

RITE AID CORP
Form PREM14A
November 24, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

RITE AID CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:
Common stock, par value \$1.00 per share, of Rite Aid Corporation ("Common Stock").
- (2) Aggregate number of securities to which transaction applies:
1,096,139,520 shares of Common Stock as of November 19, 2015, which consists of:

(A) 1,046,467,182 shares of Common Stock outstanding; (B) 39,759,499 shares of Common Stock issuable upon the exercise of options granted pursuant to the 2004 omnibus equity plan, 2006 omnibus equity plan, 2010 omnibus equity plan, 2012 omnibus equity plan and 2014 omnibus equity plan, as well as any other plans or agreements to which Rite Aid has granted equity awards; (C) 5,178,792 shares of restricted Common Stock subject to vesting conditions granted pursuant to the above Rite Aid plans; (D) 4,633,930 shares of restricted Common Stock issuable upon vesting

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and settlements of performance-vesting restricted units granted pursuant to the above Rite Aid plans; and (E) 100,117 time-vesting restricted stock units granted pursuant to the above Rite Aid plans.

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Solely for the purposes of calculating the filing fee, the maximum aggregate value was determined based upon the sum of:

(A) 1,046,467,182 shares of Common Stock outstanding, multiplied by \$9.00 per share, (B) 39,759,499 shares of Common Stock issuable upon the exercise of options granted pursuant to the 2004 omnibus equity plan, 2006 omnibus equity plan, 2010 omnibus equity plan, 2012 omnibus equity plan and 2014 omnibus equity plan, as well as any other plans or agreements to which Rite Aid has granted equity awards, multiplied by \$6.297, which is the excess of \$9.00 over \$2.703, which is the weighted average exercise price of such options, (C) 5,178,792 shares of restricted Common Stock subject to vesting conditions granted pursuant to the above Rite Aid plans, multiplied by \$9.00 per share, (D) 4,633,930 shares of restricted Common Stock issuable upon vesting and settlements of performance-vesting restricted units granted pursuant to the above Rite Aid plans, multiplied by \$9.00 per share and (E) 100,117 time-vesting restricted stock units granted pursuant to the above Rite Aid plans, multiplied by \$9.00 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying the sum (9,757,785,754.20) calculated in the preceding sentence by 0.0001007.

- (4) Proposed maximum aggregate value of transaction:

\$9,757,785,754.20

- (5) Total fee paid:

\$982,609.03

o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:

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

- (3) Filing Party:

- (4) Date Filed:
-

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION
DATED NOVEMBER 23, 2015**

[•], 2015

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of Rite Aid Corporation, which we refer to as Rite Aid, to be held on [•], 201[•], at [•], at [•], [•] time.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of October 27, 2015, which we refer to as the merger agreement, among Walgreens Boots Alliance, Inc., which we refer to as WBA, Victoria Merger Sub, Inc., which we refer to as Merger Sub and which is a wholly owned direct subsidiary of WBA, and Rite Aid. Pursuant to the terms of the merger agreement, Merger Sub will merge with and into Rite Aid, with Rite Aid surviving the merger as a wholly owned direct subsidiary of WBA. You also will be asked to consider and vote on a non-binding advisory proposal to approve compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

If the merger is completed, you will be entitled to receive \$9.00 in cash, without interest, for each share of our common stock you own (unless you have properly exercised your appraisal rights with respect to such shares), which represents a premium of (i) approximately 48% to Rite Aid's closing stock price on October 26, 2015, the last trading day prior to the date on which public announcement of the execution of the merger agreement was made, and (ii) approximately 44% to the volume weighted average share price of our common stock during the thirty (30) days ended October 26, 2015.

Rite Aid's Board of Directors, after considering the reasons more fully described in this proxy statement, determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Rite Aid and its stockholders, and adopted, approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement. The Board of Directors recommends that you vote (i) "FOR" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "FOR" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "FOR" the proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

The enclosed proxy statement provides detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to the proxy statement. The proxy statement also describes the actions and determinations of our Board of Directors in connection with its evaluation of the merger agreement and the merger. We encourage you to read the proxy statement and its annexes, including the merger agreement, carefully and in their entirety. You may also obtain more information about Rite Aid from documents we file with the Securities and Exchange Commission from time to time.

Whether or not you plan to attend the special meeting in person, please complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope or grant your proxy electronically over the Internet or by telephone. If you attend the special meeting and

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vote in person by ballot, your vote will revoke any proxy that you have previously submitted. If you hold your shares in "street name," you should instruct your broker, bank or other nominee how to vote in accordance with the voting instruction form you will receive from your broker, bank or other nominee.

Your vote is very important, regardless of the number of shares that you own. We cannot complete the merger unless the proposal to adopt the merger agreement is approved by the affirmative vote of the holders of a majority of the outstanding shares of our common stock. The failure of any stockholder to vote in person by ballot at the special meeting, to submit a signed proxy card or to grant a proxy electronically over the Internet or by telephone will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement. If you hold your shares in "street name," the failure to instruct your broker, bank or other nominee on how to vote your shares will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement.

If you have any questions or need assistance voting your shares of our common stock, please contact Innisfree M&A Incorporated, our proxy solicitor, by calling (877) 717-3929 toll-free.

On behalf of our Board of Directors, I thank you for your support and appreciate your consideration of this matter.

Sincerely,

John T. Standley

Chief Executive Officer and Chairman of the Board of Directors

Neither the U.S. Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the transactions described in this document, including the merger, or determined if the information contained in this document is accurate or adequate. Any representation to the contrary is a criminal offense.

The accompanying proxy statement is dated [•], 2015 and, together with the enclosed form of proxy card, is first being mailed to stockholders of Rite Aid on or about [•], 2015.

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION
DATED NOVEMBER 23, 2015**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
YOUR VOTE IS VERY IMPORTANT. PLEASE VOTE YOUR SHARES PROMPTLY.**

Notice is hereby given that a special meeting of stockholders of Rite Aid Corporation, a Delaware corporation, which we refer to as Rite Aid, will be held on [•], 201[•], at [•], at [•], [•] time for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of October 27, 2015, which we refer to as the merger agreement, among Walgreens Boots Alliance, Inc., which we refer to as WBA, Victoria Merger Sub, Inc., which we refer to as Merger Sub and which is a wholly owned direct subsidiary of WBA, and Rite Aid, as it may be amended from time to time (a copy of the merger agreement is attached as Annex A to the proxy statement accompanying this notice);
2. To consider and vote on the proposal to approve, by means of a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger contemplated by the merger agreement;
3. To consider and vote on the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting; and
4. To transact any other business that may properly come before the special meeting or any adjournment or postponement of the special meeting.

The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon is required to approve the proposal to adopt the merger agreement. The affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon is required to approve the proposal to approve one or more adjournments of the special meeting. The affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon is required to approve the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. The failure of any stockholder of record to submit a signed proxy card, grant a proxy electronically over the Internet or by telephone or to vote in person by ballot at the special meeting will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement, but will not have any effect on the adjournment proposal or the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. If you hold your shares in "street name," the failure to instruct your broker, bank or other nominee on how to vote your shares will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement, but will not have any effect on the adjournment proposal or the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable to Rite Aid's named executive officers in connection with the merger. Abstentions will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement, the adjournment proposal and the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger.

Only stockholders of record as of the close of business on [•], 2015 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournment or postponement thereof.

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A list of stockholders entitled to vote at the special meeting will be available in our offices located at 30 Hunter Lane, Camp Hill, Pennsylvania 17011 during regular business hours for a period of at least ten (10) days before the special meeting and at the place of the special meeting during the meeting.

Stockholders who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of Rite Aid common stock if they deliver a demand for appraisal before the vote is taken on the merger agreement and comply with all applicable requirements under Delaware law, which are summarized herein and reproduced in their entirety in Annex C to the accompanying proxy statement.

The Board of Directors recommends that you vote (i) "FOR" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "FOR" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "FOR" the proposal to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

By Order of the Board of Directors,

James J. Comitale
Secretary

Dated: [•], 2015

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YOUR VOTE IS IMPORTANT

WHETHER OR NOT YOU EXPECT TO ATTEND THE SPECIAL MEETING IN PERSON, WE ENCOURAGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) BY TELEPHONE, (2) THROUGH THE INTERNET OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. You may revoke your proxy or change your vote at any time before the special meeting. If your shares are held in the name of a broker, bank or other nominee, please follow the instructions on the voting instruction card furnished to you by such broker, bank or other nominee, which is considered the stockholder of record, in order to vote. As a beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote the shares in your account. Your broker, bank or other nominee cannot vote on any of the proposals, including the proposal to adopt the merger agreement, without your instructions.

If you fail to return your proxy card, to grant your proxy electronically over the Internet or by telephone, or to vote by ballot in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. If you are a stockholder of record, voting in person by ballot at the special meeting will revoke any proxy that you previously submitted. If you hold your shares through a broker, bank or other nominee, you must obtain from the record holder a valid proxy issued in your name in order to vote in person at the special meeting.

We encourage you to read the accompanying proxy statement, including all documents incorporated by reference into the accompanying proxy statement, and annexes to the accompanying proxy statement, carefully and in their entirety. If you have any questions concerning the merger, the special meeting or the accompanying proxy statement, would like additional copies of the accompanying proxy statement or need help voting your shares of common stock, please contact our proxy solicitor:

Innisfree M&A Incorporated
501 Madison Avenue, 20th Floor
New York, New York 10022
Toll Free: (877) 717-3929
Banks & Brokers may call collect: (212) 750-5833

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SUMMARY

This summary highlights selected information from this proxy statement related to the merger of Merger Sub with and into Rite Aid with Rite Aid surviving as a wholly owned direct subsidiary of WBA, which transaction we refer to as the merger. This summary may not contain all of the information that is important to you. To understand the merger more fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement, the annexes to this proxy statement, including the merger agreement, and the documents incorporated by reference in this proxy statement. You may obtain the documents and information incorporated by reference in this proxy statement without charge by following the instructions under "Where You Can Find More Information" beginning on page 114. The merger agreement is attached as Annex A to this proxy statement.

Except as otherwise specifically noted in this proxy statement or as the context otherwise requires, "Rite Aid," or "we," "our," "us" and similar words in this proxy statement refer to Rite Aid Corporation including, in certain cases, its subsidiaries. Throughout this proxy statement we refer to Walgreens Boots Alliance, Inc. as WBA and to Victoria Merger Sub, Inc. as Merger Sub. In addition, throughout this proxy statement we refer to the Agreement and Plan of Merger, dated as of October 27, 2015, as it may be amended from time to time, among WBA, Merger Sub and Rite Aid, as the merger agreement.

Parties Involved in the Merger (page 30)

Rite Aid Corporation

Rite Aid is a leading retail drugstore chain in the United States. As of October 24, 2015, Rite Aid operated 4,561 stores in 31 states across the country and in the District of Columbia.

Rite Aid sells prescription drugs and a wide assortment of other merchandise, which Rite Aid calls "front-end" products. Front-end products include over-the-counter medications, health and beauty aids, personal care items, cosmetics, household items, food and beverages, greeting cards, seasonal merchandise and numerous other everyday and convenience products.

On June 24, 2015, we completed our acquisition of Envision Topco Holdings, LLC which we refer to as EnvisionRx, pursuant to the terms of that certain Agreement and Plan of Merger, dated as of February 10, 2015, by and among Rite Aid, Eagle Merger Sub 1 LLC, Eagle Merger Sub 2 LLC, TPG VI Envision BL, LLC, Envision Topco Holdings, LLC and Shareholder Representative Services LLC, in its capacity as sellers' representative, which we refer to as the EnvisionRx Agreement. EnvisionRx is a full-service pharmacy services provider. EnvisionRx provides both transparent and traditional pharmacy benefit manager options through its EnvisionRx and MedTrak pharmacy benefit managers, respectively. EnvisionRx also offers fully integrated mail-order and specialty pharmacy services through Orchard Pharmaceutical Services; access to a leading cash pay infertility discount drug program via Design Rx; an innovative claims adjudication software platform in Laker Software; and a national Medicare Part D prescription drug plan through Envision Insurance Company's EnvisionRx Plus Silver product for the low income auto-assign market and its Clear Choice product for the chooser market. EnvisionRx operates as our 100 percent owned subsidiary.

Rite Aid was incorporated in Delaware on April 15, 1968. Rite Aid's common stock is currently listed on the New York Stock Exchange, which we refer to as the NYSE, under the symbol "RAD."

Walgreens Boots Alliance, Inc.

WBA is the first global, pharmacy-led health and wellbeing enterprise with net sales of \$103.4 billion in the fiscal year ended August 31, 2015. Together with its equity method investments, WBA employs more than 370,000 people and has over 13,100 stores in 11 countries and a pharmaceutical wholesale and a distribution network that includes over 350 distribution centers delivering to more than 200,000 pharmacies, doctors, health centers and hospitals each year.

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WBA's portfolio of retail and business brands includes Walgreens, Duane Reade, Boots and Alliance Healthcare, as well as increasingly global health and beauty product brands, such as No7, Botanics, Liz Earle and Soap & Glory.

WBA was created through the combination of Walgreen Co. and Alliance Boots GmbH in December 2014. WBA was incorporated in Delaware in 2014 and is the successor of Walgreen Co., an Illinois corporation, which was formed in 1909 as a successor to a business founded in 1901. Its principal executive offices are located at 108 Wilnot Road, Deerfield, Illinois 60015. WBA's common stock trades on the NASDAQ Stock Market under the symbol "WBA."

Victoria Merger Sub, Inc.

Merger Sub is a Delaware corporation and a wholly owned subsidiary of WBA, formed on October 23, 2015 for the purpose of entering into the merger agreement and completing the transactions contemplated by the merger agreement. Upon completion of the merger, Merger Sub will cease to exist.

Certain Effects of the Merger on Rite Aid (page 31)

Upon the terms and subject to the conditions of the merger agreement, Merger Sub will merge with and into Rite Aid, with Rite Aid continuing as the Surviving Corporation and a wholly owned direct subsidiary of WBA. Throughout this proxy statement, we use the term Surviving Corporation to refer to Rite Aid as the surviving corporation following the merger. If the merger is completed, you will not own any shares of the capital stock of the Surviving Corporation, and instead will only be entitled to receive the merger consideration, as described under "Proposal 1: Adoption of the Merger Agreement Merger Consideration" beginning on page 86.

Effect on Rite Aid if the Merger is Not Completed (page 31)

If the merger agreement is not adopted by Rite Aid stockholders or if the merger is not completed for any other reason, Rite Aid stockholders will not receive any payment for their shares of common stock. Instead, Rite Aid will remain a public company, Rite Aid's common stock will continue to be listed and traded on the NYSE and registered under the Securities Exchange Act of 1934, which we refer to as the Exchange Act, and Rite Aid will continue to file periodic reports with the SEC.

Under certain specified circumstances, Rite Aid will be required to reimburse certain of WBA's expenses incurred in respect of the transactions contemplated by the merger agreement, will be required to pay WBA a termination fee upon the termination of the merger agreement or will be entitled to receive a termination fee from WBA, as described under "Proposal 1: Adoption of the Merger Agreement Termination of the Merger Agreement Termination Fees" beginning on page 106 and "Proposal 1: Adoption of the Merger Agreement Expense Reimbursement" beginning on page 107.

Merger Consideration (page 32)

At the time at which the merger will become effective, which we refer to as the effective time of the merger, each share of Rite Aid common stock issued and outstanding immediately prior to the effective time of the merger (other than shares owned by (i) WBA, Merger Sub or Rite Aid (which will be cancelled), (ii) stockholders who have properly exercised and perfected appraisal rights under Delaware law, or (iii) any direct or indirect wholly owned subsidiary of Rite Aid or WBA; collectively we refer to all such shares in this proxy statement as excluded shares) will be converted into the right to receive \$9.00 per share in cash, without interest and less any applicable withholding taxes, which we refer to as the per share merger consideration, and will cease to be outstanding, will automatically be cancelled and will cease to exist, and each certificate that immediately prior to the effective time of the merger represented any of the shares of Rite Aid common stock (other than the excluded shares) or

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non-certificated shares held in book-entry form representing any such Rite Aid common stock will thereafter represent only the right to receive the per share merger consideration. As described under "Proposal 1: Adoption of the Merger Agreement Exchange Procedures" beginning on page 87, at or prior to the effective time of the merger, WBA will deposit, or cause to be deposited, with a designated paying agent, a cash amount in immediately available funds sufficient in the aggregate to provide all funds necessary to pay the aggregate per share merger consideration.

After the merger is completed, under the terms of the merger agreement, you will have the right to receive the per share merger consideration, but you no longer will have any rights as a Rite Aid stockholder as a result of the merger (except for the right to receive the per share merger consideration and except that stockholders who properly exercise and perfect their demand for right of appraisal will instead have the right to receive a payment for the "fair value" of their shares as determined pursuant to an appraisal proceeding as contemplated by Delaware law, as described under "The Merger Appraisal Rights" beginning on page 75).

The Special Meeting (page 25)

Date, Time and Place

The special meeting of our stockholders will be held on [•], 201[•] at the [•] at [•].

Purpose

At the special meeting, we will ask our stockholders of record as of the close of business on [•], 2015, which we refer to as the record date, to vote on proposals (i) to adopt the merger agreement, (ii) to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger, and (iii) to approve one or more adjournments of the special meeting to a later date or dates, if necessary or appropriate, to solicit additional proxies if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

Record Date; Shares Entitled to Vote

You are entitled to vote at the special meeting if you owned shares of our common stock on the record date. You will have one vote at the special meeting for each share of our common stock you owned at the close of business on the record date.

Quorum

As of the record date, there were approximately [•] shares of Rite Aid common stock outstanding and entitled to be voted at the special meeting. A quorum of stockholders is necessary to hold a special meeting. The holders of a majority of the outstanding shares of our common stock entitled to vote at the special meeting, either present in person or represented by proxy, will constitute a quorum at the special meeting. As a result, [•] shares must be represented by proxy or by stockholders present and entitled to vote at the special meeting to have a quorum.

Required Vote

The affirmative vote of the holders of a majority of the outstanding shares of our common stock entitled to vote thereon is required to adopt the merger agreement. Approval of the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger requires the affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon. Approval of the proposal to approve one or more adjournments of the

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special meeting, whether or not a quorum is present, requires the affirmative vote of a majority of the shares of Rite Aid common stock represented at the special meeting, either in person or by proxy, and entitled to vote thereon.

Share Ownership of Rite Aid Directors and Executive Officers

At the close of business on [•], 2015, the record date, Rite Aid directors and executive officers beneficially owned and were entitled to vote, in the aggregate, [•] shares of Rite Aid common stock (excluding any shares of Rite Aid common stock that would be delivered upon exercise or conversion of stock options or other equity-based awards), which represented approximately [•]% of the outstanding shares of Rite Aid common stock on that date. Our directors and executive officers have informed us that they currently intend to vote all of their shares of Rite Aid common stock (i) "**FOR**" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "**FOR**" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and (iii) "**FOR**" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.

Voting of Proxies

Any Rite Aid stockholder of record entitled to vote at the special meeting may submit a proxy by returning a signed proxy card by mail or voting electronically over the Internet or by telephone, or may vote in person by appearing at the special meeting. If you are a beneficial owner and hold your shares of Rite Aid common stock in "street name" through a broker, bank or other nominee, you should instruct your broker, bank or other nominee on how you wish to vote your shares of Rite Aid common stock using the instructions provided by your broker, bank or other nominee. Under applicable stock exchange rules, if you fail to instruct your broker, bank or other nominee on how to vote your shares, your broker, bank or other nominee only has discretion to vote your shares on routine matters. Proposals 1, 2 and 3 in this proxy statement are non-routine matters, and brokers, banks and other nominees therefore cannot vote on these proposals without your instructions. Therefore, it is important that you cast your vote or instruct your broker, bank or other nominee on how you wish to vote your shares.

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before it is voted at the special meeting by submitting a new proxy electronically over the Internet or by telephone after the date of the earlier submitted proxy, signing another proxy card with a later date and returning it to us prior to the special meeting or attending the special meeting and voting in person. If you hold your shares of common stock in "street name," you should contact your broker, bank or other nominee for instructions regarding how to change your vote.

Recommendation of Our Board of Directors and Reasons for the Merger (page 50)

The Board of Directors, after considering various factors described herein, unanimously among directors present (with one director absent due to medical reasons) determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Rite Aid and its stockholders, and approved, adopted and declared advisable the merger agreement and the transactions contemplated by the merger agreement.

The Board of Directors unanimously among those directors that were present (with one director absent due to medical reasons) recommends that you vote (i) "FOR" the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, (ii) "FOR" the proposal to approve, by a non-binding, advisory vote, compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger and

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(iii) **"FOR" the proposal to approve one or more adjournments or postponements of the special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes in favor of approval of the merger agreement.**

Opinion of Rite Aid's Financial Advisor (page 55)

In connection with the merger, Rite Aid's financial advisor, Citigroup Global Markets Inc., which we refer to as Citi, delivered a written opinion, dated October 27, 2015, to the Board of Directors as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Rite Aid common stock pursuant to the merger agreement. The full text of Citi's written opinion, dated October 27, 2015, which describes the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken, is attached as Annex B to this proxy statement and is incorporated herein by reference. The description of Citi's opinion set forth below is qualified in its entirety by reference to the full text of Citi's opinion. **Citi's opinion was provided for the information of the Board of Directors (in its capacity as such) in connection with its evaluation of the merger consideration from a financial point of view and did not address any other aspects or implications of the merger. Citi expressed no view as to, and its opinion does not address, the underlying business decisio**