

**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.

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

- (a) Have sole authority, in its discretion, to retain or terminate any compensation consultant and shall have the sole authority to approve such consultant's fees and other retention terms. The Committee shall also have the authority, in its discretion, to obtain advice and assistance from internal and external legal, accounting or other advisors;
- (b) Review and approve the Corporation's goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance in light of these goals and objectives and make recommendations to the Board with respect to the CEO's compensation level based on this evaluation;
- (c) In consultation with the Corporation's CEO, periodically review the Corporation's succession planning for senior executive officers, including the CEO;
- (d) Review and approve compensation with respect to all other senior management;
- (e) Review and make recommendations to the Board of Directors with respect to incentive compensation plans and equity-based plans;
- (f) Review management proposals regarding compensation and benefit programs, plans and guidelines;
- (g) Review and recommend to the Board of Directors compensation for outside directors and administer their compensation plans;
- (h) Approve the payment of cash performance bonuses to employees, including executive officers;
- (i) Approve the grant of stock options and the terms thereof, including the vesting schedule, exercisability and option term and other stock awards and the terms thereof, to the Corporation's employees, including executive officers;
- (j) Report periodically to the Board of Directors on significant results of the foregoing activities;

- (k) 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;
- (l) Conduct an annual performance evaluation of the Compensation Committee;
- (m) Report regularly to the Board of Directors on its activities, as appropriate; and
- (m) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

5. 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. 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.