

NON-PROSECUTION AGREEMENT

1. The United States Attorney's Office for the Southern District of West Virginia ("USAO") and the Rite Aid Corporation ("Rite Aid") enter into this Agreement to resolve the USAO's criminal investigation of potential violations of 21 U.S.C. §§ 841 and 846, resulting from the sale of a listed chemical, pseudoephedrine ("PSE"), by Rite Aid stores in the Southern District of West Virginia, from January 2009 through October 2012.
2. This Agreement binds Rite Aid and the USAO. Further, Rite Aid agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a stock sale, merger, or transfer, Rite Aid shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. That provision shall not apply to the acquirer's existing stores, but only to those stores acquired from Rite Aid in the transaction described in this paragraph. The parties agree that this paragraph does not cover the asset purchase agreement for the sale of close to two thousand stores to Walgreens Boots Alliance, Inc. because that is not a sale of substantially all of Rite Aid's business operations within the meaning of this Agreement.

BACKGROUND

3. PSE has legitimate medical uses, but it can also be used for an illegal purpose—to manufacture a controlled substance, methamphetamine, in violation of 21 U.S.C. § 841. The Combat Methamphetamine Epidemic Act of 2005 ("CMEA") imposed quantity restrictions on the sale and purchase of PSE, as well as recordkeeping requirements on retailers such as Rite Aid. In addition, 21 U.S.C. § 841 and § 846 prohibit the distribution of PSE while knowing or having reasonable cause to believe that it will be used to manufacture methamphetamine, or conspiring to do so.
4. From January 2009 through October 2012, sales of PSE by pharmacies contributed to a significant problem with methamphetamine in the Southern District of West Virginia, which resulted in substantial clean-up costs incurred by the State of West Virginia and substantial treatment costs for drug abusers. During that time, Rite Aid sold over 850,000 grams of PSE for over \$5 million in West Virginia. Further, Rite Aid did not train its employees on how to deny sales of PSE to suspicious people, that is, Rite Aid did not affirmatively train or instruct its West Virginia employees that they were required to deny a sale of PSE if the employee suspected the sale was not for a legitimate medical reason. As a result, some Rite Aid employees in the Southern District of West Virginia believed that they were permitted to deny sales of PSE to individuals only if the sale would cause the individual to exceed PSE purchase limit amounts.

BASIS FOR AGREEMENT

5. The USAO enters into this Agreement based, in part, on the following factors: a) Rite Aid's willingness to accept responsibility for the manner in which it sold PSE in the Southern District of West Virginia; b) Rite Aid's remedial efforts as detailed below; c)