

**CHARTER OF THE COMPENSATION COMMITTEE**  
**OF THE BOARD OF DIRECTORS OF RITE AID CORPORATION**

1. **Purpose.** The purpose of the Compensation Committee of the Board of Directors of Rite Aid Corporation (the "Corporation") is to evaluate and review the performance of the Chief Executive Officer (CEO) and the other executive personnel of the Corporation, to develop and make recommendations to the Board of Directors with respect to executive compensation policies and to periodically review the Corporation's executive succession plans. The Compensation Committee shall also review and recommend compensation plans for the outside directors.

2. **Composition.** The Compensation Committee shall be comprised of three or more directors as determined from time to time by resolution of the Board of Directors. Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of the New York Stock Exchange, and any additional requirements that the Board deems appropriate. Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws. The Chairman of the Compensation Committee shall be designated by the Board of Directors, *provided* that if the Board of Directors does not so designate a Chairman, the members of the Compensation Committee, by majority vote, may designate a Chairman. Any vacancy on the Compensation Committee must be filled by a majority vote of the Board. No member of the Compensation Committee shall be removed except by majority vote of the Board.

3. **Meetings.** The Compensation Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities. The Compensation Committee, in its discretion, may ask members of management or others to attend its meetings and conferences (or portions thereof) and to provide pertinent information as necessary. The Compensation Committee shall maintain minutes of its meetings and conferences and records relating to those meetings and provide copies of such minutes to the Board of Directors. The Compensation Committee may form subcommittees for any purpose that the Compensation Committee deems appropriate and may delegate to such subcommittees such power and authority as the Compensation Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and *provided further* that the Compensation Committee shall not delegate to a subcommittee any power or authority required by law, regulation or listing standard to be exercised by the Compensation Committee as a whole.

The Compensation Committee shall meet in executive session without members of management present with such frequency and at such intervals as it shall determine.

4. **Functions.** The Compensation Committee shall perform the following functions:

- (a) At least annually review and approve the base salaries of the executive officers of the Corporation and review and recommend to the Board the base salary of the CEO of the Corporation;
- (b) At least annually review and approve the Corporation's goals and objectives relevant to incentive based compensation of the executive officers of the Corporation (including the CEO), evaluate the performance in light of these goals and objectives of the Corporation's executive officers (including the CEO) and determine and approve the incentive based compensation of the Corporation's executive officers (including the CEO) based on such evaluation;
- (c) Set corporate performance targets under all annual bonus and long-term incentive compensation plans as appropriate; determine annually the individual bonus award opportunities for the executive officers of the Corporation; certify that any and all performance targets used for any performance based compensation plans have been met before payment of any executive bonus or exercise of any executive award granted under any such plan(s); approve or recommend for Board approval, all amendments to, and terminations of, all incentive compensation and equity based plans; approve forms of award agreements under such plans; grant any awards under any performance based annual bonus, long-term incentive compensation and equity compensation plans to executive officers, including stock options and other equity rights (e.g., restricted stock, stock purchase rights); monitor aggregate equity compensation share use and dilution under the Corporation's equity based plans; approve which executive officers are entitled to awards under the Corporation's equity incentive plan; and oversee the administration of the Corporation's policies with regard to the timing of equity based grants;
- (d) Review and make recommendations to the Board of Directors with respect to executive incentive compensation plans and equity based plans;
- (e) Review and approve all executive officers' employment agreements and severance arrangements;
- (f) Review management proposals regarding compensation and benefit programs, plans and guidelines for the Corporation's executive officers;

- (g) In consultation with the Corporation's CEO, periodically review the Corporation's succession planning for executive officers, including the CEO;
- (h) Review and recommend to the Board of Directors compensation for outside directors and administer their compensation plans;
- (i) Prepare a Compensation Committee report on executive compensation as required by the Securities and Exchange Commission (the "SEC") to be included in the Corporation's annual Proxy Statement or Annual Report on Form 10-K filed with the SEC;
- (j) Review and assess annually risks arising from the Corporation's compensation programs and practices to ensure that none of the Corporation compensation policies and practices encourage excessive risk taking.
- (k) Assess the results of the advisory vote on executive compensation to determine any appropriate response, disclosure or other action;
- (l) Conduct an annual performance evaluation of the Compensation Committee;
- (m) Report regularly to the Board of Directors on its activities, as appropriate; and
- (n) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

5. Use of Consultants, Counsel and Advisers. The Compensation Committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser. The Compensation Committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the Compensation Committee, the expense of which shall be borne by the Corporation. The Compensation Committee may select a compensation consultant, legal counsel or other adviser to the Compensation Committee only after taking into consideration all factors relevant to that person's independence from management, including the following:

- (a) the provision of other services to the Corporation by the person that employs the compensation consultant, legal counsel or other adviser;
- (b) the amount of fees received from the Corporation by the person that employs the compensation consultant, legal counsel or other adviser, as a

percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;

- (c) the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
- (d) any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Compensation Committee;
- (e) any stock of the Corporation owned by the compensation consultant, legal counsel or other adviser; and
- (f) any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Corporation.

The Compensation Committee shall conduct the independence assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the Compensation Committee, other than: (i) in-house legal counsel; and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Corporation, and that is available generally to all salaried employees; or providing information that either is not customized for the Corporation or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice.

Nothing herein requires a compensation consultant, legal counsel or other compensation adviser to be independent, only that the Compensation Committee consider the enumerated independence factors before selecting or receiving advice from a compensation consultant, legal counsel or other compensation adviser. The Compensation Committee may select or receive advice from any compensation consultant, legal counsel or other compensation adviser it prefers, including ones that are not independent, after considering the six independence factors outlined above.

Nothing herein shall be construed: (1) to require the Compensation Committee to implement or act consistently with the advice or recommendations of the compensation consultant, legal counsel or other adviser to the Compensation Committee; or (2) to affect the ability or obligation of the Compensation Committee to exercise its own judgment in fulfillment of its duties.

6. **Other Authority.** The Compensation Committee is authorized to confer with Corporation management and other employees to the extent it may deem necessary or appropriate to fulfill its duties. At the request of the Committee, the CEO and the other executive officers of the Corporation will be excluded from meetings (or portions of meetings) at which such officers' compensation is determined, recommended or approved. In addition to the above, the Compensation Committee shall perform other such duties consistent with this charter, the Corporation's By-Laws and applicable governing law as the Compensation Committee or the Board deems appropriate.