

RITE AID CORP
Form 4
September 24, 2009

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
DONALD JAMES

(Last) (First) (Middle)

C/O RITE AID CORP, 30 HUNTER LANE

(Street)

CAMP HILL, PA 17011

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
RITE AID CORP [RAD]

3. Date of Earliest Transaction (Month/Day/Year)
09/23/2009

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)		
				(A) or (D)	Price				
				Code	V	Amount	(D)	Price	
Common Stock	09/23/2009		A		20,000	A	\$ 0	20,000	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DONALD JAMES C/O RITE AID CORP 30 HUNTER LANE CAMP HILL, PA 17011	X			

Signatures

James L. Donald, by Power of Attorney 09/24/2009

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. >

George R. Bracken

3,223

1,577

3,491

02/12/16

Edward F. Knecht

1,080

—

1.371

07/05/11

2,580

3,420

4.711

02/12/16

240

—

0.012

— 2

Dean A. McCoy

480

—

1.321

07/05/11

3,600

3,600

4.331

02/12/16

¹Options granted under the Company's Special Stock Option Plan vest over an eight year period in relatively equal amounts at approximately 16 month intervals. The exercise price can be reduced and the vesting schedule can be accelerated by the optionee purchasing and maintaining ownership of shares of Common Stock and/or the Company achieving performance objectives as determined by the Board. Based upon the maximum required ownership of Common Stock as provided in the Stock Option Agreement together with the Company achieving the performance targets previously established by the Board, the option can fully vest after approximately 64 months and the exercise price can be reduced to near the par value of the Common Stock (\$.01 per share).

²Under the Company's KEEP Program, participants receive a grant equal to 50% of the number of shares of the Company's Common Stock purchased on the open market. KEEP Program options are granted at an initial exercise price of 60% of the purchase price of the shares acquired and such price is reduced to the par value of the Company's

Common Stock over a six year vesting period. The current expiration dates range from December 30, 2011 to July 23, 2017.

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OPTION EXERCISES AND STOCK VESTED IN FISCAL 2010

The following table sets forth all stock options exercised and the value realized upon exercise by the Executive Officers during Fiscal 2010. There are no stock awards outstanding.

Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)
George R. Bracken	8,700	104,5261
Edward F. Knecht	13,320	151,0491
Dean A. McCoy	11,070	107,3651

¹The value realized on exercise was calculated by taking the difference between the fair market value per share on the date of exercise less the option price, multiplied by the number of shares acquired.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth information about shares of Common Stock that may be issued upon exercise of options and other stock based awards under all of the Company's equity compensation plans as of May 1, 2010.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (\$) (b)	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	377,120	4.15	3,084,393
Equity compensation plans not approved by shareholders ¹	37,000	2.04	197,711
Total	414,120	3.96	3,282,104

¹Includes shares issuable for outstanding options and shares available for grant under the Company's KEEP Program.

DIRECTOR COMPENSATION

Officers of the Company who are also directors do not receive any fee or remuneration for services as members of the Board of Directors or of any Committee of the Board of Directors. In Fiscal 2010, non-management directors received a retainer fee of \$28,000 per annum, a fee of \$1,500 for each Board meeting attended and a fee of \$800 (\$1,500 in the case of a committee chairman) for each committee meeting attended. Set forth below are the amounts paid to non-management directors in Fiscal 2010.

Name	Fees Earned or Paid in Cash (\$)	Option Awards(\$)	All Other Compensation (\$)	Total (\$)
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Cecil D. Conlee	44,100	22,2762	—	66,376
Samuel C. Hathorn, Jr.	49,900	—	—	49,900
Joseph P. Klock, Jr.	47,100	—	—	47,100
S t a n l e y M . Sheridan ¹	20,100	—	—	20,100

¹ Mr. Sheridan was elected to the Board of Directors on October 13, 2009.

² Amount represents the aggregate grant date fair value of KEEP Program option award as computed under FASB ASC Topic 718.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Mr. Joseph G. Caporella is both a member of the Compensation and Stock Option Committee and an Executive Officer of the Company.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors has furnished the following report:

Pursuant to its charter, the Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements and reporting process, including the Company's systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed with management the audited financial statements included in the Annual Report on Form 10-K for the fiscal year ended May 1, 2010. This review included a discussion of the quality and the acceptability of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee discussed with the Company's independent accountants, who are responsible for expressing an opinion on the conformity of the Company's audited financial statements with generally accepted accounting principles, all matters required to be discussed by Statement on Auditing Standards No. 61. In addition, our independent accountants also provided to the committee the written disclosures required by the applicable requirements of the Public Company Accounting Oversight Board relating to the independent accountant's communications with the Committee concerning independence.

The Audit Committee discussed with the independent accountants the overall plans for their audits, the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended May 1, 2010 for filing with the Commission.

THE AUDIT COMMITTEE

Samuel C. Hathorn, Jr. (Chairman)
Cecil D. Conlee
Joseph P. Klock, Jr.
Stanley M. Sheridan

INDEPENDENT AUDITORS

The Company's financial statements for Fiscal 2010 and the year ended May 2, 2009 ("Fiscal 2009") were examined by McGladrey & Pullen LLP, independent registered public accountants. Representatives of McGladrey & Pullen LLP are expected to be present at the Meeting to make a statement if they so desire and they are expected to be available to respond to appropriate questions.

Audit and Other Fees

Explanation of Responses:

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For professional services rendered for the annual audit of the Company's consolidated financial statements and internal controls, review of its interim financial statements included in the Company's Form 10-Q and services that are normally provided in connection with statutory and regulatory filings, the Company was billed \$446,000 for Fiscal 2010 and \$445,000 for Fiscal 2009. Included in such amounts are fees associated with Sarbanes-Oxley Section 404 requirements of \$241,000 for Fiscal 2010 and \$243,000 for Fiscal 2009.

During Fiscal 2010 and 2009, the Company was not billed for any tax consulting or other products or services. The Audit Committee pre-approves all audit and permitted non-audit fees before such service is rendered.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Since 1992, the Company has been a party to a management agreement with Corporate Management Advisors, Inc. (“CMA”), a company owned by Nick A. Caporella. The management agreement originated with the need to employ professionals at the early stages of the Company’s development, the cost of which could be shared with others, thus allowing the Company to have a more cost-effective structure.

The management agreement states that CMA is to provide to the Company, subject to the direction and supervision of the Board of Directors of the Company, (i) senior corporate functions (including supervision of the Company’s financial, legal, executive recruitment, internal audit and management information systems departments) as well as the services of a Chief Executive Officer and Chief Financial Officer, and (ii) services in connection with acquisitions, dispositions and financings by the Company, including identifying and profiling acquisition candidates, negotiating and structuring potential transactions and arranging financing for any such transaction. CMA, through its personnel, also provides, to the extent possible, the stimulus and creativity to develop an innovative and dynamic persona for the Company, its products and corporate image. In order to fulfill its obligations under the management agreement, CMA employs numerous individuals, whom, acting as a unit, provide management, administrative and creative functions for the Company. In connection with providing services under the management agreement, CMA is a twenty percent (20%) joint owner of an aircraft used by the Company. CMA receives an annual base fee from the Company equal to one percent of the consolidated net sales of the Company, plus incentive compensation based upon certain factors to be determined by the Compensation and Stock Option Committee of the Board. The Company incurred fees of approximately \$5.9 million, \$5.8 million and \$5.7 million for services rendered by CMA for fiscal year 2010, 2009 and 2008, respectively. The Company does not have written policies and procedures with respect to related party transactions, but the Company’s practice has been that the services and performance of CMA, which are the only related party transactions, are reviewed annually by the independent members of the Compensation and Stock Option Committee and the Board of Directors. During the course of such reviews, the independent directors on the Compensation and Stock Option Committee have, on numerous occasions, proposed that CMA be paid an incentive due to superior performance based on various criteria, including the favorable outcome of specific negotiations and the performance of the Company’s Common Stock. However, no incentive compensation has been accepted by CMA and none has been paid since the inception of the management agreement.

PROXY SOLICITATION

The accompanying proxy is solicited by and on behalf of the Board of Directors of the Company. Proxies may be solicited by personal interview, mail, email, telephone or facsimile. The Company will also request banks, brokers and other custodian nominees and fiduciaries to supply proxy material to the beneficial owners of the Company’s Common Stock of whom they have knowledge, and the Company will reimburse them for their expense in so doing. Certain directors, officers and other employees of the Company may solicit proxies without additional remuneration. The entire cost of the solicitation will be borne by the Company.

CONTACTING THE BOARD OF DIRECTORS

Shareholders who wish to communicate with the Board of Directors may do so by writing to Board of Directors, National Beverage Corp., P.O. Box 16720, Fort Lauderdale, Florida 33318. Such communications will be reviewed by the Secretary of the Company, who shall remove communications relating to solicitations, junk mail or other correspondence relating to customer service issues. All other communications shall be forwarded to the Board of Directors or specific members of the Board as appropriate or as requested in the shareholder communication.

Any proposal of a shareholder intended to be presented at the Company's 2011 Annual Meeting of Shareholders must be received by the Company for inclusion in the Proxy Statement and form of proxy for that meeting no later than April 29, 2011. Additionally, the Company must receive notice of any shareholder proposal to be submitted at the 2011 Annual Meeting of Shareholders (but not required to be included in the Proxy Statement) by July 13, 2011, or such proposal will be considered untimely pursuant to Rule 14a-4 and 14a-5(e) under the Exchange Act and the persons named in the proxies solicited by management may exercise discretionary voting authority with respect to such proposal.

Lastly, our Restated Certificate of Incorporation contains an advance notice provision relating to shareholder nominations of directors at any meeting of the shareholders called for the election of directors. Under the Company's Restated Certificate of Incorporation, any nomination must (i) be received by our Secretary no earlier than 60 and no more than 90 days before the meeting by notice to the Secretary of the Company, provided, however, that if fewer than 70 days' notice of the meeting is given to stockholders, such written notice shall be received no later than 5:00 pm on the 10th calendar day following the first day following the day on which notice of the meeting was first mailed to stockholders and (ii) include certain information relevant to the shareholder and their nominee.

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DISCRETIONARY VOTING OF PROXIES ON OTHER MATTERS

The Board of Directors does not now intend to bring before the Meeting any matters other than those disclosed in the Notice of Annual Meeting of Shareholders, and it does not know of any business which persons other than the Board of Directors intend to present at the Meeting. Should any other matter requiring a vote of the shareholders arise, the proxies in the enclosed form confer upon the person or persons entitled to vote the shares represented by any such proxy discretionary authority to vote the same in respect of any such other matter in accordance with their best judgment.

Please date, sign and return the proxy at your earliest convenience in the enclosed pre-addressed envelope (no postage is required for mailing in the United States) or vote electronically using the Internet or by telephone. A prompt return of your vote will be appreciated as it will save the expense of further mailings.

By Order of the Board of Directors,

/s/ Nick A. Caporella
Nick A. Caporella
Chairman of the Board
and Chief Executive Officer
August 27, 2010
Fort Lauderdale, Florida

