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**BY EMAIL** (shareholderproposals@sec.gov)

February 12, 2021

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, N.E.  
Washington, D.C. 20549

RE: Rite Aid Corporation – 2021 Annual Meeting  
Omission of Shareholder Proposal of Steven Krol

Ladies and Gentlemen:

Pursuant to Rule 14a-8(j) promulgated under the Securities Exchange Act of 1934, as amended, we are writing on behalf of our client, Rite Aid Corporation, a Delaware corporation (“Rite Aid”), to request that the Staff of the Division of Corporation Finance (the “Staff”) of the U.S. Securities and Exchange Commission (the “Commission”) concur with Rite Aid’s view that, for the reasons stated below, it may exclude the shareholder proposal and supporting statement (the “Proposal”) submitted by Steven Krol (the “Proponent”) from the proxy materials to be distributed by Rite Aid in connection with its 2021 annual meeting of stockholders (the “2021 proxy materials”).

In accordance with Section C of Staff Legal Bulletin No. 14D (Nov. 7, 2008) (“SLB 14D”), we are emailing this letter and its attachments to the Staff at shareholderproposals@sec.gov. In accordance with Rule 14a-8(j), we are simultaneously sending a copy of this letter and its attachments to the Proponent as notice of Rite Aid’s intent to omit the Proposal from the 2021 proxy materials.

Rule 14a-8(k) and Section E of SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the shareholder proponents elect to submit to the Commission or the Staff. Accordingly, we are taking this opportunity to remind the Proponent that if he submits correspondence to the Commission or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to Rite Aid.

### **I. The Proposal**

The text of the resolution contained in the Proposal is set forth below:

**RESOLVED**, shareholders recommend the board of directors adopt a policy making awards to senior executives, as follows:

No equity compensation grant may be made to a senior executive at a time when Rite Aid common stock has a market price lower than the grant date market price (taking into account stock dividends and stock splits) of any prior equity compensation grants to such executive. Compliance with this policy is excused if it would result in the violation of any existing contractual obligation or the terms of any existing compensation plan

### **II. Basis for Exclusion**

We hereby respectfully request that the Staff concur in Rite Aid's view that it may exclude the Proposal from the 2021 proxy materials pursuant to Rule 14a-8(i)(7) because the Proposal deals with matters relating to Rite Aid's ordinary business operations.

### **III. Background**

On January 22, 2021, Rite Aid received the initial version of the Proposal. Then, on January 25, 2021, Rite Aid received a revised version of the Proposal. On January 26, 2021, Rite Aid sent a letter to the Proponent requesting a written statement from the record owner of the Proponent's shares verifying that the Proponent has beneficially owned the requisite number of shares of Rite Aid common stock continuously for at least one year as of the date the Proposal was submitted (the "Deficiency Letter"). On February 4, 2021, Rite Aid received a copy of a letter from E\*TRADE Financial verifying the Proponent's stock ownership in Rite Aid (the "Broker Letter"). Copies of the initial Proposal, revised Proposal, Deficiency Letter and Broker Letter are attached hereto as Exhibit A.

**IV. Rite Aid May Exclude the Proposal Pursuant to Rule 14a-8(i)(7) Because the Proposal Deals with Matters Relating to Rite Aid’s Ordinary Business Operations.**

Under Rule 14a-8(i)(7), a shareholder proposal may be excluded from a company’s proxy materials if the proposal “deals with matters relating to the company’s ordinary business operations.” In Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”), the Commission stated that the policy underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. The second consideration relates to the degree to which the proposal seeks to “micro-manage” the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.

In accordance with these principles, the Staff has consistently agreed that shareholder proposals attempting to micromanage a company by probing too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment are excludable under Rule 14a-8(i)(7). *See* the 1998 Release; *see also JPMorgan Chase & Co.* (Mar. 22, 2019); *Royal Caribbean Cruises Ltd.* (Mar. 14, 2019); Walgreens Boots Alliance, Inc. (Nov. 20, 2018); *RH* (May 11, 2018); *JPMorgan Chase & Co.* (Mar. 30, 2018); Amazon.com, Inc. (Jan. 18, 2018). In addition, in Staff Legal Bulletin No. 14J (Oct. 23, 2018), the Staff reminded companies and proponents that in assessing whether a proposal micromanages, the Staff looks at the manner in which a proposal addresses an issue and not whether a proposal’s subject matter itself is proper for a shareholder proposal under Rule 14a-8. The Staff also explained that proposals addressing executive compensation that seek intricate detail, or seek to impose specific timeframes or methods for implementing complex policies, can be excluded under Rule 14a-8(i)(7) on the basis of micromanagement. In Staff Legal Bulletin No. 14K (Oct. 16, 2019), the Staff further explained that when a proposal prescribes specific actions that the company’s management or the board must undertake without affording them sufficient flexibility or discretion, the proposal may micromanage the company to such a degree that exclusion of the proposal would be warranted.

Consistent with this guidance, the Staff has permitted exclusion on the basis of micromanagement where a proposal related to executive compensation matters but sought to “impose specific methods for implementing complex policies.” In *JPMorgan Chase & Co.* (Mar. 22, 2019), for example, the Staff concurred with the exclusion of a proposal that asked the Company to prohibit “vesting of equity-based

awards for senior executives due to a voluntary resignation to enter government service.” The Staff found that “the [p]roposal micromanages the [c]ompany by seeking to impose specific methods for implementing complex policies.” *See also Johnson & Johnson* (Feb. 12, 2020) (permitting exclusion on the basis of micromanagement of a proposal that asked the company’s Compensation & Benefits Committee to modify its annual cash incentive program to provide that certain short-term bonus awards would not be paid in full for some period following the award, noting the company’s statement that “the [p]roposal’s request to categorically prohibit immediate full payment of short-term bonus awards to senior executives would strip the Compensation & Benefits Committee of the discretion and flexibility it requires to properly exercise its business judgment”); *Johnson & Johnson* (Feb. 14, 2019) (permitting exclusion on the basis of micromanagement of a proposal that asked the company’s board of directors to adopt a policy that no financial performance metric be adjusted to exclude legal or compliance costs when evaluating performance for purposes of determining the amount or vesting of any senior executive incentive compensation award, noting that the proposal sought to “impose specific methods for implementing complex policies”); *AbbVie Inc.* (Feb. 15, 2019) (same).

In this case, the Proposal seeks to micromanage Rite Aid by prescribing specific methods for implementing complex policies. It does so by requesting that “[n]o equity compensation grant may be made to a senior executive at a time when Rite Aid common stock has a market price lower than the grant date market price ... of any prior equity compensation grants to such executive.” In other words, the Proposal would restrict Rite Aid’s Compensation Committee (the “Committee”) from making any equity compensation grants to senior executives in certain instances without regard to circumstances and the Committee’s business judgment.

Decisions concerning awards of incentive compensation to Rite Aid senior executives in particular forms and at particular times entail complex business judgments by the Committee. In this respect, as described in Rite Aid’s annual proxy statement for its 2020 annual meeting of stockholders (the “Proxy Statement”), the Committee exercises its business judgment and discretion to further the business objectives of incentivizing management to achieve desired company performance, as well as attracting and retaining superior talent. Reflecting on these intricate judgments, the Proxy Statement reports the Committee’s belief that “[e]ven in periods of temporary downturns in overall corporate performance, the [executive compensation] programs should continue to ensure that successful, high-achieving associates will remain motivated and committed to [Rite Aid] to support the stability and future needs of [Rite Aid].” The Proposal, however, would categorically prohibit grants of equity incentive compensation to senior executives in certain

circumstances, thereby stripping the Committee of the discretion and flexibility it requires to properly exercise its business judgment regarding these matters.

The Proposal's supporting statement makes plain that the goal of the Proposal is to supplant the Committee's ability to exercise its business judgment. Specifically, the Proposal states "[i]f the reason for these [equity] grants is to provide incentives to increase share value ... that goal would be better accomplished if senior executives were not so rewarded when the stock price declines under their management." The supporting statement goes on to state "not solely our board should determine whether equity grants are justified and awarded."

Thus, the Proposal attempts to prescribe specific limitations on the ability of the Compensation Committee of Rite Aid's Board of Directors to make business judgments, without any flexibility or discretion. As a result, the Proposal prescribes a specific method for implementing complex policies and, therefore, probes too deeply into matters of a complex nature upon which shareholders, as a group, are not in a position to make an informed judgment. Therefore, the Proposal attempts to micromanage Rite Aid and is precisely the type of effort that Rule 14a-8(i)(7) is intended to prevent.

Accordingly, Rite Aid believes that the Proposal may be excluded from its 2021 proxy materials pursuant to Rule 14a-8(i)(7) as relating to its ordinary business operations.

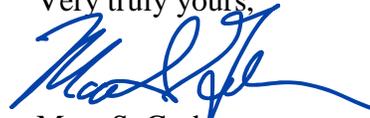
## **V. Conclusion**

Based upon the foregoing analysis, Rite Aid respectfully requests that the Staff concur that it will take no action if Rite Aid excludes the Proposal from the 2021 proxy materials.

Office of Chief Counsel  
February 12, 2021  
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Should the Staff disagree with the conclusions set forth in this letter, or should any additional information be desired in support of Rite Aid's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response. Please do not hesitate to contact the undersigned at (202) 371-7233.

Very truly yours,



Marc S. Gerber

Enclosures

cc: Paul Gilbert  
Rite Aid Corporation

Steven Krol

EXHIBIT A

(see attached)

**From:** Steve Krol \*\*\*  
**Date:** January 22, 2021 at 5:35:51 PM CST  
**To:** "Paul D. Gilbert" <[Paul.D.Gilbert@riteaid.com](mailto:Paul.D.Gilbert@riteaid.com)>, Sherrie L Hinkle  
<[Sherrie.L.Hinkle@riteaid.com](mailto:Sherrie.L.Hinkle@riteaid.com)>  
**Subject:** Shareholder Proposal for Inclusion in 2021 proxy Statement

Mr. Paul Gilbert January 22, 2021  
Rite Aid Corporation  
30 Hunter Lane  
Camp Hill, Pennsylvania 17011

Dear Mr. Gilbert:

Under a previous email transmitted minutes ago, you received my Etrade broker letter, evidencing my share position in Rite Aid.

Referenced below is the Proposal I request be included in Rite Aid's 2021 proxy statement to be voted on at the Annual Meeting of Shareholders

later this year. I will be present to introduce it at the meeting.

Should you have any questions, please feel free to contact me by email or at the telephone number below..

Sincerely,  
Steven Krol  
Rite Aid Shareholder

\*\*\*

Tel. \*\*\*

**RESOLVED**, shareholders recommend the board of directors adopt a policy making awards specifically to senior executives, as follows:

No equity compensation grant may be made to a senior executive at a time when Rite Aid common stock has a market price lower than the grant date market price (taking into account stock dividends and stock splits) of any prior equity compensation grants to such individual. Compliance with this policy is excused if it would result in the violation of any existing contractual obligation or the terms of any existing compensation plan

### Supporting Statement

Our largest institutional shareholders have expressed dissatisfaction with senior level pay practices, as seen on page 43 of the 2020 proxy statement and page 37 of the 2019 statement. Among their disapproval

were:

1. Retention bonuses awarded June 2018, only to terminate the employment of some of these recipients a mere 9 months later
2. Mid-year adjustment to the 2018 annual incentive plan, and
3. A lack of alignment between company performance and pay

At our 2018 Annual Meeting, 83% of shares voted against the compensation of our Named Executive Officers.

A significant portion of senior-level compensation arises from equity grants, which are dilutive and costly to the owners of the company. If the reason for these grants is to provide incentives for executives to work to increase share value in order to benefit together with their stakeholders, that goal would be better accomplished if the senior executives were not so rewarded when the stock price declines under their management, in many cases by their own poor decision-making, such as when:

1. The proxy advisory firms recommended their clients reject the Albertsons merger based on price and "process".

Proponent also cited substantial conflicts of interest.

2. The Eckerd acquisition in 2007 further indebted Rite Aid when the board and senior executives had evidence from

the Proponent of pre-existing gross mismanagement of our existing store base

Hide original message

Both of the above examples cost the temporary loss of most shareholder equity thereafter. This in no way bolsters our board's

argument in the pages that follow that they alone should continue to determine equity grants or that they insure senior executive pay is aligned with their performance. Our reverse stock split suggests otherwise.

The real senior executive report card is provided by Wall Street, the best neutral observer who assigns our stock price. Our board waited for backlash from their largest holders before revising total executive compensation. Therefore, Wall Street and not solely our board should determine whether equity grants are justified and awarded.

Protect your investment. Please vote **"FOR"** Proposal # \_\_\_\_\_

**From:** Steve Krol

\*\*\*

**Sent:** Monday, January 25, 2021 8:04 AM

**To:** Paul D. Gilbert <[Paul.D.Gilbert@riteaid.com](mailto:Paul.D.Gilbert@riteaid.com)>; Sherrie L Hinkle <[Sherrie.L.Hinkle@riteaid.com](mailto:Sherrie.L.Hinkle@riteaid.com)>

**Subject:** Revised Shareholder Proposal for 2021 Proxy Statement

Mr. Paul Gilbert January 26, 2021

Rite Aid Corporation BY EMAIL

30 Hunter Lane

Camp Hill, Pennsylvania **REVISED SHAREHOLDER PROPOSAL**

Dear Mr. Gilbert:

Pursuant to SEC Rule SLB 14F, the following revised shareholder proposal fully replaces the previous one submitted to your office last Friday, January 23, 2021 for inclusion in the 2021 proxy statement.

Further, while the amended SEC rules do not go into actual effect until shareholder meetings commencing after January 1, 2022, I am able to meet with Rite Aid via teleconference on a day and time of the company's choosing, with sufficient advance notice, to discuss the Proposal with Rite Aid.

Should you have any questions, please feel free to contact the Proponent at the telephone number or email below.

Sincerely,

Steven Krol

Tel. \*\*\*

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**RESOLVED**, shareholders recommend the board of directors adopt a policy making awards to senior executives, as follows:

No equity compensation grant may be made to a senior executive at a time when Rite Aid common stock has a market price lower than the grant date market price (taking into account stock dividends and stock splits) of any prior equity compensation grants to such executive. Compliance with this policy is excused if it would result in the violation of any existing contractual obligation or the terms of any existing compensation plan

Supporting Statement

The comments below contain no assertions or statements about Rite Aid or otherwise that are inaccurate.

Our largest institutional shareholders have expressed dissatisfaction with senior level pay practices, divulged in our last two years proxy statements. That disapproval included:

1. Retention bonuses awarded in the millions June 2018, only to terminate the employment of some of these recipients the following year.
2. Mid-year adjustment to the 2018 annual incentive plan, and
3. A lack of alignment between company performance and pay

At our 2018 Annual Meeting, 83% of shares voted against the compensation of our Named Executive Officers. A significant portion of senior-level compensation arises from equity grants, both dilutive and costly to the stockholders. If the reason for these grants is to provide incentives to increase share value to benefit them together with their stakeholders, that goal would be better accomplished if senior executives were not so rewarded when the stock price declines under their management, in many cases by their own poor decision-making, such as when:

1. The proxy advisory firms, ISS and Glass Lewis, recommended rejection of the Albertsons merger based on price . and "process". Proponent also cited substantial conflicts of interest. One year after the merger announcement the stock had lost another 65% of its value and kept temporarily dropping.
2. The Eckerd acquisition in 2007 further indebted Rite Aid when the senior executives had evidence from Proponent's nationwide store visits that the pre-existing store base had severe mismanagement. One year after the Closing, the stock had lost 80% of its value and kept temporarily dropping.

Hide original message

The above examples in no way bolster our board's argument in the pages that follow that they alone should continue to determine equity grants or that they correctly insure senior executive pay is aligned with their performance. Both the reverse stock split and the slow removal of the last two CEO's suggest otherwise. The unbiased senior executive report card is provided by Wall Street, the best neutral observer who assigns our stock price. Our board waited for backlash from their largest stockholders before revising total executive compensation. Therefore, Wall Street and not solely our board should determine whether equity grants are justified and awarded.

Protect your investment. Please vote **"FOR"** Proposal # \_\_\_\_\_

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**CORPORATE OFFICE**

30 Hunter Lane  
Camp Hill, PA 17011

Paul D. Gilbert  
Executive Vice President, Secretary & General Counsel  
paul.d.gilbert@riteaid.com

January 26, 2021

**BY EMAIL**

Steven Krol

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RE: Notice of Deficiency

Dear Mr. Krol:

I am writing to acknowledge receipt on January 22, 2021 of your shareholder proposal (as subsequently revised on January 25, 2021, the "Proposal") submitted to Rite Aid Corporation pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, for inclusion in Rite Aid's proxy materials for the 2021 Annual Meeting of Stockholders (the "Annual Meeting").

Under Rule 14a-8, in order to be eligible to submit a proposal for the Annual Meeting, a proponent must have continuously held at least \$2,000 in market value of Rite Aid common stock for at least one year, preceding and including the date that the proposal was submitted. For your reference, a copy of Rule 14a-8 is attached to this letter as Exhibit A.

Our records indicate that you are not a registered holder of Rite Aid common stock. I am in receipt of your transmittal email that purports to convey proof of ownership from E\*Trade. However, Rule 14a-8 requires that you submit a "written statement from the 'record' holder." The text appearing within your email does not constitute a written statement from the record holder of your shares.

Accordingly, please provide a written statement from the record holder of your shares (usually a bank or broker) and a participant in the Depository Trust Company (DTC) verifying that, at the time you submitted the Proposal, which was January 22, 2021, you had beneficially held the requisite number of shares of Rite Aid common stock continuously for at least one year preceding and including January 22, 2021.

Steven Krol  
January 26, 2021  
Page 2

In order to determine if the bank or broker holding your shares is a DTC participant, you can check the DTC's participant list, which is currently available on the Internet at <http://www.dtcc.com/client-center/dtc-directories>. If the bank or broker holding your shares is not a DTC participant, you also will need to obtain proof of ownership from the DTC participant through which the shares are held. You should be able to find out who this DTC participant is by asking your broker or bank. If the DTC participant knows your broker or bank's holdings, but does not know your holdings, you can satisfy Rule 14a-8 by obtaining and submitting two proof of ownership statements verifying that, at the time the Proposal was submitted, the required amount of shares were continuously held for at least one year – one from your broker or bank confirming your ownership, and the other from the DTC participant confirming the broker or bank's ownership. For additional information regarding the acceptable methods of proving your ownership of the minimum number of shares of Rite Aid common stock, please see Rule 14a-8(b)(2) in Exhibit A.

Rule 14a-8 requires that the documentation be postmarked or transmitted electronically to us no later than 14 calendar days from the date you receive this letter. Once we receive your response, we will be in a position to determine whether the Proposal is eligible for inclusion in the proxy materials for the Annual Meeting. Rite Aid reserves the right to seek relief from the Securities and Exchange Commission as appropriate.

Very truly yours,

DocuSigned by:  
  
E1D2A5E0CC584A2...

Paul D. Gilbert  
Executive Vice President, Secretary and  
General Counsel

Enclosure

E\*TRADE Financial  
PO Box 484  
Jersey City, NJ 07303-0484

**E\*TRADE**  
FINANCIAL

January 22, 2021

Steven Krol  
\*\*\*

Re: E\*TRADE Securities Account \*\*\* Traditional IRA

To Whom It May Concern:

Pursuant to your request, our records indicate that, as of January 22, 2021, you hold 10,313 shares of Rite Aid Corporation (symbol: RAD) in the E\*TRADE account ending in \*\*\*. Further pursuant to your request, our records indicate that you have held at least \$2,000.00 worth in stock value of Rite Aid Corp in this E\*TRADE account continuously for more than three years. E\*TRADE Securities LLC is an active participant in the Depository Trust Company (DTC).

We hope that this information satisfies your request. Should you have any further questions, please feel free to contact a Financial Services Representative at 800-ETRADE-1 (800-387-2331, or +1 678 624 6210 internationally), 24 hours a day, seven days a week.

Sincerely,



Thomas Hardy  
Correspondence Department

**PLEASE READ THE IMPORTANT DISCLOSURES BELOW.**

The E\*TRADE Financial family of companies provides financial services, including trading, investing, and banking products and services, to retail customers.

Securities products and services offered by E\*TRADE Securities LLC, Member FINRA/SIPC, are not insured by the FDIC, are not deposits or obligations of, or guaranteed by, E\*TRADE Bank, and are subject to investment risk, including possible loss of the principal amount invested.

Banking products and services are offered by E\*TRADE Bank, a Federal savings bank, Member FDIC, or its subsidiaries.

E\*TRADE Securities LLC and E\*TRADE Bank are separate but affiliated companies.

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