

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

Shearman & Sterling  
777 South Figueroa Street, 34th Floor  
Los Angeles, California 90017  
Attention: Eric W. Richardson, Esq.

K-47521

MODIFICATION OF TRUST DEED

THIS MODIFICATION OF TRUST DEED (this "Modification"), dated as of November 21, 1995, is made by THRIFTY PAYLESS, INC., a California corporation (formerly known as Thrifty Holdings, Inc. and successor by merger to Pay Less Drug Stores Northwest, Inc. and referred to herein as "Trustor"), and UNION BANK OF SWITZERLAND ("UBS"), individually and as agent for Bankers Trust Company ("Bankers"), Citicorp USA, Inc. ("Citicorp") and the other "Lenders," "Hedge Banks" and "Issuing Banks" (as defined in the Credit Agreement described below and collectively referred to herein as the "Lenders"), and is executed in connection with that certain Credit Agreement dated as of April 20, 1994 (such Credit Agreement, as amended by amendments dated as of August 17, 1994 and June 23, 1995 (the "Prior Amendments"), being referred to herein as the "Credit Agreement") among (i) Trustor, (ii) Bankers, Citicorp and UBS, as Managing Agents (in such capacities, the "Managing Agents"), (iii) UBS, as Facilities Manager (in such capacity, the "Facilities Manager"), and (iv) certain other Persons party thereto from time to time as Lenders (UBS, individually and in its capacity as such agent hereunder, being hereinafter referred to as "Beneficiary"). Capitalized terms used herein and not otherwise defined are used within the meanings set forth in the Credit Agreement, the provisions of which are incorporated herein by this reference.

Pursuant to the Credit Agreement and subject to the terms and conditions therein set forth, the Lenders agreed to provide up to \$600,000,000 in credit facilities to Trustor, consisting of (a) a 6 year \$150,000,000 term loan, (b) a 7-1/2 year \$100,000,000 term loan, (c) a 6 year \$250,000,000 revolving credit facility (with a sublimit of \$50,000,000 for letters of credit), and (d) a separate 6 year \$100,000,000 letter of credit facility. The obligations of the Trustor under the Credit Agreement are secured, inter alia, by various trust deeds, including the trust deeds (collectively, the "Trust Deeds") executed by Trustor in favor of Beneficiary and described on Schedule 1 attached hereto and made a part hereof (each of which has been recorded in the official records of the county indicated on Schedule 1).

The Lenders, the Facilities Manager, the Managing Agents and Trustor have entered into that certain Amendment No. 3 and Waiver to the Credit Agreement dated as of September 28, 1995 (the "Amendment") for the purpose of supplementing, modifying and amending the Credit Agreement and the other Loan Documents as and to the extent set forth therein. Among other things, the Amendment provided Trustor with a new "Facility" consisting of a 6-3/4 year \$90,000,000 term loan. The parties desire to execute and record this Modification in order to reflect the terms of the Amendment and the Prior Amendments.

NOW, THEREFORE, Beneficiary and Trustor agree as follows:

1. All references in each of the Trust Deeds to the Credit Agreement shall mean the Credit Agreement as amended by the Amendment and as the same may hereafter be amended, supplemented or otherwise modified from time to time. All references in each of the Trust Deeds to the Loan Amounts or to other terms defined in the Credit Agreement shall mean the Loan Amounts or such other terms as in the Credit Agreement, as now or hereafter amended as aforesaid.
2. Each of the Trust Deeds and the obligations secured thereby are supplemented, modified and amended as and to the extent set forth in the Prior Amendments and the Amendment, the terms and conditions of which are hereby incorporated in this Modification by reference.
3. Except to the extent set forth herein and in the Prior Amendments and the Amendment, each of the Trust Deeds shall remain in full force and effect and none of the Trust Deeds have otherwise been supplemented, modified or amended.

"TRUSTOR":

THRIFTY PAYLESS, INC.

By: 

Title: Exec V.P. J.P. J.P. J.P.

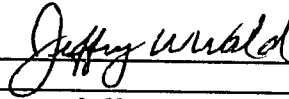
32266

"BENEFICIARY":

UNION BANK OF SWITZERLAND, individually  
as agent

By: \_\_\_\_\_

Title: \_\_\_\_\_



**Jeffrey W. Wald**  
Vice-President

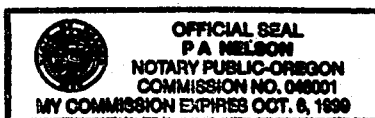
ACKNOWLEDGEMENTS

STATE OF OREGON                    )  
   ) SS:  
 COUNTY OF CLACKAMAS            )

On 11-20, 1995, before me, P.A. Nelson, Notary Public,  
 personally appeared David R. Jessick, proved to me on the basis of satisfactory  
 evidence to be the person whose name is subscribed to the within instrument and  
 acknowledged to me that he executed the same in his authorized capacity, and that by  
 his signature on the instrument the person, or the entity upon behalf of which the person  
 acted, executed the instrument.

WITNESS my hand and official seal.

Signature P.A. Nelson (Seal)



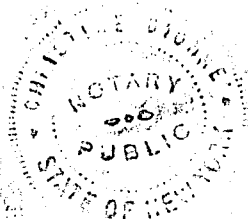
STATE OF NEW YORK            )  
  ) SS:  
COUNTY OF NEW YORK        )

On November 30, 1995, before me, Christine Dionne, Notary Public, personally appeared Jeffrey W. Ward, proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Signature Christine Dionne (Seal)

CHRISTINE DIONNE  
Notary Public, State of New York  
No. 31-4992660  
Qualified in New York County  
Commission Expires March 2, 1996



32269

SCHEDULE 1

Klamath County, Oregon					
STORE NO.	LOCATION	RECORDING INSTRUMENT OR FILE NUMBER	TYPE OF MORTGAGE	DATE OF TRUST DEED	DATE OF RECORDING
1301	Klamath Falls, OR	79882 VOL. M94 PG 12781	Leasehold	April 20, 1994	April 28, 1994
1302	Klamath Falls, OR	79883 VOL. M94 PG 12803	Leasehold	April 20, 1994	April 28, 1994

STATE OF OREGON: COUNTY OF KLAMATH: ss.

Filed for record at request of Klamath County Title Company the 27th day  
of November A.D., 19 95 at 3:32 o'clock P M., and duly recorded in Vol. M95,  
of Mortgages on Page 32264.

FEE \$35.00

Bernetha G. Letsch, County Clerk  
By Annette Mueller