

MEMORANDUM OF AGREEMENT

Between

Thrifty PayLess Inc. d/b/a Rite Aid

And

UFCW LOCALS 135, 324, 770, 1036, 1167, 1428 and 1442

1. All terms and conditions of the 2005 – 2008 Collective Bargaining Agreement shall remain in full force and effect except as set forth below.
2. Correct or modify agreement to:
 - a. Change all Rite Aid references to Thrifty PayLess Inc. d/b/a Rite Aid.
3. **Article 1 – Management Rights**: Replace current wording with:

Section 1 - The Employer retains the exclusive right to manage the business, to direct and control the business and workforce, and to make any and all decisions affecting the business, including, but not limited to the following: the exclusive right to plan, determine, direct and control the nature and extent of all its operations and commitments; to determine, install, introduce, remove, discontinue or modify the methods, procedures, materials and operations to be used or to discontinue their use by employees of the Employer; to maintain efficient operations; to hire, train, promote employees; to set standards and methods of performance; to create, modify, and abolish work shifts, the starting and ending times of the work shifts and work schedules; to promulgate, amend and enforce reasonable work rules, regulations, policies and procedures; to determine, modify, change and otherwise set the work duties of employees; to determine, modify, change and otherwise set job content and qualifications; to determine whether to offer light duty and to determine employee eligibility for light duty; to change job content and qualifications; to change job descriptions; to modify the methods, procedures, materials and operations to be used or to discontinue their use by employees of the Employer; to change standards and methods of performance; and in all respects to carry out, in addition, the ordinary and customary functions of management, whether exercised or not. The rights and waivers herein shall extend beyond the expiration of this Agreement until a successor agreement is reached.

Section 2 - Should a specific provision of this Agreement or State or Federal Law directly conflict with, modify or restrict an enumerated right under this Article, the specific provision of the Agreement or the State or Federal Law shall prevail over the enumerated right.

4. **Article 3.2 – Information for Union** – Modify to provide that all new hire and transfer information as well as full-time/part-time reports shall be provided electronically to the Unions.
5. **Article 3.6.4 – Union Affairs** – Modify as follows: The Company recognizes the right of the Local Union to appoint ~~one (1)~~ **two (2)** stewards per store. The Union will notify the labor relations department of the names and store number of the stewards. Upon two (2) weeks' notice to the Company labor relations department, ~~fifty percent (50%) of each Local Unions' stewards~~ **one steward per store** will be scheduled off and paid eight (8) hours pay to attend one (1) day steward's training seminar per calendar year. Rite Aid will pay the stewards within one (1) week of the Union providing the company with a certification of the steward's attendance at the seminar.

6. **Article 6.4.2.6 – Workday/Workweek/Schedules - Part-Time** – Part-time employees who are available to work the scheduled hours shall be guaranteed a minimum of twenty-four (24) hours per week based on the following:
Stores with an annual sales volume of at least \$15 million – guaranteed twenty-four (24) hours per week after 6 months of continuous employment.
Stores with an annual sales volume of at least \$12 million - guaranteed twenty-four (24) hours per week after 9 months of continuous employment.
Stores with an annual sales volume of at least \$9 million - guaranteed twenty-four (24) hours per week after 12 months of continuous employment.
Stores with an annual sales volume less than \$9 million - guaranteed twenty-four (24) hours per week after 18 months of continuous employment.
Employees shall not lose their guarantee if they are operationally transferred to a different store after earning the guarantee.
Grievances regarding the 24 hour guarantee must be filed within forty eight (48) hours of the final schedule posting or shall be considered waived. Reduction of hours of another part-time employee necessitated by the scheduling of more hours to the employee making a claim shall not give rise to any schedule / pay grievance by a part-time employee who is affected provided the guarantees in this agreement are still met.
7. **Article 6.6.2 – Workday/Workweek/Schedules** – Modify to reflect the initial posting of the schedule shall be no later than noon on Thursdays and any alterations must be made no later than noon on Fridays.
8. **Article 6.6.6 – Lunch Period** – Add the following: Any employee who works six (6) hours or more and does not receive an uninterrupted meal period of at least one half (1/2) hour prior to the fifth (5th) hour of work shall receive an additional hour of pay.
9. **Article 7.1.2– Wages – Apprenticeship** – Eliminate second sentence in its entirety.
10. **Article 7.1.3 – Wages – Prior Industry Experience** – Replace with the following:
Prior Industry Experience. New hires shall be credited with prior experience and paid at no less than the wage rate they were last receiving prior to leaving the industry.
11. **Article 7.1.3.2 – Wages** – Replace with the following: New hires not previously employed by the Employer who are entitled to prior experience shall receive the entry level wage rate during the first (1st) thirty (30) days of employment and the six month rate during the next ninety (90) days of employment. Thereafter the employee shall be paid in accordance with paragraph 7.1.3 above.
12. **Article 7.1.3.4 – Wages – Definition of Prior Experience** – Eliminate second and third sentence in their entirety.
13. **Article 9.1.1 – Holidays** – Change “Employee’s Birthday” and “Employee’s Anniversary Date of Hire” to “**Personal Holidays**” effective July 13, 2008. Eliminate 9.1.2 and 9.1.4.

14. **Article 9.1.3 – Eligibility** – Replace second sentence with the following: Employees shall become eligible for three (3) personal holidays each year on their anniversary date once they have been continuously employed for three (3) years.
15. **Article 9.1.5 - Personal Holidays** – Modify first sentence in second paragraph as follows: “Personal holidays are expected to be scheduled and taken and shall not be cumulative from year to year”. Add the following sentence at the end of the second paragraph: “Employees who terminate for reasons other than proven or admitted dishonesty shall be paid for all unused personal holidays.”
16. **Article 11 – Bereavement Leave and/or Pay** - Add “**Domestic partner**” to definition of immediate family.
17. **Article 13.7 – Other Leaves of Absence – Union Business** - Modify to provide up to seven (7) employees in the Company be permitted to be on leave at one time.

18. Article 14.1 – Trust Funds – Benefit Fund

- a. The current contribution rates for platinum and gold plans will increase as follows: July hours 2008 – December hours 2008 – six (6) percent increase. January hours 2009 – June hours 2010 – eleven (11) percent. July hours 2010 – June hours 2011 – eight (8) percent. July hours 2011 – June hours 2012 – nine and one half (9.5) percent.
- b. Reserves shall be targeted at three (3) months of projected expenses. If the projected reserves exceed the three (3) months during the last year of the contract, the trustees may take action to temporarily reduce contributions (so as to achieve the 3 month reserve target at the end of the contract). Notwithstanding this provision, the contribution for the last month of the contract shall be equal to no less than the current cost of the plan.

The following changes to the Active eligibility/benefit structure of the plan will be implemented with a tentative effective date of January 1, 2009:

- c. Eligibility Rule -
 - Work 3 months of required hours that average at least 23/week, become eligible for employee-only indemnity medical coverage on the 3rd month following => "6th month for employee Medical"
 - Dependent medical coverage available after 6 months of eligibility ("6th, 7th, 8th, 9th, 10th, 11th") => "12th month for Dependent Medical"
 - Rx and Dental coverage (employee and dependent) available after 6 months of eligibility ("6th, 7th, 8th, 9th, 10th, 11th") => "12th month for Rx & Dental"
 - Rx and Dental coverage for Gold Pharmacist on the 12th month.
- d. Eliminate the Drug Deductible
- e. Increase the Dental Maximum up to a maximum of \$1,800 per year (maximum will increase \$100 – each January up to the \$1,800 amount). Eliminate the Lower Dental Plan option.
- f. Increase Vision benefit to \$135 per person and Hearing Aid Maximum to \$750 maximum per device (per ear), once every 12 months.
- g. Increase DME and Home Health Coinsurance from 68% to 80%.

h. Add 100 % paid Wellness Benefit for PPO participants.

It is understood that the bargaining parties may, if they feel it appropriate, delay the implementation of any benefit modification based on their ongoing analysis/review of the Fund's fiscal health.

- 19. **Article 14.2 – Trust Funds – Pension Fund.** Modify Pension funding language to accommodate the Pension Protection Act of 2006. Provide enabling language that gives the trustees the ability to increase future accruals by up to ten (10) percent based on advice of professionals.
- 20. **Article 17 – Expiration and Renewal** – Modify to provide for a new term of July 13, 2008 – July 15, 2012.
- 21. **Appendix A – Wages** – replace current wage progressions as follows:

Minimum Rates:

- Clerks: \$8.20 start
- Ice Cream Clerks: \$8.20 start
- Shift Supervisor: \$9.00
- PACs: \$8.70

Position Premiums:

After July 13, 2008, upon promotion to a higher classification, employees will either move to the minimum rate for that position or be given the following promotional premiums whichever is greater:

Shift Supervisor and PAC: \$0.50

6 month increase clerks, supervisors, PACs, ice cream clerks: \$0.25 (applicable only to those employees hired in at the minimum rates) * bargaining note – it is not Rite Aid's intent to hire clerks in at rates greater than \$8.20 but less than \$8.45 for the purpose of avoiding this 6 month increase.

Wage Adjustments:

Employees who are on the payroll on the dates of increase shall receive the following wage increases (all wage increases shall be paid on the first full payroll period following the date):

Clerks / PACs:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
30¢ per hour	25¢ per hour	25¢ per hour	30¢ per hour

Shift Supervisors

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
30¢ per hour	30¢ per hour	30¢ per hour	30¢ per hour

All Clerks top rate on 6th year anniversary:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.25	\$13.50	\$13.75	\$14.05

All Clerks top rate on 10th year anniversary

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.40	\$13.65	\$13.90	\$14.20

PACs top rate on 6th year anniversary:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.75	\$14.00	\$14.25	\$14.55

PACs top rate on 10th year anniversary

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.90	\$14.15	\$14.40	\$14.70

Shift Supervisors top rate payable on 6th anniversary of hire:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.75	\$14.05	\$14.35	\$14.65

Shift Supervisors top rate payable on 10th anniversary of hire:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
\$13.90	\$14.20	\$14.50	\$14.80

Pharmacy Technicians:

	First full payroll period following July 13, 2008	First full payroll period following July 12, 2009	First full payroll period following July 11, 2010	First full payroll period following July 10, 2011
First 520 hours	\$11.00	\$11.00	\$11.00	\$11.00
Next 700 hours	\$11.75	\$11.75	\$11.75	\$11.75
Next 1040 hours	\$12.25	\$12.25	\$12.25	\$12.25
Next 1040 hours	\$13.25	\$13.25	\$13.25	\$13.25
Experienced (after 3300 hours)	\$16.40	\$16.85	\$17.30	\$17.80

A Pharmacy Technician who is paid in excess of the above experienced rates will receive the following increases of the first full payroll period following the dates:

Pharmacy Technicians:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>
45¢ per hour	45¢ per hour	45¢ per hour	50¢ per hour

Increase all intern and pharmacy graduate rates by the following amounts:

<u>7/13/2008</u>	<u>7/12/2009</u>	<u>7/11/2010</u>	<u>7/10/2011</u>	25¢ per hour
25¢ per hour	25¢ per hour	25¢ per hour		

No employee now receiving an hourly wage as shown by the books of the Employer in excess of the minimum rates applicable as herein set forth shall suffer any reduction in compensation by virtue of the minimum wage provision set forth, provided nothing contained herein shall prevent the payment of greater compensation than the minimum herein specified.

In the event that the state or federal minimum wage increases, the Employer shall increase the clerk start rate to \$0.20 above the minimum wage rate and the 6 month rate \$0.45 above the minimum start rate.

22. **Appendix B – Arbitrators** – Replace Thomas Roberts

SIGNED THIS _____ DAY OF _____, 2008.

FOR THE EMPLOYER:

RITE AID, INC.
Brad Sapp, Director, Labor Relations

FOR THE UNIONS:

UFCW Local 135
Mickey Kasparian, President

UFCW Union Local 324
Greg M. Conger President

UFCW Union Local 770
Ricardo F. Icaza, President

UFCW Local 1036
Shaun Barclay, Trustee

UFCW Union Local 1167
Bill Lathrop, President

UFCW Union Local 1428
Connie Leyva, President

UFCW Union Local 1442
Michael Straeter, President