given the option of having your vested account paid in cash directly to you or rolled over to an IRA or retirement plan of your choice. If you do not affirmatively elect a distribution or direct a rollover within the time given for making your election, the balance of your account will be distributed from the Plan and automatically rolled over to an individual retirement account (IRA) with Millenium Trust Company as soon as practicable. Once your Plan account has been automatically rolled over to Millenium Trust Company, you will no longer have a Plan account.

Your rolled over Plan account will be invested in an FDIC Insured Bank Account. You will be responsible for paying all fees and expenses associated with your automatic rollover IRA. The fees and expenses will be comparable to the fees and expenses charged by Millenium Trust Company for other IRAs it offers.

You'll receive information from Millennium Trust Company with details on how to access your account and possible new account fees. You will also receive further information about the account your balance will be invested in. Contact Millennium Trust Company at 1-877-682-4727 or on their website at [www.mtrustcompany.com](http://www.mtrustcompany.com) for more information.

If you terminate employment and the value of your account is \$1,000 or less (including any rollover you made from another plan or IRA to the Plan), and you do not affirmatively elect a distribution or direct a rollover within the time given for making your election, you will receive a lump-sum cash distribution as soon as practicable after you terminate employment.

#### **H. Pre-Retirement Distributions from Your Account**

Under certain circumstances, you may take a distribution from your Plan account prior to your termination of employment with Rite Aid (including Rite Aid affiliates). However, any distribution will reduce the value of the benefits you will receive at normal retirement or other termination.

The following accounts are available for distribution at any time: PAYSOP contributions (these contributions were discontinued as of January 1, 1987), after-tax voluntary contributions (these contributions were discontinued as of April 2, 1996), and your rollover contributions, if any. You may be subject to a 10% early distribution penalty tax imposed under IRS rules if you take a distribution before you reach age 59½. This tax is in addition to the income taxes you will have to pay on this distribution.

After you reach age 59½, you may take a distribution of your before-tax contributions, your vested company matching contributions, including safe-harbor matching contributions, any discretionary employer contributions, and any employer non-elective contributions while you are still employed by Rite Aid (or a Rite Aid affiliate).

Any such distribution will be made on a pro rata basis from the contribution sources in your Plan account with investment funds in each source being liquidated on a pro rata basis.

## **I. Hardship Distribution of Benefits**

You may request a distribution of your before-tax contributions (not including any related investment earnings) in the event of your immediate and heavy financial need. Only the amount necessary to satisfy your immediate and heavy financial need will be distributed for hardship. A hardship distribution is not in addition to your other benefits and will directly reduce the value of the benefits you will receive at normal retirement or other termination. To receive a hardship distribution, you must first take a distribution of any available after-tax voluntary contributions and rollover contributions that you made to the Plan and exhaust any other resources reasonably available to you, which may include a participant loan under the Plan.

Any hardship distribution will be made on a pro rata basis from the contribution sources in your Plan account with investment funds in each source being liquidated on a pro rata basis.

You will not be permitted to make any before-tax contributions to the Plan for a period of six months from the date of a hardship distribution. Also, you will be subject to a 10% early distribution penalty tax imposed under IRS rules if you take a hardship distribution before age 59½. This penalty tax is in addition to the income taxes you will have to pay on the distribution.

Hardship withdrawals may only be for one of the following purposes:

- payment of uninsured medical expenses, or amounts necessary to obtain medical services, which constitute deductible medical expenses under section 213(d) of the Internal Revenue Code (but without regard to whether such expenses exceed 7.5% of adjusted gross income), incurred by you, your spouse, or your dependents;
- costs directly related to the purchase (excluding mortgage payments) of your principal residence, or payments necessary to prevent eviction from or foreclosure on your principal residence;
- payment of tuition, related fees and expenses for the next twelve months of post-secondary education for yourself, your spouse, or your dependents;
- burial or funeral expenses for a deceased parent, spouse, children or dependents;
- expenses for repair of damage to your principal residence that qualify as deductible casualty expenses; and
- approved expenses relating to a natural disaster that the IRS in published guidance determines is a hardship distribution eligible event, including expenses relating to Hurricane Sandy approved in IRS Announcement 2012-44. Note, the six month suspension of participant's before-tax contributions to the Plan described above does not apply to withdrawals on account of Hurricane Sandy and may not apply in another natural disaster depending upon future IRS guidance.

If you need further details on hardship distributions, call the Rite Aid Customer Service Center at (855) 594-6214.

## ARTICLE VII: LOANS FROM YOUR PLAN ACCOUNT

You may apply for a loan from your Plan account at any time by calling the Rite Aid Customer Service Center at (855) 594-6214 or by accessing **Your Retirement Resources** at [www.ybr.com/riteaid](http://www.ybr.com/riteaid). Currently, the participant loan approval process is handled by Aon Hewitt. By endorsing the loan check, you are indicating that you have received and reviewed the loan documentation, including the promissory note and truth-in-lending statement, and are executing the loan documents.

You should remember that all participant loans are considered an investment of your Plan account. This means that the loan amount comes directly from your Plan account and reduces the amount available for distribution on your retirement or other termination of employment until paid back into your Plan account by you. The amount of your loan will be taken on a pro rata basis from the available contribution sources in your Plan account with investment funds in each source being liquidated on a pro rata basis. All payments of principal and interest by you on a loan will be allocated pro rata to your contribution sources of the loan's origination and will be invested in your investment selections for your before-tax contributions in effect at the time of your repayment at the prices then in effect.

The following rules apply to loans from the Plan:

- All loans must be secured by your vested Plan account. Only up to one-half of your vested account balance under the Plan may be used as security for the loan.
- A loan will only be made if you are currently a Plan participant. This includes active employees who are participants, and participants on approved paid and approved unpaid leave, including military leave.
- You may only have one loan outstanding at any time, unless you already had more than one loan outstanding on January 1, 2002, in which case you will be permitted to continue such loans, but will not be permitted to take a new loan until all such loans have been repaid. For purposes of determining how many outstanding loans a participant has, a loan that is in default will be considered an outstanding loan.
- The interest rate charged on a loan will be the prime rate, as shown in the Wall Street Journal on the last business day of the month, plus 1%. The Plan's administrator may decide in the future that a change to the method of determining this interest rate is advisable. Any change will apply only to participants who take a loan after the decision to change the rate is made. The loan interest rate will be adjusted to not more than 6% (including all fees) for participant loans where the participant enters into active military duty, to the extent required by the Soldiers' and Sailors' Civil Relief Act of 1940. If so adjusted, the interest rate will be re-set back to the original rate after the end of such leave. Loans initiated while a participant is on military leave will be capped at a 6% interest rate to be adjusted upon the participant's return from leave.
- Repayments on the loan are by payroll deduction unless a participant leaves the employ of Rite Aid. Upon termination of employment with Rite Aid, Aon Hewitt will allow participants to set up a direct billing method for loan repayment, or to pay off the entire outstanding loan balance. If neither option is selected by a participant, the loan will be deemed to be in default and be offset against the participant's account as soon as administratively feasible after expiration of the grace

period for missed payments. If a terminated participant returns to employment with Rite Aid and is making direct loan payments at that time, he will be required to continue direct loan payments (and will not have payments deducted from his pay). If a participant fails to continue to make direct loan payments, the loan will default and be offset against the participant's account as soon as administratively feasible after expiration of the grace period for missed payments.

- No loan will be made for a period in excess of five years, except for a loan to purchase your primary residence. Prior to January 1, 2002, a loan to purchase your primary residence could be for a period of up to 20 years. As of January 1, 2002, a loan to purchase your primary residence may be for a period of up to 10 years.
- The amount of a participant loan is limited by rules under the Internal Revenue Code. All loans will be limited to the lesser of: (i) \$50,000, reduced by your highest outstanding balance of loans from the Plan during the one-year period prior to the date of the loan; or (ii) 50% of your total vested account balance. Accrued interest on defaulted loans will be counted in determining your maximum loan amount.
- No loan will be made for less than \$1,000.
- Loan funds cannot come from the portion of your Plan account attributed to any nonvested contributions.
- A \$50.00 loan processing fee will be charged to your Plan account. This fee is taken on a pro rata basis from your Plan account contribution sources and investment sources.
- Deductions from a participant's pay for loan payments will not be interrupted or otherwise affected by a participant's bankruptcy.

If you fail to make payments when they are due under the loan (for example, if you terminate employment and have not arranged with Aon Hewitt to continue your loan repayments), make any statement or representation in connection with the loan which is false or incomplete in any material respect, or fail to comply with any of the terms of the promissory note or other loan documentation, you will be considered to be in default on the loan after the expiration of a grace period. A grace period is usually allowed until the end of the calendar quarter following the calendar quarter in which you miss a payment. Being "in default" means the Trustee will then have authority to take all reasonable actions to collect the balance owing on the loan. This could include filing a lawsuit or foreclosing on the security for the loan. A loan that is in default may be considered a distribution from the Plan and could result in taxable income to you, including penalty taxes imposed by IRS rules. If you have a loan in default at the time of your termination of employment with Rite Aid (including all Rite Aid affiliates), your Plan account balance will be reduced by any loan amount due and payable.

A participant on an approved unpaid leave of absence, or an approved paid leave where the participant is paid by Rite Aid at a rate of pay which (after tax withholding) is less than the installment payment required under the terms of the loan, will not be required to make loan payments during the period of such leave for up to one year and such loans will not be considered to be in default for non-payment for up to one year. This one-year payment suspension period may be longer for participants who are on qualified military leave as required under IRS rules and regulations. The payment suspension period may not result in an extension of the loan repayment date beyond the maximum permitted 5-year (or, for a principal residence loan, 10-year) term. Loans that mature, i.e., reach the end of their term, during a period of leave (except with respect to a participant on leave for a period of service in the military services) shall be considered in default unless paid off in full (including interest through the date of payoff). All missed loan payments plus accrued interest will either have to be made up when the participant returns to work or may

be reamortized over the original loan duration (unless the loan has been paid off). To understand your repayment options, call the Rite Aid Customer Service Center at (855) 594-6214.

*Special Treatment for U.S. Military Service Leave:* In the case of repayment following a period of leave for service in the military services, loan payments must be made within the period which equals the original term of the loan plus the period of such military service; provided, repayment may be extended for a period equal to the period of military service plus the maximum loan term, if the original loan was for a period shorter than the maximum loan term. Upon resumption of employment, such employee's repayments will recommence to provide for full repayment over the extended loan term, provided the amount and frequency of loan installments after the leave must not be less than the amount of payments under the terms of the original loan.

The Plan's administrator will delay the processing of a loan request and disbursement of loan proceeds while making a determination whether a domestic relations order with respect to a participant's account constitutes a qualified domestic relations order under Section 414(p) of the Internal Revenue Code and during any subsequent period before an alternate payee's rights are satisfied (see VIII (B) below for more on qualified domestic relations orders).

The Plan's administrator administers participant loans in accordance with loan procedures adopted by the Plan's administrator. Participants may obtain a copy of these loan procedures from the Plan's administrator without charge.

## **ARTICLE VIII: MISCELLANEOUS**

### **A. Tax Treatment of Distributions from Your Plan**

Whenever you receive a distribution from your Plan, it will normally be subject to income taxes. You may, however, reduce, or defer entirely, the tax due on your distribution through use of one of the following methods:

- The rollover of all or any portion of a distribution to a traditional Individual Retirement Account (IRA) (but not a SIMPLE IRA or education IRA) or another qualified employer plan. This will result in no tax being due until you begin withdrawing funds from the IRA or other qualified employer plan. The rollover of the distribution, however, must be made within strict time frames (within 60 days after you receive your distribution). Under certain circumstances, all or a portion of a distribution may not qualify for this rollover treatment, for example, if you are receiving installment payments over ten or more years. Hardship distributions and required distributions made to participants age 70½ and older are not eligible rollover distributions and cannot be rolled over. Distributions that could be directly rolled over but are not directly rolled over are subject to mandatory federal income tax withholding at a rate of 20%, which means you receive only 80% of the payment. The mandatory 20% withholding does not apply to hurricane distributions. See VI (H) above.

The amount withheld is sent to the IRS as federal income tax withholding and it will be credited against any income tax you owe for the year.

- You may request that a direct rollover of all or a portion of your distribution be made to either an IRA or another qualified employer plan willing to accept the direct rollover. With a direct rollover you do not get a check; instead the check goes directly to the IRA or other plan. In addition, a direct rollover will result in no tax being due until you withdraw funds from the IRA or other qualified employer plan. Also, there is no mandatory 20% withholding with a direct rollover. Like a rollover paid to you, under certain circumstances all or a portion of a distribution may not qualify for rollover treatment.
- Your spouse or other designated beneficiary may elect to make a direct rollover of amounts payable to him or her.
- Participants born before January 1, 1936, may be eligible to use ten-year forward averaging on a distribution to determine their tax liability which may reduce taxes on the amount.

An additional 10% excise tax is generally imposed on the distributions or withdrawals made from the Plan before you attain age 59½. However, this additional tax is not imposed in certain instances, for example, if the:

- distribution is made to your beneficiary after your death;
- distribution or withdrawal is attributable to your disability within the meaning of the Internal Revenue Code;
- distribution is made to you because of your termination of employment after attaining age 55;
- distribution or withdrawal is eligible for and rolled over into an IRA or another qualified plan;
- payments do not exceed the amount of your deductible medical expenses;
- distribution is made to an alternate payee under a qualified domestic relations order;
- payments are paid directly to the government to satisfy a federal tax levy; or
- the distribution qualifies as a hurricane distribution. See VI (H) above.

You will be provided with additional information on federal income tax rules and rollover elections at the time you are eligible for a distribution from the Plan. You should consult your own tax advisor concerning the tax consequences of your participating in the Plan since federal income tax laws may change after the date of this document. Further, individual tax advice is recommended since individual financial situations are different and state and local taxation may vary.

### **B. Benefits Not Transferable; Exceptions**

As a general rule, no benefit payable out of the Plan's trust fund to any person is subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge. Any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge such benefit will be void. No benefit may in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any such person, nor may it be subject to attachment or legal process for or against such person. This means that, in general, your Plan account may not be sold, used as collateral for a loan, given away or otherwise transferred from the Plan. In addition, your creditors may not attach, garnish, or otherwise interfere with your Plan account. As an exception to this rule, the government may impose a lien on your account in certain cases, for instance, for unpaid taxes or criminal penalties.

As a further exception, the Plan's administrator must honor a court order that constitutes a qualified domestic relations order and provides for payment of all or a portion of your account to another person, usually a former spouse.



- A “**qualified domestic relations order**” is any judgment, decree, or order (including approval of a property settlement agreement) issued by a court that has been determined by the Plan’s administrator to be qualified under the Internal Revenue Code and that obligates you to pay child support or alimony, or other-wise allocates a portion of your assets in the Plan to your spouse, former spouse, child or other dependents.

If a qualified domestic relations order is received by the Plan’s administrator, all or a portion of your benefits may be used to satisfy the obligation. A distribution pursuant to a qualified domestic relations order may occur prior to the time you are eligible to receive a distribution as a participant. EBAC or its designee will determine the validity of any domestic relations order received by it pursuant to procedures adopted by the Plan’s administrator. If your account is the subject of a potential qualified domestic relations order, you will be charged with the cost of processing the order. This processing fee will be deducted from your Plan account. Currently this fee is \$350.

Participants and beneficiaries may obtain a copy of these qualified domestic relations order procedures from the Plan’s administrator without charge.

An additional exception to this rule applies with respect to certain judgments, orders, decrees issued, and settlement agreements entered into on or after August 5, 1997. A participant’s benefit may be reduced if a court order or requirement to pay arises from a: (i) judgment of conviction for a crime involving the Plan; (ii) civil judgment (or consent order or decree) that is entered by a court in an action brought in connection with a breach (or alleged breach) of fiduciary duty under ERISA; or (iii) settlement agreement entered into by the participant and either the Secretary of Labor or the Pension Benefit Guaranty Corporation in connection with a breach of fiduciary duty under ERISA by a fiduciary or any other person. A court order, judgment, decree, or settlement agreement must specifically require that all or part of the amount to be paid to the Plan be offset against the participant’s Plan benefits.

### **C. Pension Benefit Guaranty Corporation**

Benefits provided by your Plan are not insured by the Pension Benefit Guaranty Corporation under Title IV of ERISA because the insurance provisions under ERISA do not apply to defined contribution plans like the Plan.

### **D. Top-Heavy Rules**

If the Plan becomes top-heavy, non-key employees may be entitled to additional benefits under the Plan. A “top-heavy” plan is one that primarily benefits key employees as determined under Internal Revenue Code rules. “Key employees” are certain owners and officers of Rite Aid. In the unlikely event the Plan becomes top-heavy, you will be informed about the special rules that apply to you.

## **ARTICLE IX: CLAIMS BY PARTICIPANTS AND BENEFICIARIES**

### **A. Your Plan’s Claims Procedure**

Benefit claim determinations will be made in accordance with the terms of the Plan and any administrative procedures adopted under the Plan. You, your duly authorized representative, or your beneficiaries may make a request to EBAC (or its designee) for payment of your Plan account after your death, retirement, or other termination of service.

A request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, EBAC will furnish you with a written notice of this denial. This written notice must be provided to you within 90 days after the receipt of your claim by EBAC. In certain circumstances EBAC may take an additional 90 days to make its decision if it notifies you prior to the expiration of the initial 90-day period that it needs this time, the reasons for this extension and the date by which it expects to render its benefit determination. You may, but are not obligated to, agree to any other extension of time for a decision on your claim. The period of time within which a benefit determination is required to be made will begin at the time a claim is filed, without regard to whether all the information necessary to make a benefit determination accompanies the filing.

A written notice of denial of your benefit claim will contain the following information:

- the specific reason or reasons for the adverse determination;
- specific reference to those Plan provisions on which the denial is based;
- a description of any additional information or material necessary to correct your claim and an explanation of why such material or information is necessary; and
- a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of you or your beneficiary's right to file a suit under Section 502(a) of ERISA following an adverse benefit determination on review.

If your claim has been denied, and you wish to submit your claim for review, you must follow the Claims Appeal Procedure described in IX (B) below.

## **B. Claims Appeal Procedure**

If your claim for benefits is denied, you or your duly authorized representative may file an appeal of the adverse determination with EBAC which will review your claim and the initial adverse determination. You or your duly authorized representative must file your appeal of the denial within 60 days after you receive notification that your benefit claim is denied. You will have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. In addition, you will be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. In accordance with regulations and other guidance of general applicability issued by the U.S. Department of Labor, a document, record, or other information will be considered "relevant" to a claim if such document, record, or other information (i) was relied upon in making the benefit determination; (ii) was submitted, considered, or generated in the course of making the benefit determination, without regard to whether such document, record, or other information was relied upon in making the benefit determination; or (iii) demonstrates compliance with administrative processes and safeguards.

In its review EBAC will take into account all comments, documents, records, and other information submitted relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

If your claim is denied on appeal, EBAC must provide you with written or electronic notice of this denial within 60 days after EBAC's receipt of your written request for review of your claim. There may be special circumstances when this 60-day period may be extended by EBAC to up to 120 days after receipt

by EBAC of your request for review of your claim. You will receive advance written notice of an extension of the 60-day review period prior to the expiration of the initial 60-day period which will state the reasons for this extension and the date by which EBAC expects to render its benefit determination. You may, but are not obligated to, agree to any other extension of time for a decision on your appealed claim. The period of time within which a benefit determination on review is required to be made will begin at the time an appeal is filed, without regard to whether all the information necessary to make a benefit determination on review accompanies the filing. In the event that a period of time is extended due to your failure to submit information necessary to decide a claim, the period for making the benefit determination on review will be suspended from the date on which the notification of the extension is sent to you until the earlier of (i) 45 days from the date of such notification, or (ii) the date on which you respond to the request for additional information. If you fail to provide the required information, your claim may be denied on appeal.

If your claim is denied on appeal, EBAC's decision on your claim on appeal will be communicated to you in writing and will contain (i) the specific reason or reasons for the adverse determination; (ii) references to the specific Plan provisions on which the benefit determination is based; (iii) a statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits; and (iv) a statement describing your right to file a suit under Section 502(a) of ERISA.

## **ARTICLE X: STATEMENT OF ERISA RIGHTS**

### **Your ERISA Rights**

As a participant in The Rite Aid 401(k) Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan participants shall be entitled to:

#### **1. Receive Information about Your Plan and Benefits**

Under ERISA, you are entitled to:

- Examine, without charge, at the Plan's administrator's office, all documents governing the Plan, including any insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan's administrator, copies of documents governing the operation of the Plan, including insurance contracts, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Plan's administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan's administrator is required by law to furnish each participant with a copy of this summary annual report.

- Obtain a statement telling you whether you have a right to receive a benefit at normal retirement age (age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a benefit, the statement will tell you how many more years you have to work to get a right to a benefit. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

## **2. Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit Plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

## **3. Enforce Your Rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan’s administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan’s administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court after you have followed the claims and appeals procedures set forth above in Article IX. In addition, if you disagree with the Plan administrator’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court after you have followed the claims and appeals procedures set forth above in Article IX. If it should happen that plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

## **4. Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan’s administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan’s administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your local telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

The above Statement of ERISA Rights was created by the U.S. Department of Labor and is required to be included in this Summary by law. By including the Statement of ERISA Rights, the Plan's administrator, Rite Aid, the Plan fiduciaries, and their agents make no representation about the legal accuracy of its content. The Statement of ERISA Rights should in no way be construed as legal advice.

## **ARTICLE XI: AMENDMENT AND TERMINATION OF YOUR PLAN**

### **A. Amendment**

Rite Aid has reserved the right to amend the Plan at any time. Generally, the Plan is amended by action of Rite Aid's board of directors. EBAC has been given the authority to amend the Plan to make (i) changes required by law, and (ii) minor ministerial changes.

In no event will any amendment cause any reduction in the amount credited to your Plan account or cause any part of the Plan assets to revert to Rite Aid or a Rite Aid affiliate.

### **B. Termination**

The Plan is intended to continue indefinitely, however, Rite Aid has reserved the right to terminate the Plan at any time. Upon termination of the Plan, all amounts credited to your Plan account will become 100% vested and all unallocated amounts will be allocated to the accounts of participants.

Upon the full termination of the Plan, Rite Aid will direct the distribution of the assets of the Plan's trust fund to participants in accordance with the Plan's provisions for distributions in general.

**SCHEDULE 1: AFFILIATES OF RITE AID THAT HAVE ADOPTED THE  
PLAN FOR EMPLOYEES**

Rite Aid Health Solutions, L.L.C.