Rite Aid Shareholders Vote to Take Wind out of CEO's Golden Parachute

—Critical vote on accelerated equity vesting calls for possible acquisition target Rite Aid to restrict payout in change in control event—

CAMP HILL, Pa., June 25, 2015—At a tense annual meeting today, a solid majority of Rite Aid (NYSE: RAD) shareholders sent a clear message that they did not want CEO John Standley to walk away with millions in unearned performance equity awards if the company were to sell itself or be taken over.

According to preliminary results, 58 percent of shareholders supported a proposal by the CtW Investment Group calling on Rite Aid to adopt a policy that limits the accelerated vesting on performance shares to a pro rata basis.

The following statement can be attributed to Dieter Waizenegger, the CtW Investment Group's Executive Director:

> *"With CEO John Standley realizing $45 million over the past three years, he doesn't need a golden parachute that rewards him further with performance awards that he hasn't earned.*
>
> *"Today's vote shows that shareholders want a true pay-for-performance culture at the company, not one that incentivizes deal making over meeting long-term growth targets."*

Both leading proxy firms, ISS and Glass Lewis, supported CtW's proposal. ISS wrote that a change-in-control event "should not provide an immediate or automatic economic windfall to plan participants, especially one that could incentivize executives to pursue transactions that may not in the best long-term interests of shareholders."

Rite Aid management opposed pro-rata vesting. Currently, the company's policy states that if a senior executive is terminated after a change in control that "all performance criteria will be deemed to have been achieved at target levels" and the performance awards become "fully vested."

The proxy statement mailed to shareholders ahead of today's vote reports that CEO Standley could receive a $42 million golden parachute if he lost his job following a takeover, including $31.6 million in the accelerated vesting of outstanding equity awards.

The CtW Investment Group's proposal seeks to reign in the value of accelerated equity, requiring that outstanding performance equity awards vest only based on what has been earned thus far; not what might have been earned if the executive had not only remained employed but met his or her performance targets.

About

The CtW Investment Group works with the pension funds of unions associated with the Change to Win labor federation. In total, these funds have $250 billion in assets under management are significant Rite Aid shareholders. The group is a leader in pushing for better corporate governance, most recently raising red flags about practices at Walgreens Boots Alliance, Caterpillar and Allegiant Air.

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