

RITE AID CORP  
Form DEFM14A  
June 25, 2018  
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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**

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 Pursuant to §240.14a-12

**Rite Aid Corporation**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

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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:
  
  
  
  
  
  
  
  
  
  
- 2) Aggregate number of securities to which transaction applies:
  
  
  
  
  
  
  
  
  
  
- 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):
  
  
  
  
  
  
  
  
  
  
- 4) Proposed maximum aggregate value of transaction:
  
  
  
  
  
  
  
  
  
  
- 5) Total fee paid:

Fee paid previously with preliminary materials.

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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**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

June 25, 2018

Dear Stockholder:

I am pleased to invite you to attend a special meeting of stockholders of Rite Aid Corporation, a Delaware corporation, which we refer to as Rite Aid, to be held on August 9, 2018 at the office of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, at 8:30 a.m., Eastern time. As previously announced, Rite Aid has entered into an Agreement and Plan of Merger, dated as of February 18, 2018, which we refer to as the merger agreement, with Albertsons Companies, Inc., a Delaware corporation, which we refer to as ACI, Ranch Acquisition II LLC, a Delaware limited liability company and a wholly-owned direct subsidiary of ACI, which we refer to as Merger Sub II, and Ranch Acquisition Corp., a Delaware corporation and a wholly-owned direct subsidiary of Merger Sub II, which we refer to as Merger Sub I. Pursuant to the terms of the merger agreement, at closing, Merger Sub I will merge with and into Rite Aid, with Rite Aid surviving the merger as a wholly-owned direct subsidiary of Merger Sub II, which we refer to as the merger, and, immediately following the merger, Rite Aid will merge with and into Merger Sub II, with Merger Sub II surviving the subsequent merger as a wholly-owned direct subsidiary of ACI and a limited liability company, which we refer to as the subsequent merger and, together with the merger, the mergers. At the closing of the subsequent merger, Merger Sub II will be renamed Rite Aid LLC.

Upon the completion of the merger, each share of common stock, par value \$1.00 per share, of Rite Aid, which is referred to as Rite Aid common stock, issued and outstanding immediately prior to the effective time of the merger, will be converted into the right to receive and become exchangeable for, at your election, either (i) 0.1000 of a fully paid and nonassessable share of common stock, par value \$0.01 per share, of ACI, which we refer to as ACI common stock, plus \$0.1832 in cash, without interest, or (ii) 0.1079 shares of ACI common stock. Based on the estimated number of shares of Rite Aid and ACI common stock that will be outstanding immediately prior to the closing of the merger, and depending upon the results of the cash elections, it is anticipated that, upon closing, existing ACI stockholders will own approximately 70.4% to 72.0% of the outstanding shares of ACI common stock, and former Rite Aid stockholders will own approximately 29.6% to 28.0% of the outstanding shares of ACI common stock, in each case on a fully diluted basis. Stockholders will not have appraisal rights under the Delaware General Corporation Law with respect to the merger because holders of shares of Rite Aid common stock are not required to receive consideration other than shares of ACI common stock (and cash in lieu of fractional shares, if any) in the merger, and shares of ACI common stock will be listed on the New York Stock Exchange immediately following the merger. The election to receive cash consideration is voluntary and dependent upon Rite Aid stockholders' election (other than cash in lieu of fractional shares, if any).

At the special meeting of Rite Aid stockholders, Rite Aid stockholders will be asked to vote on (i) a proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, which we refer to as the merger proposal, (ii) a proposal to approve, by means of a non-binding, advisory vote, compensation that will or may become payable to Rite Aid's named executive officers in connection with the merger, which we refer to as the compensation proposal, and (iii) a 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, which we refer to as the adjournment proposal.

**Rite Aid's board of directors, after considering the reasons more fully described in this proxy statement/prospectus, determined that the merger agreement and the transactions contemplated by the merger agreement, including the mergers, 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 Rite Aid board of directors unanimously**

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**recommends that you vote (i) FOR the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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.**

In considering the recommendation of the Rite Aid board of directors, you should be aware that the directors and executive officers of Rite Aid will have interests in the merger that are different from, and in addition to, the interests of Rite Aid stockholders generally. See the section entitled **Interests of the Directors and Officers of Rite Aid in the Merger** beginning on page 296 of this proxy statement/prospectus.

The enclosed proxy statement/prospectus provides detailed information about the special meeting, the merger agreement and the mergers. A copy of the merger agreement is attached as Annex A to the proxy statement/prospectus. The proxy statement/prospectus also describes the actions and determinations of Rite Aid's board of directors in connection with its evaluation of the merger agreement and the mergers. We encourage you to read the proxy statement/prospectus 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 U.S. Securities and Exchange Commission, which we refer to as the SEC, 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 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 merger proposal is approved by the affirmative vote of the holders of a majority of the outstanding shares of Rite Aid common stock. The failure of any stockholder of record 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 merger proposal. 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 merger proposal.**

If you have any questions or need assistance voting your shares of Rite Aid common stock, please contact Morrow Sodali LLC, Rite Aid's proxy solicitor, by calling (800) 662-5200 toll-free.

On behalf of Rite Aid's 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/prospectus is dated June 25, 2018 and, together with the enclosed form of proxy card, is first being mailed to stockholders of Rite Aid on or about June 25, 2018.

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**Rite Aid Corporation**

**30 Hunter Lane**

**Camp Hill, Pennsylvania 17011**

**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 August 9, 2018, at the office of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, at 8:30 a.m., Eastern time for the following purposes:

1. To consider and vote on the proposal to adopt the Agreement and Plan of Merger, dated as of February 18, 2018, which we refer to as the merger agreement, by and among Albertsons Companies, Inc., a Delaware corporation, which we refer to as ACI, Ranch Acquisition II LLC, a Delaware limited liability company and a wholly-owned direct subsidiary of ACI, which we refer to as Merger Sub II, Ranch Acquisition Corp., a Delaware corporation and a wholly-owned direct subsidiary of Merger Sub II, which we refer to as Merger Sub I, 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/prospectus accompanying this notice), and the transactions contemplated by the merger agreement, including the mergers, which we refer to as the merger proposal;
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 to Rite Aid's named executive officers in connection with the merger contemplated by the merger agreement, which we refer to as the compensation proposal;
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, which we refer to as the adjournment proposal; 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 Rite Aid common stock, par value \$1.00 per share, which is referred to as Rite Aid common stock, entitled to vote thereon is required to approve the merger proposal. 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 compensation proposal. 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 adjournment proposal. The failure of any stockholder of record 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 merger proposal, but will not have any effect on the compensation proposal or the adjournment proposal. 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 merger proposal, but will not have any effect on the compensation proposal.



or the adjournment proposal. Abstentions will have the same effect as a vote **AGAINST** the merger proposal, the compensation proposal and the adjournment proposal.

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Only stockholders of record as of the close of business on June 22, 2018 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournment or postponement thereof. A list of stockholders entitled to vote at the special meeting will be available in Rite Aid's 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 will not have appraisal rights under the Delaware General Corporation Law with respect to the merger because holders of shares of Rite Aid common stock are not required to receive consideration other than shares of ACI common stock (and cash in lieu of fractional shares, if any) in the merger, and shares of ACI common stock will be listed on the New York Stock Exchange immediately following the merger. The election to receive cash consideration is voluntary and dependent upon Rite Aid stockholders' election (other than cash in lieu of fractional shares, if any).

**The Rite Aid board of directors unanimously recommends that you vote (i) FOR the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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  
*Senior Vice President, General Counsel and  
Secretary*

Dated: June 25, 2018

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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 legal proxy issued in your name in order to vote in person at the special meeting.

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

**Morrow Sodali LLC**

470 West Avenue

Stamford, Connecticut 06902

Banks and Brokerage Firms Call: (203) 658-9400

Stockholders Call Toll-Free: (800) 662-5200

Email: [rad.info@morrowsodali.com](mailto:rad.info@morrowsodali.com)

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Rite Aid from other documents that Rite Aid has filed with the SEC, and that are contained in or incorporated by reference into this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 353 of this proxy statement/prospectus. This information is available for you to review at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and through the SEC's website at [www.sec.gov](http://www.sec.gov).

Any person may request copies of this proxy statement/prospectus and any of the documents incorporated by reference into this proxy statement/prospectus or other information concerning (i) Rite Aid, without charge, by written or telephonic request directed to Rite Aid, 30 Hunter Lane, Camp Hill, Pennsylvania 17011, Telephone: (717) 975-5809; or Morrow Sodali LLC, Rite Aid's proxy solicitor, by calling toll-free at (800) 662-5200. Banks, brokerage firms and other nominees may call collect at (203)658-9400 or (ii) ACI, without charge, by written or telephonic request directed to ACI, 250 Parkcenter Blvd., Boise, Idaho 83706, Telephone: (208) 395-6200.

In order for you to receive timely delivery of the documents in advance of the special meeting of Rite Aid stockholders to be held on August 9, 2018, you must request the information no later than five (5) business days prior to the date of the special meeting (i.e., by August 2, 2018).

**ABOUT THIS PROXY STATEMENT/PROSPECTUS**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by ACI (File No. 333-224169), constitutes a prospectus of ACI under Section 5 of the Securities Act with respect to the shares of common stock of Albertsons Companies, Inc. to be issued to Rite Aid stockholders pursuant to the merger agreement.

This document also constitutes a proxy statement of Rite Aid under Section 14(a) of the Exchange Act. It also constitutes a notice of meeting with respect to the special meeting, at which Rite Aid stockholders will be asked to consider and vote upon the merger proposal, the compensation proposal and the adjournment proposal.

ACI has supplied all information contained in this proxy statement/prospectus relating to ACI, and Rite Aid has supplied all information contained in or incorporated by reference into this proxy statement/prospectus relating to Rite Aid.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. ACI and Rite Aid have not authorized anyone to provide you with information that is different from that contained in or incorporated by reference into this proxy statement/prospectus. This proxy statement/prospectus is dated June 25, 2018, and you should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date. Further, you should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither the mailing of this proxy statement/prospectus to Rite Aid stockholders nor the issuance by ACI of shares of ACI common stock pursuant to the merger agreement will create any implication to the contrary.

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ACI, the registrant whose name appears on the cover of the registration statement of which this document forms a part, is a Delaware corporation. AB Acquisition LLC, which we refer to as AB Acquisition, is a Delaware limited liability company. ACI was formed for the purpose of reorganizing the organizational structure of AB Acquisition and its direct and indirect consolidated subsidiaries. Prior to December 3, 2017, ACI had no material assets or operations. On December 3, 2017, Albertsons Companies, LLC and its parent, AB Acquisition, completed a reorganization of their legal entity structure whereby the existing equityholders of AB Acquisition each contributed their equity interests in AB Acquisition to Albertsons Investor Holdings LLC, which we refer to as Albertsons Investor, and KIM ACI, LLC, which we refer to as KIM ACI. In exchange, equityholders received a proportionate share of units in Albertsons Investor and KIM ACI, respectively. Albertsons Investor and KIM ACI then contributed all of the equity interests they received to ACI in exchange for common stock issued by ACI. As a result, Albertsons Investor and KIM ACI became the parents of Albertsons Companies, Inc., owning all of its outstanding common stock with AB Acquisition and its subsidiary, Albertsons Companies, LLC, a Delaware limited liability company, becoming wholly-owned subsidiaries of ACI. On February 25, 2018, Albertsons Companies, LLC, a Delaware limited liability company, merged with and into ACI, with ACI as the surviving corporation (we refer to such transactions, collectively, as the ACI Reorganization Transactions). Prior to February 25, 2018, substantially all of the assets and operations of ACI were those of its subsidiary, Albertsons Companies, LLC. For more information about the ACI Reorganization Transactions, see the section entitled **Management's Discussion and Analysis of Financial Condition and Results of Operations of ACI The ACI Reorganization Transactions** beginning on page 212 of this proxy statement/prospectus.

Upon completion of the ACI Reorganization Transactions, Albertsons Investor and KIM ACI became the sole direct parent companies of ACI and owned 252,413,675 and 27,240,353 shares of common stock of ACI, respectively. In connection with, and immediately prior to the closing of, the merger, Albertsons Investor will distribute all of its shares of ACI common stock to its equity holders on a pro rata basis in accordance with the common units, management incentive units and investor incentive units held by such holders and KIM ACI will distribute shares of ACI common stock to its holders of management incentive units and investor incentive units on a pro rata basis in exchange for the common units, management incentive units and investor incentive units held by such holders (we refer to such distribution as the ACI Distribution). For more information about the ACI Distribution, see the section entitled **Certain Beneficial Owners of ACI Common Stock** beginning on page 348 of this proxy statement/prospectus.

**IDENTICAL STORE SALES**

As used in this proxy statement/prospectus to apply to ACI, the term **identical store sales** is defined as stores operating during the same period in both the current fiscal year and the prior fiscal year, comparing sales on a daily basis. Fuel sales are excluded from ACI identical store sales, and internet sales are included in identical store sales of the store from which the products are sourced for ACI. For ACI, the fiscal year ended February 24, 2018 is compared with the 52-week period ended February 25, 2017, the fiscal year ended February 25, 2017 is compared with the 52-week period ended February 27, 2016 and the fiscal year ended February 27, 2016 is compared with the 52-week period ended February 28, 2015. On an actual basis, acquired stores become identical on the one-year anniversary date of their acquisition. Stores that are open during remodeling are included in identical store sales. The stores divested in order to secure Federal Trade Commission, which we refer to as FTC, clearance of the Safeway acquisition by ACI are excluded from the identical store sales calculation beginning on December 19, 2014, the announcement date of the divestitures. Also included in this proxy statement/prospectus, where noted, are supplemental identical store sales measures for



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ACI, which includes acquired Safeway Inc., New Albertsons L.P. and United Supermarkets, LLC stores, irrespective of their acquisition dates.

As used in this proxy statement/prospectus to apply to Rite Aid Corporation, identical store sales include all stores that have been open at least one year. Stores in liquidation are considered closed, and relocation stores are not included in identical store sales until one year has lapsed.

## **MARKET, INDUSTRY AND OTHER DATA**

This proxy statement/prospectus includes market and industry data and outlook, which are based on publicly available information, reports from government agencies, reports by market research firms and/or ACI's own estimates based on ACI's management's knowledge of and experience in the markets and businesses in which ACI operates. ACI believes this information to be reasonable based on the information available to it as of the date of this proxy statement/prospectus. However, ACI has not independently verified market and industry data from third-party sources. Historical information regarding supermarket and grocery industry revenues, including online grocery revenues, was obtained from IBISWorld. Forecasts regarding Food-at-Home inflation were obtained from the U.S. Department of Agriculture, which we refer to as the USDA. Information with respect to ACI's market share was obtained from Nielsen ACView All Outlets Combined (Food, Mass and Dollar but excluding Drug). This information may prove to be inaccurate because of the method by which ACI obtained some of the data for its estimates or because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in a survey of market size. In addition, market conditions, customer preferences and the competitive landscape can and do change significantly. As a result, you should be aware that the market and industry data included in this proxy statement/prospectus and ACI's estimates and beliefs based on such data may not be reliable. Neither ACI nor Rite Aid has verified the accuracy of such industry and market data.

In addition, the market value reported in the appraisals of the ACI properties described herein are an estimate of value, as of the date stated in each appraisal. The appraisals were subject to the following assumption: the estimate of market value as is, is based on the assumption that the existing occupant/user remains in occupancy in the foreseeable future, commensurate with the typical tenure of a user of this type, and is paying market rent as of the effective date of appraisal. Changes since the appraisal date in external and market factors or in the property itself can significantly affect the conclusions. As an opinion, the reported values are not necessarily a measure of current market value and may not reflect the amount which would be received if the property were sold today. While ACI is not aware of any misstatements regarding any appraisals, market, industry or similar data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the sections entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 83 and **Risk Factors** beginning on page 50 of this proxy statement/prospectus.

## **NON-GAAP FINANCIAL MEASURES**

As used in this proxy statement/prospectus, with respect to ACI, EBITDA is defined as generally accepted accounting principles, which we refer to as GAAP, earnings (net income (loss)) before interest, income taxes, depreciation and amortization. As used in this proxy statement/prospectus, with

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respect to ACI, Adjusted EBITDA is defined as GAAP earnings (net income (loss)) before interest, income taxes, depreciation, and amortization, further adjusted to eliminate the effects of items management does not consider in assessing ongoing performance. As used in this proxy statement/prospectus, with respect to ACI, Adjusted Net Income is defined as GAAP net income (loss) adjusted to eliminate the effects of items management does not consider in assessing ongoing performance. As used in this proxy statement/prospectus, with respect to ACI, Free Cash Flow is defined as Adjusted EBITDA less capital expenditures. See the section entitled Summary Summary Selected Historical Consolidated Financial Data of ACI beginning on page 43 of this proxy statement/prospectus for further discussion and a reconciliation of Adjusted EBITDA and Adjusted Net Income.

As used in this proxy statement/prospectus, with respect to Rite Aid, EBITDA is defined as GAAP earnings (net income (loss)) before interest, income taxes, depreciation and amortization. As used in this proxy statement/prospectus, with respect to Rite Aid, Adjusted EBITDA is defined as net income (loss) excluding the impact of income taxes, interest expense, depreciation and amortization, LIFO adjustments, charges or credits for facility closing and impairment, inventory write-downs related to store closings, debt retirements, the merger termination fee paid to Rite Aid by Walgreens Boots Alliance, Inc., which we refer to as WBA, pursuant to the Amended and Restated Asset Purchase Agreement, dated as of September 18, 2017, by and among Rite Aid, WBA and Walgreen Co., which we refer to as the WBA asset purchase agreement, and other items (including stock-based compensation expense, merger and acquisition-related costs, severance and costs related to distribution center closures, gain or loss on sale of assets, and revenue deferrals related to our customer loyalty program). As used in this proxy statement/prospectus, with respect to Rite Aid, Free Cash Flow is defined as Adjusted EBITDA less cash paid for interest, rent on closed stores, capital expenditures, acquisition costs and the change in working capital.

EBITDA, Adjusted EBITDA, Adjusted Net Income and Free Cash Flow (collectively, which we refer to as the Non-GAAP Measures) are performance measures that provide supplemental information ACI's and Rite Aid's management believe is useful to analysts and investors to evaluate ongoing results of operations, when considered alongside other GAAP measures such as net income, operating income and gross profit. These Non-GAAP Measures exclude the financial impact of items ACI's and Rite Aid's management do not consider in assessing ACI's and Rite Aid's ongoing operating performance, and thereby facilitate review of ACI's and Rite Aid's operating performance on a period-to-period basis. Other companies may have different capital structures or different lease terms, and comparability to ACI's and Rite Aid's results of operations may be impacted by the effects of acquisition accounting on ACI's and Rite Aid's depreciation and amortization. As a result of the effects of these factors and factors specific to other companies, ACI and Rite Aid believe the Non-GAAP Measures, as applicable, provide helpful information to analysts and investors to facilitate a comparison of each company's operating performance to that of other companies. In addition, Rite Aid's incentive compensation is based in part on Adjusted EBITDA and Rite Aid bases certain of its forward-looking estimates and budgets on Adjusted EBITDA. ACI also uses Adjusted EBITDA, as further adjusted for additional items defined in ACI's debt instruments, for board of director and bank compliance reporting. Neither ACI's nor Rite Aid's presentation of Non-GAAP Measures should be construed as an inference that the combined company's future results will be unaffected by unusual or non-recurring items.

Non-GAAP Measures have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of ACI's or Rite Aid's operating results or cash flows as reported under GAAP. Some of these limitations are:

Non-GAAP Measures do not reflect anticipated synergies;



Non-GAAP Measures do not reflect certain one-time or non-recurring cash costs to achieve anticipated synergies;

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Non-GAAP Measures do not reflect changes in, or cash requirements for, ACI's and Rite Aid's working capital needs;

EBITDA and Adjusted EBITDA do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on ACI's and Rite Aid's debt;

Although depreciation and amortization are non-cash charges, the assets being depreciated or amortized may have to be replaced in the future, and EBITDA and Adjusted EBITDA and, with respect to acquired intangible assets, Adjusted Net Income, do not reflect any cash requirements for such replacements;

Non-GAAP Measures are adjusted for certain non-recurring and non-cash income or expense items that are reflected in ACI's and Rite Aid's statements of operations;

Non-GAAP Measures, other than Free Cash Flow, do not reflect ACI's or Rite Aid's capital expenditures or future requirements for capital expenditures or contractual commitments; and

Other companies in ACI's and Rite Aid's industries may calculate these measures differently than ACI or Rite Aid does, limiting their usefulness as comparative measures.

Because of these limitations, Non-GAAP Measures should not be considered as measures of discretionary cash available to ACI or Rite Aid to invest in the growth of its business. ACI and Rite Aid compensate for these limitations by relying primarily on their GAAP results and using Non-GAAP Measures only for supplemental purposes. Please see ACI's and Rite Aid's consolidated financial statements contained in this proxy statement/prospectus.

Pro forma Adjusted EBITDA, as presented in this proxy statement/prospectus, is also a supplemental measure of performance that is not required by or presented in accordance with GAAP.

**DEFINITIONS**

Unless otherwise indicated or as the context otherwise requires, a reference in this proxy statement/prospectus to:

ACI refers to Albertsons Companies, Inc., a Delaware corporation, or, prior to the ACI Reorganization Transactions, its predecessors, Albertsons Companies, LLC, a Delaware limited liability company, and AB Acquisition LLC, a Delaware limited liability company, in each case, together with their consolidated subsidiaries, and refers to the combined company following the completion of the merger;

ACI common stock refers to the common stock, par value \$0.01 per share, of ACI;

ACI Institutional Investors refers to Klaff Realty, LP, Schottenstein Stores Corp., Lubert-Adler Partners, L.P., Colony NorthStar, Inc. and Kimco Realty Corporation, and each of their respective controlled affiliates and

investment funds;

adjournment proposal refers to 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;

Cerberus refers to Cerberus Capital Management, L.P., a Delaware limited partnership, and investment funds and accounts managed by it and its affiliates;

Code refers to the Internal Revenue Code of 1986, as amended;

combined company refers to ACI and its subsidiaries, including Rite Aid, collectively, following the completion of the merger;

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compensation proposal refers to the proposal to approve, by means of a non-binding, advisory vote, compensation that will or may become payable to Rite Aid's named executive officers in connection with the merger as contemplated by the merger agreement;

DGCL refers to the General Corporation Law of the State of Delaware;

effective time of the merger refers to the time the merger becomes effective;

Exchange Act refers to the U.S. Securities Exchange Act of 1934, as amended;

GAAP refers to accounting principles generally accepted in the United States of America;

merger refers to the merger of Merger Sub I with and into Rite Aid, with Rite Aid surviving the merger as a wholly-owned subsidiary of ACI;

merger agreement refers to the Agreement and Plan of Merger, dated as of February 18, 2018, by and among ACI, Merger Sub I, Merger Sub II and Rite Aid, a copy of which is attached as Annex A to this proxy statement/prospectus;

merger proposal refers to the proposal to adopt the merger agreement and the transactions contemplated by the merger agreement, including the mergers;

mergers refers, collectively, to the merger and the subsequent merger;

Merger Sub I refers to Ranch Acquisition Corp., a Delaware corporation and a direct wholly-owned subsidiary of Merger Sub II;

Merger Sub II refers to Ranch Acquisition II LLC, a Delaware limited liability company and a direct wholly-owned subsidiary of ACI;

new ACI bylaws refers to the amended and restated bylaws for ACI in substantially the form attached as Annex D, which will become effective immediately prior to the effective time of the merger, and which will be applicable to the combined company following the completion of the merger;

new ACI certificate of incorporation refers to the amended and restated certificate of incorporation for ACI in substantially the form attached as Annex C, which will become effective immediately prior to the effective

time of the merger, and which will be applicable to the combined company following the completion of the merger;

NYSE refers to the New York Stock Exchange;

proxy solicitor refers to Morrow Sodali LLC, Rite Aid's proxy solicitor;

Rite Aid refers to Rite Aid Corporation, a Delaware corporation;

Rite Aid common stock refers to the common stock, par value \$1.00 per share, of Rite Aid;

SEC refers to the Securities and Exchange Commission;

Securities Act refers to the U.S. Securities Act of 1933, as amended;

special meeting refers to the special meeting of Rite Aid stockholders to be held on August 9, 2018, or any adjournment thereof, at which Rite Aid stockholders will be asked to consider and vote upon the merger proposal, the compensation proposal and the adjournment proposal;

subsequent merger refers to the merger of Rite Aid, as the surviving corporation in the merger, with and into Merger Sub II, with Merger Sub II surviving the subsequent merger as a direct wholly-owned subsidiary of ACI and a limited liability company;

surviving company refers to Merger Sub II following the subsequent merger; and

we, our and us refers to ACI or Rite Aid, as applicable, prior to completion of the merger and ACI following the completion of the merger.

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Annex B Opinion of Citigroup Global Markets Inc.

Annex C Form of Amended and Restated Certificate of Incorporation of ACI

Annex D Form of Amended and Restated Bylaws of ACI

Annex E Form of Registration Rights Agreement

Annex F Form of Standstill Agreements

Annex G Form of Lock-Up Agreements

Annex H Form of No Action Agreement

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

The following questions and answers are intended to address some commonly asked questions regarding the mergers, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a Rite Aid stockholder. We encourage you to read carefully the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus, including the merger agreement, and the documents we incorporate by reference in this proxy statement/prospectus. You may obtain the documents and information incorporated by reference in this proxy statement/prospectus without charge by following the instructions in the section entitled *Where You Can Find More Information* beginning on page 353 of this proxy statement/prospectus. The merger agreement is attached as Annex A to this proxy statement/prospectus.

**Q: What is this document?**

A: Rite Aid has agreed to combine with ACI under the terms of the merger agreement that are described in this proxy statement/prospectus. This document is a proxy statement because it will be used by the Rite Aid board of directors to solicit proxies for the special meeting of the Rite Aid stockholders at which the Rite Aid stockholders will be asked to vote on the proposal to adopt the merger agreement, among other matters. This document is also a prospectus because it will be used by ACI to offer ACI common stock to Rite Aid stockholders in exchange for their Rite Aid common stock upon completion of the proposed merger. This document contains important information about the merger agreement and the details of the mergers, the business, results of operations and financial condition of Rite Aid and ACI, the combined capital stock, certain risk factors related to the mergers, Rite Aid and ACI, and other matters that are important to Rite Aid stockholders. **Rite Aid urges all Rite Aid stockholders to read this proxy statement/prospectus, including all documents incorporated by reference into this proxy statement/prospectus, and annexes to this proxy statement/prospectus, carefully and in their entirety. In particular, Rite Aid urges you to read carefully Risk Factors beginning on page 50 of this proxy statement/prospectus.**

**Q: Why am I receiving these materials?**

A: The Rite Aid board of directors is furnishing this proxy statement/prospectus and form of proxy card to the holders of Rite Aid common stock in connection with the solicitation of proxies to be voted at a special meeting of stockholders or at any adjournments or postponements of the special meeting.

**Q: When and where is the special meeting?**

A: The special meeting will take place on August 9, 2018, at the office of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, at 8:30 a.m., Eastern time.

**Q: Who is entitled to vote at the special meeting?**

A: Only Rite Aid stockholders of record as of the close of business on June 22, 2018 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournments or postponements thereof. Each holder of Rite Aid common stock is entitled to cast one vote on each matter properly brought before the special meeting for each share of Rite Aid common stock that such holder owned as of the record date.

**Q: May I attend the special meeting and vote in person?**

A: Yes. All stockholders as of the record date may attend the special meeting and vote in person. Seating will be limited. Stockholders will need to present proof of ownership of Rite Aid common

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stock, such as a recent bank or brokerage account statement, and a form of personal identification to be admitted to the special meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the special meeting. Even if you plan to attend the special meeting in person, Rite Aid encourages you to complete, sign, date and return the enclosed proxy card or to vote electronically over the Internet or via telephone to ensure that your shares will be represented at the special meeting. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. If you hold your shares in street name, because you are not the stockholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid legal proxy from your broker, bank or other nominee.

**Q: What am I being asked to vote on at the special meeting?**

A: You are being asked to consider and vote on the following proposals:

To adopt the merger agreement and the transactions contemplated by the merger agreement, including the mergers, which we refer to as the merger proposal;

To approve, by means of a non-binding, advisory vote, compensation that will or may become payable to Rite Aid's named executive officers in connection with the merger as contemplated by the merger agreement, which we refer to as the compensation proposal; and

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, which we refer to as the adjournment proposal.

**Q: What is the proposed merger and what effects will it have on Rite Aid?**

A: The proposed transaction is a series of two mergers whereby Rite Aid will become a subsidiary of ACI pursuant to the merger agreement. If the merger proposal is approved by the requisite number of holders of Rite Aid common stock and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub I will merge with and into Rite Aid, with Rite Aid surviving the merger as a wholly-owned direct subsidiary of Merger Sub II, and, immediately following the merger, Rite Aid will merge with and into Merger Sub II, with Merger Sub II surviving the subsequent merger as a wholly-owned direct subsidiary of ACI and a limited liability company. As a result of the mergers, Rite Aid will become a wholly-owned direct subsidiary of ACI. Rite Aid expects to de-list its common stock from the NYSE and de-register its common stock under the Exchange Act as soon as reasonably practicable following the effective time of the merger. Thereafter, Rite Aid would no longer be a publicly traded company. If the merger is completed, you will not own any shares of the capital stock of Rite Aid, Merger Sub I or Merger Sub II, and instead will only be entitled to receive the stock election consideration and/or cash election consideration, as applicable, which we refer to as the merger consideration.

**Q: Will the ACI common stock be listed on a stock exchange?**

**A:** ACI has been approved to list the ACI common stock with the NYSE under the symbol ACI, and the combined company is expected to be publicly traded on the NYSE under this symbol following the completion of the mergers. While trading in ACI common stock on the NYSE is expected to begin on the first business day following the date of completion of the mergers, there can be no assurance that a viable and active trading market will develop. For more information, please see the section entitled The Merger Listing of ACI Common Stock on the NYSE beginning on page 147 of this proxy statement/prospectus.

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**Q: What will I receive if the merger is completed?**

A: At 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 of Rite Aid common stock owned, directly or indirectly, by ACI, Merger Sub I or Rite Aid (including shares of Rite Aid common stock held as treasury stock by Rite Aid), and in each case not held on behalf of third parties, immediately prior to the effective time of the merger) will be converted into the right to receive and become exchangeable for 0.1000, which we refer to as the base exchange ratio, of a fully paid and nonassessable share of ACI common stock, without interest, which we refer to as the base consideration, plus, at the election of the holder of Rite Aid common stock, either:

for each share of Rite Aid common stock with respect to which an election to receive cash has been effectively made and not revoked or redeemed, and for each share of Rite Aid common stock with respect to which a Rite Aid stockholder has not made an election to receive cash or stock, an amount in cash equal to \$0.1832 per share, without interest, which we refer to as the additional cash consideration (and which, together with the base consideration, we refer to as the cash election consideration); provided, that to the extent the aggregate additional cash consideration to be paid to any holder of shares of Rite Aid common stock for all such holder's shares of Rite Aid common stock held in a single account would result in such stockholder being entitled to a fraction of a cent in cash with respect to the shares of Rite Aid common stock held in such account, such aggregate amount will be rounded down to the nearest whole cent; or

for each share of Rite Aid common stock with respect to which an election to receive additional ACI common stock has been effectively made and not revoked, 0.0079, which we refer to as the additional stock election exchange ratio (and which, together with the base exchange ratio, we refer to as the stock election exchange ratio), of a fully paid and nonassessable share of ACI common stock, without interest, which we refer to as the additional stock consideration (and which, together with the base consideration, we refer to as the stock election consideration).

For the avoidance of doubt, the cash election consideration consists of both the base consideration, which consists of ACI common stock, and the additional cash consideration, which consists of cash. No fractional shares of ACI common stock will be issued in the merger, and in lieu thereof, holders of Rite Aid common stock who would otherwise have been entitled to a fraction of a share of ACI common stock will be paid upon surrender of shares of Rite Aid common stock (and after taking into account and aggregating the total number of shares of ACI common stock to be issued in exchange for the shares of Rite Aid common stock represented by all certificates, or book-entry shares, as applicable, surrendered by such holder and the shares of ACI common stock received by such holder as a result of both the base exchange ratio and the additional stock election exchange ratio) cash in an amount, without interest and rounded to the nearest cent, representing such holder's proportionate interest in the net proceeds from the sale by the exchange agent, on behalf of all such holders, of all fractional shares of ACI common stock which would otherwise be issued.

**Q: What will be the ownership structure of the combined company after the consummation of the merger?**

A: Based on the estimated number of shares of Rite Aid and ACI common stock that will be outstanding immediately prior to the closing of the merger, and depending upon the result of the cash election, it is

anticipated that, upon closing, existing ACI stockholders will own approximately 70.4% to 72.0% of the outstanding shares of ACI common stock, and former Rite Aid stockholders will own approximately 29.6% to 28.0% of the outstanding shares of ACI common stock, in each case on a fully diluted basis.



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**Table of Contents****Q: How do I calculate the value of the merger consideration?**

A: Because ACI will issue shares of ACI common stock in exchange for each share of Rite Aid common stock, the value of the merger consideration that Rite Aid stockholders receive will depend on the per share value of ACI common stock at the effective time of the merger. Prior to the effective time, there has not been and will not be an established public trading for ACI common stock. The price of the ACI common stock at the effective time will reflect the combination of ACI and Rite Aid, and will be unknown until the commencement of trading following the effective time of the merger. The base exchange ratio and the additional stock election exchange ratio are fixed and thus will not fluctuate up or down based on the market price of a share of Rite Aid common stock prior to the merger.

**Q: When is the election deadline?**

A: The election deadline is 5:00 p.m. New York City time on a date mutually agreed by Rite Aid and ACI but which in no event will be less than one day prior to the anticipated closing date. Rite Aid and ACI will issue a joint press release announcing the anticipated date of the election deadline not more than fifteen business days before, and at least five business days prior to, the anticipated date of the election deadline. If Rite Aid and ACI jointly agree to postpone the election deadline to a later date, ACI and Rite Aid will promptly announce any such delay and, when determined, the rescheduled election deadline. The election deadline has not been established as of the date of this proxy statement/prospectus.

**Q: How do Rite Aid stockholders make an election?**

A: Not less than thirty days prior to the election deadline, ACI will instruct Broadridge Financial Solutions, Inc. (or if Broadridge Financial Solutions, Inc. is unwilling or unable to serve as exchange agent, a bank or trust company mutually agreed upon by Rite Aid and ACI, in either case, referred to as the exchange agent) to send to each record holder, as of five business days prior to such date, of Rite Aid common stock an election form. Each election form will permit the stockholder (or the beneficial owner through customary documentation and instructions) to specify (i) the number of shares of such stockholder's Rite Aid common stock with respect to which such holder elects to receive the stock election consideration, (ii) the number of shares of such holder's Rite Aid common stock with respect to which such holder elects to receive the cash election consideration or (iii) that such holder makes no election with respect to such holder's Rite Aid common stock, and, in such case of each of (i) and (ii), the particular shares for which the holder desires to make such election. Any shares of Rite Aid common stock with respect to which the exchange agent does not receive a properly completed election form prior to the election deadline will be deemed to be shares with respect to which no election has been made. The election form will indicate in a clear and unambiguous manner that a stockholder's failure to make a proper election prior to the election deadline will result in such stockholder receiving cash election consideration for such shares for which no proper election has been made. Any election will have been properly made only if the exchange agent will have received a properly completed election form by the election deadline. If your shares of Rite Aid common stock are held in a brokerage or other custodial account, you should receive instructions from the entity which holds your shares advising you of the procedures for making your election. If you do not receive these instructions, you should contact the entity that holds your shares.

Subject to the terms of the merger agreement and of the election form, the exchange agent will have reasonable discretion to determine whether any election has been properly or timely made and to disregard immaterial defects in the election form, and any good faith decisions of the exchange agent regarding such matters will be binding and conclusive. None of ACI, Merger Sub I, Merger Sub II, Rite Aid or the exchange agent will be under any obligation to notify any person of any defect in an election form. The election form will provide stockholders with a toll-free number to contact the exchange agent with any questions concerning making an election.

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**Q: What type of merger consideration will stockholders receive if they do not make an election?**

A: A stockholder's failure to make a proper election prior to the election deadline will result in such stockholder receiving cash election consideration for such shares for which no proper election has been made.

**Q: Can I make one election for some of my shares and another for the rest?**

A: Yes. Each election form will permit the holder (or the beneficial owner through customary documentation and instructions) to specify (i) the number of shares of such stockholder's Rite Aid common stock with respect to which such holder elects to receive the stock election consideration, (ii) the number of shares of such holder's Rite Aid common stock with respect to which such holder elects to receive the cash election consideration or (iii) that such holder makes no election with respect to such holder's Rite Aid common stock, and, in such case of each of (i) and (ii), the particular shares for which the holder desires to make such election.

**Q: Can I change or revoke my election after submitting an initial election?**

A: Yes. Any election form may be revoked or changed by the person submitting the form, by written notice received by the exchange agent prior to the election deadline. In the event an election form is revoked prior to the election deadline and no subsequent election is properly made prior to the election deadline, the shares of Rite Aid common stock represented by such election form will be deemed to be shares with respect to which no election has been made. A stockholder's failure to make a proper election prior to the election deadline will result in such stockholder receiving cash election consideration for such shares for which no proper election has been made.

**Q: What do I need to do now?**

A: Rite Aid encourages you to read this proxy statement/prospectus, the annexes to this proxy statement/prospectus, including the merger agreement, and the documents we refer to in this proxy statement/prospectus carefully and consider how the mergers affect you. Then complete, sign, date and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope or grant your proxy electronically over the Internet or by telephone, so that your shares can be voted at the special meeting. If you hold your shares in street name, please refer to the voting instruction forms provided by your broker, bank or other nominee to vote your shares.

**Q: Should I send in my stock certificates now?**

A: No. After the merger is completed, under the terms of the merger agreement, you will receive shortly thereafter a letter of transmittal instructing you to send your stock certificates to the exchange agent in order to receive the merger consideration for each share of your common stock represented by the stock certificates. You should use

the letter of transmittal to exchange your stock certificates for the stock election consideration and/or the cash election consideration, as applicable, to which you are entitled upon completion of the merger. After receiving the proper documentation from you, following the effective time, the exchange agent will deliver to you the ACI common stock in either certificated or book-entry form and any cash consideration to which you are entitled, if any. **Please do not send in your stock certificates now.**

**Q: What happens if I sell or otherwise transfer my shares of Rite Aid common stock after the record date but before the special meeting?**

**A:** The record date for the special meeting is earlier than the date of the special meeting and the date the merger is expected to be completed. If you sell or transfer your shares of your common stock after the record date but before the special meeting, unless special arrangements (such as

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the provision of a proxy) are made between you and the person to whom you sell or otherwise transfer your shares and each of you notifies Rite Aid in writing of such special arrangements, you will transfer the right to receive the merger consideration, if the merger is completed, to the person to whom you sell or transfer your shares of Rite Aid common stock, but you will retain your right to vote these shares at the special meeting. **Even if you sell or otherwise transfer your shares of common stock after the record date, Rite Aid encourages you to complete, date, sign and return the enclosed proxy card or vote via the Internet or telephone.**

**Q: How does Rite Aid's board of directors recommend that I vote?**

A: The Rite Aid board of directors, after considering the various factors described in the section entitled "The Merger Recommendation of the Rite Aid Board of Directors; Rite Aid's Reasons for the Merger" beginning on page 122 of this proxy statement/prospectus, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the mergers, 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 Rite Aid board of directors unanimously recommends that you vote (i) **FOR** the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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.

**Q: What risks should I consider in deciding whether to vote in favor of the merger?**

A: You should carefully review the section entitled "Risk Factors" beginning on page 50 of this proxy statement/prospectus, which presents risks and uncertainties related to the merger, the combined company and the business and operations of each of ACI and Rite Aid.

**Q: What happens if the merger is not completed?**

A: If the merger agreement is not adopted by the 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 an independent public company, your common stock in Rite Aid will continue to be listed and traded on the NYSE and registered under the Exchange Act and Rite Aid will continue to file periodic reports with the SEC.

Under specified circumstances, Rite Aid will be required to pay ACI a termination fee upon the termination of the merger agreement or will be entitled to receive a termination fee from ACI, as described in the sections entitled "The Merger Agreement Termination of the Merger Agreement Termination Fees" beginning on page 180 of this proxy statement/prospectus.

**Q: Do any of Rite Aid's directors or officers have interests in the merger that may differ from those of Rite Aid stockholders generally?**

A: You should be aware that Rite Aid's directors and executive officers may have interests in the merger that may be different from, or in addition to, the interests of Rite Aid stockholders generally. The Rite Aid board of directors was aware of and considered these interests to the extent such interests existed at the time, among other matters, in evaluating and overseeing the negotiation of the merger agreement, in approving the merger agreement and the mergers and in recommending that the merger agreement be adopted by the stockholders of Rite Aid. For a

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description of the interests of Rite Aid's directors and executive officers in the merger, see the section entitled "Interests of the Directors and Officers of Rite Aid in the Merger" beginning on page 296 of this proxy statement/prospectus.

**Q: What vote is required to adopt the merger agreement?**

A: The affirmative vote of the holders of a majority of the outstanding shares of Rite Aid common stock is required to approve the merger proposal.

The failure of any stockholder of record 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 merger proposal. 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 merger proposal. An abstention will also have the same effect as a vote **AGAINST** the merger proposal.

As of June 22, 2018, the record date for determining who is entitled to vote at the special meeting, there were approximately 1,067,312,183 shares of Rite Aid common stock issued and outstanding. Each holder of Rite Aid common stock is entitled to one vote per share of stock owned by such holder as of the record date.

**Q: What vote 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 and 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?**

A: Assuming a quorum is present, approval of the compensation proposal 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 adjournment proposal, 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.

The failure of any stockholder of record 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 not have any effect on the compensation proposal or the adjournment proposal. 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 not have any effect on the compensation proposal or the adjournment proposal. Abstentions will have the same effect as a vote **AGAINST** the compensation proposal and the adjournment proposal.

**Q: What happens if the 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 is not approved?**

A: Approval, on a non-binding, advisory basis, of compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger is not a condition to completion of the merger. The vote

is an advisory vote and is not binding. Accordingly, regardless of the outcome of the advisory vote, if the merger is completed, Rite Aid may still pay such compensation to its named executive officers in accordance with the terms and conditions applicable to such compensation.

**Q: What constitutes a quorum?**

**A:** As of the record date, there were 1,067,312,183 shares of Rite Aid common stock outstanding and entitled to be voted at the special meeting. The presence, either in person or represented by proxy, of the holders of a majority of the outstanding shares of Rite Aid common stock entitled to



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vote at the special meeting will constitute a quorum at the special meeting. As a result, in order to have a quorum at the special meeting, at least 533,656,092 shares of Rite Aid common stock must be represented by stockholders present in person or by proxy at the special meeting. Abstentions (which are described below) will count for the purpose of determining the presence of a quorum for the transaction of business at the special meeting. Broker non-votes are shares held by a broker, bank or other nominee that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares on how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers, banks and other nominee holders of record do not have discretionary voting authority with respect to any of the three proposals, if a beneficial owner of shares of Rite Aid common stock held in street name does not give voting instructions to the broker, bank or other nominee with respect to any of the proposals, then those shares will not be present in person or represented by proxy at the special meeting. If there are any broker non-votes, then such broker non-votes will count for the purpose of determining the presence of a quorum for the transaction of business at the special meeting.

**Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: If your shares are registered directly in your name with Rite Aid's transfer agent, Broadridge Financial Solutions, Inc., you are considered, with respect to those shares, to be the stockholder of record. In this case, this proxy statement/prospectus and your proxy card have been sent directly to you by Rite Aid.

If your shares are held through a broker, bank or other nominee, you are considered the beneficial owner of the shares of Rite Aid common stock held in street name. In that case, this proxy statement/prospectus has been forwarded to you by your broker, bank or other nominee who is considered, with respect to those shares, to be the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or other nominee on how to vote your shares by following their instructions for voting. You are also invited to attend the special meeting. However, because you are not the stockholder of record, you may not vote your shares in person at the special meeting unless you request and obtain a valid legal proxy from your broker, bank or other nominee.

**Q: How may I vote?**

A: If you are a stockholder of record, there are four ways to vote:

By attending the special meeting and voting in person by ballot;

By visiting the Internet at the address on your proxy card;

By calling toll-free (within the U.S. or Canada) at the phone number on your proxy card; or

## Edgar Filing: RITE AID CORP - Form DEFM14A

By completing, dating, signing and returning the enclosed proxy card in the accompanying prepaid reply envelope.

A control number, located on your proxy card, is designed to verify your identity and allow you to vote your shares of common stock, and to confirm that your voting instructions have been properly recorded when voting electronically over the Internet or by telephone. Please be aware that, although there is no charge for voting your shares, if you vote electronically over the Internet or by telephone, you may incur costs such as telephone and Internet access charges for which you will be responsible.

Even if you plan to attend the special meeting in person, you are strongly encouraged to vote your shares of common stock by proxy. If you are a stockholder of record or if you obtain a valid legal

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proxy to vote shares which you beneficially own, you may still vote your shares of common stock in person at the special meeting even if you have previously voted by proxy. If you are present at the special meeting and vote in person, your previous vote by proxy will not be counted.

If your shares are held in street name through a broker, bank or other nominee, you may vote through your broker, bank or other nominee by completing and returning the voting form provided by your broker, bank or other nominee, or electronically over the Internet or by telephone through your broker, bank or other nominee if such a service is provided. To vote via the Internet or via telephone through your broker, bank or other nominee, you should follow the instructions on the voting form provided by your broker, bank or other nominee.

**Q: If my broker holds my shares in street name, will my broker vote my shares for me?**

**A:** Not without your direction. Your broker, bank or other nominee will only be permitted to vote your shares on any proposal only if you instruct your broker, bank or other nominee on how to vote. Broker non-votes are shares held by a broker, bank or other nominee that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares on how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers, banks and other nominee holders of record do not have discretionary voting authority with respect to any of the three proposals, if a beneficial owner of shares of Rite Aid common stock held in street name does not give voting instructions to the broker, bank or other nominee with respect to any of the proposals, then those shares will not be present in person or represented by proxy at the special meeting. If there are any broker non-votes, then such broker non-votes will be counted as a vote **AGAINST** the merger proposal, but will have no effect on the compensation proposal or the adjournment proposal. **Therefore, it is important that you instruct your broker, bank or other nominee on how you wish to vote your shares.**

**Q: May I change my vote after I have mailed my signed proxy card or otherwise submitted my vote by proxy?**

**A:** Yes. 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;

Delivering a written notice of revocation to Rite Aid's Secretary;

Signing another proxy card with a later date and returning it to Rite Aid 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; or contact Rite Aid's proxy solicitor, Morrow Sodali LLC at (800) 662-5200. You may also vote in person at the special meeting if you obtain a valid legal proxy from your broker, bank or other nominee.

**Q: What is a proxy?**

**A:** A proxy is your legal designation of another person, referred to as a proxy, to vote your shares of Rite Aid common stock. The written document describing the matters to be considered and voted on at the special meeting is called a proxy statement. The document used to designate a proxy to vote your shares of Rite Aid common stock is called a proxy card. The Rite Aid board of directors has designated John T. Standley, Darren W. Karst and James J. Comitale, and each of them with full power of substitution, as proxies for the special meeting.

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**Q: If a stockholder gives a proxy, how are the shares voted?**

A: Regardless of the method you choose to vote, the individuals named on the enclosed proxy card, or your proxies, will vote your shares in the way that you indicate. When completing the Internet or telephone process or the proxy card, you may specify whether your shares should be voted **FOR** or **AGAINST** some or none of the specific items of business to come before the special meeting, or you may abstain from voting on all. If you properly sign and return your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted as recommended by the Rite Aid board of directors with respect to each proposal.

**Q: What should I do if I receive more than one set of voting materials?**

A: You may receive more than one set of voting materials, including multiple copies of this proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please complete, date, sign and return (or vote via the Internet or telephone with respect to) each proxy card and voting instruction card that you receive.

**Q: Who will count the votes?**

A: All votes will be counted by the independent inspector of election appointed for the special meeting.

**Q: Where can I find the voting results of the special meeting?**

A: Rite Aid intends to announce preliminary voting results at the special meeting and publish final results in a Current Report on Form 8-K that will be filed with the SEC within four (4) business days following the special meeting. All reports that Rite Aid files with the SEC are publicly available when filed. See the section entitled **Where You Can Find More Information** beginning on page 353 of this proxy statement/prospectus.

**Q: Will I be subject to U.S. federal income tax upon the exchange of Rite Aid common stock for cash pursuant to the merger?**

A: The mergers, taken together, are expected to qualify as a **reorganization** within the meaning of Section 368(a) of the Code. Assuming the mergers so qualify, (i) Rite Aid stockholders that receive solely ACI common stock in the merger generally will not recognize gain or loss upon the exchange of shares of Rite Aid common stock for shares of ACI common stock pursuant to the merger, and (ii) Rite Aid stockholders that receive a combination of ACI common stock and cash in the merger generally will recognize gain (but not loss) equal to the lesser of

the amount of cash received and the excess of the amount realized in the transaction (i.e., the fair market value of the ACI common stock received plus the amount of cash received) over their tax basis in their Rite Aid common stock. The U.S. federal income tax consequences described above may not apply to all holders of Rite Aid common stock. Because particular circumstances may differ, Rite Aid recommends that you consult your tax advisor to determine the U.S. federal income tax consequences relating to the mergers in light of your own particular circumstances and any consequences arising under the laws of any state, local or foreign taxing jurisdiction. A more complete description of the U.S. federal income tax consequences of the mergers is provided under Material U.S. Federal Income Tax Consequences beginning on page 320 of this proxy statement/prospectus.

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**Q: What will the holders of outstanding Rite Aid equity awards receive in the merger?**

**A:** At the effective time of the merger:

Each Rite Aid stock option will be assumed by ACI and converted into an ACI stock option, on the same terms and conditions as were applicable immediately prior to the completion of the merger, to acquire a number of shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Rite Aid stock option immediately prior to the effective time and (y) the base exchange ratio, with any fractional shares rounded down to the next lower whole number of shares after aggregating each individual holder's Rite Aid stock options with the same exercise price. The exercise price of each such ACI stock option will be equitably adjusted to be equal to the quotient of (x) the excess of (i) the exercise price per share of Rite Aid common stock subject to such option over (ii) the additional cash consideration and (y) the base exchange ratio (which results will be rounded up to the nearest whole cent).

Each Rite Aid time- and performance-vesting restricted stock unit held by any grantee other than a current or former non-employee director, consultant, employee or other service provider of Rite Aid who will not continue in employment or service with ACI (each such grantee, we refer to as a former service provider), which we refer to as a Rollover RSU, will be assumed by ACI and converted into an ACI time-vesting restricted stock unit, which we refer to as an ACI RSU, on the same terms and conditions as were applicable immediately prior to the completion of the merger, relating to a number of shares of ACI common stock equal to the product of (x) the number of Rollover RSUs held by the holder thereof immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement, and (y) the stock election exchange ratio, with any fractional shares rounded to the nearest whole number of shares.

Each Rite Aid restricted stock award held by any grantee other than a former service provider, which we refer to as a Rollover RSA, will be assumed by ACI and converted into an ACI restricted stock award, which we refer to as an ACI RSA, on the same terms and conditions as were applicable immediately prior to the completion of the merger, relating to the number of shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Rollover RSA immediately prior to the effective time and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus a number of shares of ACI common stock or an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Rollover RSA immediately prior to the effective time and (ii) the additional stock consideration or the additional cash consideration, as elected by the holder and settled or paid to the holder shortly following the completion of the merger.

Each Rite Aid restricted stock award held by a former service provider, which we refer to as a Former Service Provider RSA, will vest and the holder will be entitled to receive a number of shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Former Service Provider RSA immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus a number of shares of ACI common stock or an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Former Service

Provider RSA immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (ii) the additional stock consideration or the additional cash consideration, as elected by the holder.

Each Rite Aid time- and performance-vesting restricted stock unit held by a former service provider, which we refer to as a Former Service Provider RSU, will vest and the holder will be entitled to receive a number of shares of ACI common stock equal to the product of (x) the



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number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of performance and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus a number of shares of ACI common stock or an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (ii) the additional stock consideration or the additional cash consideration, as elected by the holder. To the extent that any Former Service Provider RSU by its terms provides for settlement in cash, the holder instead will be entitled to receive the cash value of the number of whole shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (ii) the additional cash consideration.

**Q: When do you expect the merger to be completed?**

A: While there is no assurance that the merger will close, the parties are working toward completing the merger early in the second half of calendar year 2018. However, the exact timing of completion of the merger cannot be predicted because the completion of the merger is subject to conditions, including, among other things, adoption of the merger agreement by the Rite Aid stockholders and the receipt of regulatory approvals.

**Q: Who will serve on the combined company's board of directors following the merger?**

A: Upon the closing of the merger, the board of directors of the combined company will be comprised of nine (9) members. As of the date of this proxy statement/prospectus, Rite Aid and ACI have identified all nine (9) members of the combined company's board of directors:

ACI has identified its four (4) designees: Robert G. Miller, who was selected to be Chairman, Lenard B. Tessler, who was selected to be Lead Director, Allen M. Gibson and B. Kevin Turner;

Rite Aid has identified its four (4) designees: John T. Standley, David R. Jessick, Michael N. Regan and Marcy Syms; and

ACI and Rite Aid have identified Sharon L. Allen as the joint designee.

ACI first proposed that Allen M. Gibson or another identified person be jointly designated to the ninth director seat. Rite Aid requested that a different independent candidate be considered who, among other criteria and unlike the first two proposed persons, did not have any affiliation with or investment in Cerberus. ACI then proposed Sharon L. Allen to be jointly designated to the ninth director seat. Ms. Allen was asked to join the board of a predecessor company to

ACI as an independent director when ACI was considering its proposed initial public offering in 2015, and has been on the board since June 2015. Ms. Allen had been the former Executive Chairman of Deloitte LLP from 2003 until her retirement in 2011, and currently is a director and Chair of the Audit Committee of each of Bank of America Corporation and First Solar Inc. Ms. Allen also served as the past Chairman of the National Board of the YMCA from 2012 to 2014 and she appeared on the Forbes list of "The 100 Most Powerful Women in the World" for four consecutive years from 2006 to 2009 and Directorships "100 Most Influential People in Corporate Governance" for four consecutive years from 2007 to 2010. Other than her service on the ACI board and its predecessor, Ms. Allen has no relationships with ACI, its current shareholders including Cerberus or Rite Aid, or their respective officers and directors. After carefully reviewing

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her qualifications, including through an interview of Ms. Allen conducted by Rite Aid's lead independent director and all members of its nominating and governance committee, the Rite Aid board of directors unanimously approved the designation of Ms. Allen to the ACI board upon consummation of the merger.

For more information, please see the section entitled "The Merger - Governance of ACI Following the Merger" beginning on page 144 of this proxy statement/prospectus.

**Q: Where will the headquarters of the combined company be located and who will serve in senior leadership roles following the merger?**

A: Immediately following the merger, the combined company will have co-corporate headquarters in Boise, Idaho and in the Harrisburg, Pennsylvania metropolitan area. Mr. John T. Standley, the current Chief Executive Officer of Rite Aid, is expected to be the Chief Executive Officer of the combined company following the merger. Mr. Robert G. Miller, the current Chief Executive Officer of ACI, is expected to be the Chairman of the combined company following the merger. In addition to Messrs. Standley and Miller, the leadership team is expected to include ACI's recently appointed President and Chief Operating Officer, Jim Donald, who previously served as Chief Executive Officer of Starbucks Corporation and as a senior executive at several food and drug retailers, including Wal Mart Stores, Inc., Albertson's, Inc. and Safeway Inc. and Rite Aid's current President and Chief Operating Officer, Kermit Crawford, who has significant experience in the drug retail and healthcare industries, including serving as a senior executive at WBA. The rest of the combined company's executive team will be identified in due course as Rite Aid and ACI continue working towards closing of the transactions contemplated by the merger agreement.

**Q: How will my rights as a stockholder of ACI following the merger differ from my current rights as a Rite Aid stockholder?**

A: Immediately prior to the closing of the merger, ACI's certificate of incorporation and bylaws will be amended to be in substantially the forms attached as Annex C and Annex D, respectively, of this proxy statement/prospectus. As a result, the rights of Rite Aid stockholders who become stockholders of ACI in the merger will continue to be governed by the laws of the State of Delaware, the new ACI certificate of incorporation and the new ACI bylaws. For more information, see the sections entitled "Comparison of Rights of ACI Stockholders and Rite Aid Stockholders" beginning on page 332 of this proxy statement/prospectus and "The Merger - Amendment and Restatement of ACI Certificate of Incorporation and Bylaws" beginning on page 145 of this proxy statement/prospectus.

**Q: Am I entitled to appraisal rights under the DGCL?**

A: No, Rite Aid stockholders will not have appraisal rights under the DGCL with respect to the merger because holders of shares of Rite Aid common stock are not required to receive consideration other than shares of ACI common stock (and cash in lieu of fractional shares, if any) in the merger and shares of ACI common stock will be listed on the NYSE immediately following the merger. The election to

receive cash consideration is voluntary and dependent upon a stockholder's election (other than cash in lieu of fractional shares, if any).

**Q: Who can help answer my questions?**

**A:** If you have any questions concerning the merger, the special meeting or this proxy statement/prospectus, or would like additional copies of this proxy statement/prospectus or need help voting your shares of Rite Aid common stock, please contact Rite Aid's proxy solicitor:

**Morrow Sodali LLC**

470 West Avenue

Stamford, Connecticut 06902

Banks and Brokerage Firms Call: (203) 658-9400

Stockholders Call Toll-Free: (800) 662-5200

Email: [rad.info@morrowsodali.com](mailto:rad.info@morrowsodali.com)

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**SUMMARY**

*The following summary highlights selected information in this proxy statement/prospectus and may not contain all the information that may be important to you as a Rite Aid stockholder. Accordingly, we encourage you to read carefully this entire proxy statement/prospectus, its annexes and the documents referred to herein. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions under the section entitled *Where You Can Find More Information* beginning on page 353 of this proxy statement/prospectus.*

**Parties to the Merger (Page 92)**

***Rite Aid Corporation***

30 Hunter Lane

Camp Hill, Pennsylvania 17011

(717) 761-2633

Rite Aid Corporation, a Delaware corporation, which we refer to as Rite Aid, was incorporated in 1968 and, after giving effect to the sale of certain stores to Walgreens Boots Alliance, Inc., which we refer to as WBA, is one of the largest retail drugstore chains in the United States based on both revenues and number of stores. As of May 7, 2018, Rite Aid operated 2,533 stores in 19 states across the country. Rite Aid is a pharmacy retail healthcare company that provides its customers and communities with a high level of care and service through various programs it offers through its two reportable business segments, its Retail Pharmacy segment and its Pharmacy Services segment. Rite Aid accomplishes its goal of delivering comprehensive care to its customers through its retail drugstores, RediClinic walk-in retail health clinics and transparent and traditional EnvisionRxOptions and MedTrak pharmacy benefit managers, which we refer to as PBMs. Rite Aid also offers fully integrated mail-order and specialty pharmacy services through EnvisionPharmacies. Additionally through Envision Insurance Company, EnvisionRxOptions also serves one of the fastest-growing demographics in healthcare: seniors enrolled in Medicare Part D. When combined with Rite Aid's retail platform, this comprehensive suite of services allows Rite Aid to provide value and choice to customers, patients and payors and allows it to succeed in today's evolving healthcare marketplace. Rite Aid is headquartered in Camp Hill, Pennsylvania.

Rite Aid common stock is listed on the NYSE under the symbol RAD.

***Albertsons Companies, Inc.***

250 Parkcenter Blvd.

Boise, Idaho 83706

(208) 395-6200

Albertsons Companies, Inc., a Delaware corporation, which we refer to as ACI, was formed in 2015 in connection with the planned reorganizational transactions of AB Acquisition. For more information on the ACI Reorganization Transactions, see the section entitled *Management's Discussion and Analysis of Financial Condition and Results of Operations of ACI The ACI Reorganization Transactions* beginning on page 212 of this proxy statement/prospectus.

ACI is one of the largest food and drug retailers in the United States, with both a strong local presence and national scale. As of February 24, 2018, ACI operated 2,318 stores across 35 states and

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the District of Columbia under 20 well-known banners including *Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, Acme, Tom Thumb, Randalls, United Supermarkets, Pavilions, Star Market, Haggen* and *Carrs*, as well as meal kit company Plated (as defined herein) based in New York City. ACI operated 1,777 pharmacies, 1,275 in-store branded coffee shops and 397 adjacent fuel centers. Over the past five years, ACI has completed a series of acquisitions, beginning in March 2013 with its acquisition of New Albertsons, Inc., which we refer to as NAI (now known as New Albertsons L.P., which we refer to as NALP) from SUPERVALU INC., which we refer to as SuperValu, which included the Albertsons stores that ACI did not already own and stores operating under the *Acme, Jewel-Osco, Shaw's* and *Star Market* banners. In December 2013, ACI acquired United Supermarkets, LLC, which we refer to as United, a regional grocery chain in North and West Texas. In January 2015, ACI acquired Safeway Inc., which we refer to as Safeway, which at the time of the acquisition was the second-largest publicly traded food retailer in the United States, in a transaction that significantly increased ACI's scale and geographic reach. For the fiscal year ended February 24, 2018, ACI achieved annual run-rate synergies related to the acquisition of Safeway of approximately \$750 million. ACI also completed the acquisition of 73 stores from The Great Atlantic & Pacific Tea Company, Inc., which we refer to as A&P, for ACI's *Acme* banner and 35 stores from Haggen Holdings, LLC, which we refer to as Haggen, during the fiscal year ended February 27, 2016, and ACI acquired an additional 29 stores from Haggen during the fiscal year ended February 25, 2017, 15 of which operate under the Haggen banner.

***Ranch Acquisition Corp.***

c/o Albertsons Companies, Inc.

250 Parkcenter Blvd.

Boise, Idaho 83706

(208) 395-6200

Ranch Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Merger Sub II (as defined herein), was formed solely for the purpose of facilitating the merger and the other transactions contemplated by the merger agreement. We refer to Ranch Acquisition Corp. as Merger Sub I. Merger Sub I has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. Pursuant to the merger agreement, at the closing of the merger, Merger Sub I will be merged with and into Rite Aid, with Rite Aid surviving the merger as a wholly-owned subsidiary of ACI.

***Ranch Acquisition II LLC***

c/o Albertsons Companies, Inc.

250 Parkcenter Blvd.

Boise, Idaho 83706

(208) 395-6200

Ranch Acquisition II LLC, a Delaware limited liability company and a wholly-owned subsidiary of ACI, was formed solely for the purpose of facilitating the merger and the other transactions contemplated by the merger agreement. We refer to Ranch Acquisition II LLC as Merger Sub II. Merger Sub II has not carried on any activities or operations to

date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. Pursuant to the merger agreement, immediately after the merger, Rite Aid, as the corporation surviving the merger, will be merged with and into Merger Sub II, with Merger Sub II surviving the subsequent merger as a wholly-owned subsidiary of ACI and a limited liability company.



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**The Merger and the Merger Agreement (Page 94 and Page 149)**

The terms and conditions of the merger are contained in the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the merger.

The proposed transaction is a series of two mergers whereby Rite Aid will become a subsidiary of ACI pursuant to the merger agreement. If the merger proposal is approved by the requisite number of holders of Rite Aid common stock and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub I will merge with and into Rite Aid, with Rite Aid surviving the merger as a wholly-owned direct subsidiary of Merger Sub II, and, immediately following the merger, Rite Aid will merge with and into Merger Sub II, with Merger Sub II surviving the subsequent merger as a wholly-owned direct subsidiary of ACI and a limited liability company. As a result of the mergers, Rite Aid will become a wholly-owned direct subsidiary of ACI.

Following the merger, ACI common stock will be listed on the NYSE under the ticker symbol ACI, Rite Aid common stock will be delisted from the NYSE, deregistered under the Exchange Act and will cease to be publicly traded.

**Merger Consideration (Page 94)**

At 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 of Rite Aid common stock owned, directly or indirectly, by ACI, Merger Sub I or Rite Aid (including shares of Rite Aid common stock held as treasury stock by Rite Aid), and in each case not held on behalf of third parties, immediately prior to the effective time of the merger) will be converted into the right to receive and become exchangeable for 0.1000, which we refer to as the base exchange ratio, of a fully paid and nonassessable share of ACI common stock, without interest, which we refer to as the base consideration, plus, at the election of the holder of Rite Aid common stock, either:

for each share of Rite Aid common stock with respect to which an election to receive cash has been effectively made and not revoked or redeemed, and for each share of Rite Aid common stock with respect to which a Rite Aid stockholder has not made an election to receive cash or stock, an amount in cash equal to \$0.1832 per share, without interest, which we refer to as the additional cash consideration (and which, together with the base consideration, we refer to as the cash election consideration); provided, that to the extent the aggregate additional cash consideration to be paid to any holder of shares of Rite Aid common stock for all such holder's shares of Rite Aid common stock held in a single account would result in such stockholder being entitled to a fraction of a cent in cash with respect to the shares of Rite Aid common stock held in such account, such aggregate amount will be rounded down to the nearest whole cent; or

for each share of Rite Aid common stock with respect to which an election to receive additional ACI common stock has been effectively made and not revoked, 0.0079, which we refer to as the additional stock election exchange ratio (and which, together with the base exchange ratio, we refer to as the stock election exchange ratio), of a fully paid and nonassessable share of ACI common stock, without interest, which we refer to as the additional stock consideration (and which, together with the base consideration, we refer to as the stock election consideration).

For the avoidance of doubt, the cash election consideration consists of both the base consideration, which consists of ACI common stock, and the additional cash consideration, which



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consists of cash. No fractional shares of ACI common stock will be issued in the merger, and in lieu thereof, holders of Rite Aid common stock who would otherwise have been entitled to a fraction of a share of ACI common stock will be paid upon surrender of shares of Rite Aid common stock (and after taking into account and aggregating the total number of shares of ACI common stock to be issued in exchange for the shares of Rite Aid common stock represented by all certificates, or book-entry shares, as applicable, surrendered by such holder and the shares of ACI common stock received by such holder as a result of both the base exchange ratio and the additional stock election exchange ratio) cash in an amount, without interest and rounded to the nearest cent, representing such holder's proportionate interest in the net proceeds from the sale by the exchange agent, on behalf of all such holders, of all fractional shares of ACI common stock which would otherwise be issued.

### **Ownership of the Combined Company (Page 95)**

Assuming all Rite Aid stockholders elect to receive the additional cash consideration, approximately 28.0% of the outstanding ACI common stock will be held by stockholders that were holders of Rite Aid common stock immediately prior to the effectiveness of the merger and approximately 72.0% of the ACI common stock will be held by stockholders that were holders of ACI common stock immediately prior to the effectiveness of the merger. Assuming all Rite Aid stockholders elect to receive the stock election exchange ratio, approximately 29.6% of the outstanding ACI common stock will be held by stockholders that were holders of Rite Aid common stock immediately prior to the effectiveness of the merger and approximately 70.4% of the ACI common stock will be held by stockholders that were holders of ACI common stock immediately prior to the effectiveness of the merger.

### **Governance of ACI Following the Merger (Page 144)**

#### ***Headquarters***

ACI and Rite Aid have agreed that ACI will have co-corporate headquarters, one in Boise, Idaho, and one in the Harrisburg, Pennsylvania metropolitan area.

#### ***Board of Directors***

Upon the closing of the merger, the board of directors of the combined company will be comprised of nine (9) members. As of the date of this proxy statement/prospectus, Rite Aid and ACI have identified all nine (9) members of the combined company's board of directors:

ACI has identified its four (4) designees: Robert G. Miller, who was selected to be Chairman, Lenard B. Tessler, who was selected to be Lead Director, Allen M. Gibson and B. Kevin Turner;

Rite Aid has identified its four (4) designees: John T. Standley, David R. Jessick, Michael N. Regan and Marcy Syms; and

ACI and Rite Aid have identified Sharon L. Allen as the joint designee.

ACI first proposed that Allen M. Gibson or another identified person be jointly designated to the ninth director seat. Rite Aid requested that a different independent candidate be considered who, among other criteria and unlike the first two proposed persons, did not have any affiliation with or investment in Cerberus. ACI then proposed Sharon L. Allen

to be jointly designated to the ninth director seat. Ms. Allen was asked to join the board of a predecessor company to ACI as an independent director when ACI was considering its proposed initial public offering in 2015, and has

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been on the board since June 2015. Ms. Allen had been the former Executive Chairman of Deloitte LLP from 2003 until her retirement in 2011, and currently is a director and Chair of the Audit Committee of each of Bank of America Corporation and First Solar Inc. Ms. Allen also served as the past Chairman of the National Board of the YMCA from 2012 to 2014 and she appeared on the Forbes list of *The 100 Most Powerful Women in the World* for four consecutive years from 2006 to 2009 and Directorships *100 Most Influential People in Corporate Governance* for four consecutive years from 2007 to 2010. Other than her service on the ACI board and its predecessor, Ms. Allen has no relationships with ACI, its current shareholders including Cerberus or Rite Aid, or their respective officers and directors. After carefully reviewing her qualifications, including through an interview of Ms. Allen conducted by Rite Aid's lead independent director and all members of its nominating and governance committee, the Rite Aid board of directors unanimously approved the designation of Ms. Allen to the ACI board upon consummation of the merger.

After the effective time, and until such time as Cerberus ceases to beneficially own at least ten percent (10%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause two nominees designated by Cerberus to be elected to the ACI board of directors. From and after such time as Cerberus ceases to beneficially own at least ten percent (10%) of the outstanding ACI common stock, but beneficially owns at least five percent (5%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause one nominee designated by Cerberus to be elected to the ACI board of directors. Until such time as Cerberus ceases to beneficially own at least fifteen percent (15%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause directors designated by Cerberus to be elected Chairman and Lead Director, provided that, if Robert G. Miller has ceased to serve as Chairman, either the Chairman or the Lead Director will qualify as *independent* under the rules of the NYSE and will not be a partner or employee of Cerberus, its affiliates or any of the ACI Institutional Investors. Until such time as Cerberus ceases to beneficially own at least ten percent (10%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause a director designated by Cerberus to be elected Lead Director. Other than as described above, there are no agreements between Rite Aid and ACI regarding, and no decisions have been made with respect to, the selection of directors of ACI following the merger.

***Management***

ACI and Rite Aid expect that following the merger John T. Standley, the current Chairman and Chief Executive Officer of Rite Aid, will serve as Chief Executive Officer of ACI, although no agreement has been negotiated as of the date of this proxy statement/prospectus with respect to the terms of Mr. Standley's expected employment. There can be no assurances that any such agreement with respect to Mr. Standley's employment with ACI will be reached. Mr. Robert G. Miller, the current Chief Executive Officer of ACI, is expected to be the Chairman of the combined company following the merger. In addition to Mr. Standley, the leadership team is expected to include ACI's recently appointed President and Chief Operating Officer, Jim Donald, who previously served as Chief Executive Officer of Starbucks Corporation and as a senior executive at several food and drug retailers, including Wal Mart Stores, Inc., Albertson's, Inc. and Safeway Inc., and Rite Aid's current President and Chief Operating Officer, Kermit Crawford, who has significant experience in the drug retail and healthcare industries, including serving as a senior executive at Walgreens Boots Alliance, Inc.

The rest of the combined company's executive team will be identified in due course prior to the closing of the merger.



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**Recommendation of the Rite Aid Board of Directors; Rite Aid's Reasons for the Merger (Page 122)**

The Rite Aid board of directors, after considering various factors described herein, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the mergers, 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 Rite Aid board of directors unanimously recommends that you vote (i) FOR the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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.**

For more information on Rite Aid's reasons for the merger and the recommendation of the Rite Aid board of directors, see the section entitled "The Merger Recommendation of the Rite Aid Board of Directors; Rite Aid's Reasons for the Merger" beginning on page 122 of this proxy statement/prospectus.

**Opinion of Rite Aid's Financial Advisor (Page 129)**

In connection with the proposed mergers, Rite Aid's financial advisor, Citigroup Global Markets Inc., which we refer to as Citi, delivered a written opinion, dated February 17, 2018, to the Rite Aid board of directors as to the fairness, from a financial point of view and as of the date of the opinion, of (i) the base exchange ratio plus the additional cash consideration or (ii) the stock election exchange ratio, as applicable, provided for in the merger agreement. The full text of Citi's written opinion, dated February 17, 2018, to the Rite Aid board of directors, 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/prospectus 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 Rite Aid board of directors (in its capacity as such) in connection with its evaluation of (i) the base exchange ratio plus the additional cash consideration or (ii) the stock election exchange ratio, as applicable, from a financial point of view and did not address any other terms, aspects or implications of the mergers. Citi expressed no view as to, and its opinion did not address, the underlying business decision of Rite Aid to effect or enter into the mergers, the relative merits of the mergers as compared to any alternative business strategies that might exist for Rite Aid or the effect of any other transaction which Rite Aid might engage in or consider. Citi's opinion is not intended to be and does not constitute a recommendation to any securityholder as to any election made by such securityholder or how such securityholder should vote or act on any matters relating to the proposed mergers or otherwise.**

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**Information About the Special Meeting (Page 86)**

***Date, Time and Place***

The special meeting of Rite Aid stockholders will be held on August 9, 2018 at the office of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, at 8:30 a.m., Eastern time.

***Purpose***

At the special meeting, Rite Aid will ask Rite Aid stockholders of record as of the close of business on June 22, 2018, which we refer to as the record date, to vote on proposals (i) to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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 Rite Aid common stock on the record date. You will have one vote at the special meeting for each share of Rite Aid common stock you owned at the close of business on the record date.

***Quorum***

As of the record date, there were approximately 1,067,312,183 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 Rite Aid 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, 533,656,092 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 Rite Aid common stock entitled to vote thereon is required to approve the merger proposal. Assuming a quorum is present, approval of the compensation proposal 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 adjournment proposal, 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 June 22, 2018, the record date, Rite Aid directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 8,474,826 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 0.79% of the outstanding shares of Rite Aid common stock on that date. Rite Aid's directors and executive





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officers have informed Rite Aid 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 mergers, (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/prospectus 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 Rite Aid 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; or contact Rite Aid's proxy solicitor, Morrow Sodali LLC at (800) 662-5200.

**Treatment of Equity and Equity-Based Awards (Page 152)**

The merger agreement provides that Rite Aid's equity awards that are outstanding immediately prior to the effective time of the merger will be subject to the following treatment at the effective time of the merger:

*Options.* Each Rite Aid stock option will be assumed by ACI and converted into an ACI stock option, on the same terms and conditions as were applicable immediately prior to the completion of the merger, to acquire a number of shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Rite Aid stock option immediately prior to the effective time and (y) the base exchange ratio, with any fractional shares rounded down to the next lower whole number of shares after aggregating each individual holder's Rite Aid stock options with the same exercise price. The exercise price of each such ACI stock option will be equitably adjusted to be equal to the quotient of (x) the excess of (i) the exercise price per share of Rite Aid common stock subject to such option over (ii) the additional cash consideration and (y) the base exchange ratio (which results will be rounded up to the nearest whole cent).

*Rollover RSUs.* Each Rollover RSU will be assumed by ACI and converted into an ACI RSU, on the same terms and conditions as were applicable immediately prior to the completion of the



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merger, relating to a number of shares of ACI common stock equal to the product of (x) the number of Rollover RSUs held by the holder thereof immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement, and (y) the stock election exchange ratio, with any fractional shares rounded to the nearest whole number of shares.

*Rollover RSAs.* Each Rollover RSA will be assumed by ACI and converted into an ACI RSA, on the same terms and conditions as were applicable immediately prior to the completion of the merger, relating to the number of shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Rollover RSA immediately prior to the effective time and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus a number of shares of ACI common stock or an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Rollover RSA immediately prior to the effective time and (ii) the additional stock consideration or the additional cash consideration, as elected by the holder and settled or paid to the holder shortly following the completion of the merger.

*Former Service Provider RSAs.* Each Former Service Provider RSA will vest and the holder will be entitled to receive a number of shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Former Service Provider RSA immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus a number of shares of ACI common stock or an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Former Service Provider RSA immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (ii) the additional stock consideration or the additional cash consideration, as elected by the holder.

*Former Service Provider RSUs.* Each Former Service Provider RSU will vest and the holder will be entitled to receive a number of shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of performance and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus a number of shares of ACI common stock or an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (ii) the additional stock consideration or the additional cash consideration, as elected by the holder. To the extent that any Former Service Provider RSU by its terms provides for settlement in cash, the holder instead will be entitled to receive the cash value of the number of whole shares of ACI common stock equal to the product of (x) the number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (y) the base exchange ratio, with any fractional shares rounded to the nearest whole number of shares, plus an amount in cash equal to the product of (i) the number of shares of Rite Aid common stock subject to such Former Service Provider RSU immediately prior to the effective time, assuming achievement of any applicable performance metrics at the target level of achievement and (ii) the additional cash consideration.

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**Interests of the Directors and Officers of Rite Aid in the Merger (Page 296)**

Rite Aid stockholders should be aware that the directors and executive officers of Rite Aid may have certain interests in the merger that are different from, and in addition to, the interests of Rite Aid stockholders generally. The Rite Aid board of directors was aware of and considered these interests to the extent that such interests existed at the time, among other matters, in evaluating and overseeing the negotiation of the merger agreement, in approving the merger agreement and the transactions contemplated thereby and recommending that Rite Aid stockholders vote in favor of the merger proposal. These interests may include, among others:

Continued indemnification and directors and officers liability insurance to be provided by the combined company.

The treatment of outstanding equity awards described above in the section entitled Treatment of Equity and Equity-Based Awards beginning on page 296 of this proxy statement/prospectus.

Mr. Standley is expected to serve as Chief Executive Officer of the combined company following the merger.

The entitlement of a Rite Aid executive officer to receive severance benefits under his or her employment agreement if (i) the officer is terminated other than for cause or (ii) the officer resigns with good reason (as such terms are defined in the employment agreements), which we refer to as a qualifying termination, as follows:

*Cash Severance.* Cash severance equal to two times the executive's annual base salary and target annual bonus for each of Messrs. Standley, Karst, Crawford, Everett and Schroeder, and cash severance equal to two times the executive's annual base salary for each other executive officer (including Ms. Konrad).

*Pro Rata Bonus.* A pro rata target annual bonus to the extent that such targets have been achieved or exceeded for the fiscal year (based on the number of days in the fiscal year prior to termination).

*Health Benefit Continuation.* Two (2) years of continued coverage under the combined company's health and medical plans for the executive and his or her covered dependents.

*Accelerated Vesting of Certain Outstanding Equity Awards.*

The employment agreement with Mr. Standley provides for the accelerated vesting of then-outstanding unvested Rite Aid options upon the occurrence of a change in control. The merger is expected to constitute a change in control for the purposes of Mr. Standley's employment agreement. As of the date of

this proxy statement/prospectus, the exercise price of the options held by Mr. Standley that would vest exceeds the per share merger consideration assumed for purposes of this proxy statement/prospectus as further described in the section entitled "Interests of the Directors and Officers of Rite Aid in the Merger - Accelerated Vesting of Equity and Equity-Based Awards Upon Certain Terminations - Acceleration of Equity and Equity-Based Awards Upon Termination" beginning on page 298 of this proxy statement/prospectus. Mr. Standley's employment agreement further provides that, upon a qualifying termination, all outstanding restrictions with respect to any Rite Aid restricted stock awards will lapse to the extent the restrictions would have lapsed had Mr. Standley remained employed by Rite Aid for a period of three (3) years following the date of such termination.

The employment agreements with each of the other executive officers (including other named executive officers) provides that, upon a qualifying termination, all outstanding Rite

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Aid stock options will immediately vest and become exercisable and, other than with respect to one executive officer, all restrictions with respect to any Rite Aid restricted stock awards will lapse, in each case, to the extent the restrictions would have lapsed had the executives remained employed by Rite Aid for a period of two (2) years following the date of such termination. As of the date of this proxy statement/prospectus, the exercise price of the options that would vest which are held by Rite Aid's executive officers other than Mr. Crawford exceeds the per share merger consideration assumed for purposes of this proxy statement/prospectus as further described in the section entitled *Interests of the Directors and Officers of Rite Aid in the Merger Accelerated Vesting of Equity and Equity-Based Awards Upon Certain Terminations Acceleration of Equity and Equity-Based Awards Upon Termination* beginning on page 298 of this proxy statement/prospectus.

The entitlement of a Rite Aid executive officer to accelerated vesting of the unvested portion of his or her individual account balance under Rite Aid's supplemental executive retirement plan upon a termination without cause within twelve (12) months of the completion of the merger.

The entitlement of a Rite Aid executive officer to accelerated vesting of his or her retention awards upon a qualifying termination.

If the proposal to adopt the merger agreement is approved by the Rite Aid stockholders and the merger closes, under the terms of the merger agreement, any shares of Rite Aid common stock held by Rite Aid's directors and executive officers, including such shares held following the vesting or settlement of equity and equity-based awards, will be treated in the same manner as outstanding shares of common stock held by all other stockholders of Rite Aid entitled to receive the merger consideration described above in the section entitled *Merger Consideration* beginning on page 16 of this proxy statement/prospectus.

**Regulatory Approvals (Page 146)**

***General***

Rite Aid and ACI have agreed to use their reasonable best efforts to take, and to assist and cooperate with each other in taking, all actions and to use their reasonable best efforts to do all things reasonably necessary, proper or advisable, to consummate the merger and the other transactions contemplated by the merger agreement, subject to certain specified limitations under the merger agreement. These approvals include approval under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to as the HSR Act. Although Rite Aid and ACI expect that all required regulatory clearances and approvals will be obtained, Rite Aid and ACI cannot assure you that these regulatory clearances and approvals will be timely obtained or obtained at all, or that the granting of these regulatory clearances and approvals will not involve the imposition of additional conditions on the completion of the merger, including the requirement to divest assets, or require changes to the terms of the merger agreement. These conditions or changes could result in the conditions to the closing of the merger not being satisfied.

***HSR Act and U.S. Antitrust Matters***

Under the merger agreement, the merger cannot be completed until the applicable waiting periods under the HSR Act (and any extension thereof) have expired or been terminated. Rite Aid and ACI filed their respective HSR Act notifications on February 26, 2018. The required 30-day waiting period under the HSR Act expired at 11:59 p.m. Eastern time on March 28, 2018.





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Approval (or non-objection, grant of exemption or, in certain circumstances, alternative resolution, as the case may be) will be sought from (i) the state insurance regulator in the State of Ohio for the change of control of Envision Insurance Company, (ii) the Board of Pharmacy of the State of California with respect to the transfer of certain licenses, (iii) the Insurance Department of the State of Texas with respect to the change of control of Rite Aid's subsidiaries licensed as third-party administrators in Texas, (iv) the state insurance regulator in the State of Utah with respect to the change of ownership of Rite Aid's subsidiary licensed as a health discount program operator, and (v) the Boards of Pharmacy of the States of California, Georgia, Virginia, North Carolina and Maine and the California Department of Managed Care with respect to the application for certain licenses. To obtain these approvals, ACI and its applicable stockholders, or the applicable Rite Aid subsidiary, as the case may be, has filed or will file, acquisition of control or similar statements, notices or applications (or requests for grants of exemption relating thereto), as required by the insurance and health care laws and regulations of each applicable state or jurisdiction. The approval of a Form A application with the Ohio Department of Insurance for ACI and its applicable stockholder(s) (which was filed on April 24, 2018) is a condition to the completion of the merger. In addition, either prior to or following the completion of the merger, ACI or Rite Aid will be required to make change of control notification filings with various federal, state and local regulators pursuant to applicable insurance, pharmacy, health care, money transmitter, check cashing, liquor, tobacco, lottery/gaming, food stamp, seed/nursery agriculture, dairy, weights/measures and other laws and regulations (none of which notification filings are conditions to the completion of the merger).

**No Appraisal Rights (Page 345)**

Rite Aid stockholders will not have appraisal rights under the DGCL with respect to the merger because holders of shares of Rite Aid common stock are not required to receive consideration other than shares of ACI common stock (and cash in lieu of fractional shares, if any) in the merger and shares of ACI common stock will be listed on the NYSE immediately following the merger. The election to receive cash consideration is voluntary and dependent upon Rite Aid stockholders' election (other than cash in lieu of fractional shares, if any).

**Listing of ACI Common Stock on the NYSE (Page 147)**

At this time, there is no established public trading market for ACI common stock. ACI common stock is not currently traded or quoted on a stock exchange or quotation system. At the closing of the merger, ACI will become a publicly traded company and the ACI common stock is expected to be listed on the NYSE under the symbol ACI.

**Conditions to Completion of the Mergers (Page 176)**

The obligations of ACI, Merger Sub I, Merger Sub II and Rite Aid to effect the merger are subject to the satisfaction or waiver by each of the parties to the merger agreement of the following conditions at or prior to the effective time:

Approval of the merger agreement by holders of a majority of the outstanding shares of Rite Aid common stock entitled to vote on the merger;

Expiration or earlier termination of the waiting period under the HSR Act (which condition was satisfied on March 28, 2018);



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The absence of any law or order prohibiting the merger;

Receipt by each of Rite Aid and ACI of the opinion of its respective counsel to the effect that the mergers, taken together, will be treated as a reorganization within the meaning of Section 368(a) of the Code;

Approval for listing on the NYSE of the shares of ACI common stock to be issued in the merger and to be reserved for issuance in connection with the merger (which approval was obtained on June 21, 2018);

Approval by the Ohio Department of Insurance (which Form A application was filed with the Ohio Department of Insurance on April 24, 2018);

Effectiveness of the registration statement on Form S-4 of which this proxy statement/prospectus forms a part;

Receipt by Rite Aid of no less than \$4.076 billion of gross proceeds under the WBA asset purchase agreement (which condition was satisfied on March 13, 2018);

Distribution by Albertsons Investor of all shares of ACI common stock owned by it to its respective equityholders;

Delivery by ACI to Rite Aid of lock-up agreements, no action agreements and the standstill agreement, in each case, in the form agreed to by the parties to the merger agreement; and

Absence of a material adverse effect on Rite Aid and ACI, in each case, as defined in the merger agreement. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the section entitled "The Merger Agreement Conditions to Completion of the Mergers" beginning on page 176 of this proxy statement/prospectus.

**No Solicitation or Negotiation of Acquisition Proposals (Page 164)**

As of the date of the merger agreement, Rite Aid agreed to immediately cease all activities, discussions or negotiations with any parties that may have been ongoing prior to the date of the merger agreement with respect to an acquisition proposal (as described below), to request that such parties promptly return or destroy all confidential information relating to Rite Aid or its subsidiaries previously furnished to such persons prior to the date of the merger agreement in connection with the consideration of alternative proposals and to immediately terminate access to data rooms previously granted to such parties.

Under the merger agreement, Rite Aid is generally not permitted to solicit or discuss acquisition proposals with third parties, subject to certain exceptions. Except as otherwise provided in the merger agreement, Rite Aid may not, and has agreed to cause its subsidiaries and its and its subsidiaries' directors, officers and employees not to, and has agreed to use its reasonable best efforts to cause its and its subsidiaries' representatives not to, directly or indirectly:

initiate, solicit, knowingly encourage, knowingly induce or knowingly facilitate (including by providing nonpublic information relating to Rite Aid or its subsidiaries) the making of any acquisition proposal or any inquiry, offer or proposal that would reasonably be expected to lead to an acquisition proposal;

engage or otherwise participate in any negotiations or discussions concerning, or provide access to its properties, books and records or any confidential or nonpublic information or data

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to, any person in connection with, relating to or for the purpose of encouraging or facilitating, an acquisition proposal or any inquiry, offer or proposal that would reasonably be expected to lead to an acquisition proposal (other than as described below);

approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any acquisition proposal, which we refer to as an alternative acquisition agreement; or

execute or enter into any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar written or oral agreement relating to any acquisition proposal.

For more information, see the section entitled *The Merger Agreement Additional Agreements No Solicitation* beginning on page 164 of this proxy statement/prospectus.

**Alternative Proposals**

Notwithstanding the restrictions described above, prior to, but not after, obtaining the stockholder approval of the proposal to adopt the merger agreement, Rite Aid is permitted to, in response to the receipt of a *bona fide* acquisition proposal made after the date of the merger agreement in circumstances not otherwise involving a breach of the merger agreement by Rite Aid and if the Rite Aid board of directors determines in good faith, after consultation with Rite Aid's outside legal counsel and financial advisor, that such acquisition proposal constitutes or could reasonably be expected to lead to a superior proposal:

furnish information with respect to Rite Aid to the party making such acquisition proposal pursuant to a confidentiality agreement, which we refer to as an acceptable confidentiality agreement, that contains terms (including standstill restrictions; provided that such standstill restrictions need not restrict a person from making an offer or proposal to Rite Aid (including the Rite Aid board of directors) in respect of an acquisition proposal) substantially no less restrictive to Rite Aid's counterparty than those contained in the confidentiality agreement entered into by Rite Aid and ACI, dated September 18, 2017, which we refer to as the confidentiality agreement; and

engage in discussions or negotiations with such party regarding such acquisition proposal.

In addition, following the receipt of an acquisition proposal made after the date of the merger agreement in circumstances not otherwise involving a breach of the merger agreement by Rite Aid, Rite Aid may contact the person who had made such acquisition proposal solely for the purpose of clarifying the material terms of any such proposal and the likelihood and timing of consummation thereof. For more information, see the section entitled *The Merger Agreement Additional Agreements No Solicitation* beginning on page 164 of this proxy statement/prospectus.

**No Change in Recommendation or Alternative Acquisition (Page 166)**

The merger agreement provides that prior to, but not after, obtaining the stockholder approval of the proposal to adopt the merger agreement, the Rite Aid board of directors may, in response to a *bona fide*, unsolicited acquisition proposal that was made after the date of the merger agreement in circumstances not otherwise involving a material violation of the provisions of the merger agreement regarding acquisition proposals by Rite Aid, effect a change of recommendation if:

The Rite Aid board of directors determines in good faith, after consultation with Rite Aid's outside legal counsel and financial advisor, that such acquisition proposal constitutes a

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superior proposal and determines in good faith, after consultation with Rite Aid's outside legal counsel, that the failure to effect the change of recommendation would be reasonably likely to be inconsistent with the Rite Aid board of directors' fiduciary duties under applicable law;

The Rite Aid board of directors provides ACI written notice of its intention to make a change of recommendation, which notice must include the material terms and conditions with respect to the acquisition proposal, including the identity of the party making such acquisition proposal and copies of any written proposals or offers, including proposed agreements;

During the four (4) business days following such written notice, or such shorter period as described in the merger agreement, if requested by ACI, Rite Aid and its representatives negotiate in good faith with ACI and its representatives regarding any adjustments to the terms of the merger agreement proposed by ACI in response to the superior proposal; and

After the four (4) business day period described above (as extended, if applicable, as described in the merger agreement) the Rite Aid board of directors reaffirms in good faith, after consultation with Rite Aid's outside counsel and financial advisor (and taking into account any adjustment or modification of the terms of the merger agreement to which ACI has proposed), that the acquisition proposal continues to be a superior proposal and (after consultation with Rite Aid's outside legal counsel) that the failure to effect the change of recommendation would be reasonably likely to be inconsistent with the Rite Aid board of directors' fiduciary duties under applicable law.

In addition to the foregoing, the Rite Aid board of directors is permitted to effect a change of recommendation based on events, developments, circumstances, changes, effects, conditions or occurrences that were not known by the Rite Aid board of directors (or if known, the consequences of which were not known or reasonably foreseeable) as of the date of the merger agreement, in each case other than involving or relating to an acquisition proposal, if:

The Rite Aid board of directors determines in good faith, after consultation with Rite Aid's outside legal counsel, that the failure to effect the change of recommendation would be reasonably likely to be inconsistent with the Rite Aid board of directors' fiduciary duties under applicable law;

The Rite Aid board of directors provides ACI four (4) business days prior written notice of its intention to take such action, which notice must include the basis of the proposed action; and

During the four (4) business days following such written notice, if requested by ACI, Rite Aid and its representatives negotiate in good faith with ACI and its representatives regarding any adjustments to the terms of the merger agreement proposed by ACI so that such event, development, circumstance, change, effect, condition or occurrence would cease to warrant a change of recommendation.

For more information, see the section entitled "The Merger Agreement - Additional Agreements - Change of Recommendation" beginning on page 166 of this proxy statement/prospectus.

**Termination of the Merger Agreement (Page 178)**

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger:

By the mutual written consent of ACI and Rite Aid;



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by either ACI or Rite Aid:

if any court of competent jurisdiction or other governmental entity has issued a legal restraint that prevents, makes illegal, prohibits, restrains or enjoins the consummation of the mergers and such legal restraint is or will become final and nonappealable, except this termination right will not be available to a party whose breach of the merger agreement was the primary cause of, or primarily resulted in, the issuance of such legal restraint, which we refer to as the Legal Restraint Termination Right;

if the effective time of the merger has not occurred on or before August 18, 2018, which we refer to as the end date, except that this termination right will not be available to a party whose breach of the merger agreement was the primary cause of, or primarily resulted in, the failure of the effective time of the merger to occur on or before the end date; provided that either party may extend the end date to November 18, 2018 if on August 18, 2018 all of the conditions set forth in the merger agreement have been satisfied (or, with respect to the conditions that by their terms must be satisfied at the closing, would have been so satisfied if the closing would have occurred) or remain capable of being satisfied except for certain closing conditions relating to Rite Aid stockholder approval (due to the Rite Aid stockholders meeting not having been held yet), the antitrust consents, the Form S-4 effectiveness and the Form A application with the Ohio Department of Insurance, which we refer to as the End Date Termination Right; or

if Rite Aid's stockholders do not adopt the merger agreement and the transactions contemplated thereby at the stockholders meeting or at any adjournment or postponement of the stockholders meeting at which a vote on the adoption of the merger agreement was taken, which we refer to as the Stockholder Vote Termination Right.

by Rite Aid:

if there has been a breach of any representation, warranty, covenant or agreement by ACI, Merger Sub I or Merger Sub II, or if any such representation or warranty has become inaccurate, such that the closing conditions relating to the accuracy of the representations and warranties of ACI, Merger Sub I and Merger Sub II and performance of the obligations of ACI, Merger Sub I and Merger Sub II would not be satisfied, and such breach or inaccuracy has not been cured within thirty (30) days after the receipt of notice thereof or such breach or inaccuracy is not reasonably capable of being cured within such period; or

prior to obtaining the Rite Aid stockholder approval, if (i) the Rite Aid board of directors has, after complying with its obligations with respect to acquisition proposals, entered into a definitive agreement in connection with a superior proposal concurrently with such termination and (ii) Rite Aid pays to ACI the termination fee under the merger agreement of \$65 million; which we refer to as the Rite Aid Alternative Acquisition Termination Right;

by ACI:

if there has been a breach of any representation, warranty, covenant or agreement by Rite Aid, or if any such representation or warranty has become inaccurate, such that the closing conditions relating to the accuracy of the representations and warranties of Rite Aid and performance of the obligations of Rite Aid would not be satisfied, and such breach or inaccuracy has not been cured within thirty (30) days after the receipt of notice thereof or such breach or inaccuracy is not reasonably capable of being cured within such period, which we refer to as the Obligations of Rite Aid Termination Right; or

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if prior to obtaining stockholder approval of the merger agreement and the transactions contemplated thereby, the Rite Aid board of directors effects a change of recommendation, which we refer to as the ACI Change of Recommendation Termination Right.

For more information, see the section entitled *The Merger Agreement Termination of the Merger Agreement Termination* beginning on page 178 of this proxy statement/prospectus.

**Termination Fees and Expenses (Page 180)**

Under the merger agreement, Rite Aid will be required to pay a termination fee of \$65 million (less ACI expenses of up to \$10 million, to the extent previously paid by Rite Aid) in connection with a termination of the merger agreement under the following circumstances:

in the event the merger agreement is terminated by Rite Aid pursuant to the Rite Aid Alternative Acquisition Termination Right;

in the event the merger agreement is terminated by ACI pursuant to the ACI Change of Recommendation Termination Right (provided that such termination was not the result of a material adverse effect on ACI); or

in the event the merger agreement is terminated by Rite Aid or ACI pursuant to the Stockholder Vote Termination Right or End Date Termination Right or by ACI pursuant to the Obligations of Rite Aid Termination Right, and in either such case prior to such termination, any person has publicly announced an intention to make an acquisition proposal, or an acquisition proposal has otherwise become publicly known, and within twelve (12) months after such termination, (i) Rite Aid or any of its subsidiaries enter into a definitive agreement with respect to such acquisition proposal or (ii) an acquisition proposal is consummated involving Rite Aid or any of its subsidiaries, provided that for the purposes of this bullet, references to twenty percent (20%) in the definition of acquisition proposal are deemed to be references to fifty percent (50%).

Under the merger agreement, ACI will be required to pay a termination fee of \$65 million in the event the merger agreement is terminated by ACI or Rite Aid pursuant to (i) the Legal Restraint Termination Right if the applicable legal restraint giving rise to such termination right is issued under or pursuant to any antitrust law or (ii) the End Date Termination Right, in each case of (i) and (ii), if on the termination date the only conditions to closing that have not been satisfied (other than those conditions that by their nature are to be satisfied at the closing which conditions would be capable of being satisfied at the closing if the closing date were on the termination date) are the Legal Restraints Condition (and the applicable legal restraint causing the Legal Restraints Condition not to be satisfied is issued under or pursuant to any antitrust law) and/or the condition that the applicable waiting periods under the HSR Act have expired or been earlier terminated. Notwithstanding the foregoing, ACI will not be required to pay a termination fee of \$65 million to Rite Aid if ACI confirms in writing that ACI is willing to agree to the sale, divestiture or disposition of assets of Rite Aid or its subsidiaries in excess of the threshold of \$45 million in retail four-wall EBITDA, described in the section entitled *The Merger Agreement Further Action; Efforts* beginning on page 167 of this proxy statement/prospectus, in order to obtain any required antitrust consents and Rite Aid determines not to agree to such a sale, divestiture or disposition.

If the merger agreement is terminated by either Rite Aid or ACI pursuant to the Stockholder Vote Termination Right, and, prior to the Rite Aid stockholder vote having not been obtained, (i) an acquisition proposal has been publicly announced and (ii) the Rite Aid board of directors has made a change of recommendation or taken no position on such

acquisition proposal, then Rite Aid will be

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required to reimburse ACI (or its designee) for up to \$10 million of the documented out-of-pocket expenses incurred by ACI, Merger Sub I or Merger Sub II in connection with or related to the authorization, preparation, negotiation, execution and performance of the merger agreement and the transactions contemplated by the merger agreement. The amount of any termination fee payable by Rite Aid to ACI would be reduced by any such expense reimbursement amount paid.

For more information, see the sections entitled *The Merger Agreement Termination of the Merger Agreement Termination Fees* beginning on page 180, *The Merger Agreement Expense Reimbursement* beginning on page 180 and *The Merger Agreement Expenses* beginning on page 181 of this proxy statement/prospectus.

### **Other Related Agreements (Page 183)**

#### ***Registration Rights Agreement***

At the closing of the merger, ACI will enter into a registration rights agreement, which we refer to as the registration rights agreement, with each holder of ACI common stock immediately prior to the closing of the merger, who we refer to as the ACI Holders. Pursuant to the registration rights agreement, ACI will grant each ACI Holder certain registration rights with respect to the shares of ACI common stock owned by them (whether directly or by means of beneficial ownership) as of the date of the closing of the merger, which we refer to as the registrable securities. These rights will include certain demand registration rights for Cerberus and the ACI Institutional Investors, as well as piggyback registration rights for all ACI Holders, and customary indemnification. The registration rights are subject to certain delay, suspension and cutback provisions. All fees, costs and expenses related to registrations generally will be borne by ACI, other than underwriting discounts and commissions attributable to the sale of registrable securities. The ACI Holders may be required to deliver lock-up agreements to underwriters in connection with registered offerings of shares.

See the section entitled *Other Related Agreements Registration Rights Agreement* beginning on page 183 of this proxy statement/prospectus.

#### ***Lock-Up Agreements***

Prior to the closing of the merger, each ACI Holder will deliver a lock-up agreement to ACI. Pursuant to the lock-up agreements, each such ACI Holder will agree, subject to certain exceptions, that it will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of ACI common stock held by them or any options or warrants to purchase common stock of ACI, or any securities convertible into, exchangeable for or that represent the right to receive common stock of ACI, owned by them (whether directly or by means of beneficial ownership) immediately prior to the closing of the merger. Beginning six months after the closing of the merger, ACI Holders will be permitted to sell up to one-third (which amount may be increased in certain circumstances) of the initial number of such restricted shares in a registered offering pursuant to the registration rights agreement. Beginning twelve months after the closing of the merger, ACI Holders will be permitted to sell up to two-thirds (which amount may be increased in certain circumstances) of the initial number of such restricted shares, minus the amounts sold in months 6-12, in a registered offering pursuant to the registration rights agreement. Beginning eighteen months after the closing of the merger, the restrictions of the lock-up agreements will expire, except that ACI Holders that beneficially own at least 5% of the total outstanding shares of ACI common stock must continue to sell shares in registered offerings pursuant to the terms of the registration rights agreement.



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See the section entitled **Other Related Agreements Lock-Up Agreements** beginning on page 184 of this proxy statement/prospectus.

***Standstill Agreement***

On February 18, 2018, Rite Aid entered into a standstill agreement, which we refer to as the standstill agreement, with ACI and Cerberus, pursuant to which Cerberus has agreed not to: (i) purchase shares of ACI common stock or other securities issued by ACI, except Cerberus may acquire beneficial ownership of ACI common stock provided that such beneficial ownership does not result in ownership of 30% or more of the issued and outstanding shares of ACI common stock in the aggregate following such transaction, (ii) make any public statement or public disclosure regarding any intent, purpose, plan or proposal by Cerberus or any of its controlled affiliates to the composition of the ACI board of directors, any merger, consolidation or acquisition of ACI or its subsidiaries, (iii) engage in any solicitation of proxies or otherwise solicit the stockholders of ACI or (iv) enter into any agreements to make any investment with any person that engages or offers or proposes to engage in any of (i) through (iii) during the standstill period. The standstill period commences at the effective time of the merger and terminates upon the earliest to occur of (a) thirty days following the date that Cerberus does not have any of its designees on the ACI board of directors, (b) the date on which Cerberus no longer has the right to appoint (and has not appointed) at least one director to the ACI board of directors and (c) the date on which ACI materially breaches or takes any action challenging the validity or enforceability of the provisions of the merger agreement that grant Cerberus certain rights to appoint directors to the ACI board of directors. In addition, pursuant to the standstill agreement, from February 18, 2018 until the effective time of the merger, Cerberus has agreed not to acquire or agree to acquire beneficial ownership of any shares of ACI common stock, Rite Aid common stock or other securities or debt issued by ACI or Rite Aid that would result in beneficial ownership of 30% or more of the issued and outstanding shares of ACI common stock at the effective time of the merger (assuming for the purposes of such calculation that the effective time occurred immediately after such acquisition).

See the section entitled **Other Related Agreements Standstill Agreement** beginning on page 186 of this proxy statement/prospectus.

***No Action Agreements***

At or prior to the consummation of the merger, ACI is required to cause each of Cerberus and the ACI Institutional Investors (excluding Colony NorthStar, Inc.) to enter into no action agreements, substantially in the form attached as Annex H to this proxy statement/prospectus. Pursuant to the terms of the no action agreements, each such party will agree for a period of the earlier of five years after the consummation of the merger or until such party ceases to beneficially own five percent of the outstanding ACI common stock that such party will not (i) coordinate the exercise of voting rights of ACI common stock with Cerberus or any other ACI Institutional Investor, (ii) form a group within the meaning of Section 13(d)(3) of the Exchange Act with Cerberus or any other ACI Institutional Investor or (iii) purchase any ACI common stock from Cerberus or any other ACI Institutional Investor.

See the section entitled **Other Related Agreements No Action Agreements** beginning on page 186 of this proxy statement/prospectus.

**Accounting Treatment (Page 147)**

ACI prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting. ACI will be treated as the acquirer for accounting purposes.





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**Material U.S. Federal Income Tax Consequences (Page 320)**

The obligations of Rite Aid and ACI to complete the mergers are subject to, among other customary closing conditions described in this proxy statement/prospectus, the receipt by each of Rite Aid and ACI of the opinion of its respective counsel to the effect that the mergers, taken together, will be treated as a reorganization within the meaning of the Code. Assuming the mergers qualify as a reorganization, the U.S. federal income tax consequences of the mergers to each Rite Aid stockholder will depend on whether such stockholder receives shares of ACI common stock or a combination of cash and shares of ACI common stock in exchange for such stockholder's shares of Rite Aid common stock pursuant to the terms of the merger agreement.

For more information on the U.S. federal income tax consequences of the mergers, see the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 320 of this proxy statement/prospectus.

**Rite Aid stockholders are strongly urged to consult with their tax advisors regarding the tax consequences of the merger to them, including the effects of U.S. federal, state and local, foreign and other tax laws.**

**Federal Securities Law Consequences (Page 147)**

All ACI common stock received by Rite Aid stockholders upon consummation of the merger will be freely tradable without restriction under the Securities Act, except that ACI common stock received in the merger by persons who become affiliates of ACI for purposes of Rule 144 under the Securities Act may be resold by them only in transactions permitted by Rule 144, or as otherwise permitted under the Securities Act.

**Debt Matters (Page 95)**

ACI received the debt commitment letter on February 18, 2018, as amended and restated on March 12, 2018 and as further amended and restated on May 8, 2018 (which we refer to, as so amended and restated, as the debt commitment letter), with Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Suisse AG, Credit Suisse Loan Funding LLC, Goldman Sachs Bank USA, Morgan Stanley Senior Funding, Inc., Deutsche Bank Securities Inc., Deutsche Bank AG New York Branch, Deutsche Bank AG Cayman Islands Branch, Barclays Bank PLC, Royal Bank of Canada, Wells Fargo Bank, National Association, Wells Fargo Securities, LLC, PNC Bank, National Association, PNC Capital Markets LLC, Suntrust Robinson Humphrey Inc., Suntrust Bank, U.S. Bank, National Association, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Bank of Montreal, Fifth Third Bank, TD Bank, N.A. and Capital One, National Association (which we refer to collectively as the Commitment Parties), pursuant to which, among other things, the Commitment Parties have committed to provide ACI with (i) \$4,667 million of commitments to a new \$5,000 million aggregate principal amount best efforts asset-based revolving credit facility (which we refer to as the Best-Efforts ABL Facility); (ii) incremental commitments under the ACI ABL Facility (as defined herein) in an aggregate principal amount of \$1,000 million in the event that the Best-Efforts ABL Facility does not become effective on the closing date; (iii) a new asset-based term loan facility in an aggregate principal amount of \$1,500 million (which we refer to as the ABL Term Loan Facility); and (iv) a new secured bridge loan facility in an aggregate principal amount of \$500 million less the gross proceeds received by ACI and its subsidiaries of new senior notes issued prior to the closing date (which we refer to as the Secured Bridge Facility) (which we refer to, collectively, as the Financing), in each case on the terms and



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subject to the conditions set forth in the debt commitment letter. The proceeds of the Financing will be used, among other things, to partially refinance certain of Rite Aid's existing indebtedness that is outstanding as of the closing date, including Rite Aid's 6.75% Senior Notes due 2021, which we refer to as the 2021 Rite Aid Notes, and Rite Aid's 6.125% Senior Notes due 2023, which we refer to as the 2023 Rite Aid Notes, and the Amended and Restated Credit Agreement, dated as of June 27, 2001, as amended and restated as of January 13, 2015 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time), among Rite Aid, the lenders from time to time party thereto and Citicorp North America, Inc., as administrative agent and collateral agent, which we refer to as Rite Aid's credit agreement, pay fees and expenses in connection with the merger and finance cash consideration, if any, in connection with the merger. The Best-Efforts ABL Facility will be utilized by ACI only if the remaining \$333 million of commitments are fully allocated to new or existing lenders prior to the date on which the merger is consummated, in which case the incremental commitments described under clause (ii) above will cease to apply.

On March 12, 2018, ACI, Bank of America, N.A., as administrative and collateral agent, and the co-borrowers, guarantors and lenders party to the ACI ABL Facility, entered into an amendment to the ACI ABL Facility, which we refer to as the ABL Amendment. The ABL Amendment, among other things, permits the incurrence of the ABL Term Loan Facility and the Secured Bridge Facility and implements other modifications in connection with the merger.

The merger agreement provides that Rite Aid may redeem, repurchase or otherwise satisfy and discharge its 9.25% Senior Notes due 2020, which we refer to as the 2020 Rite Aid Notes, the 2021 Rite Aid Notes and the 2023 Rite Aid Notes (and, together with the 2021 Rite Aid Notes and the 2021 Rite Aid Notes, we refer to as the Rite Aid Notes), at any time prior to the closing date and to the extent that any Rite Aid Notes remain outstanding on the closing date, such notes will be redeemed or otherwise satisfied and discharged in full.

On February 27, 2018, Rite Aid announced that it had commenced an offer to purchase up to \$900,000,000 of the outstanding Rite Aid Notes, pursuant to the asset sale provisions of the indentures of the Rite Aid Notes. On March 29, 2018, Rite Aid accepted for payment, pursuant to its offer to purchase, \$3,454,000 principal amount of the 2020 Rite Aid Notes, representing 0.38% of the outstanding principal amount of the 2020 Rite Aid Notes, \$3,471,000 principal amount of the 2021 Rite Aid Notes, representing 0.43% of the outstanding principal amount of the 2021 Rite Aid Notes, and \$41,751,000 principal amount of the 2023 Rite Aid Notes, representing 2.32% of the outstanding principal amount of the 2023 Rite Aid Notes. On April 12, 2018, Rite Aid redeemed all of the 2020 Rite Aid Notes that remained outstanding pursuant to the terms of the indenture of the 2020 Rite Aid Notes. On April 19, 2018, Rite Aid announced that it had commenced a similar asset sale offer to purchase up to \$700,000,000 of the 2021 Rite Aid Notes and the 2023 Rite Aid Notes, pursuant to the respective indentures governing the 2021 Rite Aid Notes and the 2023 Rite Aid Notes. On May 21, 2018, Rite Aid accepted for payment, pursuant to its offer to purchase, \$1,360,000 principal amount of the 2021 Rite Aid Notes, representing 0.17% of the outstanding principal amount of the 2021 Rite Aid Notes, and \$4,759,000 principal amount of the 2023 Rite Aid Notes, representing 0.27% of the outstanding principal amount of the 2023 Rite Aid Notes. On May 25, 2018, Rite Aid announced that it had issued a notice of redemption for all \$805,169,000 aggregate principal amount of the outstanding 2021 Rite Aid Notes on June 25, 2018, pursuant to the terms of the indenture of the 2021 Rite Aid Notes.

On June 6, 2018, ACI priced its private offering of \$750.0 million in aggregate principal amount of new floating rate senior secured notes due 2024 (such notes, which we refer to as the Floating Rate Notes) at an issue price of 99.5%. The proceeds to be received pursuant to such offering, in addition to ACI's cash on hand and borrowings under the ACI ABL Facility and ABL Term Loan Facility, will be



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used (i) to pay a portion of the cash portion, if any, of the merger consideration in connection with the merger, (ii) to repay certain indebtedness of Rite Aid outstanding on the date the merger is completed, (iii) to pay fees and expenses in connection with the merger and the offering of the Floating Rate Notes and (iv) for general corporate purposes. In the event the merger is not completed, ACI will be required to use such proceeds to redeem the Floating Rate Notes. The Floating Rate Notes are expected to be issued on or about June 25, 2018, subject to customary closing conditions. The Floating Rate Notes will bear interest at LIBOR (with a floor of 0%) plus 3.75% per annum. The Floating Rate Notes will mature on January 15, 2024 and interest on the Floating Rate Notes will be payable quarterly in arrears on January 15, April 15, July 15 and October 15, commencing on October 15, 2018. The Floating Rate Notes will be secured by the same collateral that would have secured the Secured Bridge Facility. Upon the issuance of the Floating Rate Notes, the commitments with respect to the Secured Bridge Facility will terminate pursuant to the terms of the debt commitment letter.

In addition, the merger agreement also provides that all amounts outstanding under Rite Aid's revolving credit facility, if any, will be repaid on or prior to the closing date and all commitments thereunder will be terminated. ACI and Rite Aid expect that Rite Aid's 7.70% Senior Notes due 2027, which we refer to as the 2027 Rite Aid Notes, and Rite Aid's 6.875% Senior Notes due 2028, which we refer to as the 2028 Rite Aid Notes, will remain outstanding following the closing date. On the closing date, the 2027 Rite Aid Notes and the 2028 Rite Aid Notes will receive an equal and ratable lien solely on the assets of Rite Aid (and not its subsidiaries) that secure the ACI Term Loan Facility (as defined herein). The closing of the merger is not subject to any debt financing condition or contingency.

ACI expects that on the closing date, it will enter into the Best-Efforts ABL Facility and the ABL Term Loan Facility. For a description of the Best-Efforts ABL Facility, the ABL Term Loan Facility, the Floating Rate Notes, the 2027 Rite Aid Notes and the 2028 Rite Aid Notes, see the section entitled "The Merger Debt Matters" beginning on page 95 of this proxy statement/prospectus and the section entitled "Description of Indebtedness" beginning on page 306 of this proxy statement/prospectus.

For more information on debt matters, see the section entitled "The Merger Debt Matters" beginning on page 95 of this proxy statement/prospectus.

#### **Amendment and Restatement of ACI Certificate of Incorporation and Bylaws (Page 145)**

Pursuant to the terms of the merger agreement, immediately prior to the closing of the merger, ACI's certificate of incorporation and bylaws will be amended to be in substantially the forms attached as Annex C and Annex D, respectively, of this proxy statement/prospectus. We refer to these as the new ACI certificate of incorporation and the new ACI bylaws. For a more detailed description of the new ACI charter and new ACI bylaws, see the section entitled "Description of ACI Capital Stock" beginning on page 325 of this proxy statement/prospectus.

#### **Comparison of Rights of ACI Stockholders and Rite Aid Stockholders (Page 332)**

The rights of Rite Aid stockholders are governed by Rite Aid's amended and restated articles of incorporation, which we refer to as the Rite Aid certificate of incorporation, by Rite Aid's amended and restated bylaws, which we refer to as the Rite Aid bylaws, and by the DGCL. Pursuant to the terms of the merger agreement, immediately prior to the closing of the merger, ACI's certificate of incorporation and bylaws will be amended to be in substantially the forms attached as Annex C and Annex D, respectively, of this proxy statement/prospectus. As a result, your rights as a stockholder of ACI following the merger will be governed by the new ACI certificate of incorporation, by the new ACI



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bylaws and by the DGCL. Your rights under the new ACI certificate of incorporation, the new ACI bylaws and the DGCL will differ in certain material respects from your rights under the Rite Aid certificate of incorporation, the Rite Aid bylaws and the DGCL. For more detailed information regarding a comparison of your rights as a stockholder of Rite Aid and as a stockholder of ACI, see the section entitled **Comparison of Rights of ACI Stockholders and Rite Aid Stockholders** beginning on page 332 of this proxy statement/prospectus.

**Litigation Related to the Merger (Page 148)**

On April 24, 2018, Mel Aklile, a Rite Aid stockholder, brought a putative class action in Delaware Court of Chancery against Rite Aid, ACI, Merger Sub I, Merger Sub II and each of the Rite Aid directors, which we refer to as the Director Defendants, Del. C.A. No. 2018-0305-AGB. Mr. Aklile contends that Rite Aid stockholders have appraisal rights under Section 262 of the DGCL because, notwithstanding that (i) Rite Aid stockholders are not required to receive consideration other than shares of ACI common stock (and cash in lieu of fractional shares, if any) in the merger and shares of ACI common stock will be listed on the NYSE immediately after the merger, and (ii) the election to receive cash consideration is voluntary and dependent upon Rite Aid stockholders' election (other than cash in lieu of fractional shares, if any), the alleged disparity in value between the additional cash consideration of \$0.1832 per share and the additional stock exchange ratio of 0.0079 ACI common stock per share of Rite Aid common stock amounts to a false choice designed to deprive Rite Aid stockholders of their alleged appraisal rights. Plaintiff alleges breach of fiduciary duty claims against the Director Defendants for their alleged failure to provide, and inform Rite Aid stockholders of, their alleged statutory appraisal rights under Delaware law and for allegedly falsely informing Rite Aid stockholders that they will not have appraisal rights. Plaintiff further contends that the proxy statement/prospectus previously filed on April 6, 2018 was deficient under Section 262(d)(1) of the DGCL for failure to inform stockholders of their alleged appraisal rights. Mr. Aklile seeks declarations from the Delaware Court of Chancery that the action is a proper class action and that the Director Defendants breached their fiduciary duties by failing to adequately inform class members of their appraisal rights under Delaware law, to enjoin the proposed action from closing until such time as class members are afforded the ability to seek appraisal of their shares, or otherwise permit class members to petition the Delaware Court of Chancery for appraisal, and attorneys, fees, expenses and costs to Plaintiff.

On May 9, 2018, the Delaware Court of Chancery denied Plaintiff's motion to expedite and declined to schedule a preliminary injunction hearing, ruling that Plaintiff failed to state a colorable claim. On May 16, 2018, Defendants filed a motion to dismiss Plaintiff's complaint.

Defendants oppose Plaintiff's claims on the ground that Rite Aid stockholders have no right of appraisal under the DGCL because they have a right to receive all stock consideration as described in the proxy statement/prospectus previously filed on April 6, 2018.

For more information on litigation related to the merger, see the section entitled **The Merger Litigation Related to the Merger** beginning on page 148 of this proxy statement/prospectus.

**Risk Factors (Page 50)**

You should also carefully consider the risks that are described in the section entitled **Risk Factors** beginning on page 50 of this proxy statement/prospectus.





**Table of Contents****Information on the Combined Company**

The combination of ACI and Rite Aid will create a diversified leader in food, health and wellness. The combined company is expected to operate 4,868 stores and 4,327 pharmacies across 38 states and the District of Columbia under 21 well-known banners, including *Albertsons, Rite Aid, Safeway, Jewel-Osco, Shaw's, Acme, Vons, Tom Thumb, United Supermarkets, Market Street, Pavilions, Randalls, Star Market, Carrs, and Haggen*. On a pro forma basis for the fiscal year ended February 24, 2018, the combined company would have generated approximately \$81.4 billion in revenue and been the largest integrated food and drug retailer on the U.S. West Coast by sales. With approximately 336,000 talented and dedicated employees between the two companies currently, the combined company is expected to serve over 40 million customers each week and fill over 317 million prescriptions per year. The company will strive to provide its customers with innovative, convenient and value-added services and product offerings through its 25 million active loyalty program accounts, its leading portfolio of own brands, its PBM (EnvisionRxOptions), its 75 RediClinics and Health Dialog business, and its sophisticated online ordering platform and array of delivery models. Upon completion of the merger, the combined company will continue to honor ACI's and Rite Aid's pledge to running great stores and offering customers personalized, convenient and innovative experiences that differentiate the company from its competitors.

The combined company's leadership team is expected to include Chief Executive Officer John Standley and Chairman of the Board Robert Miller, each of whom shares significant industry experience and a commitment to driving sales through improvements to the customer experience. Messrs. Standley and Miller will be supported by a best-in-class management team with decades of operating experience in the food and drug retail industry. The leadership team is expected to include ACI's recently appointed President and Chief Operating Officer, Jim Donald, who previously served as Chief Executive Officer of Starbucks Corporation and as a senior executive at several food and drug retailers, including Wal Mart Stores, Inc., Albertson's, Inc. and Safeway Inc., and Rite Aid's current President and Chief Operating Officer, Kermit Crawford, who has significant experience in the drug retail and healthcare industries, including serving as a senior executive at Walgreens Boots Alliance, Inc. The remainder of ACI's executive team will be identified prior to the closing of the merger, and is expected to include highly talented members of each of ACI's and Rite Aid's management teams.

***Opportunities for Enhanced Growth***

The combination of ACI and Rite Aid will provide opportunities to deploy each company's innovative service solutions and store offerings across the combined company. With over 25 million active loyalty accounts on a combined basis and a large database of historical transactions, the combined company will have the ability to leverage its data analytics capabilities to offer customers more personalized offerings and provide divisional and local managers with targeted marketing strategies and optimized shelf assortment. In addition, the combination will allow the company to deploy ACI's \$11.5 billion portfolio of own brand grocery products, including ACI's *O Organics* and *Signature* products, and Rite Aid's over-the-counter medications and personal care, vitamin supplements and health and beauty care products, including Rite Aid's own brands, *Rite Aid* and *Daylogic*, across the nationwide footprint. By leveraging each company's respective product offerings and expertise, the combined company will be well-positioned to drive significant additional sales penetration for its own brands portfolio. In addition, the combined company will seek to drive sales through the roll out of many of ACI's value-added product offerings, including an assortment of grab-and-go, individually packaged, and snack-sized meals, to Rite Aid stores.

The combined company intends to provide its customers with choices of how, when and where they shop with a sophisticated and comprehensive online ordering platform and several new delivery



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models, including same-day delivery, one-to-two hour delivery by Instacart and unattended delivery, as well as drive-up pharmacy service and a growing number of stores offering Drive Up and Go pick-up service. Today, ACI is able to offer its customers grocery delivery in eight of the top ten MSAs in the U.S. through a combination of more than 1,000 ACI home delivery trucks and Instacart delivery from 1,700 ACI stores. The combined network of stores is expected to provide the company with an effective solution to the last mile delivery challenge of online ordering by allowing the combined company to provide convenient delivery to its customers while preserving the value, quality and freshness they receive from the combined company's stores. In addition, the combined company expects to leverage its current delivery models as well as consider additional delivery models to offer expanded prescription drug home delivery from its ACI and Rite Aid stores. In addition to company specific websites such as Albertsons.com and Riteaid.com, the combined company's products are expected to be available on Instacart's Marketplace providing an additional channel for the combined company's customers.

In addition to combining ACI's and Rite Aid's store base to build out a food and drug retail network, the combined company will seek to become a diversified leader in health and wellness. By leveraging its 4,327 pharmacies in 38 states and the District of Columbia, EnvisionRxOptions and Rite Aid's growing network of 75 convenient and affordable RediClinics, the company will have opportunities to attract additional pharmacy customers and strengthen relationships with other PBMs and regional payors. We believe this is most evident in the West Coast regions where increased choice, convenience and access driven by the combination of ACI and Rite Aid stores will provide strong incentives for PBMs, payors and individual customers to build relationships with the combined company, including through the creation of preferred or limited narrow network partnerships. In addition, the combined company will seek to strengthen its preferred relationships by offering additional healthcare services, such as the expected roll out of additional RediClinics and dieticians in its stores and offering of tailored meal solutions for specific health programs. ACI customers who fill prescriptions in-store typically spend more than 2.5x more on groceries each week compared to those who do not. As the combined company attracts additional pharmacy customers, the company should be well positioned to drive incremental sales.

The combined company also intends to grow EnvisionRxOptions, a fully integrated provider with a differentiated approach to pharmacy benefits. Following the merger, EnvisionRxOptions will continue to provide both transparent and traditional PBM options through its EnvisionRxOptions and MedTrak PBMs, respectively. In addition, EnvisionRxOptions's LakerSoftware will continue to provide a modern, scalable adjudication platform to power both EnvisionRxOptions and MedTrakRx, as well as other PBMs across the country that currently license this system. EnvisionRxOptions will also offer fully integrated mail, specialty and compounding pharmacy services through EnvisionPharmacies; provide discounts for under and uninsured patients through EnvisionSavings; and serve one of the fastest growing demographics in healthcare seniors enrolled in Medicare Part D through Envision Insurance Company and the company's national prescription drug plan, EnvisionRxPlus.

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***Synergy and Revenue Opportunities***

The combination of ACI and Rite Aid is expected to drive significant cost synergies, approximately two-thirds of which are expected to be achieved within the first two fiscal years following completion of the merger. ACI and Rite Aid management have identified approximately \$375 million in potential annual run rate cost synergies that they believe can be realized by February 26, 2022, with associated one-time costs of approximately \$400 million. These expected cost synergies consist of approximately:

24% from reduction in costs from reduced cost of goods on branded products, increased vendor funding, and the elimination of certain duplicative third-party merchandising fees;

24% related to increased penetration of higher margin private label products and reduction of combined cost of goods, through leveraging ACI's fresh, natural and organics category expertise and Rite Aid's health and beauty aids, and general merchandise category expertise;

20% from reduction in costs related to combined pharmacy purchasing, formulary optimization and expansion of central fill capabilities;

15% from reduction in costs related to other services including print advertising, agency and production, lowered insurance premiums, credit card swipe fees and goods not for resale;

10% from reduction in costs related to consolidated back office corporate administrative functions and the combination of regional pharmacy operations; and

7% from reduction in costs related to supply chain and manufacturing efficiencies, including the self-manufacture of milk and bread for Rite Aid stores utilizing ACI's plants.

In addition, the combination of ACI and Rite Aid is expected to provide significant revenue opportunities, particularly as the combined company targets additional high-value pharmacy customers who typically spend 2.5x more on groceries each week than non-pharmacy customers. ACI and Rite Aid management have identified approximately \$3.6 billion in potential annual revenue opportunities that they believe can be realized by February 26, 2022, with associated one-time costs of approximately \$300 million. These expected revenue opportunities are primarily related to:

the creation of preferred or limited narrow network partnerships on the U.S. West Coast and the Northeast as a result of offering payors and PBMs, including Rite Aid's PBM, additional convenient locations and reduced drug costs for the customers, which is expected to result in the addition of new pharmacy customers, greater script count and improved food and drug revenue;

increased brand awareness through use of Rite Aid branded pharmacies in the majority of existing ACI stores and the planned combination of ACI and Rite Aid loyalty programs, with resulting estimated increases in store traffic and basket size;

increased script volume as a result of the addition of RediClinics using pre-built clinic spaces in ACI stores and an increased branding focus on health and wellness;

the leveraging of ACI's expertise in grocery including fresh, organic and prepared foods to grow Rite Aid's front end sales and Rite Aid's broad over-the-counter medications and personal care, vitamin supplements and health and beauty care product selection to grow ACI's grocery revenues, including through offering ACI's *O Organics* and *Signature* own brand products and Rite Aid's *Rite Aid* and *Daylogic* own brand products; and

the expansion of ACI e-commerce investments and third-party delivery partnerships to Rite Aid stores, the expansion of prescription delivery to drive additional customers, the introduction of Drive Up and Go pick up services in Rite Aid stores and the introduction of dietary-specific Plated meal kits tailored to customers' and health providers' needs.

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The first two categories above are expected to make up more than 75% of the identified potential annual revenue opportunities.

Estimating synergies and revenue opportunities and, in each case, the components thereof, is inherently uncertain and there can be no assurance that the combined company will be able to realize such cost synergies or revenue opportunities in the currently anticipated amounts, percentages, categories and time-frame, if at all. The above estimates of cost synergies and revenue opportunities represent the estimates of ACI and Rite Aid management and remain subject to risks and uncertainties as further described in the sections entitled *Risk Factors Risks Relating to the Combined Company Following the Merger* beginning on page 56 and *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 83 of this proxy statement/prospectus. Actual cost savings and revenue opportunities, if achieved, may be lower than what the combined company expects, may take longer to achieve than anticipated and may require greater charges than currently anticipated. Even if the combined company achieves cost synergies or revenue opportunities, there can be no assurance that the combined company will realize such synergies and opportunities in the categories and related amounts and percentages described above.

***Significant Owned Real Estate***

ACI owns or ground-leases 42% of its operating stores and 59% of its industrial properties (distribution centers, Plated fulfillment centers, warehouses and manufacturing plants). The total ACI owned and ground leased properties have a value of approximately \$11.2 billion, based on appraisals of ACI real estate conducted by Cushman and Wakefield, Inc. during the fiscal year ended February 25, 2017, after taking into account asset sales of properties since the respective dates of the appraisals. Rite Aid owns or ground-leases 9% of its operating stores and 64% of its industrial properties (distribution centers, warehouses and manufacturing plants).

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The following illustrative map represents the combined company's store network as of February 24, 2018 (reflecting Rite Aid stores that have been sold to WBA):

Upon completion of the merger and prior to the anticipated consolidation and rationalization of any facilities, the combined company is also expected to operate 34 strategically located distribution centers and 21 manufacturing facilities (adjusting for the pending sale of certain Rite Aid distribution centers to WBA). ACI has recently implemented a plan to automate several of its distribution centers in the upcoming fiscal years, and the combined company is expected to benefit from improved labor productivity, storage density, stocking times and inventory management as these capital improvements are completed.

***Strong Financial Position***

The combined company is expected to maintain a strong financial position and substantial liquidity as a result of continued operating cash flow generation and availability under the combined company's asset based revolving credit facility. As of the end of the fiscal year ended February 24, 2018, ACI and Rite Aid had approximately \$3.1 billion and \$2.9 billion, respectively, of availability under their asset based revolving credit facilities (which will be refinanced and combined as part of the transaction). ACI and Rite Aid management believe the combined company will maintain the ability to generate strong operating cash flows following completion of the acquisition. In addition, as of February 24, 2018, on a pro forma basis assuming completion of the merger transactions and the debt refinancing transactions contemplated thereby (see the section entitled "The Merger Debt Matters" beginning on page 95 of this proxy statement/prospectus), the combined company would have had \$3.2 billion of availability under its asset based revolving credit facilities.

The combined company intends to pursue opportunities to further generate operating cash flow and could also utilize asset sales to reduce leverage levels. For example, during the third and fourth

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quarters of the fiscal year ended February 24, 2018, ACI completed two sale-leaseback transactions of approximately 94 stores, generating net proceeds of approximately \$962 million. In addition to potential sales of real estate assets, the combined company's financial position and liquidity are expected to benefit from the Tax Cuts and Jobs Act signed into law in December 2017, which we refer to as the Tax Act, as well as both companies' expecting to benefit from their respective net operating loss carryforwards, which we refer to as NOLs, in the combined company. There can be no assurances if or when the combined company will consummate any such transaction or the magnitude of such transaction, or whether the combined company will be able to utilize any remaining NOLs in the future.



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**Summary Selected Historical Consolidated Financial Data of ACI**

Albertsons Companies, Inc. was formed for the purpose of reorganizing the organizational structure of AB Acquisition and its direct and indirect consolidated subsidiaries. Prior to December 3, 2017, Albertsons Companies, Inc. had no material assets or operations. On December 3, 2017, Albertsons Companies, LLC and its parent, AB Acquisition, completed a reorganization of their legal entity structure whereby the existing equityholders of AB Acquisition each contributed their equity interests in AB Acquisition to Albertsons Investor and KIM ACI. In exchange, equityholders received a proportionate share of units in Albertsons Investor and KIM ACI, respectively. Albertsons Investor and KIM ACI then contributed all of the equity interests they received to Albertsons Companies, Inc. in exchange for common stock issued by Albertsons Companies, Inc. As a result, Albertsons Investor and KIM ACI became the parents of Albertsons Companies, Inc., owning all of its outstanding common stock with AB Acquisition and its subsidiary, Albertsons Companies, LLC, becoming wholly-owned subsidiaries of Albertsons Companies, Inc. On February 25, 2018, Albertsons Companies, LLC merged with and into Albertsons Companies, Inc., with Albertsons Companies, Inc. as the surviving corporation. Prior to February 25, 2018, substantially all of the assets and operations of Albertsons Companies, Inc. were those of its subsidiary, Albertsons Companies, LLC. The ACI Reorganization Transactions were accounted for as a transaction between entities under common control, and accordingly, there was no change in the basis of the underlying assets and liabilities. The Consolidated Financial Statements are reflective of the changes that occurred as a result of the Reorganization Transactions. Prior to February 25, 2018, the Consolidated Financial Statements of ACI reflect the net assets and operations of Albertsons Companies, Inc.

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The selected consolidated financial information set forth below is derived from Albertsons Companies, Inc.'s annual consolidated financial statements for the periods indicated below, including the consolidated balance sheets at February 24, 2018 and February 25, 2017 and the related consolidated statements of operations and comprehensive income (loss) and consolidated statements of cash flows for each of the 52-week periods ended February 24, 2018, February 25, 2017 and February 27, 2016 and notes thereto appearing elsewhere in this proxy statement/prospectus.

	<b>Fiscal Year Ended February 24, 2018</b>	<b>Fiscal Year Ended February 25, 2017</b>	<b>Fiscal Year Ended February 27, 2016</b>
<b>Results of Operations:</b>			
Net sales and other revenue	\$ 59,925	\$ 59,678	\$ 58,734
Gross profit	\$ 16,361	\$ 16,641	\$ 16,062
Selling and administrative expenses	16,224	16,000	15,660
Goodwill impairment	142		
Operating (loss) income	(5)	641	402
Interest expense, net	875	1,004	951
(Gain) loss on debt extinguishment	(5)	112	
Other expense (income)	43	(11)	(7)
Loss before income taxes	(918)	(464)	(542)
Income tax benefit	(964)	(90)	(40)
Net income (loss)	\$ 46	\$ (374)	\$ (502)
<b>Other Financial Data:</b>			
Adjusted EBITDA(1)	\$ 2,398	\$ 2,817	\$ 2,681
Adjusted Net Income (1)	74	378	365
Capital expenditures	1,547	1,415	960
Free Cash Flow(1)	851	1,402	1,721
<b>Other Operating Data:</b>			
Identical store sales	(1.3)%	(0.4)%	4.4%
Store count (at end of fiscal period)	2,318	2,324	2,271
Gross square footage (at end of fiscal period) (in millions)	115	115	113
Fuel sales	\$ 3,105	\$ 2,693	\$ 2,955
<b>Balance Sheet Data (at end of period):</b>			
Cash and equivalents	\$ 670	\$ 1,219	\$ 580
Total assets	21,812	23,755	23,770
Total stockholders / member equity	1,398	1,371	1,613
Total debt, including current portion	11,876	12,338	12,226

	Fiscal Year Ended February 24, 2018				Fiscal Year Ended February 25, 2017				Fiscal Year Ended February 27, 2016			
	Q4 17	Q3 17	Q2 17	Q1 17	Q4 16	Q3 16	Q2 16	Q1 16	Q4 15	Q3 15	Q2 15	Q1 15
Supplemental Identical												
Store Sales(2)	0.6%	(1.8)%	(1.8)%	(2.1)%	(3.3)%	(2.1)%	0.1%	2.9%	4.7%	5.1%	4.5%	4.3%

(1) Adjusted EBITDA is a Non-GAAP Measure defined as earnings (net income (loss)) before interest, income taxes, depreciation and amortization, further adjusted to eliminate the effects of items management does not consider in assessing ongoing performance. Adjusted Net Income is a Non-GAAP Measure defined as net income (loss) adjusted to eliminate the effects of items management does not consider in assessing ongoing performance. ACI defines Free Cash Flow as Adjusted EBITDA less capital expenditures.

Adjusted EBITDA, Adjusted Net Income and Free Cash Flow are Non-GAAP Measures that provide supplemental information ACI believes is useful to analysts and investors to evaluate ongoing results of operations, when considered alongside other GAAP measures such as net income, operating income and gross profit. These Non-GAAP Measures exclude the financial impact of items management does not consider in assessing ongoing operating performance, and thereby facilitate review of our operating performance on a period-to-period basis. Other companies may have different

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capital structures or different lease terms, and comparability to ACI's results of operations may be impacted by the effects of acquisition accounting on our depreciation and amortization. As a result of the effects of these factors and factors specific to other companies, ACI believes Adjusted EBITDA, Adjusted Net Income and Free Cash Flow provide helpful information to analysts and investors to facilitate a comparison of ACI's operating performance to that of other companies. Set forth below is a reconciliation of Adjusted Net Income and Adjusted EBITDA to net income (see the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations of ACI beginning on page 212 of this proxy statement/prospectus, for a reconciliation of cash flow from operating activities to Free Cash Flow):

	<b>Fiscal Year Ended February 24, 2018</b>	<b>Fiscal Year Ended February 25, 2017</b>	<b>Fiscal Year Ended February 27, 2016</b>
Net income (loss)	\$ 46	\$ (374)	\$ (502)
<b>Adjustments:</b>			
(Gain) loss on interest rate and commodity hedges, net	(6)	(7)	16
Facility closures and related transition costs(a)	12	23	25
Integration costs(b)	156	144	125
Acquisition-related costs(c)	62	70	217
Equity-based compensation expense	46	53	98
Net loss (gain) on property dispositions, asset impairments and lease exit costs	67	(39)	103
Goodwill impairment	142		
LIFO expense (benefit)	3	(8)	30
Amortization and write-off of original issue discount, deferred financing costs and loss on extinguishment of debt Collington acquisition(d)	67	253	82
Amortization of intangible assets resulting from acquisitions	422	79	377
Other(e)	66	45	45
Effect of ACI Reorganization Transactions, Tax Act and reversal of valuation allowance	(609)		
Tax impact of adjustments to Adjusted Net Income(f)	(400)	(265)	(251)
<b>Adjusted Net Income</b>	<b>\$ 74</b>	<b>\$ 378</b>	<b>\$ 365</b>
<b>Adjustments:</b>			
Tax impact of adjustments to Adjusted Net Income(f)	400	265	251
Effect of tax restructuring, tax reform, and reversal of valuation allowance	609		
Income tax benefit	(964)	(90)	(40)
Amortization and write-off of original issue discount, deferred financing costs and loss on extinguishment of debt	(67)	(253)	(82)
Interest expense, net	875	1,004	951
(Gain) loss on debt extinguishment	(5)	112	
	(422)	(404)	(377)

Amortization of intangible assets resulting from acquisitions			
Depreciation and amortization	1,898	1,805	1,613
<b>Adjusted EBITDA</b>	<b>\$ 2,398</b>	<b>\$ 2,817</b>	<b>\$ 2,681</b>

- (a) Includes costs related to facility closures and the transition to ACI's decentralized operating model.
  - (b) Related to activities to integrate acquired businesses, primarily the Safeway acquisition.
  - (c) Includes expenses related to acquisition and financing activities, including management fees of \$13.8 million in each year. The fiscal year ended February 25, 2017 and the fiscal year ended February 27, 2016 include adjustments to tax indemnification assets of \$12.3 million and \$30.8 million, respectively. The fiscal year ended February 27, 2016 also includes losses of \$44.2 million related to acquired contingencies in connection with the Safeway acquisition.
  - (d) The fiscal year ended February 25, 2017 includes a charge to pension expense, net related to the settlement of a pre-existing contractual relationship and assumption of the pension plan related to the acquisition of Collington from C&S Wholesale Grocers, Inc. during the first quarter of the fiscal year ended February 25, 2017.
  - (e) Primarily includes lease adjustments related to deferred rents and deferred gains on leases. Also includes amortization of unfavorable leases on acquired Safeway surplus properties, estimated losses related to the security breach, changes in the fair value of the CVRs (as defined herein), changes in ACI's equity investment in Casa Ley, S.A. de C.V., which we refer to as Casa Ley, foreign currency translation gains, costs related to ACI's planned initial public offering and pension expense (exclusive of the charge related to the Collington acquisition) in excess of cash contributions.
  - (f) The tax impact was determined based on the taxable status of the subsidiary to which each of the above adjustments relates.
- (2) Includes acquired Safeway, NALP and United stores, irrespective of date of acquisition.

**Table of Contents****Summary Selected Historical Consolidated Financial Data of Rite Aid**

The selected consolidated financial information set forth below is derived from Rite Aid's audited financial statements for the fiscal years ended March 3, 2018, March 4, 2017, February 27, 2016, February 28, 2015 and March 1, 2014. The financial statements for the fiscal years ended March 4, 2017, February 27, 2016 and February 28, 2015 are incorporated by reference in this proxy statement/prospectus.

As previously disclosed, on September 18, 2017, Rite Aid entered into the WBA asset purchase agreement with WBA and Walgreen Co., a wholly-owned subsidiary of WBA, which we refer to as the Buyer. Under the WBA asset purchase agreement, the Buyer has purchased or will purchase a total of 1,932 stores, three distribution centers and related inventory from Rite Aid, which we refer to collectively as the Disposal Group, for an all-cash purchase price of \$4.375 billion on a cash-free, debt-free basis. We refer to such transaction as the Sale. As of the date of this proxy statement/prospectus, all 1,932 stores and related inventory have been transferred to Buyer. The transfer of the three distribution centers and related inventory is expected to begin after September 1, 2018. The majority of the closing conditions to the Sale have been satisfied, and the subsequent transfer of the distribution centers and related assets remains subject to minimal customary closing conditions applicable only to the distribution centers being transferred at such distribution center closing, as specified in the WBA asset purchase agreement. The information set forth below reflects the Disposal Group as a discontinued operation.

The information set forth below is only a summary and is not necessarily indicative of future results. You should read the data set forth in the table below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and Rite Aid's audited and unaudited financial statements and the accompanying notes incorporated by reference in this proxy statement/prospectus.

	<b>Fiscal Year Ended(2)</b>				
	<b>March 3, 2018 (52 weeks)(*)</b>	<b>March 4, 2017 (53 weeks)(*)</b>	<b>February 27, 2016 (52 weeks)(*)</b>	<b>February 28, 2015 (52 weeks)</b>	<b>March 1, 2014 (52 weeks)</b>
	<b>(Dollars in thousands, except per share amounts)</b>				
<b>Summary of Continuing Operations:</b>					
Revenues from continuing operations	\$ 21,528,968	\$ 22,927,540	\$ 20,770,237	\$ 16,558,195	\$ 15,874,638
Net (loss) income from continuing operations	\$ (349,532)	\$ 4,080	\$ 102,088	\$ 2,011,846	\$ 199,458
<b>Basic and diluted income per share:</b>					
Basic (loss) income per share continuing operations	\$ (0.33)	\$ 0.00	\$ 0.10	\$ 2.07	\$ 0.18
Diluted (loss) income per share continuing operations	\$ (0.33)	\$ 0.00	\$ 0.10	\$ 1.98	\$ 0.17
<b>Year-End Financial Position:</b>					
Total assets(1)	8,989,327	11,593,752	11,277,010	8,777,425	6,860,672
Total debt(1)	3,939,265	7,328,693	6,994,136	5,559,116	5,672,944

- (\*) Includes the results of the Pharmacy Services segment, which was acquired on June 24, 2015.
- (1) As of February 27, 2016, Rite Aid early adopted Accounting Standard Update No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* issued by the Financial Accounting Standards Board in April 2015. The effect of the adoption on Rite Aid's consolidated balance sheet is a reduction in other assets and long-term debt, net of current maturities of \$85,827 and \$84,199 as of February 28, 2015 and March 1, 2014, respectively.

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- (2) As noted above, in connection with the Sale, Rite Aid has applied discontinued operations treatment for the Sale as required by Accounting Standards Codification 210-05 Discontinued Operations, which we refer to as ASC 210-05. In accordance with Accounting Standards Codification 205-20, which we refer to as ASC 205-20, Rite Aid reclassified the Disposal Group to assets and liabilities held for sale on its consolidated balance sheets, and reclassified the financial results of the Disposal Group in its consolidated statements of operations and consolidated statements of cash flows for all periods presented.



**Table of Contents****Selected Unaudited Pro Forma****Condensed Combined Consolidated Financial Data**

The following selected unaudited pro forma condensed consolidated balance sheet data as of February 24, 2018 reflects the merger and the Transactions (as defined in the section entitled "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 190 of this proxy statement/prospectus) as if they occurred on February 24, 2018. The unaudited pro forma condensed consolidated statement of continuing operations data for the 52 weeks ended February 24, 2018 reflects the merger and the Transactions as if they occurred on February 26, 2017, the first day of ACI's fiscal year ended February 24, 2018.

The following selected unaudited pro forma combined financial information has been prepared for illustrative purposes only and is not necessarily indicative of what the combined company's condensed financial position or results of operations actually would have been had the merger and the Transactions been completed as of the dates indicated. In addition, the unaudited pro forma combined financial information does not purport to project the future financial position or operating results of the combined company. Future results may vary significantly from the results reflected because of various factors. The following selected unaudited pro forma combined financial information should be read in conjunction with the section entitled "Selected Historical Consolidated Financial Data of ACI" beginning on page 188 and "Unaudited Pro Forma Condensed Combined Financial Statements" and related notes beginning on page 190 of this proxy statement/prospectus.

	<b>February 24, 2018</b> <b>(in millions)</b>
<b>Selected Unaudited Pro Forma Condensed Combined Balance Sheet Information</b>	
Total assets	\$ 31,058
Total debt, including current portion(1)	15,392
Total liabilities	27,470
Total equity	3,588

	<b>52 Weeks Ended</b> <b>February 24, 2018</b> <b>(in millions,</b> <b>except per share</b> <b>amounts)</b>
<b>Selected Unaudited Pro Forma Condensed Combined Statement of Continuing Operations Information</b>	
Revenue	\$ 81,436
Net loss from continuing operations	(298)
Basic and diluted loss per share from continuing operations	(0.77)
EBITDA	2,499
Adjusted EBITDA	3,045

(1) Total debt, net of cash and cash equivalents as of February 24, 2018 was \$14,533 on a pro forma combined basis.



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The following is a reconciliation of Pro Forma Net Loss to Pro Forma Adjusted EBITDA (in millions):

	<b>52 Weeks Ended February 24, 2018</b>
Pro Forma Net Loss	\$ (298)
Depreciation and amortization	2,349
Interest expense, net	1,102
Income tax benefit	(654)
<b>Pro Forma EBITDA</b>	<b>\$ 2,499</b>
Gain on interest rate and commodity hedges, net	(6)
Gain on debt extinguishment	(5)
Goodwill impairment	404
Facility closures and related transition costs (1)	12
Acquisition and integration costs (2)	207
Equity-based compensation expense	72
Net loss on property dispositions, asset impairments and lease exit costs	100
LIFO benefit	(26)
Walgreens Boots Alliance merger termination fee	(325)
Other (3)	113
<b>Pro forma Adjusted EBITDA</b>	<b>\$ 3,045</b>

- (1) Includes costs related to facility closures and the transition to ACI's decentralized operating model.
- (2) Primarily includes costs related to acquisitions, integration of acquired businesses and expenses related to management fees paid in connection with acquisition and financing activities.
- (3) Primarily includes lease adjustments related to deferred rents and deferred gains on leases. Also includes amortization of unfavorable leases on acquired Safeway surplus properties, estimated losses related to the security breach, changes in ACI's equity method investment in Casa Ley, changes in fair value of the CVRs, foreign currency translation gains, costs related to ACI's initial public offering and pension expense in excess of cash contributions.

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**Table of Contents****RISK FACTORS**

By voting in favor of the merger proposal, Rite Aid stockholders will be choosing to invest in ACI common stock following the completion of the merger. An investment in ACI common stock involves a high degree of risk. Before you vote, you should carefully consider the risks described below, those described in the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 83 of this proxy statement/prospectus and the other information contained in this proxy statement/prospectus or in the documents of Rite Aid incorporated by reference into this proxy statement/prospectus, particularly the risk factors discussed in this section of this proxy statement/prospectus entitled **Risk Factors** and in the section entitled **Risk Factors** in Rite Aid's Annual Report on Form 10-K for the fiscal year ended March 3, 2018, which is incorporated by reference into this proxy statement/prospectus. See the section entitled **Where You Can Find More Information** beginning on page 353 of this proxy statement/prospectus. In addition to the risks set forth below, new risks may emerge from time to time and it is not possible to predict all risk factors, nor can ACI or Rite Aid assess the impact of all factors on the merger and the combined company following the merger or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in or implied by any forward-looking statements.

**Risks Relating to the Merger**

***The market price for ACI common stock may be affected by factors different from those that historically have affected Rite Aid common stock.***

Following the merger, Rite Aid stockholders will become stockholders of ACI. The combined company's business will differ from that of Rite Aid, and accordingly the results of operations of ACI following the merger will be affected by some factors that are different from those currently affecting the results of operations of Rite Aid. This proxy statement/prospectus describes the business of ACI and incorporates by reference important information regarding the business of Rite Aid and also describes important factors to consider in connection with those businesses and the business of the combined company. For a discussion of these matters, see, for example, the sections entitled **Business of ACI**, **Management's Discussion and Analysis of Financial Condition and Results of Operations of ACI**, **Index to Financial Statements of Albertsons Companies, Inc.** and **Unaudited Pro Forma Condensed Combined Financial Statements** in this proxy statement/prospectus as well as the section entitled **Where You Can Find More Information** beginning on page 353 of this proxy statement/prospectus for the location of information incorporated by reference into this proxy statement/prospectus.

***Regulatory approval could prevent, or substantially delay, consummation of the merger.***

The special meeting of Rite Aid stockholders at which the merger agreement will be considered may take place before all of the required regulatory approvals have been obtained and before all conditions to such approvals, if any, are known. In this event, if the merger proposal is approved, ACI and Rite Aid may subsequently agree to conditions without further seeking stockholder approval, even if such conditions could have an adverse effect on Rite Aid, ACI or the combined company, except as required by applicable law.

For a more complete summary of the requirements of ACI and Rite Aid related to regulatory approvals and the regulatory approvals that must be satisfied or waived prior to completion of the merger, see the sections entitled **The Merger Agreement Further Action; Efforts** beginning on page 167 and **The Merger Agreement Conditions to Completion of the Mergers** beginning on page 176 of this proxy statement/prospectus.



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***The closing of the merger is subject to many conditions and if these conditions are not satisfied or waived, the merger will not be completed.***

The closing of the merger is subject to a number of conditions as set forth in the merger agreement that must be satisfied or waived, including, among other things, approval of the merger agreement by holders of a majority of the outstanding shares of Rite Aid common stock entitled to vote on the merger; expiration or earlier termination of the waiting period (and any extension thereof) under the HSR Act (which condition was satisfied on March 28, 2018); absence of any law or order prohibiting the merger; approval for listing on the NYSE of the shares of ACI common stock to be issued in the merger and to be reserved for issuance in connection with the merger (which approval was obtained on June 21, 2018); the approval of a Form A application with the Ohio Department of Insurance for ACI and its applicable stockholder(s) (which was filed on April 24, 2018); effectiveness of the registration statement on Form S-4 of which this proxy statement/prospectus forms a part; receipt by Rite Aid of not less than \$4.076 billion of gross proceeds under the WBA asset purchase agreement (which condition was satisfied on March 13, 2018); distribution by Albertsons Investor of all shares of ACI common stock owned by it to its respective equityholders; delivery by ACI to Rite Aid of the lock-up agreements, no action agreements and standstill agreement, in each case, in the form agreed to by the parties to the merger agreement; and absence of a material adverse effect on Rite Aid and ACI, in each case, as defined in the merger agreement.

The closing of the merger is also dependent on the accuracy of representations and warranties made by the parties to the merger agreement (subject to customary materiality qualifiers and other customary exceptions) and the performance in all material respects by the parties of obligations imposed under the merger agreement.

For a more complete summary of the conditions that must be satisfied or waived prior to completion of the merger, see the section entitled "The Merger Agreement Conditions to Completion of the Mergers" beginning on page 176 of this proxy statement/prospectus.

There can be no assurance as to whether or when the conditions to the closing of the merger will be satisfied or waived or as to whether or when the merger will be consummated.

***The merger is subject to approval by Rite Aid stockholders.***

The merger cannot be completed unless Rite Aid stockholders approve the merger proposal by the affirmative vote of the holders of a majority of the outstanding shares of Rite Aid common stock entitled to vote on the merger. If Rite Aid stockholders do not approve the merger proposal, the merger will not be completed.

***Litigation filed against ACI, Rite Aid, Merger Sub I, Merger Sub II and/or the members of the Rite Aid board of directors could prevent or delay the consummation of the mergers or result in the payment of damages following completion of the mergers.***

In connection with the mergers, third parties may file lawsuits against ACI, Rite Aid, Merger Sub I, Merger Sub II and/or the members of the Rite Aid board of directors. The outcome of any such litigation is uncertain. If a dismissal is not granted or a settlement is not reached, any such lawsuits could prevent or delay completion of the mergers and result in substantial costs to ACI, Rite Aid or the combined company following the mergers. The defense or settlement of any lawsuit or claim that remains unresolved at the time the mergers are completed may adversely affect the combined company's business, financial condition, results of operations and cash flows.



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*The pendency of the merger may cause disruptions in Rite Aid s and ACI s businesses, which could have an adverse effect on its business, financial condition or results of operations.*

The pendency of the merger could cause disruptions in and create uncertainty regarding Rite Aid s and ACI s businesses, which could have an adverse effect on their financial conditions and results of operations, regardless of whether the merger is completed. These risks, which could be exacerbated by a delay in the completion of the merger, include the following:

certain vendors may change their programs or processes which might adversely affect the supply or cost of the products, which then might adversely affect Rite Aid s and ACI s stores sales or gross profit;

negotiations with third party payors might be adversely affected which then might adversely affect Rite Aid s and ACI s stores sales or gross profit;

Rite Aid s and ACI s current and prospective associates may experience uncertainty about their future roles with ACI, which might adversely affect Rite Aid s and ACI s ability to attract and retain key personnel;

key management and other employees may be difficult to retain or may become distracted from day-to-day operations because matters related to the merger may require substantial commitments of their time and resources, which could adversely affect Rite Aid s and ACI s operations and financial results;

Rite Aid s and ACI s current and prospective customers may experience uncertainty about the ability of Rite Aid s and ACI s stores to meet their needs, which might cause customers to make purchases or fill their prescriptions elsewhere;

Rite Aid s and ACI s ability to pursue alternative business opportunities, including strategic acquisitions, is limited by the terms of the merger agreement. If the merger is not completed for any reason, there can be no assurance that any other transaction acceptable to Rite Aid or ACI will be offered or that its business, prospects or results of operations will not be adversely affected;

Rite Aid s and ACI s ability to make appropriate changes to their businesses may be restricted by covenants in the merger agreement; these restrictions generally require Rite Aid and ACI to conduct their businesses in the ordinary course and subject Rite Aid and ACI to a variety of specified limitations absent ACI s or Rite Aid s prior written consent, as applicable. Rite Aid and ACI may find that these and other contractual restrictions in the merger agreement may delay or prevent Rite Aid or ACI from responding, or limit Rite Aid s and ACI s ability to respond effectively, to competitive pressures, industry developments and future business opportunities that may arise during such period, even if Rite Aid s or ACI s management believes they may be advisable; and



the costs and potential adverse outcomes of litigation relating to the merger.

***The merger agreement contains restrictions on the ability of Rite Aid to pursue other alternatives to the merger.***

The merger agreement contains non-solicitation provisions that, subject to limited exceptions, restrict the ability of Rite Aid to solicit, initiate or knowingly facilitate any inquiries regarding any third-party offer or proposal that might reasonably be expected to lead to a takeover proposal. Further, subject to limited exceptions, consistent with applicable law, the merger agreement provides that the Rite Aid board of directors will not withhold, withdraw or modify in a manner adverse to ACI its recommendation that Rite Aid stockholders vote in favor of the merger proposal, and in specified circumstances, if ACI requests, ACI has a right to negotiate with Rite Aid in order to match any competing takeover proposals that may be made. Although the Rite Aid board of directors is permitted

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to take certain actions in response to a superior proposal or a takeover proposal that is reasonably likely to result in a superior proposal if it determines that the failure to do so would be reasonably likely to be inconsistent with its fiduciary duties, doing so in specified situations could require Rite Aid to pay to ACI a termination fee of \$65 million. In addition, Rite Aid may be required to reimburse ACI for its reasonable and documented out-of-pocket transaction fees and expenses, up to an amount of \$10 million (with such payment credited to any termination fee subsequently paid by Rite Aid). See the sections entitled *The Merger Agreement Additional Agreements No Solicitation* beginning on page 164 of this proxy statement/prospectus and *The Merger Agreement Termination of the Merger Agreement* beginning on page 178 of this proxy statement/prospectus for a more complete discussion of these restrictions and consequences.

Such provisions could discourage a potential acquirer that might have an interest in making a proposal from considering or proposing any such transaction, even if it were prepared to pay consideration with a higher value to Rite Aid stockholders than that to be paid in the merger. There also is a risk that the requirement to pay the termination fee or expense payment to ACI in certain circumstances may result in a potential acquirer proposing to pay a lower per share price to acquire Rite Aid than it might otherwise have proposed to pay.

***The merger agreement may be terminated in accordance with its terms and the merger may not be completed.***

The merger agreement is subject to a number of conditions that must be fulfilled to complete the merger, including, among other things, approval of the merger agreement by holders of a majority of the outstanding shares of Rite Aid common stock entitled to vote on the merger; expiration or earlier termination of the waiting period (and any extension thereof) under the HSR Act (which condition was satisfied on March 28, 2018); absence of any law or order prohibiting the merger; approval for listing on the NYSE of the shares of ACI common stock to be issued in the merger and to be reserved for issuance in connection with the merger (which approval was obtained on June 21, 2018); the approval of a Form A application with the Ohio Department of Insurance for ACI and its applicable stockholder(s) (which was filed on April 24, 2018); effectiveness of the registration statement on Form S-4 of which this proxy statement/prospectus forms a part; receipt by Rite Aid of not less than \$4.076 billion of gross proceeds under the WBA asset purchase agreement (which condition was satisfied on March 13, 2018); distribution by Albertsons Investor of all shares of ACI common stock owned by it to its respective equityholders; delivery by ACI to Rite Aid of the lock-up agreements, no action agreements and standstill agreement, in each case, in the form agreed to by the parties to the merger agreement; and absence of a material adverse effect on Rite Aid and ACI, in each case, as defined in the merger agreement. These conditions to the closing of the merger may not be fulfilled and, accordingly, the mergers may not be completed. In addition, either ACI or Rite Aid may terminate the merger agreement under certain circumstances including, among other reasons, if the merger is not completed by August 18, 2018. For a discussion of the circumstances under which the merger agreement could be terminated and when a termination fee and expense payment may be payable by Rite Aid, see the sections entitled *The Merger Agreement Additional Agreements No Solicitation* beginning on page 164, *The Merger Agreement Termination of the Merger Agreement Termination Fees* beginning on page 180 and *The Merger Agreement Expense Reimbursement* beginning on page 180 of this proxy statement/prospectus.

***The termination of the merger agreement could negatively impact Rite Aid.***

If the merger is not completed for any reason, including as a result of Rite Aid stockholders failing to approve the merger proposal, the ongoing businesses of Rite Aid may be adversely affected and, without realizing any of the anticipated benefits of having completed the merger, Rite Aid would be subject to a number of risks, including the following:

Rite Aid may experience negative reactions from the financial markets, including a decline of its stock price (which may reflect a market assumption that the merger will be completed);

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Rite Aid may experience negative reactions from its customers, regulators and employees;

Rite Aid will be required to pay certain costs relating to the merger, whether or not the merger is completed; and

matters relating to the merger (including integration planning) will require substantial commitments of time and resources by Rite Aid management, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to Rite Aid as an independent company.

If the merger agreement is terminated and the Rite Aid board of directors seeks another merger, business combination or other transaction, Rite Aid stockholders cannot be certain that Rite Aid will be able to find a party willing to offer equivalent or more attractive consideration than the consideration Rite Aid stockholders would receive in the merger. If the merger agreement is terminated under certain circumstances specified in the merger agreement, Rite Aid may be required to pay ACI a termination fee of \$65 million, depending on the circumstances surrounding the termination. In addition, Rite Aid may be required to reimburse ACI for its reasonable and documented out-of-pocket transaction fees and expenses, up to an amount of \$10 million (with such payment credited to any termination fee subsequently paid by Rite Aid). See the section entitled *The Merger Agreement Termination of the Merger Agreement* beginning on page 178 of this proxy statement/prospectus for a more complete discussion of the circumstances under which the merger agreement could be terminated and when the termination fee and expense payment may be payable by Rite Aid.

***Directors and executive officers of Rite Aid have interests in the merger that are different from, and in addition to, those of Rite Aid stockholders generally.***

The directors and executive officers of Rite Aid have interests in the merger that are different from, and in addition to, those of Rite Aid stockholders generally. These interests include the continued employment of certain executive officers of Rite Aid, including John T. Standley, who is expected to serve as Chief Executive Officer of the combined company, the treatment in the merger of Rite Aid stock options, Rollover RSUs, Rollover RSAs, Former Service Provider RSAs and Former Service Provider RSUs, annual bonus opportunities and other rights held by Rite Aid's directors and executive officers, and the indemnification of former Rite Aid directors and officers by ACI. Rite Aid stockholders should be aware of these interests when they consider the recommendation of the Rite Aid board of directors that they vote in favor of the merger proposal. The Rite Aid board of directors was aware of and considered these interests when it determined that the terms of the merger agreement and the transactions contemplated thereby were fair to, and in the best interests of, Rite Aid and its stockholders, and recommended that Rite Aid stockholders approve the merger proposal and the transactions contemplated by the merger agreement.

See the section entitled *Interests of the Directors and Officers of Rite Aid in the Merger* beginning on page 296 of this proxy statement/prospectus for additional details regarding these interests.

***The unaudited pro forma condensed combined financial statements included in this proxy statement/prospectus are presented for illustrative purposes only and the actual financial condition and results of operations of the combined company following the merger may differ materially.***

The unaudited pro forma condensed combined financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates, and may not be an indication of financial condition or results of operations of the combined company following the merger for several reasons. The actual financial



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condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these unaudited pro forma condensed combined financial statements. In addition, the assumptions used in preparing the unaudited pro forma condensed combined financial statements may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of ACI following the closing of the merger.

***Rite Aid stockholders will have less influence, as a group, as stockholders of ACI following the closing of the merger than as stockholders of Rite Aid.***

Following the merger, former Rite Aid stockholders, who currently collectively own 100% of Rite Aid, will own, on a fully diluted basis, between approximately 28.0% and 29.6% of the outstanding ACI common stock, depending on the number of holders of Rite Aid common stock who elect to receive the additional cash consideration. Consequently, Rite Aid stockholders, as a group, will exercise less influence over the management and policies of the combined company than they currently may have over the management and policies of Rite Aid.

***The shares of ACI common stock to be received by Rite Aid stockholders as a result of the merger will have rights different from the shares of Rite Aid common stock.***

Pursuant to the terms of the merger agreement, immediately prior to the closing of the merger, ACI's certificate of incorporation and bylaws will be amended to be in substantially the forms attached as Annex C and Annex D, respectively, of this proxy statement/prospectus. As a result, the rights of Rite Aid stockholders, who will become stockholders of ACI following the merger, will be governed by the new ACI certificate of incorporation, by the new ACI bylaws and by the DGCL. The rights under the new ACI certificate of incorporation and the new ACI bylaws will differ in certain material respects from the rights under the Rite Aid certificate of incorporation and the Rite Aid bylaws. See the section entitled "Comparison of Rights of ACI Stockholders and Rite Aid Stockholders" beginning on page 332 of this proxy statement/prospectus for a discussion of these rights.

***The mergers, taken together, are expected to, but may not, qualify as a reorganization within the meaning of the Code.***

The parties expect the mergers, taken together, to be treated as a reorganization within the meaning of the Code, and the obligation of Rite Aid and ACI to complete the mergers is conditioned upon the receipt of U.S. federal income tax opinions to that effect from their respective tax counsel. These tax opinions represent the legal judgment of counsel rendering the opinion and are not binding on the Internal Revenue Service, which we refer to as the IRS, or the courts. The expectation that the mergers, taken together, will be treated as a reorganization within the meaning of the Code reflects assumptions and was prepared taking into account the relevant information available to ACI and Rite Aid at the time. However, this information is not fact and should not be relied upon as necessarily indicative of future results. Furthermore, such expectation constitutes a forward looking statement. For information on forward looking statements, see the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 83 of this proxy statement/prospectus. If the mergers do not qualify as a reorganization, then a Rite Aid stockholder may be required to recognize any gain with respect to the entire consideration received in the merger, including any shares of ACI common stock received as well as any cash amount received. For further information, please refer to the section entitled "Material U.S. Federal Income Tax Consequences" beginning on page 320 of this proxy statement/prospectus. You should consult your tax advisor to determine the particular tax consequences of the merger to you.



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*The financial forecasts for each of Rite Aid and ACI contained herein have not been audited and are subject to change.*

This document includes certain financial forecasts for Rite Aid and ACI. The financial forecasts have been prepared by management of ACI or Rite Aid, as applicable, and neither company's independent accountants have audited or reviewed such financial information. There can be no assurance that ACI's or Rite Aid's actual results for the periods presented herein will not differ from the financial forecasts presented herein and such changes could be material.

**Risks Relating to the Combined Company Following the Merger**

*ACI may fail to realize the anticipated benefits of the merger.*

The success of the merger will depend on, among other things, ACI's ability to combine its business with that of Rite Aid in a manner that facilitates growth opportunities and cost savings, including projected revenue opportunities and cost synergies. ACI believes that the merger will provide an opportunity for revenue growth, including a number of new business areas for ACI and Rite Aid.

However, ACI must successfully combine the businesses of ACI and Rite Aid in a manner that permits these anticipated benefits to be realized. In addition, the combined company must achieve the anticipated growth and cost savings without adversely affecting current revenues and investments in future growth. If the combined company is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully, or at all, or may take longer to realize than expected.

*The combined company may be unable to retain Rite Aid and/or ACI personnel during the pendency of the merger or after the merger is completed. ACI and Mr. Standley may be unable to reach an agreement with respect to Mr. Standley's employment with the combined company.*

The success of the merger will depend in part on the combined company's ability to retain the talents and dedication of key employees currently employed by ACI and Rite Aid. It is possible that these employees may decide not to remain with ACI or Rite Aid, as applicable, while the merger is pending or with the combined company after the merger is consummated. Additionally, ACI may be unable to reach an agreement with John T. Standley, who is currently expected to serve as Chief Executive Officer of the combined company, with respect to Mr. Standley's employment with the combined company. If certain executive officers or key employees choose not to continue or terminate their employment, or if an insufficient number of employees is retained to maintain effective operations, the combined company's business activities may be adversely affected and management's attention may be diverted from successfully integrating Rite Aid to hiring suitable replacements, all of which may cause the combined company's business to suffer. In addition, ACI and Rite Aid may not be able to locate suitable replacements for any key employees who leave either company, or offer employment to potential replacements on reasonable terms.

*The failure by the combined company to integrate successfully the business and operations of Rite Aid and ACI and execute on its business strategy in the expected time frame may adversely affect the combined company's future results.*

Historically, ACI and Rite Aid have operated as independent companies, and they will continue to do so until the completion of the merger. There can be no assurances that their businesses can be integrated successfully or that the combined company can increase revenue growth or profitability. ACI and Rite Aid currently expect to achieve \$375 million in annual cost synergies, with associated one-time costs of \$400 million, as a result of the merger, as well as \$3.6 billion in additional revenue





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opportunities, with associated one-time costs of \$300 million, as a result of the merger. However, there is no guarantee that ACI and Rite Aid will successfully realize these anticipated cost synergies or revenue opportunities in full or at all (or in the anticipated categories and/or percentages), and the anticipated benefits of the integration plan may not be realized. Actual revenue opportunities and cost savings, if achieved, may be lower than what the combined company expects and may take longer to achieve than anticipated or require greater charges than anticipated. If ACI is not able to adequately address integration challenges, the combined company may be unable to successfully integrate ACI's and Rite Aid's operations or to realize the anticipated benefits of the integration of the two companies.

Furthermore, it is possible that the integration process could result in the loss of key ACI or Rite Aid employees, the loss of customers, the disruption of either company's or both companies' ongoing businesses or in unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. Specifically, the following issues, among others, must be addressed in integrating the operations of ACI and Rite Aid in order to realize the anticipated benefits of the merger:

combining the companies' operations;

combining the businesses of ACI and Rite Aid and meeting the capital requirements of the combined company in a manner that permits ACI and Rite Aid to achieve the cost savings and revenue opportunities anticipated to result from the merger, the failure of which would result in the material anticipated benefits of the merger not being realized in the time frame currently anticipated or at all;

integrating the companies' technologies (see [Risks Relating to ACI's Business and Industry](#) ACI may be adversely affected by risks related to its dependence on IT systems. Any future changes to or intrusion into these IT systems, even if ACI is compliant with industry security standards, could materially adversely affect its reputation, financial condition and operating results beginning on page 72 of this proxy statement/prospectus for more information);

integrating and unifying the offerings and services available to customers, including ACI's *just for U*, *MyMixx* and fuel rewards programs and Rite Aid's Wellness+ loyalty program;

identifying and eliminating redundant and underperforming functions and assets;

harmonizing the companies' operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;

integrating the companies' financial reporting and internal control systems, including compliance by the combined company with Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and the rules promulgated thereunder by the SEC;

maintaining existing agreements with customers, distributors, providers and vendors and avoiding delays in entering into new agreements with prospective customers, distributors, providers and vendors, including clients of EnvisionRxOptions;

addressing possible differences in business backgrounds, corporate cultures and management philosophies;

consolidating the companies' administrative and information technology infrastructure;

coordinating distribution and marketing efforts;

managing the movement of certain positions to different locations; and

effecting actions that may be required in connection with obtaining regulatory approvals.

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In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on completion of the merger and the integration of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt each company's ongoing business and the business of the combined company following the merger.

***Combining the businesses of ACI and Rite Aid may be more difficult, costly or time-consuming than expected, which may adversely affect the combined company's results and negatively affect the value of its common stock following the merger.***

ACI and Rite Aid have entered into the merger agreement because each believes that the merger will be beneficial to its respective companies and stockholders and that combining the businesses of ACI and Rite Aid will produce revenue opportunities and cost savings. If the combined company is not able to successfully combine the businesses of ACI and Rite Aid in an efficient and effective manner, the anticipated revenue opportunities and cost savings of the merger may not be realized fully, or at all, or may take longer to realize than expected, and the value of ACI common stock may be affected adversely.

An inability to realize the full extent of the anticipated benefits of the merger and the other transactions contemplated by the merger agreement, as well as any delays encountered in the integration process, could have an adverse effect upon the revenues, level of expenses and operating results of the combined company, which may adversely affect the value of ACI common stock following the merger.

In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Rite Aid is also obligated to continue providing services to WBA pursuant to a transition services agreement, which may result in difficulties in integrating Rite Aid's and ACI's businesses. Actual growth and cost savings, if achieved, may be lower than what the combined company expects and may take longer to achieve than anticipated. If ACI is not able to adequately address integration challenges, the combined company may be unable to successfully integrate ACI's and Rite Aid's operations or to realize the anticipated benefits of the integration of the two companies.

***ACI and Rite Aid will incur significant integration, transaction and merger-related costs in connection with the merger.***

ACI and Rite Aid have incurred and expect to incur a number of non-recurring costs associated with the merger. These costs and expenses include fees paid to financial, legal and accounting advisors, facilities and systems consolidation costs, capital expenditures, severance and other potential employment-related costs, including payments that may be made to certain Rite Aid executive officers, filing fees, printing expenses and other related charges. Some of these costs are payable by ACI and Rite Aid regardless of whether or not the merger is completed. There are also a large number of processes, policies, procedures, operations, technologies and systems that must be integrated in connection with the merger and the integration of the two companies' businesses. While both ACI and Rite Aid have assumed that a certain level of expenses would be incurred in connection with the merger and the other transactions contemplated by the merger agreement, there are many factors beyond their control that could affect the total amount or the timing of the integration and implementation expenses.

ACI and Rite Aid also expect to incur significant costs in connection with achieving the cost synergies and revenue opportunities that ACI and Rite Aid expect to achieve as a result of the merger. These costs may be higher than expected, and the expected cost synergies and revenue opportunities may not be achieved in full or at all, or within the identified categories or at the estimated amounts.



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and/or percentages. There may also be additional unanticipated significant costs and charges in connection with the merger that the combined company may not recoup. These costs and expenses could reduce the realization of efficiencies, strategic benefits and additional income ACI and Rite Aid expect to achieve from the merger. Although ACI and Rite Aid expect that these benefits will offset the transaction expenses and implementation costs over time, this net benefit may not be achieved in the near term or at all.

***Third parties may terminate or alter existing contracts or relationships with ACI or Rite Aid.***

ACI and Rite Aid have contracts with customers, suppliers, vendors, landlords, licensors and other business partners which may require ACI or Rite Aid to obtain consents from these other parties in connection with the merger. Additionally, Envision Insurance Company is party to several health plan agreements featuring change of control provisions that may give third parties the right to terminate or alter their contracts with Envision Insurance Company as a result of the merger. If consents under these and other agreements cannot be obtained, ACI or Rite Aid may suffer a loss of potential future revenues and may lose rights that are material to its respective businesses and the business of the combined company. In addition, third parties with whom ACI or Rite Aid currently have relationships may terminate or otherwise reduce the scope of their relationship with either party in anticipation of the merger. Any such disruptions could limit the combined company's ability to achieve the anticipated benefits of the merger. The adverse effect of such disruptions could also be exacerbated by a delay in the completion of the merger or the termination of the merger agreement.

***The combined company may be unable to retain Rite Aid and/or ACI personnel successfully after the merger is completed.***

The success of the merger will depend in part on the combined company's ability to retain the talents and dedication of key employees currently employed by ACI and Rite Aid. It is possible that these employees may decide not to remain with ACI or Rite Aid, as applicable, while the merger is pending or with the combined company after the merger is consummated. If key employees terminate their employment, or if an insufficient number of employees is retained to maintain effective operations, the combined company's business activities may be adversely affected and management's attention may be diverted from successfully integrating Rite Aid to hiring suitable replacements, all of which may cause the combined company's business to suffer. In addition, ACI and Rite Aid may not be able to locate suitable replacements for any key employees who leave either company, or offer employment to potential replacements on reasonable terms.

***Rite Aid will experience an ownership change under Section 382 of the Code, potentially limiting its use of tax attributes, such as net operating losses and other tax attributes, to reduce future tax liabilities after completion of the mergers.***

Rite Aid has substantial net operating losses and other tax attributes for U.S. federal income tax purposes. The utilization of these tax attributes following completion of the mergers depends on the timing and amount of taxable income earned by ACI and Rite Aid in the future, which Rite Aid is not able to predict. Moreover, Rite Aid will experience an ownership change under Section 382 of the Code as a result of the mergers, potentially limiting the use of Rite Aid's tax attributes to reduce future tax liabilities of ACI and Rite Aid for U.S. federal income tax purposes. This limitation may affect the timing of when these tax attributes may be used which, in turn, may impact the timing and amount of cash taxes payable by ACI and Rite Aid.

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**Risks Relating to Ownership of ACI Common Stock**

***Because there is currently no public market for ACI common stock, the market price and trading volume of ACI common stock may be volatile, and holders of common stock may not be able to sell shares of ACI common stock following the merger or sell shares of ACI common stock at an attractive price.***

Prior to the completion of the merger, ACI common stock will not be publicly traded and there will not have been any public market for ACI common stock. Following the completion of the merger, an active trading market for the ACI common stock may not develop or be sustained. As a result, no public market price is available to Rite Aid stockholders for use in determining the value of ACI common stock they are entitled to receive as merger consideration. We cannot predict the extent to which investor interest will lead to the development of an active trading market in shares of ACI common stock or whether such a market will be sustained following the merger.

The market price of ACI common stock after the completion of the merger will be subject to significant fluctuations in response to, among other factors, variations in operating results and market conditions specific to the combined company's industry. If an active public market does not develop or is not sustained, it may be difficult for you to sell your shares at a price that is attractive to you, or at all. The market price of ACI common stock could fluctuate significantly for many reasons, including, without limitation:

as a result of the risk factors listed in this proxy statement/prospectus;

actual or anticipated fluctuations in the combined company's operating results;

for reasons unrelated to operating performance, such as reports by industry analysts, investor perceptions, or negative announcements by the combined company's customers or competitors regarding their own performance;

regulatory changes that could impact the combined company's business; and

general economic and industry conditions.

***Following the merger, Cerberus will have significant influence over the combined company and may have conflicts of interest with the combined company in the future.***

Following the merger, Cerberus will own approximately 25.8% of ACI common stock on a fully diluted basis, assuming all Rite Aid stockholders elect to receive the stock election exchange ratio, or 26.3% of ACI common stock on a fully diluted basis, assuming all Rite Aid stockholders elect to receive the additional cash consideration. Additionally, so long as Cerberus continues to directly or indirectly own a significant amount of the outstanding shares of ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to cause certain Cerberus nominees to be appointed to the ACI board of directors following the effective time. After the effective time of the merger, and until such time as Cerberus ceases to beneficially own at least ten percent (10%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause two nominees designated by Cerberus to be elected to the ACI board of directors. From

and after such time as Cerberus ceases to beneficially own at least ten percent (10%) of the outstanding ACI common stock, but beneficially owns at least five percent (5%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause one nominee designated by Cerberus to be elected to the ACI board of directors. Until such time as Cerberus ceases to beneficially own at least fifteen percent (15%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause directors designated by Cerberus to be elected Chairman and Lead Director, provided that, if Robert G. Miller has ceased to serve as



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Chairman, either the Chairman or the Lead Director will qualify as independent under the rules of the NYSE and will not be a partner or employee of Cerberus, its affiliates or any of the ACI Institutional Investors. Until such time as Cerberus ceases to beneficially own at least ten percent (10%) of the outstanding ACI common stock, the merger agreement requires the ACI board of directors to take all necessary action to nominate and cause a director designated by Cerberus to be elected Lead Director.

As a result, Cerberus will have significant influence over the management of the combined company and decisions of the board of directors as well as over any action requiring the approval of the holders of ACI common stock, including adopting any amendments to the new ACI certificate of incorporation, electing directors and approving mergers or sales of substantially all of the combined company's capital stock or its assets. Any directors designated by Cerberus will have significant influence over decisions affecting the capital structure of the combined company, including the issuance of additional capital stock, incurrence of additional indebtedness, the implementation of stock repurchase programs and the decision of whether or not to declare dividends. Cerberus is in the business of making investments in companies and may, from time to time, acquire and hold interests in businesses that compete directly or indirectly with ACI. Cerberus may also separately pursue acquisition opportunities that may be complementary to ACI's business and, as a result, those acquisition opportunities may not be available to ACI. For more information about Cerberus's nomination rights following the effective time of the merger, see the section entitled "The Merger Governance of ACI Following the Merger" beginning on page 144 of this proxy statement/prospectus.

***Future sales of ACI common stock in the public market by existing holders of ACI common stock could cause volatility in the price of ACI common stock or cause the share price to fall.***

If Cerberus or the other ACI Holders, and in particular, the ACI Institutional Investors, sell substantial amounts of ACI common stock in the public market following the merger, the market price of ACI common stock could decrease. The perception in the public market that Cerberus and the ACI Institutional Investors might sell shares of common stock could also create a perceived overhang and depress our market price. Upon the closing of the merger, between 63.7% (assuming that all Rite Aid stockholders elect to receive the stock election consideration pursuant to the merger agreement) and 65.1% (assuming that all Rite Aid stockholders elect to receive the cash election consideration pursuant to the merger agreement) of the shares of ACI common stock will be held by Cerberus or the ACI Institutional Investors on a fully diluted basis. Prior to the closing of the merger, each ACI Holder, including Cerberus and the ACI Institutional Investors, will deliver a lock-up agreement to ACI. Pursuant to the lock-up agreements, each ACI Holder will agree, subject to certain exceptions, that it will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of ACI common stock, or any options or warrants to purchase common stock of ACI, or any securities convertible into, exchangeable for or that represent the right to receive common stock of ACI, owned by them (whether directly or by means of beneficial ownership) held by them immediately prior to the closing of the merger. Beginning six months after the closing of the merger, the ACI Holders will be permitted to sell up to one-third (which amount may be increased in certain circumstances) of the initial number of such restricted shares in a registered offering pursuant to the registration rights agreement. Beginning twelve months after the closing of the merger, the ACI Holders will be permitted to sell up to two-thirds (which amount may be increased in certain circumstances) of the initial number of such restricted shares in a registered offering pursuant to the registration rights agreement. Beginning eighteen months after the closing of the merger, the restrictions of the lock-up agreements will expire, except that ACI Holders that beneficially own at least 5% of the total outstanding shares of ACI common stock would continue to be required to sell shares in a registered offering pursuant to the terms of the registration rights agreement. Under certain circumstances, shares may be sold outside of a registered offering during the lock-up period. See the section entitled "Other Related Agreements Lock-Up Agreements" beginning on page 184 of this



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proxy statement/prospectus. The market price for shares of ACI common stock may drop when the restrictions on resale by Cerberus and the other ACI Holders lapse.

In addition, Cerberus and the ACI Institutional Investors will have substantial demand and piggyback registration rights. Cerberus and the ACI Institutional Investors will have the ability to cause ACI to file registration statements and engage in underwritten offerings so that they can sell their restricted shares. These registration rights could cause ACI to expend significant time and expense and we cannot assure you if or when such holders will exercise their registration rights. See **Other Related Agreements** **Registration Rights Agreement** beginning on page 183 of this proxy statement/prospectus.

***ACI does not currently intend to pay a dividend and its ability to pay regular dividends to its stockholders is subject to the discretion of the board of directors and may be limited by ACI's debt agreements and limitations under Delaware law.***

It is not currently anticipated that ACI will pay a regular quarterly dividend following the closing of the merger. In addition, any such determination to pay dividends will be at the discretion of the board of directors and will be dependent on then-existing conditions, including the combined company's financial condition, earnings, legal requirements, including limitations under Delaware law, restrictions in ACI's debt agreements that limit its ability to pay dividends to stockholders and other factors the board of directors deems relevant. The ACI board of directors may, in its sole discretion, change the amount or frequency of dividends or discontinue the payment of dividends entirely. For these reasons, you will not be able to rely on dividends to receive a return on your investment. Accordingly, realization of a gain on your shares of ACI common stock received in the merger may depend on the appreciation of the price of ACI common stock, which may not occur.

***The new ACI certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by ACI stockholders, which could limit ACI stockholders' ability to obtain a favorable judicial forum for disputes with ACI or its directors, officers, employees or agents.***

Similar to the exclusive forum provision in the Rite Aid bylaws, the new ACI certificate of incorporation will provide that, unless ACI consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on ACI's behalf, (ii) any action asserting a breach of a fiduciary duty owed by any of ACI's directors, officers employees or agents to ACI or ACI stockholders, (iii) any action asserting a claim pursuant to any provision of the DGCL, the new ACI certificate of incorporation or the new ACI bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in any share of ACI common stock will be deemed to have notice of and to consent to these provisions of the new ACI certificate of incorporation. This exclusive forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with ACI or its current or former directors, officers, employees or agents, which may discourage such lawsuits against ACI and such persons. Alternatively, if a court were to find these provisions of the new ACI certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, ACI may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect ACI's business, results of operations, and financial condition.

### **Risks Relating to ACI's Business and Industry**

You should read and consider the following risk factors specific to ACI's business, which will also affect the combined company after the merger. Please note that the risk factors described below apply



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only to ACI's business and do not address risks relating to Rite Aid's business or the combined company. For information on risks relating to the merger and the combined company following the merger, please see the prior sections entitled "Risks Relating to the Merger" and "Risks Relating to the Combined Company Following the Merger." For more information on risks relating to Rite Aid's business, please see the section entitled "Risk Factors" in Rite Aid's Annual Report on Form 10-K for the fiscal year ended March 3, 2018, and in other documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 353 of this proxy statement/prospectus for the location of information incorporated by reference into this proxy statement/prospectus.

***Various operating factors and general economic conditions affecting the food retail industry may affect ACI's business and may adversely affect ACI's business and operating results.***

ACI's operations and financial performance are affected by economic conditions such as macroeconomic conditions, credit market conditions and the level of consumer confidence. While the combination of improved economic conditions, the trend towards lower unemployment, higher wages and lower gasoline prices have contributed to improved consumer confidence, there is continued uncertainty about the strength of the economic recovery. If the economy does not continue to improve or if it weakens, or if gasoline prices rebound, consumers may reduce spending, trade down to a less expensive mix of products or increasingly rely on food discounters, all of which could impact ACI's sales. In addition, consumers' perception or uncertainty related to the economic recovery and future fuel prices could also dampen overall consumer confidence and reduce demand for ACI's product offerings. Both inflation and deflation affect ACI's business. Food deflation could reduce sales growth and earnings, while food inflation could reduce gross profit margins. Several food items and categories, such as meat, eggs and dairy, experienced price deflation in the fiscal years ended February 25, 2017 and February 24, 2018, and this deflation could continue in the future. ACI is unable to predict if the economy will continue to improve, the rate at which the economy may improve, the direction of gasoline prices or if deflationary trends will occur. If the economy does not continue to improve or if it weakens, fuel prices increase or deflationary trends continue, ACI's business and operating results could be adversely affected.

***Competition in ACI's industry is intense, and ACI's failure to compete successfully may adversely affect ACI's profitability and operating results.***

The food and drug retail industry is large and dynamic, characterized by intense competition among a collection of local, regional and national participants. ACI faces strong competition from other brick and mortar food and/or drug retailers, supercenters, club stores, discount stores, online retailers, specialty and niche supermarkets, drug stores, general merchandisers, wholesale stores, convenience stores, natural food stores, farmers' markets, local chains and stand-alone stores that cater to the individual cultural preferences of specific neighborhoods, restaurants and home delivery and meal solution companies. Shifts in the competitive landscape, consumer preference or market share may have an adverse effect on ACI's profitability and results of operations.

As a result of consumers' growing desire to shop online, ACI also faces increasing competition from both ACI's existing competitors that have incorporated the internet as a direct-to-consumer channel and online providers that sell grocery products. Although ACI has a growing internet presence and offers ACI customers the ability to shop online for both home delivery and in-store pick-up, there is no assurance that these online initiatives will be successful. In addition, these initiatives may have an adverse impact on ACI's profitability as a result of lower gross profits or greater operating costs to compete.

ACI's ability to attract customers is dependent, in large part, upon a combination of channel preference, location, store conditions, quality, price, service, convenience and selection. In each of



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these areas, traditional and non-traditional competitors compete with ACI and may successfully attract ACI's customers by matching or exceeding what ACI offers or by providing greater shopping convenience. In recent years, many of ACI's competitors have aggressively added locations and adopted a multi-channel approach to marketing and advertising. ACI's responses to competitive pressures, such as additional promotions, increased advertising, additional capital investment and the development of ACI's internet offerings, could adversely affect ACI's profitability and cash flow. ACI cannot guarantee that ACI's competitive response will succeed in increasing or maintaining ACI's share of retail food sales.

An increasingly competitive industry and deflation in the prices of certain foods have made it difficult for food retailers to achieve positive identical store sales growth on a consistent basis. ACI and its competitors have attempted to maintain or grow ACI's and their respective share of retail food sales through capital and price investment, increased promotional activity and new store growth, creating a more difficult environment to consistently increase year-over-year sales. Several of ACI's primary competitors are larger than ACI is or have greater financial resources available to them and, therefore, may be able to devote greater resources to invest in price, promotional activity and new or remodeled stores in order to grow their share of retail food sales. Price investment by ACI's competitors has also, from time to time, adversely affected ACI's operating margins. In recent years, ACI has invested in price in order to remain competitive and generate sales growth; however, there can be no assurance this strategy will be successful.

Because ACI faces intense competition, ACI needs to anticipate and respond to changing consumer preferences and demands more effectively than its competitors. ACI devotes significant resources to differentiating ACI's banners in the local markets where ACI operates and invests in loyalty programs to drive traffic. ACI's local merchandising teams spends considerable time working with store directors to make sure ACI is satisfying consumer preferences. In addition, ACI strives to achieve and maintain favorable recognition of its own brands and offerings, and market these offerings to consumers and maintain and enhance a perception of value for consumers. While ACI seeks to continuously respond to changing consumer preferences, there are no assurances that ACI's responses will be successful.

ACI's continued success is dependent upon its ability to control operating expenses, including managing health care and pension costs stipulated by its collective bargaining agreements to effectively compete in the food retail industry. Several of ACI's primary competitors are larger than it is, or are not subject to collective bargaining agreements, allowing them to more effectively leverage their fixed costs or more easily reduce operating expenses. Finally, ACI needs to source, market and merchandise efficiently. Changes in ACI's product mix also may negatively affect its profitability. Failure to accomplish ACI's objectives could impair its ability to compete successfully and adversely affect its profitability.

Profit margins in the food retail industry are low. In order to increase or maintain ACI's profit margins, ACI develops operating strategies to increase revenues, increase gross margins and reduce costs, such as new marketing programs, new advertising campaigns, productivity improvements, shrink reduction initiatives, distribution center efficiencies, manufacturing efficiencies, energy efficiency programs and other similar strategies. ACI's failure to achieve forecasted revenue growth, gross margin improvement or cost reductions could have a material adverse effect on its profitability and operating results.

***Increased commodity prices may adversely impact ACI's profitability.***

Many of ACI's own and sourced products include ingredients such as wheat, corn, oils, milk, sugar, proteins, cocoa and other commodities. Commodity prices worldwide have been volatile. Any





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increase in commodity prices may cause an increase in ACI's input costs or the prices ACI's vendors seek from it.

Although ACI typically is able to pass on modest commodity price increases or mitigate vendor efforts to increase its costs, ACI may be unable to continue to do so, either in whole or in part, if commodity prices increase materially. If ACI is forced to increase prices, ACI's customers may reduce their purchases at ACI's stores or trade down to less profitable products. Both may adversely impact ACI's profitability as a result of reduced revenue or reduced margins.

***Fuel prices and availability may adversely affect ACI's results of operations.***

ACI currently operates 397 fuel centers that are adjacent to many of ACI's store locations. As a result, ACI sells a significant amount of gasoline. Increased regulation or significant increases in wholesale fuel costs could result in lower gross profit on fuel sales, and demand could be affected by retail price increases as well as by concerns about the effect of emissions on the environment. ACI is unable to predict future regulations, environmental effects, political unrest, acts of terrorism and other matters that may affect the cost and availability of fuel, and how ACI's customers will react, which could adversely affect ACI's results of operations.

***ACI's stores rely heavily on sales of perishable products, and product supply disruptions may have an adverse effect on ACI's profitability and operating results.***

Reflecting consumer preferences, ACI has a significant focus on perishable products. Sales of perishable products accounted for approximately 41.0% of ACI's total sales in the fiscal year ended February 24, 2018. ACI relies on various suppliers and vendors to provide and deliver ACI's perishable product inventory on a continuous basis. ACI could suffer significant perishable product inventory losses and significant lost revenue in the event of the loss of a major supplier or vendor, disruption of ACI's distribution network, extended power outages, natural disasters or other catastrophic occurrences.

***Severe weather and natural disasters may adversely affect ACI's business.***

Severe weather conditions such as hurricanes, earthquakes, floods, extended winter storms, heat waves or tornadoes, as well as other natural disasters, in areas in which ACI has stores or distribution centers or from which ACI sources or obtains products may cause physical damage to ACI's properties, closure of one or more of ACI's stores, manufacturing facilities or distribution centers, lack of an adequate work force in a market, temporary disruption in the manufacture of products, temporary disruption in the supply of products, disruption in the transport of goods, delays in the delivery of goods to ACI's distribution centers or stores, a reduction in customer traffic and a reduction in the availability of products in ACI's stores. In addition, adverse climate conditions and adverse weather patterns, such as drought or flood, that impact growing conditions and the quantity and quality of crops yielded by food producers may adversely affect the availability or cost of certain products within the grocery supply chain. Any of these factors may disrupt ACI's business and adversely affect its business.

***ACI's quarterly results may fluctuate significantly.***

ACI's operating results have historically varied on a quarterly basis and may continue to fluctuate significantly in the future. Factors that may affect our quarterly operating results, some of which are beyond the control of management, include, but are not limited to inflation, fluctuations in inventory, energy, transportation, labor, healthcare and other costs, significant acquisitions, dispositions, joint ventures and other strategic initiatives, asset impairment charges, weather conditions, the timing of holidays and other risk factors discussed herein. Accordingly, investors should not rely on the results of any particular quarter as an indication of ACI's future performance.



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**Table of Contents*****Threats or potential threats to security of food and drug safety, the occurrence of a widespread health epidemic or regulatory concerns in ACI's supply chain may adversely affect ACI's business.***

Acts or threats, whether perceived or real, of war or terror or other criminal activity directed at the food or drug store industry or the transportation industry, whether or not directly involving ACI's stores, could increase ACI's operating costs and operations, or impact general consumer behavior and consumer spending. Other events that give rise to actual or potential food contamination, drug contamination or food-borne illnesses, or a widespread regional, national or global health epidemic, such as pandemic flu, could have an adverse effect on ACI's operating results or disrupt production and delivery of its products, its ability to appropriately staff its stores and potentially cause customers to avoid public gathering places or otherwise change their shopping behaviors.

ACI sources its products from vendors and suppliers and related networks across the globe who may be subject to regulatory actions or face criticism due to actual or perceived social injustices, including human trafficking, child labor or environmental, health and safety violations. A disruption in ACI's supply chain due to any regulatory action or social injustice could have an adverse impact on its supply chain and ultimately its business, including potential harm to its reputation.

***ACI could be affected if consumers lose confidence in the food supply chain or the quality and safety of ACI's products.***

ACI could be adversely affected if consumers lose confidence in the safety and quality of certain food products. Adverse publicity about these types of concerns, whether valid or not, may discourage consumers from buying ACI's products or cause production and delivery disruptions. The real or perceived sale of contaminated food products by ACI could result in product liability claims, a loss of consumer confidence and product recalls, which could have a material adverse effect on ACI's business.

***Consolidation in the healthcare industry could adversely affect ACI's business, financial condition and results of operations after the merger.***

Many organizations in the healthcare industry, including PBMs, have consolidated to create larger healthcare enterprises with greater market power, which has resulted in greater pricing pressures. If this consolidation trend continues, it could give the resulting enterprises even greater bargaining power, which may lead to further pressure on the prices for ACI's products and services, including after the proposed merger. If these pressures result in reductions in ACI's prices, ACI will become less profitable unless it is able to achieve corresponding reductions in costs or develop profitable new revenue streams. ACI expects that market demand, government regulation, third-party reimbursement policies, government contracting requirements, and societal pressures will continue to cause the healthcare industry to evolve, potentially resulting in further business consolidations and alliances among the industry participants ACI will engage with after the merger, which may adversely impact ACI's business, financial condition and results of operations.

***Certain risks are inherent in providing pharmacy services, and ACI's insurance may not be adequate to cover any claims against ACI.***

ACI currently operates 1,777 pharmacies and, after the merger, will operate 4,327 pharmacies, and, as a result, ACI is exposed to risks inherent in the packaging, dispensing, distribution, and disposal of pharmaceuticals and other healthcare products, such as risks of liability for products which cause harm to consumers, as well as increased regulatory risks and related costs. Although ACI maintains insurance, ACI cannot guarantee that the coverage limits under its insurance programs will be adequate to protect it against future claims, or that ACI will be able to maintain

this insurance on

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acceptable terms in the future, or at all. ACI's results of operations, financial condition or cash flows may be materially adversely affected if in the future ACI's insurance coverage proves to be inadequate or unavailable, or there is an increase in the liability for which ACI self-insures, or ACI suffers harm to its reputation as a result of an error or omission.

ACI is subject to numerous federal and state regulations. Each of ACI's in-store pharmacies must be licensed by the state government. The licensing requirements vary from state to state. An additional registration certificate must be granted by the U.S. Drug Enforcement Administration, which we refer to as the DEA, and, in some states, a separate controlled substance license must be obtained to dispense controlled substances. In addition, pharmacies selling controlled substances are required to maintain extensive records and often report information to state and federal agencies. If ACI fails to comply with existing or future laws and regulations, ACI could suffer substantial civil or criminal penalties, including the loss of its licenses to operate pharmacies and its ability to participate in federal and state healthcare programs. As a consequence of the severe penalties ACI could face, ACI must devote significant operational and managerial resources to complying with these laws and regulations.

During the fiscal year ended February 28, 2015, ACI received two subpoenas from the DEA requesting information concerning its record keeping, reporting and related practices concerning the theft or significant loss of controlled substances. On June 7, 2016, ACI received a third subpoena requesting information concerning potential diversion by one former employee in the Seattle/Tacoma area (Washington State). On July 18, 2017, the DEA and U.S. Department of Justice announced that they had reached an agreement with Safeway with respect to the matters under investigation. Under the agreement, Safeway (1) has paid a penalty of \$3.0 million; (2) has surrendered its controlled substances license at one of its pharmacies in California and has had its controlled substances license at one of its pharmacies in Washington State suspended for four months; and (3) is subject to a three year corrective action plan.

Recently, pharmaceutical manufacturers, wholesale distributors and retailers have faced intense scrutiny and, in some cases, investigations and litigation relating to the distribution of prescription opioid pain medications. On May 22, 2018, ACI received a subpoena from the Office of the Attorney General for the State of Alaska, which we refer to as the Alaska Attorney General, stating that the Alaska Attorney General has reason to believe ACI has engaged in unfair or deceptive trade practices under Alaska's Unfair Trade Practices and Consumer Act and seeking documents regarding our policies, procedures, controls, training, dispensing practices and other matters in connection with the sale and marketing of opioid pain medications. ACI intends to cooperate with the Alaska Attorney General in this investigation. ACI does not currently have a basis to believe it has violated Alaska's Unfair Trade Practices and Consumer Act. However, due to the early stages of the investigation, ACI is unable to predict the outcome of this matter or estimate a range of reasonably possible loss.

Application of federal and state laws and regulations could subject ACI's current practices to allegations of impropriety or illegality, or could require ACI to make significant changes to its operations. In addition, ACI cannot predict the impact of future legislation and regulatory changes on its pharmacy business or assure that it will be able to obtain or maintain the regulatory approvals required to operate its business.

***Integrating acquisitions may be time-consuming and create costs that could reduce ACI's net income and cash flows.***

Part of ACI's strategy includes pursuing acquisitions that ACI believes will be accretive to its business, including the merger. With respect to the merger and any possible future acquisitions, the process of integrating the acquired business may be complex and time consuming, may be disruptive



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to the business and may cause an interruption of, or a distraction of management's attention from, the business as a result of a number of obstacles, including, but not limited to:

failure to consummate the merger or a potential future acquisition;

transaction litigation;

a failure of ACI's due diligence process to identify significant risks or issues;

the loss of customers of the acquired company or ACI;

negative impact on the brands or banners of the acquired company or ACI;

a failure to maintain or improve the quality of customer service;

difficulties assimilating the operations and personnel of the acquired company;

ACI's inability to retain key personnel of the acquired company;

the incurrence of unexpected expenses and working capital requirements;

ACI's inability to achieve the financial and strategic goals, including synergies, for the combined businesses; and

difficulty in maintaining internal controls, procedures and policies.

Any of the foregoing obstacles, or a combination of them, could decrease gross profit margins or increase selling, general and administrative expenses in absolute terms and/or as a percentage of net sales, which could in turn negatively impact ACI's net income and cash flows.

ACI may not be able to consummate acquisitions in the future on terms acceptable to ACI, or at all. In addition, acquisitions are accompanied by the risk that the obligations and liabilities of an acquired company may not be adequately reflected in the historical financial statements of that company and the risk that those historical financial statements may be based on assumptions which are incorrect or inconsistent with ACI's assumptions or approach to accounting policies. Any of these material obligations, liabilities or incorrect or inconsistent assumptions could adversely impact ACI's results of operations and financial condition.

See Risks Relating to the Merger beginning on page 50 of this proxy statement/prospectus for more information about risks relating to the proposed merger.

***A significant majority of ACI's employees are unionized, and ACI's relationship with unions, including labor disputes or work stoppages, could have an adverse impact on ACI's operations and financial results.***

As of February 24, 2018, approximately 187,000 of ACI's employees were covered by collective bargaining agreements and, including the addition of Rite Aid's employees after the merger, approximately 204,500 of ACI's employees after the merger will be covered by collective bargaining agreements. During the fiscal year ending February 23, 2019, collective bargaining agreements covering approximately 54,000 of ACI's employees are scheduled to expire. In future negotiations with labor unions, ACI expects that health care, pension costs and/or contributions and wage costs, among other issues, will be important topics for negotiation. If, upon the expiration of such collective bargaining agreements, ACI is unable to negotiate acceptable contracts with labor unions, it could result in strikes by the affected workers or lockouts by the employer and thereby significantly disrupt ACI's operations. As part of ACI's collective bargaining agreements, ACI may need to fund additional pension contributions, which would negatively impact its Free Cash Flow. Further, if ACI is unable to control health care and pension costs provided for in the collective bargaining agreements, ACI may experience increased operating costs and an adverse impact on its financial results.



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ACI is party to defined benefit retirement plans for employees at its Safeway, United and NALP stores and distribution centers. The funded status of these plans (the difference between the fair value of the plan assets and the projected benefit obligation) is a significant factor in determining annual pension expense and cash contributions to fund the plans. In recent years, cash contributions have declined due to improved market conditions and the impact of the pension funding stabilization legislation, which increased the discount rate used to determine pension funding.

If financial markets do not improve or if financial markets decline, increased pension expense and cash contributions may have an adverse impact on ACI's financial results. Under the Employee Retirement Income Security Act of 1974, as amended, which we refer to as ERISA, the PBGC has the authority to petition a court to terminate an underfunded pension plan under limited circumstances. In the event that ACI's defined benefit pension plans are terminated for any reason, ACI could be liable to the PBGC for the entire amount of the underfunding, as calculated by the PBGC based on its own assumptions (which would result in a larger obligation than that based on the actuarial assumptions used to fund such plans). Under ERISA and the Code, the liability under these defined benefit plans is joint and several with all members of the control group, such that each member of the control group would be liable for the defined benefit plans of each other member of the control group.

In addition, ACI participates in various multiemployer pension plans for substantially all employees represented by unions that require ACI to make contributions to these plans in amounts established under collective bargaining agreements. Under the Pension Protection Act of 2006, which we refer to as the PPA, contributions in addition to those made pursuant to a collective bargaining agreement may be required in limited circumstances in the form of a surcharge that is equal to 5% of the contributions due in the first year and 10% each year thereafter until the applicable bargaining agreement expires.

Pension expenses for multiemployer pension plans are recognized by ACI as contributions are made. Benefits generally are based on a fixed amount for each year of service. ACI's contributions to multiemployer plans were \$431.2 million, \$399.1 million and \$379.8 million during the fiscal years ended February 24, 2018, February 25, 2017 and February 27, 2016, respectively.

Based on an assessment of the most recent information available, ACI believes that most of the multiemployer plans to which it contributes are underfunded. ACI is only one of a number of employers contributing to these plans, and the underfunding is not a direct obligation or liability of ACI. However, ACI has attempted, as of February 24, 2018, to estimate its share of the underfunding of multiemployer plans to which ACI contributes, based on the ratio of its contributions to the total of all contributions to these plans in a year. As of February 24, 2018, ACI's estimate of its share of the underfunding of multiemployer plans to which it contributes was \$4.1 billion. ACI's share of underfunding described above is an estimate and could change based on the results of collective bargaining efforts, investment returns on the assets held in the plans, actions taken by trustees who manage the plans' benefit payments, interest rates, if the employers currently contributing to these plans cease participation, and requirements under the PPA, the Multiemployer Pension Reform Act of 2014 and applicable provisions of the Code.

Additionally, underfunding of the multiemployer plans means that, in the event ACI were to exit certain markets or otherwise cease making contributions to these plans, ACI could trigger a substantial withdrawal liability. Any accrual for withdrawal liability will be recorded when a withdrawal is probable and can be reasonably estimated, in accordance with GAAP. All trades or businesses in the employer's control group are jointly and severally liable for the employer's withdrawal liability.



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ACI is subject to withdrawal liability from certain multiemployer plans related to Safeway's previous closure of its Dominick's division. One of the plans, the UFCW & Employers Midwest Pension Fund, which we refer to as the Midwest Plan, had asserted ACI may be liable for mass withdrawal liability, if the plan has a mass withdrawal, in addition to the liability the Midwest Plan already has assessed. ACI's management believes it is unlikely that a mass withdrawal will occur in the foreseeable future and disputes that the Midwest Plan would have the right to assess mass withdrawal liability against ACI if the Midwest Plan had a mass withdrawal. A mass withdrawal would require monthly installment payments to be made by ACI in perpetuity. ACI's installment payments would be limited to 20 years if it is not part of, or the Midwest Plan does not experience, a mass withdrawal. ACI is disputing in arbitration the amount of the withdrawal liability the Midwest Plan has assessed. The amount of withdrawal liability ACI recorded as of February 24, 2018 for the closure of the Dominick's division was \$160.1 million.

See Note 12 Employee Benefit Plans and Collective Bargaining Agreements in ACI's consolidated financial statements, included elsewhere in this prospectus, for more information relating to ACI's participation in these multiemployer pension plans.

***Unfavorable changes in government regulation may have a material adverse effect on ACI's business.***

ACI's stores are subject to various federal, state, local and foreign laws, regulations and administrative practices. ACI must comply with numerous provisions regulating health and sanitation standards, food labeling, energy, environmental, equal employment opportunity, minimum wages, pension, health insurance and other welfare plans, and licensing for the sale of food, drugs and alcoholic beverages. ACI cannot predict either the nature of future laws, regulations, interpretations or applications, or the effect either additional government laws, regulations or administrative procedures, when and if promulgated, or disparate federal, state, local and foreign regulatory schemes would have on ACI's future business. In addition, regulatory changes could require the reformulation of certain products to meet new standards, the recall or discontinuance of certain products not able to be reformulated, additional record keeping, expanded documentation of the properties of certain products, expanded or different labeling and/or scientific substantiation. Any or all of such requirements could have an adverse effect on ACI's business.

***The minimum wage continues to increase and is subject to factors outside of ACI's control. Changes to wage regulations could have an impact on ACI's future results of operations.***

A considerable number of ACI's employees are paid at rates related to the federal minimum wage. Additionally, many of ACI's stores are located in states, including California, where the minimum wage is greater than the federal minimum wage and where a considerable number of employees receive compensation equal to the state's minimum wage. For example, as of February 24, 2018, ACI employed approximately 71,000 associates in California, where the current minimum wage was recently increased to \$11.00 per hour effective January 1, 2018, and will gradually increase to \$15.00 per hour by January 1, 2022. In Maryland, where ACI employed approximately 8,000 associates as of February 24, 2018, the minimum wage was recently increased to \$9.25 per hour, and will increase to \$10.10 per hour on July 1, 2018. Moreover, municipalities may set minimum wages above the applicable state standards. For example, the minimum wage in Seattle, Washington, where ACI employed approximately 2,000 associates as of February 24, 2018, was recently increased to \$15.00 per hour effective January 1, 2017 for employers with more than 500 employees nationwide. In Chicago, Illinois, where ACI employed approximately 6,200 associates as of February 24, 2018, the minimum wage was recently increased to \$11.00 per hour, and will gradually increase to \$13.00 per hour by July 1, 2019. Any further increases in the federal minimum wage or the enactment of additional state or local minimum wage increases could increase ACI's labor costs, which may adversely affect ACI's results of operations and financial condition.



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The food retail industry is labor intensive. ACI's ability to meet its labor needs, while controlling wage and labor-related costs, is subject to numerous external factors, including the availability of qualified persons in the workforce in the local markets in which ACI is located, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and changes in employment and labor laws. Such laws related to employee hours, wages, job classification and benefits could significantly increase operating costs. In the event of increasing wage rates, if ACI fails to increase its wages competitively, the quality of ACI's workforce could decline, causing ACI's customer service to suffer, while increasing wages for ACI's employees could cause ACI's profit margins to decrease. If ACI is unable to hire and retain employees capable of meeting ACI's business needs and expectations, ACI's business and brand image may be impaired. Any failure to meet ACI's staffing needs or any material increase in turnover rates of ACI's employees may adversely affect its business, results of operations and financial condition.

***Failure to attract and retain qualified associates could materially adversely affect ACI's financial performance.***

ACI's ability to continue to conduct and expand its operations depends on its ability to attract and retain a large and growing number of qualified associates. ACI's ability to meet its labor needs, including its ability to find qualified personnel to fill positions that become vacant at ACI's existing stores and distribution centers, while controlling its associate wage and related labor costs, is generally subject to numerous external factors, including the availability of a sufficient number of qualified persons in the work force of the markets in which ACI operates, unemployment levels within those markets, prevailing wage rates, changing demographics, health and other insurance costs and adoption of new or revised employment and labor laws and regulations. If ACI is unable to locate, to attract or to retain qualified personnel, the quality of service ACI provides to its customers may decrease and its financial performance may be adversely affected.

***Unfavorable changes in, failure to comply with or increased costs to comply with environmental laws and regulations could adversely affect ACI. The storage and sale of petroleum products could cause disruptions and expose ACI to potentially significant liabilities.***

ACI's operations, including its 397 fuel centers, are subject to various laws and regulations relating to the protection of the environment, including those governing the storage, management, disposal and cleanup of hazardous materials. Some environmental laws, such as the Comprehensive Environmental Response, Compensation and Liability Act and similar state statutes, impose strict, and under certain circumstances joint and several, liability for costs to remediate a contaminated site, and also impose liability for damages to natural resources.

Federal regulations under the Clean Air Act require phase out of the production of ozone-depleting refrigerants that include hydrochlorofluorocarbons, the most common of which is R-22. By 2020, production of new R-22 refrigerant gas will be completely phased out; however, recovered and recycled/reclaimed R-22 will be available for servicing systems after 2020. ACI is reducing its R-22 footprint while continuing to repair leaks, thus extending the useful lifespan of existing equipment. For the fiscal year ended February 24, 2018, \$15 million was budgeted for system retrofits, and ACI has budgeted approximately \$15 million in subsequent years. Leak repairs are part of the ongoing refrigeration maintenance budget. ACI may be required to spend additional capital above and beyond what is currently budgeted for system retrofits and leak repairs which could have a significant impact on ACI's business, results of operations and financial condition.

Third-party claims in connection with releases of or exposure to hazardous materials relating to ACI's current or former properties or third-party waste disposal sites can also arise. In addition, the presence of contamination at any of ACI's properties could impair its ability to sell or lease the



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contaminated properties or to borrow money using any of these properties as collateral. The costs and liabilities associated with any such contamination could be substantial, and could have a material adverse effect on ACI's business. Under current environmental laws, ACI may be held responsible for the remediation of environmental conditions regardless of whether ACI leases, sublease or own the stores or other facilities and regardless of whether such environmental conditions were created by ACI or a prior owner or tenant. In addition, the increased focus on climate change, waste management and other environmental issues may result in new environmental laws or regulations that negatively affect ACI directly or indirectly through increased costs on its suppliers. There can be no assurance that environmental contamination relating to prior, existing or future sites or other environmental changes will not adversely affect ACI through, for example, business interruption, cost of remediation or adverse publicity.

***ACI is subject to, and may in the future be subject to, legal or other proceedings that could have a material adverse effect on ACI.***

From time to time, ACI is a party to legal proceedings, including matters involving personnel and employment issues, personal injury, antitrust claims, intellectual property claims and other proceedings arising in or outside of the ordinary course of business. In addition, there are an increasing number of cases being filed against companies generally, which contain class-action allegations under federal and state wage and hour laws. ACI estimates its exposure to these legal proceedings and establishes reserves for the estimated liabilities. Assessing and predicting the outcome of these matters involves substantial uncertainties. Although not currently anticipated by management, unexpected outcomes in these legal proceedings or changes in management's forecast assumptions or predictions, could have a material adverse impact on ACI's results of operations.

***ACI may be adversely affected by risks related to its dependence on IT systems. Any future changes to or intrusion into these IT systems, even if ACI is compliant with industry security standards, could materially adversely affect its reputation, financial condition and operating results.***

ACI has complex IT systems that are important to the success of its business operations and marketing initiatives. If ACI were to experience failures, breakdowns, substandard performance or other adverse events affecting these systems, or difficulties accessing the proprietary business data stored in these systems, or in maintaining, expanding or upgrading existing systems or implementing new systems, ACI could incur significant losses due to disruptions in ACI's systems and business.

ACI's ability to effectively manage the day-to-day business of approximately 515 NALP stores depends significantly on IT services and systems provided by SuperValu pursuant to two transition services agreements, which we refer to as the SVU TSAs. Prior to NALP's transition onto Safeway's IT systems, the failure of SuperValu's systems to operate effectively or to integrate with other systems, or unauthorized access into SuperValu's systems, could cause ACI to incur significant losses due to disruptions in ACI's systems and business. On October 17, 2017, Albertson's LLC and NALP entered into wind-down agreements with SuperValu providing for, among other things, the termination of the SVU TSAs on September 21, 2018. Although ACI expects to complete the transition of the properties covered by the SVU TSAs onto Safeway's IT systems prior to September 1, 2018, ACI may experience disruptions as a part of that process. As a result, if ACI is unable to complete the transition of certain properties by September 1, 2018, ACI will be required to pay SuperValu additional fees under the wind-down agreements and remain dependent upon SuperValu to provide these services until the transition is complete.

ACI receives and stores personal information in connection with its marketing and human resources organizations. The protection of ACI's customer and employee data is critically important to





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ACI. Despite ACI's considerable efforts to secure its respective computer networks, security could be compromised, confidential information could be misappropriated or system disruptions could occur, as has occurred with a number of other retailers. If ACI (or through SuperValu) experiences a data security breach, ACI could be exposed to government enforcement actions, possible assessments from the card brands if credit card data was involved and potential litigation. In addition, ACI's customers could lose confidence in its ability to protect their personal information, which could cause them to stop shopping at ACI's stores altogether. The loss of confidence from a data security breach involving ACI's employees could hurt its reputation and cause employee recruiting and retention challenges.

Improper activities by third parties, exploitation of encryption technology, new data-hacking tools and discoveries and other events or developments may result in future intrusions into or compromise of ACI's networks, payment card terminals or other payment systems. In particular, the techniques used by criminals to obtain unauthorized access to sensitive data change frequently and often cannot be recognized until launched against a target; accordingly, ACI may not be able to anticipate these frequently changing techniques or implement adequate preventive measures for all of them. Any unauthorized access into ACI's customers' sensitive information, or data belonging to ACI or its suppliers, even if ACI is compliant with industry security standards, could put ACI at a competitive disadvantage, result in deterioration of its customers' confidence in ACI, and subject it to potential litigation, liability, fines and penalties and consent decrees, resulting in a possible material adverse impact on its financial condition and results of operations.

As merchants who accept debit and credit cards for payment, ACI is subject to the Payment Card Industry, which we refer to as PCI, Data Security Standard, which we refer to as PCI DSS, issued by the PCI Council. PCI DSS contains compliance guidelines and standards with regard to ACI's security surrounding the physical administrative and technical storage, processing and transmission of individual cardholder data. By accepting debit cards for payment, ACI is also subject to compliance with American National Standards Institute, which we refer to as ANSI, data encryption standards and payment network security operating guidelines. In addition, ACI is required to comply with PCI DSS version 3.2 for its 2018 assessment, and is replacing or enhancing ACI's in-store systems to comply with these standards. Failure to be PCI compliant or to meet other payment card standards may result in the imposition of financial penalties or the allocation by the card brands of the costs of fraudulent charges to ACI. Despite ACI's efforts to comply with these or other payment card standards and other information security measures, ACI cannot be certain that all of its (or through SuperValu) IT systems will be able to prevent, contain or detect all cyber-attacks or intrusions from known malware or malware that may be developed in the future. To the extent that any disruption results in the loss, damage or misappropriation of information, ACI may be adversely affected by claims from customers, financial institutions, regulatory authorities, payment card associations and others. In addition, the cost of complying with stricter privacy and information security laws and standards, including PCI DSS version 3.2 and ANSI data encryption standards, could be significant.

Furthermore, on October 1, 2015, the payment card industry began to shift liability for certain transactions to retailers who are not able to accept Europay, Mastercard, and Visa, which we refer to as EMV, chip card transactions, which we refer to as the EMV Liability Shift. ACI has substantially completed the process of implementing EMV chip card technology in ACI's stores and is currently implementing EMV chip card technology in its fuel centers. Before the implementation of EMV chip card technology is completed by ACI, it may be liable for costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees, which could have an adverse effect on ACI's business, financial condition or cash flows.

**Table of Contents*****Termination of the SuperValu transition services agreement or the failure of SuperValu to perform its obligations thereunder could adversely affect ACI's business, financial results and financial condition.***

ACI's ability to effectively monitor and control the operations of its company depends to a large extent on the proper functioning of its IT and business support systems. In connection with ACI's acquisition of NALP, Albertson's LLC and NALP each entered into an SVU TSA. Pursuant to the SVU TSAs, Albertson's LLC and NALP each pay fees to SuperValu for certain services, including back office, administrative, IT, procurement, insurance and accounting services. The SVU TSAs limit the liability of SuperValu to instances in which SuperValu has committed gross negligence in regard to the provision of services or has breached its obligations under the SVU TSAs. The SVU TSAs terminated and replaced a transition services agreement providing for substantially similar services, which ACI had previously entered into with SuperValu in connection with ACI's June 2006 acquisition of certain Albertsons stores. ACI is dependent upon SuperValu to continue to provide these services to Albertson's LLC and NALP until ACI transitions Albertson's LLC and NALP onto Safeway's IT system and otherwise replaces SuperValu as a service provider to Albertson's LLC and NALP. In addition, ACI may depend on SuperValu to manage IT services and systems for additional stores ACI acquires, including the stores ACI has acquired from A&P, until ACI is able to transition such stores onto Safeway's IT system. The failure by SuperValu to perform its obligations under the SVU TSAs prior to Albertson's LLC's and NALP's transition onto Safeway's IT systems and to other service providers (external or internal) could adversely affect ACI's business, financial results, prospects and results of operations.

On October 17, 2017, Albertson's LLC and NALP entered into wind-down agreements with SuperValu providing for, among other things, the termination of the SVU TSAs on September 21, 2018. Although ACI expects to complete the transition of the properties covered by the SVU TSAs onto Safeway's IT systems prior to September 1, 2018, ACI may suffer disruptions as part of that process. As a result, if ACI is unable to complete the transition of certain properties by September 1, 2018, ACI will be required to pay SuperValu additional fees under the wind-down agreements and remain dependent upon SuperValu to provide these services until ACI's transition is complete.

Furthermore, SuperValu manages and operates NALP's distribution center located in the Lancaster, Pennsylvania area. Under an operating and supply agreement with SuperValu for the operation of, and supply of products from, the distribution center located in the Lancaster, Pennsylvania area, which we refer to as the Lancaster Agreement, SuperValu supplies NALP's Acme and Shaw's stores from the distribution center under a shared costs arrangement. The failure by SuperValu to perform its obligations under the Lancaster Agreement could adversely affect ACI's business, financial results and financial condition.

***ACI's third-party IT services provider discovered unauthorized computer intrusions in 2014. These intrusions could adversely affect ACI's brands and could discourage customers from shopping in ACI's Albertsons and NALP stores.***

ACI's third-party IT services provider for Albertsons and NALP, SuperValu, informed ACI in the summer of 2014 that it discovered unlawful intrusions to approximately 800 Shaw's, Star Market, Acme, Jewel-Osco and Albertsons banner stores in an attempt to obtain payment card data. ACI has contacted the appropriate law enforcement authorities regarding these incidents and has coordinated with ACI's merchant bank and payment processors to address the situation. ACI maintains insurance to address potential liabilities for cyber risks and, in the case of ACI and NALP, is self-insured for cyber risks for periods prior to August 11, 2014. ACI has also notified its various insurance carriers of these incidents and is providing further updates to the carriers as the investigation continues.

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On October 6, 2015, ACI received a letter from the Office of the Attorney General of the Commonwealth of Pennsylvania stating that the Illinois and Pennsylvania Attorneys General Offices are leading a multi-state group that includes the attorneys general for 14 other states requesting specified information concerning the two data breach incidents. The multistate group has not made a monetary demand, and ACI is unable to estimate the possibility of or reasonable range of loss, if any. ACI has cooperated with the investigation. In addition, the payment card networks required that forensic investigations be conducted of the intrusions. The forensic firm retained by ACI to conduct an investigation has issued separate reports for each intrusion (copies of which have been provided to the payment card networks).

In both reports, the forensic firm found that not all of the PCI DSS standards had been met at the time of the intrusions and that some of this non-compliance may have contributed to or caused at least some portion of the compromise that occurred during the intrusions. On August 5, 2016, ACI was notified that MasterCard had asserted its initial assessment for incremental counterfeit fraud losses and non-ordinary course expenses (such as card reissuance costs) as well as its case management assessment. On December 5, 2016, ACI was further notified that MasterCard had asserted its final assessment of approximately \$6.0 million, which ACI paid on December 9, 2016; however ACI disputes the MasterCard assessment. and, on March 10, 2017, filed a lawsuit against MasterCard seeking recovery of the assessment. On May 5, 2017, MasterCard filed a motion to dismiss the litigation. In a decision dated August 25, 2017, the court denied MasterCard's motion, and the litigation is ongoing. On January 2, 2018, ACI was notified that Visa, Inc., which we refer to as Visa, had asserted its assessment for incremental fraud losses and card reissuance costs for \$1.0 million. ACI paid the assessment in the fiscal quarter ended February 24, 2018. On October 20, 2015, ACI agreed with one of its third-party payment administrators to provide a \$15 million letter of credit to cover any claims from the payment card networks and to maintain a minimum level of card processing until the potential claims from the payment card networks are resolved. On January 4, 2018, this third-party payment administrator agreed to reduce the letter of credit to the Visa assessment amount of approximately \$1.0 million. ACI has recorded an estimated liability for probable losses that ACI expects to incur in connection with the claims or potential claims to be made by the payment card networks. The estimated liability is based on information currently available to ACI and may change as new information becomes available or if other payment card networks assert their claims against ACI. ACI will continue to evaluate information as it becomes available and will record an estimate of additional loss, if any, when it is both probable that a loss has been incurred and the amount of the loss is reasonably estimable. Currently, the potential range of any loss above ACI's currently recorded amount cannot be reasonably estimated given other claims may still be asserted by the payment card networks other than MasterCard and Visa and because significant factual and legal issues remain unresolved.

ACI believes the intrusions may have been an attempt to collect payment card data. As a result of the criminal intrusions, two class action complaints were filed against ACI by consumers and are currently pending, *Mertz v. SuperValu Inc. et al.*, filed in federal court in the state of Minnesota and *Rocke v. SuperValu Inc. et al.*, filed in federal court in the state of Idaho, alleging deceptive trade practices, negligence and invasion of privacy. The plaintiffs seek unspecified damages. The Judicial Panel on Multidistrict Litigation has consolidated the class actions and transferred the cases to the District of Minnesota. On August 10, 2015, ACI, together with SuperValu, filed a motion to dismiss the class actions, which was granted without prejudice on January 7, 2016. The plaintiffs filed a motion to alter or amend the court's judgment, which was denied on April 20, 2016. The court also denied leave to amend the complaint. On May 18, 2016, the plaintiffs filed a notice of appeal to the Eighth Circuit Court of Appeals and defendants filed a cross-appeal. In a decision dated August 30, 2017, the Eighth Circuit Court of Appeals reversed the District Court's dismissal of the case as to one of the 16 named plaintiffs, affirmed the dismissal as to the remaining 15 named plaintiffs and remanded the case to the District Court for further proceedings. On November 3, 2017, ACI filed a motion to dismiss with respect to the remaining plaintiff's claim on the basis that the plaintiff was not a customer of any of ACI's



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stores, and on March 7, 2018, ACI's motion to dismiss was granted with prejudice and these complaints are now resolved.

There can be no assurance that ACI will not suffer a similar criminal attack in the future or that unauthorized parties will not gain access to personal information of ACI's customers. While ACI has recently implemented additional security software and hardware designed to provide additional protections against unauthorized intrusions, there can be no assurance that unauthorized individuals will not discover a means to circumvent ACI's security. Computer intrusions could adversely affect ACI's brands, have caused ACI to incur legal and other fees, may cause ACI to incur additional expenses for additional security measures and could discourage customers from shopping in ACI's stores.

Three of ACI's insurance carriers have denied its claim for cyber insurance coverage for losses resulting from the intrusions based on, among other things, the insurers' conclusions that the intrusions began prior to the start date for coverage under the cyber insurance policy. ACI responded to the insurers' denials disagreeing with the conclusions and reserving ACI's rights. ACI's claims with other of its insurance carriers remain outstanding.

***ACI uses a combination of insurance and self-insurance to address potential liabilities for workers' compensation, automobile and general liability, property risk (including earthquake and flood coverage), director and officers liability, employment practices liability, pharmacy liability and employee health care benefits.***

ACI uses a combination of insurance and self-insurance to address potential liabilities for workers' compensation, automobile and general liability, property risk (including earthquake and flood coverage), director and officers liability, employment practices liability, pharmacy liability and employee health care benefits and cyber and terrorism risks. ACI estimates the liabilities associated with the risks retained by ACI, in part, by considering historical claims experience, demographic and severity factors and other actuarial assumptions which, by their nature, are subject to a high degree of variability. Among the causes of this variability are unpredictable external factors affecting future inflation rates, discount rates, litigation trends, legal interpretations, benefit level changes and claim settlement patterns.

The majority of ACI's workers' compensation liability is from claims occurring in California. California workers compensation has received intense scrutiny from the state's politicians, insurers, employers and providers, as well as the public in general.

***ACI's long-lived assets, primarily goodwill and store-level assets, are subject to periodic testing for impairment.***

ACI's long-lived assets, primarily goodwill and store-level assets, are subject to periodic testing for impairment. ACI has incurred significant impairment charges to earnings in the past. Long-lived asset impairment charges were \$100.9 million, \$46.6 million and \$40.2 million in the fiscal years ended February 24, 2018, February 25, 2017 and February 27, 2016, respectively. Failure to achieve sufficient levels of cash flow at reporting units and at store-level could result in impairment charges on long-lived assets. During the second quarter of the fiscal year ended February 24, 2018, ACI recorded a goodwill impairment loss of \$142.3 million. The annual evaluation of goodwill performed for ACI's reporting units during the fourth quarters of the fiscal years ended February 24, 2018, February 25, 2017 and February 27, 2016 did not result in impairment.

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***ACI's operations are dependent upon the availability of a significant amount of energy and fuel to manufacture, store, transport and sell products.***

ACI's operations are dependent upon the availability of a significant amount of energy and fuel to manufacture, store, transport and sell products. Energy and fuel costs are influenced by international, political and economic circumstances and have experienced volatility over time. To reduce the impact of volatile energy costs, ACI has entered into contracts to purchase electricity and natural gas at fixed prices to satisfy a portion of ACI's energy needs. ACI also manages its exposure to changes in energy prices utilized in the shipping process through the use of short-term diesel fuel derivative contracts. Volatility in fuel and energy costs that exceeds offsetting contractual arrangements could adversely affect ACI's results of operations.

***ACI may have liability under certain operating leases that were assigned to third parties.***

ACI may have liability under certain operating leases that were assigned to third parties. If any of these third parties fail to perform their obligations under the leases, ACI could be responsible for the lease obligation.

With respect to other leases ACI has assigned to third parties, because of the wide dispersion among third parties and the variety of remedies available, ACI believes that if an assignee became insolvent it would not have a material effect on ACI's financial condition, results of operations or cash flows. No liability has been recorded for assigned leases in ACI's consolidated balance sheet related to these contingent obligations.

***ACI may be unable to attract and retain key personnel, which could adversely impact its ability to successfully execute its business strategy.***

The continued successful implementation of ACI's business strategy depends in large part upon the ability and experience of members of its senior management. In addition, ACI's performance is dependent on its ability to identify, hire, train, motivate and retain qualified management, technical, sales and marketing and retail personnel. ACI cannot assure you that it will be able to retain such personnel on acceptable terms or at all. If ACI loses the services of members of its senior management or is unable to continue to attract and retain the necessary personnel, ACI may not be able to successfully execute its business strategy, which could have an adverse effect on its business.

### **Risks Relating to ACI's Safeway, A&P and Haggen Acquisitions and Integration**

***ACI may not be able to achieve the full amount of synergies that are anticipated, or achieve the synergies on the schedule anticipated, from the Safeway acquisition.***

Although ACI currently expects to achieve annual synergies from the Safeway acquisition of approximately \$823 million on a run-rate basis by February 23, 2019 with remaining associated one-time costs of approximately \$200 million, including approximately \$65 million of Safeway integration-related capital expenditures, inclusion of the projected synergies in this proxy statement/prospectus should not be viewed as a representation that ACI in fact will achieve this annual synergy target by February 23, 2019, or at all. ACI achieved synergies from the Safeway acquisition of approximately \$575 million and \$675 million during the fiscal years ended February 25, 2017 and February 24, 2018, respectively, or approximately \$750 million on an annual run-rate basis by February 24, 2018, principally from savings related to corporate and division overhead, ACI's own brands, the conversion of Albertsons and NALP onto Safeway's IT systems, marketing and advertising cost reduction and operational efficiencies within ACI's back office and distribution and manufacturing organizations.



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To the extent ACI fails to achieve these synergies, its results of operations may be impacted, and any such impact may be material. Actual synergies, the expenses and cash required to realize the synergies and the sources of the synergies could differ materially from these estimates, and ACI cannot assure you that it will achieve the full amount of synergies on the schedule anticipated, or at all, or that these synergy programs will not have other adverse effects on ACI's business. In light of these significant uncertainties, you should not place undue reliance on ACI's estimated synergies.

***ACI has incurred, and will continue to incur, significant integration costs in connection with Safeway.***

ACI expects that it will continue to incur a number of costs associated with integrating the operations of Safeway to achieve expected synergies. The substantial majority of these costs will be non-recurring expenses resulting from the Safeway acquisition and will consist of ACI's transition of NALP to Safeway's IT systems, consolidation costs and employment-related costs. Anticipated synergies are expected to require approximately \$200 million of remaining associated one-time costs, including approximately \$65 million of one-time integration-related capital expenditures during the fiscal year ending February 23, 2019. Additional unanticipated costs may be incurred in the integration of Safeway's business. Although ACI expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, may offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

***New business initiatives and strategies may be less successful than anticipated and could adversely affect ACI's business.***

The introduction, implementation, success and timing of new business initiatives and strategies, including, but not limited to, initiatives to increase revenue or reduce costs, may be less successful or may be different than anticipated, which could adversely affect ACI's business.

See "Risks Relating to the Combined Company Following the Merger" The failure by the combined company to integrate successfully the business and operations of Rite Aid and ACI and execute on its business strategy in the expected time frame may adversely affect the combined company's future results beginning on page 56 of this proxy statement/prospectus for a discussion of risks relating to the integration of the business and operations of Rite Aid and ACI.

### **Risks Relating to ACI's Indebtedness**

***ACI's substantial level of indebtedness could adversely affect its financial condition and prevent ACI from fulfilling its obligations under its indebtedness.***

ACI has a significant amount of indebtedness. As of February 24, 2018, on an actual basis, ACI had \$11.3 billion of debt outstanding, and ACI would have been able to borrow an additional \$3.1 billion under the borrowing bases under the ACI ABL Facility. In addition, as of February 24, 2018 and on a pro forma basis for the consummation of the merger and the refinancing transactions contemplated thereby (as further discussed in the section entitled "The Merger Debt Matters" beginning on page 95 of this proxy statement/prospectus), ACI's total indebtedness would have been approximately \$14.9 billion, and ACI expects that it would have been able to borrow an additional \$3.2 under the ACI ABL Facility (or the Best-Efforts ABL Facility).

ACI's substantial indebtedness could have important consequences to you. For example, it could:



adversely affect the market price of ACI common stock;

increase ACI's vulnerability to general adverse economic and industry conditions;

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require ACI to dedicate a substantial portion of ACI's cash flow from operations to payments on its indebtedness, thereby reducing the availability of ACI's cash flow to fund working capital, capital expenditures and other general corporate purposes, including acquisitions;

limit ACI's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;

place ACI at a competitive disadvantage compared to its competitors that have less debt; and

limit ACI's ability to borrow additional funds.

In addition, ACI cannot assure you that it will be able to refinance any of its debt or that it will be able to refinance its debt on commercially reasonable terms. If ACI were unable to make payments or refinance its debt or obtain new financing under these circumstances, ACI would have to consider other options, such as:

sales of assets;

sales of equity; or

negotiations with ACI's lenders to restructure the applicable debt.

ACI's debt instruments may restrict, or market or business conditions may limit, ACI's ability to use some of its options.

***Despite ACI's significant indebtedness levels, ACI may still be able to incur substantially more debt, which could further exacerbate the risks associated with its substantial leverage.***

ACI and its subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the credit agreements that govern the ACI ABL Facility and the ACI Term Loan Facility (which, together with the ACI ABL Facility, we refer to as the Senior Secured Credit Facilities) and the indentures that govern the NALP Notes (as defined herein), the Safeway Notes and the ACI Unsecured Notes (as defined herein), as well as the indentures governing the 2027 Rite Aid Notes and the 2028 Rite Aid Notes that will remain outstanding after the merger, permit ACI to incur significant additional indebtedness, subject to certain limitations. Additionally, it is expected that the agreements that will govern the Best-Efforts ABL Facility, the ABL Term Loan Facility, and the Floating Rate Indenture (as defined herein) will permit ACI to incur significant additional indebtedness, subject to certain limitations. If new indebtedness is added to ACI's and ACI's subsidiaries' current debt levels, the related risks that ACI and they now face would intensify. See the section entitled "Description of Indebtedness" beginning on page 306 of this proxy statement/prospectus.

***To service its indebtedness, the combined company will require a significant amount of cash and its ability to generate cash depends on many factors beyond its control.***

The combined company's ability to make cash payments on and to refinance the combined company indebtedness and to fund planned capital expenditures will depend on its ability to generate significant operating cash flow in the future, as described in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations of ACI Liquidity and Financial Resources" beginning on page 228 of this proxy statement/prospectus. This ability is, to a significant extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that will be beyond the combined company's control.

The combined company's business may not generate sufficient cash flow from operations to enable the combined company to pay its indebtedness or to fund its other liquidity needs. In any such circumstance, the combined company may need to refinance all or a portion of its indebtedness, on or

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before maturity. The combined company may not be able to refinance any indebtedness on commercially reasonable terms or at all. If the combined company cannot service its indebtedness, it may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions and investments. Any such action, if necessary, may not be effected on commercially reasonable terms or at all. The instruments governing the combined company's indebtedness may restrict the combined company's ability to sell assets and the combined company's use of the proceeds from such sales.

If the combined company is unable to generate sufficient cash flow or are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on its indebtedness, or if it otherwise fail to comply with the various covenants in the instruments governing its indebtedness, it could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under ACI credit agreement, or any replacement revolving credit facility in respect thereof, could elect to terminate their revolving commitments thereunder, cease making further loans and institute foreclosure proceedings against the combined company's assets, and the combined company could be forced into bankruptcy or liquidation.

***ACI's debt instruments limit its flexibility in operating its business.***

ACI's debt instruments contain various covenants that limit its and its restricted subsidiaries' ability to engage in specified types of transactions, including, among other things:

incur additional indebtedness or provide guarantees in respect of obligations of other persons, or issue disqualified or preferred stock;

pay dividends on, repurchase or make distributions in respect of ACI's capital stock or make other restricted payments;

repay, redeem or repurchase debt;

make loans, investments and capital expenditures;

sell or otherwise dispose of certain assets;

incur liens;

engage in sale and leaseback transactions;

restrict dividends, loans or asset transfers from ACI's subsidiaries;

consolidate, merge, sell or otherwise dispose of all or substantially all of ACI's assets;

enter into a new or different line of business; and

enter into certain transactions with ACI's affiliates.

A breach of any of these covenants could result in a default under ACI's debt instruments. In addition, any debt agreements (including in connection with the Financing) ACI enters into in the future may further limit its ability to enter into certain types of transactions. In addition, the restrictive covenants in the ACI ABL Facility require, and the Best-Efforts ABL Facility and ABL Term Loan Facility are expected to require, ACI, in certain circumstances, to maintain a specific fixed charge coverage ratio. ACI's ability to meet that financial ratio can be affected by events beyond its control, and ACI cannot assure you that ACI will meet it. A breach of this covenant could result in a default under such facilities. Moreover, the occurrence of a default under the ACI ABL Facility could result in an event of default under ACI's other indebtedness. Upon the occurrence of an event of default under the ACI ABL Facility or the Best-Efforts ABL Facility, the lenders could elect to declare all amounts

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outstanding under such facilities to be immediately due and payable and terminate all commitments to extend further credit. Even if ACI is able to obtain new financing, it may not be on commercially reasonable terms, or terms that are acceptable to ACI. See the section entitled "Description of Indebtedness" beginning on page 306 of this proxy statement/prospectus.

***Currently, substantially all of ACI's assets are pledged as collateral under the Senior Secured Credit Facilities.***

As of February 24, 2018, on an actual basis, ACI's total indebtedness was approximately \$11.3 billion, including \$5.7 billion outstanding under ACI's Senior Secured Credit Facilities. As of February 24, 2018, on an actual basis, ACI had \$576.8 million of outstanding standby letters of credit under its Senior Secured Credit Facilities. In addition, as of February 24, 2018 and on a pro forma basis for the consummation of the merger and the refinancing transactions contemplated thereby (as further discussed in the section entitled "The Merger Debt Matters" beginning on page 95 of this proxy statement/prospectus), ACI's total indebtedness would have been approximately \$14.9 billion. Substantially all of ACI's and ACI's subsidiaries' assets are pledged as collateral for this indebtedness. Additionally, as a result of the refinancing transactions contemplated in connection with the merger, the 2027 Rite Aid Notes and the 2028 Rite Aid Notes will receive an equal and ratable lien solely on the assets of Rite Aid (and not on its subsidiaries) that secure the ACI Term Loan Facility. As of February 24, 2018, the ACI ABL Facility would have permitted additional borrowings of up to a maximum of \$3.1 billion under the borrowing bases as of that date. If ACI is unable to repay all secured borrowings under its Senior Secured Credit Facilities when due, whether at maturity or if declared due and payable following a default, the administrative agents or the lenders, as applicable, would have the right to proceed against the collateral pledged to secure the indebtedness and may sell the assets pledged as collateral in order to repay those borrowings, which could have a material adverse effect on ACI's business, financial condition, results of operations or cash flows.

Additionally, subject to certain exceptions, the Best-Efforts ABL Facility, the ABL Term Loan Facility and the Floating Rate Notes will also be secured by ACI's and ACI's subsidiaries' (including Rite Aid and its subsidiaries) assets after the merger. For a description of the collateral securing these facilities, see the section entitled "The Merger Debt Matters" beginning on page 95 of this proxy statement/prospectus for more information.

***Increases in interest rates and/or a downgrade of ACI's credit ratings could negatively affect its financing costs and its ability to access capital.***

ACI has exposure to future interest rates based on the variable rate debt under ACI's credit facilities and to the extent ACI raises additional debt in the capital markets to meet maturing debt obligations, to fund ACI's capital expenditures and working capital needs and to finance future acquisitions. Daily working capital requirements are typically financed with operational cash flow and through the use of various committed lines of credit. The interest rate on these borrowing arrangements is generally determined from the inter-bank offering rate at the borrowing date plus a pre-set margin. Although ACI employs risk management techniques to hedge against interest rate volatility, significant and sustained increases in market interest rates could materially increase ACI's financing costs and negatively impact its reported results.

ACI relies on access to bank and capital markets as sources of liquidity for cash requirements not satisfied by cash flows from operations. A downgrade in ACI's credit ratings from the internationally recognized credit rating agencies could negatively affect its ability to access the bank and capital markets, especially in a time of uncertainty in either of those markets. A rating downgrade could also impact ACI's ability to grow its business by substantially increasing the cost of, or limiting access to, capital.



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**Risks Relating to Rite Aid's Business**

You should read and consider risk factors specific to Rite Aid's business that will also affect the combined company after the merger. These risks are described in the section entitled "Risk Factors" in Rite Aid's Annual Report on Form 10-K for the fiscal year ended March 3, 2018, and in other documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 353 of this proxy statement/prospectus for the location of information incorporated by reference into this proxy statement/prospectus.



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**Table of Contents****CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

The registration statement on Form S-4 of which this proxy statement/prospectus forms a part, and the documents to which ACI and Rite Aid refer you to in this proxy statement/prospectus as well as oral statements made or to be made by ACI and Rite Aid, include certain forward-looking statements within the meaning of the Securities Act and the Exchange Act, both as amended by the Private Securities Litigation Reform Act of 1995, with respect to the businesses, strategies and plans of ACI and Rite Aid, their expectations relating to the merger and their future financial condition and performance. Statements included in or incorporated by reference into this proxy statement/prospectus that are not historical facts, including statements about the beliefs and expectations of the management of each of ACI and Rite Aid, are forward-looking statements. Words such as believes, plans, anticipates, estimates, expects, intends, aims, potential, will, would, could, considered, likely, estimate and words and similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Statements regarding cost synergies and revenue opportunities (and in each case, the components, amounts and/or percentages thereof) are forward-looking statements. While ACI and Rite Aid believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the control of ACI and Rite Aid. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend upon future circumstances that may or may not occur. Actual results may differ materially from the current expectations of ACI and Rite Aid depending upon a number of factors affecting their businesses and risks associated with the successful execution of the merger and the integration and performance of their businesses following the merger. These factors include, but are not limited to, risks and uncertainties detailed in Rite Aid's periodic public filings with the SEC, including those discussed in the section of this proxy statement/prospectus entitled Risk Factors beginning on page 50 of this proxy statement/prospectus and in the section entitled Risk Factors in Rite Aid's Annual Report on Form 10-K for the fiscal year ended March 3, 2018, factors contained or incorporated by reference into such documents and in subsequent filings by Rite Aid with the SEC, and the following factors:

the occurrence of any change, effect, event, occurrence, development, matter, state of facts, series of events or circumstances that could give rise to the termination of the merger agreement, including a termination of the merger agreement under circumstances that could require Rite Aid to pay a termination fee and/or expenses to ACI;

access to significant debt financing for the proposed merger on a timely basis and on reasonable terms;

uncertainties related to the timing and likelihood of the completion of the merger, including the risk that the transaction may not close due to one or more closing conditions to the merger not being satisfied or waived, such as regulatory approvals not being obtained, on a timely basis or otherwise, or that a governmental entity prohibited, delayed or refused to grant approval for the consummation of the transaction or required certain conditions, limitations or restrictions in connection with such approvals;

risks relating to the integration of ACI and Rite Aid operations, products and employees into the combined company and the possibility that the anticipated cost synergies, growth opportunities and other benefits of the proposed merger (including the components, amounts and/or percentages thereof) will not be realized in

whole or in part, within the expected timeframe, or at all, or that the costs related to such activities will not be greater than anticipated;

the inability to complete the merger due to the failure to obtain Rite Aid stockholder approval of the merger proposal or the failure to satisfy other conditions to the closing of the merger;

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the risk that there may be a material adverse change of Rite Aid or ACI;

the failure of the merger to close for any other reason;

the impact of the proposed transaction on each company's business pending consummation of the transaction including the risk that the proposed transaction could have adverse effects on the market price of Rite Aid common stock and the risk that the proposed transaction could have an adverse effect on the ability of Rite Aid and ACI to retain customers, hire key personnel and maintain relationships with their suppliers and customers;

the outcome of any legal proceedings instituted against Rite Aid, ACI and/or others relating to the merger;

diversion of the attention of Rite Aid's and ACI's respective management from ongoing business concerns;

limitations placed on the ability of ACI and Rite Aid to operate their respective businesses by the merger agreement;

the effect of the announcement of the merger on Rite Aid's and ACI's business relationships, employees, customers, suppliers, vendors, other partners, including Rite Aid's RediClinics, standing with regulators, operating results and businesses generally;

the amount of any costs, fees, expenses, impairments and charges related to the merger;

the competitive nature of the industry in which ACI and Rite Aid conduct their respective businesses;

general business and economic conditions, including the rate of inflation or deflation, consumer spending levels, population, employment and job growth and/or losses in ACI's and Rite Aid's markets;

failure of ACI to successfully integrate Safeway or achieve anticipated synergies from the acquisition and integration of Safeway;

failure of ACI to successfully integrate the acquired A&P and Haggen stores;

ACI's ability to increase identical store sales, expand its own brands, maintain or improve operating margins, revenue and revenue growth rate, control or reduce costs, improve buying practices and control shrink;

ACI's ability to expand or grow its home delivery network and Drive Up and Go pick-up services;

pricing pressures and competitive factors, which could include pricing strategies, store openings, remodels or acquisitions by ACI's competitors;

labor costs, including benefit plan costs and severance payments, or labor disputes that may arise from time to time and work stoppages that could occur in areas where certain collective bargaining agreements have expired or are on indefinite extensions or are scheduled to expire in the near future;

disruptions in ACI's manufacturing facilities or distribution centers operations, disruption of significant supplier relationships, or disruptions to ACI's produce or product supply chains;

results of any ongoing litigation in which ACI or Rite Aid is involved or any litigation in which ACI or Rite Aid may become involved;

data security, or the failure of ACI's (or through SuperValu) or Rite Aid's IT systems;

increased costs as the result of ACI being a public company;

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the effects of government regulation and legislation, including healthcare reform;

ACI's ability to raise additional capital to finance the growth of its business, including to fund acquisitions;

ACI's ability to service its debt obligations, and restrictions in its debt agreements;

Rite Aid's high level of indebtedness and its ability to make interest and principal payments on its debt and satisfy the other covenants contained in its debt agreements;

the impact of private and public third-party payers' continued reduction in prescription drug reimbursements and their ongoing efforts to limit participation in payor networks, including through mail order;

dividends and stock repurchases;

Rite Aid's ability to achieve the benefits of its efforts to reduce the costs of its generic and other drugs;

risks related to Rite Aid's proposed asset sale transactions with WBA, including the possibility that the remaining transactions may not close;

plans for future growth and other business development activities;

changes in tax laws or interpretations that could increase the consolidated tax liabilities of ACI and Rite Aid; and

competitive pressures in all markets in which ACI and Rite Aid operate.

Consequently, all of the forward-looking statements ACI or Rite Aid make in this document are qualified by the information contained in or incorporated by reference into this proxy statement/prospectus, including, but not limited to, (i) the information contained under this heading, (ii) the information discussed in the section entitled "Risk Factors" beginning on page 50 of this proxy statement/prospectus and (iii) the information discussed under the section entitled "Risk Factors" in Rite Aid's Annual Report on Form 10-K for the fiscal year ended March 3, 2018. See the section entitled "Where You Can Find More Information" beginning on page 353 of this proxy statement/prospectus.

Neither ACI nor Rite Aid is under any obligation, and each expressly disclaims any obligation, to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise. Persons reading this proxy statement/prospectus are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.



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**INFORMATION ABOUT THE SPECIAL MEETING**

**General**

This proxy statement/prospectus is being provided to Rite Aid stockholders as part of a solicitation of proxies by the Rite Aid board of directors for use at the special meeting to be held at the time and place specified below, and at any adjournment or postponement thereof.

**Date, Time and Place**

Rite Aid will hold the special meeting on August 9, 2018 at the office of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, at 8:30 a.m., Eastern time.

**Purpose of the Special Meeting**

At the special meeting, Rite Aid will ask Rite Aid stockholders of record as of the record date to vote on proposals (i) to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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.

**Recommendation of the Rite Aid Board of Directors**

The Rite Aid board of directors, after considering various factors described under the section entitled "The Merger Recommendation of the Rite Aid Board of Directors; Rite Aid's Reasons for the Merger" beginning on page 122 of this proxy statement/prospectus, unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the mergers, 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 Rite Aid board of directors unanimously recommends that you vote (i) **FOR** the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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.

**Record Date; Stockholders Entitled to Vote; Quorum**

Only stockholders of record as of the close of business on June 22, 2018 are entitled to notice of the special meeting and to vote at the special meeting or at any adjournments or postponements thereof. A list of stockholders entitled to vote at the special meeting will be available in Rite Aid's 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 special meeting.

As of the record date, there were approximately 1,067,312,183 shares of Rite Aid common stock outstanding and entitled to be voted at the special meeting.





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A quorum of stockholders is necessary to hold a special meeting. The holders of a majority of the outstanding shares of Rite Aid 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, 533,656,092 shares must be represented by proxy or by stockholders present and entitled to vote at the special meeting to have a quorum.

In the event that a quorum is not present at the special meeting, it is expected that the meeting would be adjourned or postponed to a later date to solicit additional proxies.

### **Voting by Rite Aid's Directors and Executive Officers**

As of the record date, Rite Aid directors and executive officers beneficially owned and were entitled to vote, in the aggregate, 8,474,826 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 0.79% of the outstanding shares of Rite Aid common stock on that date. The directors and executive officers of Rite Aid have informed Rite Aid 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 mergers, (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.

### **Required Vote; Failure to Vote, Broker Non-Votes and Abstentions**

The affirmative vote of the holders of a majority of the outstanding shares of Rite Aid common stock entitled to vote thereon is required to approve the merger proposal. Adoption of the merger agreement by Rite Aid stockholders is a condition to the closing of the merger.

Assuming a quorum is present, approval of the compensation proposal 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 adjournment proposal, 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.

If a Rite Aid stockholder abstains from voting, the abstention will have the same effect as if the stockholder voted **AGAINST** the merger proposal, the compensation proposal and the adjournment proposal.

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 count as a vote **AGAINST** the merger proposal, but will have no effect on the compensation proposal or the adjournment proposal.

Broker non-votes are shares held by a broker, bank or other nominee that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other nominee is not instructed by the beneficial owner of such shares on how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers, banks and other nominee holders of record do not have discretionary voting authority with respect to any of the three proposals, if a beneficial owner of shares of Rite Aid common stock held in street name does not give voting instructions to the broker, bank or other nominee with respect to any of the



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proposals, then those shares will not be present in person or represented by proxy at the special meeting. If there are any broker non-votes, then such broker non-votes will be counted as a vote **AGAINST** the merger proposal, but will have no effect on the compensation proposal or the adjournment proposal.

**Voting of Proxies**

If your shares are registered in your name with Rite Aid's transfer agent, Broadridge Financial Solutions, Inc., you may cause your shares to be voted by returning a signed proxy card, or you may vote in person at the special meeting. Additionally, you may submit electronically over the Internet or by phone a proxy authorizing the voting of your shares by following the instructions on your proxy card. You must have the enclosed proxy card available, and follow the instructions on the proxy card, in order to submit a proxy electronically over the Internet or by telephone. Based on your proxy cards or Internet and telephone proxies, the proxy holders will vote your shares according to your directions.

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the meeting. If your shares are registered in your name, you are encouraged to vote by proxy even if you plan to attend the special meeting in person. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

Voting instructions are included on your proxy card. All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in accordance with the instructions of the stockholder. Properly executed proxies that do not contain voting instructions will be voted (i) **FOR** the proposal to approve the merger agreement and the transactions contemplated by the merger agreement, including the mergers, (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. No proxy that is specifically marked against the merger proposal will be voted in favor of the compensation proposal, unless it is specifically marked **FOR** the approval of the compensation proposal.

If your shares are held in street name through a broker, bank or other nominee, you may vote through your broker, bank or other nominee by completing and returning the voting form provided by your broker, bank or other nominee, or by the Internet or telephone through your broker, bank or other nominee if such a service is provided. To vote via the Internet or telephone through your broker, bank or other nominee, you should follow the instructions on the voting form provided by your broker, bank or other nominee. Under applicable stock exchange rules, brokers, banks or other nominees have the discretion to vote your shares on routine matters if you fail to instruct your broker, bank or other nominee on how to vote your shares with respect to such matters. Proposals 1, 2 and 3 in this proxy statement/prospectus are non-routine matters, and brokers, banks and other nominees therefore cannot vote on these proposals without your instructions. If you do not return your broker's, bank's or other nominee's voting form, do not vote via the Internet or telephone through your broker, bank or other nominee, if applicable, or do not attend the special meeting and vote in person with a proxy from your broker, bank or other nominee, such actions will have the same effect as if you voted **AGAINST** the merger proposal but will not have any effect on the compensation proposal or the adjournment proposal.

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**Revocation of Proxies**

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;

Delivering a written notice of revocation to Rite Aid's Secretary;

Signing another proxy card with a later date and returning it to Rite Aid prior to the special meeting; or

Attending the special meeting and voting in person.

Please note that to be effective, your new proxy card, Internet or telephonic voting instructions or written notice of revocation must be received by Rite Aid's Secretary prior to the special meeting and, in the case of Internet or telephonic voting instructions, must be received before 11:59 p.m., Eastern time on August 8, 2018. If you have submitted a proxy, your appearance at the special meeting, in the absence of voting in person or submitting an additional proxy or revocation, will not have the effect of revoking your prior proxy.

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; or contact Rite Aid's proxy solicitor, Morrow Sodali LLC at (800) 662-5200. You may also vote in person at the special meeting if you obtain a valid legal proxy from your broker, bank or other nominee. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow Rite Aid stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting, as adjourned.

**Solicitation of Proxies**

The expense of soliciting proxies in the enclosed form will be borne by Rite Aid. Rite Aid has retained Morrow Sodali LLC, a proxy solicitation firm, to solicit proxies in connection with the special meeting at a cost of approximately \$30,000 plus expenses. In addition, Rite Aid may reimburse brokers, banks and other custodians, nominees and fiduciaries representing beneficial owners of shares for their expenses in forwarding soliciting materials to such beneficial owners, and representatives of ACI may solicit proxies in connection with the special meeting at the expense of ACI. Proxies may also be solicited by some of Rite Aid's directors, officers and employees, personally or by telephone, facsimile or other means of communication. No additional compensation will be paid for such services.

**Anticipated Date of Completion of the Merger**

While there is no assurance that the merger will close, the parties are working toward completing the merger early in the second half of calendar year 2018. However, the exact timing of completion of the merger cannot be predicted because the completion of the merger is subject to conditions, including, among other things, adoption of the merger agreement by Rite Aid stockholders and the receipt of regulatory approvals.

**Proposal No. 1 Approval of the Merger Proposal**

(Item 1 on the Rite Aid proxy card)

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This proxy statement/prospectus is being furnished to you as a Rite Aid stockholder as part of the solicitation of proxies by the Rite Aid board of directors for use at the special meeting to consider and vote upon the merger proposal.

The merger cannot be completed without the approval of the merger proposal by the affirmative vote of a majority of the outstanding Rite Aid common stock. If you do not vote, the effect will be the same as a vote against approving the merger agreement. The merger agreement is attached as Annex A to this proxy statement/prospectus.

**The Rite Aid board of directors has unanimously (i) determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are fair to and in the best interests of Rite Aid and its stockholders, (ii) approved and declared it advisable that Rite Aid enter into the merger agreement and (iii) adopted the merger agreement and the transactions contemplated thereby, including the mergers.**

**The Rite Aid board of directors unanimously recommends that Rite Aid stockholders vote FOR the merger proposal.**

### **Proposal No. 2 Approval of the Compensation Proposal**

(Item 2 on the Rite Aid proxy card)

#### ***The Non-Binding Advisory Proposal***

Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that Rite Aid provide Rite Aid stockholders with the opportunity to vote to approve, on an advisory non-binding basis, the payment of certain compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. These payments are disclosed in the section entitled

Interests of the Directors and Officers of Rite Aid in the Merger Golden Parachute Compensation and the accompanying footnotes beginning on page 303 of this proxy statement/prospectus.

Rite Aid is asking Rite Aid stockholders to indicate their approval of the compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. In general, the various plans and arrangements pursuant to which these compensation payments may be made formed part of Rite Aid's overall compensation program for its named executive officers, and have previously been disclosed to Rite Aid stockholders as part of the Compensation Discussion and Analysis and related sections of Rite Aid's annual proxy statements, as modified or supplemented by any applicable documents filed with the SEC since the date of such proxy statements. The Compensation Committee of the Rite Aid board of directors, which is composed solely of non-management directors, believes such compensatory arrangements to be reasonable.

The Rite Aid board of directors encourages you to review carefully the named executive officer merger-related compensation information disclosed in this proxy statement/prospectus. The Rite Aid board of directors unanimously recommends that you vote **FOR** the following resolution:

RESOLVED, that the stockholders of Rite Aid approve, on a nonbinding, advisory basis, the compensation that will or may become payable to Rite Aid's named executive officers that is based on or otherwise relates to the merger as disclosed pursuant to Item 402(t) of Regulation S-K in the section entitled Interests of the Directors and Officers of Rite Aid in the Merger Golden Parachute Compensation in Rite Aid's proxy statement/prospectus for the special meeting.



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Stockholders should note that this proposal is not a condition to completion of the merger, and as an advisory vote, the result will not be binding on Rite Aid, the Rite Aid board of directors or ACI. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the advisory vote, if the merger is consummated, Rite Aid's named executive officers will be entitled to receive the compensation that is based on or otherwise relates to the merger in accordance with the terms and conditions applicable to those payments.

### ***Vote Required and Board of Directors Recommendation***

Assuming a quorum is present, approval of the compensation proposal 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.

The Rite Aid board of directors unanimously recommends that you vote **FOR** the compensation proposal.

### **Proposal No. 3 Approval of the Adjournment Proposal**

(Item 3 on the Rite Aid proxy card)

### ***The Adjournment Proposal***

Rite Aid is asking you to approve a 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. If Rite Aid stockholders approve the adjournment proposal, Rite Aid could adjourn the special meeting and any adjourned session of the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from stockholders that have previously returned properly executed proxies voting against adoption of the merger agreement. Among other things, approval of the adjournment proposal could mean that, even if Rite Aid had received proxies representing a sufficient number of votes against adoption of the merger agreement such that the merger proposal would be defeated, Rite Aid could adjourn the special meeting without a vote on the adoption of the merger agreement and seek to convince the holders of those shares to change their votes to votes in favor of adoption of the merger agreement. Additionally, Rite Aid may seek to adjourn the special meeting if a quorum is not present at the special meeting.

### ***Vote Required and Board of Directors Recommendation***

Approval of the adjournment proposal, 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.

The Rite Aid board of directors believes that it is in the best interests of Rite Aid and its stockholders to be able to adjourn the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies in respect of the merger proposal if there are insufficient votes to adopt the merger agreement at the time of the special meeting.

The Rite Aid board of directors unanimously recommends that you vote **FOR** the adjournment proposal.

### **Other Matters to Come Before the Rite Aid Special Meeting**

At this time, Rite Aid knows of no other matters to be submitted at the special meeting.





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**PARTIES TO THE MERGER**

***Rite Aid Corporation***

30 Hunter Lane

Camp Hill, Pennsylvania 17011

(717) 761-2633

Rite Aid Corporation, a Delaware corporation, was incorporated in 1968 and, after giving effect to the sale of certain stores to WBA is one of the largest retail drugstore chains in the United States based on both revenues and number of stores. As of May 7, 2018, Rite Aid operated 2,533 stores in 19 states across the country. Rite Aid is a pharmacy retail healthcare company that provides its customers and communities with a high level of care and service through various programs it offers through its two reportable business segments, its Retail Pharmacy segment and its Pharmacy Services segment. Rite Aid accomplishes its goal of delivering comprehensive care to its customers through its retail drugstores, RediClinic walk-in retail health clinics and transparent and traditional EnvisionRxOptions and MedTrak PBMs. Rite Aid also offers fully integrated mail-order and specialty pharmacy services through EnvisionPharmacies. Additionally through Envision Insurance Company, EnvisionRxOptions also serves one of the fastest-growing demographics in healthcare: seniors enrolled in Medicare Part D. When combined with Rite Aid's retail platform, this comprehensive suite of services allows Rite Aid to provide value and choice to customers, patients and payors and allows it to succeed in today's evolving healthcare marketplace. Rite Aid is headquartered in Camp Hill, Pennsylvania.

Rite Aid common stock is listed on the NYSE under the symbol RAD.

***Albertsons Companies, Inc.***

250 Parkcenter Blvd.

Boise, Idaho 83706

(208) 395-6200

Albertsons Companies, Inc., a Delaware corporation, was formed in 2015 in connection with the planned reorganizational transactions of AB Acquisition. For more information on the ACI Reorganization Transactions, see the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations of ACI The ACI Reorganization Transactions beginning on page 212 of this proxy statement/prospectus.

ACI is one of the largest food and drug retailers in the United States, with both a strong local presence and national scale. As of February 24, 2018, ACI operated 2,318 stores across 35 states and the District of Columbia under 20 well-known banners including *Albertsons, Safeway, Vons, Jewel-Osco, Shaw's, Acme, Tom Thumb, Randalls, United Supermarkets, Pavilions, Market Street, Star Market, Haggen and Carrs*, as well as meal kit company Plated based in New York City. ACI operated 1,777 pharmacies, 1,275 in-store branded coffee shops and 397 adjacent fuel centers. Over the past five years, ACI has completed a series of acquisitions, beginning in March 2013 with its acquisition of NALP from SuperValu, which included the Albertsons stores that ACI did not already own and stores operating under the *Acme, Jewel-Osco, Shaw's* and *Star Market* banners. In December 2013, ACI acquired United, a regional grocery chain in North and West Texas. In January 2015, ACI acquired Safeway which at the time of acquisition was the second-largest publicly traded food retailer in the United States, in a transaction that significantly increased ACI's

scale and geographic reach. For the fiscal year ended February 24, 2018, ACI achieved annual run-rate synergies related to the acquisition of Safeway of approximately \$750 million. ACI also completed the acquisition of 73 stores from A&P for ACI's Acme banner and 35 stores from Haggen during the fiscal year ended February 27, 2016, and ACI acquired an additional 29 stores from Haggen during the fiscal year ended February 25, 2017, 15 of which operate under the Haggen banner.

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***Ranch Acquisition Corp.***

c/o Albertsons Companies, Inc.

250 Parkcenter Blvd.

Boise, Idaho 83706

(208) 395-6200

Ranch Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of Merger Sub II, was formed solely for the purpose of facilitating the merger and the other transactions contemplated by the merger agreement. We refer to Ranch Acquisition Corp. as Merger Sub I. Merger Sub I has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. Pursuant to the merger agreement, at the closing of the merger, Merger Sub I will be merged with and into Rite Aid, with Rite Aid surviving the merger as a wholly-owned subsidiary of ACI.

***Ranch Acquisition II LLC***

c/o Albertsons Companies, Inc.

250 Parkcenter Blvd.

Boise, Idaho 83706

(208) 395-6200

Ranch Acquisition II LLC, a Delaware limited liability company and a wholly-owned subsidiary of ACI, was formed solely for the purpose of facilitating the merger and the other transactions contemplated by the merger agreement. We refer to Ranch Acquisition II LLC as Merger Sub II. Merger Sub II has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. Pursuant to the merger agreement, immediately after the merger, Rite Aid, as the corporation surviving the merger, will be merged with and into Merger Sub II, with Merger Sub II surviving the subsequent merger as a wholly-owned subsidiary of ACI and a limited liability company.

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**THE MERGER**

This section describes the merger and the other transactions contemplated by the merger agreement. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as Annex A and is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the merger and the other transactions contemplated by the merger agreement that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about ACI or Rite Aid. Such information can be found elsewhere in this proxy statement/prospectus and in the public filings Rite Aid makes with the SEC, as described in the section entitled **Where You Can Find More Information** beginning on page 353 of this proxy statement/prospectus.

**The Merger**