

A Multi-Step Rx For Rite Aid's Woes

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by: Seven Corners Capital Management

Summary

- A week ago, Rite Aid issued a press release announcing comprehensive change in the C-suite, with the CEO "stepping down" and the COO and CFO being replaced.
- While a good (albeit partial and belated) first step, further refreshment of the board of directors, as well as the adoption of corporate governance and operational best practices, is necessary.
- We provide herein a tailored, multipart and long-acting prescription to revitalize Rite Aid over time. The time to implement the revitalization process is now.
- We continue to hold a long position in Rite Aid stock, believing that the investment is attractive on a risk/reward basis.

On March 12th, Rite Aid (RAD) surprised investors by issuing a press release announcing a comprehensive restructuring of the corporate suite at the company, styling it as a "leadership transition". Departing are COO Kermit Crawford (immediately) and CFO Darren Karst (following a short transition period), replaced by Bryan Everett and Matt Schroeder, respectively. (Note that Mr. Everett is active on Twitter; thus, Rite Aid longs can provide constructive feedback to him directly). In addition, the company announced that current CEO John Standley would depart as chief executive officer and that "the Board will promptly commence a search process for a new CEO, [during which] Standley will remain CEO." After initially rising following the news, Rite Aid shares sagged 5% last Friday, leaving the stock basically flat over the past week. In this article we present our opinion--from the shareholder perspective--of the foregoing senior executive changes, as well as what additional reforms Rite Aid needs to implement if the company is ever to fulfill its true potential. In addition, we provide a risk/reward analysis of Rite Aid stock as an investment from the long side.

Leadership Refreshment: When More is More

Since we have previously vehemently argued that leadership change (among other things) was desperately needed at RAD (see here, here and here), it was refreshing to see the company's board finally act, albeit partially and belatedly. However, the regime changes just announced, while necessary, in our opinion fall short of what is needed to position the company for sustained long-term success. First, one should note that the value of any stock is directly tied to the incentives of those in charge at the applicable company. People normally act in accordance with how they are incentivized to act ("he whose bread I eat, his song I sing"). Based on painful experience in the stock market--i.e., "learning the hard way"--we have found that when the financial incentives of the board and management of a company are misaligned with those of its shareholders, normally the shareholders end up suffering.

In this respect, it should be noted that current board chairman (Bruce Bodaken) has been a Rite Aid director (and a member of the compensation committee) since 2013, has never purchased any Rite Aid stock with his own money on the open market, and, importantly, has by all appearances been a close ally of lame duck CEO Standley. Just last September, in fact, Bodaken signed his name (along with the four other then-continuing independent directors) to the following statements that appeared on the front cover of Rite Aid's 2018 proxy statement:

One of the Board's most important tasks is choosing the Company's Chief Executive Officer. After rigorous and thoughtful evaluation and discussion, the Board firmly believes that John Standley is best situated to serve as Rite Aid's Chief Executive Officer. In reaching this conclusion, the Board considered his extensive industry experience and in-depth understanding of all aspects of the Company, including its customers, operations and key business drivers. The Board believes this experience and understanding will be vital to navigating the Company through its current challenges and building stockholder value for the long term, as well as providing stability to the Company's many constituents.

One wonders how a board chairman, who just over five months ago claimed that a "rigorous and thoughtful evaluation and discussion" led to him siding with a CEO who is now being rather abruptly replaced (and, importantly, a board chairman who appears to have reached this vital decision without interviewing even a single alternative candidate for the job) is the right person to lead the board while it deliberates picking a new chief executive officer, which is by far the most important position within the company. Therefore, we believe that additional leadership changes at the board level are required at Rite Aid. Specifically, the company should appoint a new board chairman who has no connection to any incumbent director or member of upper management, and preferably one who has invested a significant amount of money in Rite Aid stock via open market purchases. If this occurs the incentives of the board would be much more closely aligned with those of shareholders.

Moreover, now is an opportune time to replace the other two members of Rite Aid's compensation committee, Marcy Syms and Michael Regan, both of whom (along with Bodaken) are responsible for a senior executive compensation system at Rite Aid that received support from just 82 million out of over 1 billion shares then outstanding at the last annual meeting (source here):

The stockholders did not approve, on an advisory basis, the compensation of Rite Aid's Named Executive Officers as set forth in Rite Aid's proxy statement for the 2018 Annual Meeting of Stockholders. The number of shares cast in favor of the compensation of Rite Aid's Named Executive Officers, the number against, the number abstaining and broker non-votes were as follows:

For	Against	Abstain	Broker Non-Votes
81,863,657	411,212,158	4,233,761	417,926,508

Finally, it makes no sense to us that a CEO who is being replaced should remain on the board of directors during the process of picking his successor. Will John Standley be recused from participation in all board discussions regarding the next CEO (as he should be, since logically he would have every reason to delay the process as long as possible, being clearly conflicted)? If not, why not? If so, why should he remain on the board any longer?

In sum, the individuals who are chiefly responsible for the current problems at Rite Aid (dismal financial performance, lowered guidance, decimated stock price, etc.) are clearly the wrong people to decide how to remedy it. Only fresh, outside thinking can accomplish this task adequately, in our opinion. Thus, we believe that each of Chairman Bodaken, Directors Syms and Regan and CEO and Director Standley should immediately "step down" from their respective positions at Rite Aid and be replaced (at least on an interim basis) by outsiders with no existing ties to company (other than stock ownership).

Amazon and Netflix Corporate Ethos: Time To Instill them at Rite Aid

In addition, while Rite Aid's leadership ranks are being revamped, now is a perfect time to refresh the company's staid corporate culture. Below we present a few examples of best practices from two demonstrably great companies, Amazon (AMZN) and Netflix (NFLX),

which could potentially be incorporated into the corporate DNA of an underperforming company like Rite Aid, albeit with certain tweaks. If you can't beat them, you might as well join them by emulating them.

Amazon best practices: Maintain a "Day One" ethos: In Amazon's 2016 annual letter to shareholders, CEO Jeff Bezos stated the following:

I've been reminding people that it's Day 1 [at Amazon] for a couple of decades. I work in an Amazon building named Day 1, and when I moved buildings, I took the name with me. I spend time thinking about this topic. Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1. To be sure, this kind of decline would happen in extreme slow motion. An established company might harvest Day 2 for decades, but the final result would still come. I'm interested in the question, how do you fend off Day 2? What are the techniques and tactics? How do you keep the vitality of Day 1, even inside a large organization?

Bezos's answers?

(1) Obsess Over Customer Satisfaction (Bezos: "Customers are always beautifully, wonderfully dissatisfied, even when they report being happy and business is great. Even when they don't yet know it, customers want something better, and your desire to delight customers will drive you to invent on their behalf").

For Rite Aid, this means (for the most part) taking the focus off of M&A activities and putting it back on the customer. What does the customer want but is not getting at Rite Aid's stores? How can the company improve the customer experience generally? Concepts to be considered could include self-checkout and "buy-online, pick-up in-store" options (to reduce lines and increase customer convenience).

(2) Avoid Proxies (Bezos: "As companies get larger and more complex, there's a tendency to manage to proxies... A common example is process as proxy. Good process serves you so you can serve customers. But if you're not watchful, the process can become the thing. This can happen very easily in large organizations. The process becomes the proxy for the result you want. You stop looking at outcomes and just make sure you're doing the process right. Gulp.");

For Rite Aid, this means examining the overall "command and control" structure of the organization. Does Rite Aid force its executives to follow the chain of command no matter what and its employees to mindlessly adhere to established policies and procedures, regardless of results, or are people given freedom (when necessary) to analyze actual outcomes in deciding how and when to act?

(3) Embrace External Trends (Bezos: "The outside world can push you into Day 2 if you won't or can't embrace powerful trends quickly. If you fight them, you're probably fighting the future. Embrace [external trends] and you have a tailwind").

For Rite Aid, this means acknowledging the secular decline in brick-and-mortar retailing. But challenge can also present opportunity. How is Rite Aid using online tools to make it more relevant to customers? What will the pharmacy business look like in 10 or 15 years and how can Rite Aid get there first? Keep in mind Wayne Gretzky's famous quote.

(4) High-Velocity Decision Making (Bezos: "Day 2 companies make high-quality decisions, but they make high-quality decisions slowly. To keep the energy and dynamism of Day 1, you have to somehow make high-quality, high-velocity decisions...[M]ost decisions should probably be made with somewhere around 70% of the information you wish you had... [U]se the phrase "disagree and commit." This phrase will save a lot of time. If

you have conviction on a particular direction even though there's no consensus, it's helpful to say, "Look, I know we disagree on this but will you gamble with me on it? Disagree and commit?" By the time you're at this point, no one can know the answer for sure, and you'll probably get a quick yes...")

For Rite Aid, this means letting executives have the authority to actually make meaningful decisions. It also means having executives of such a high caliber that they can be trusted to make high-quality, meaningful decisions quickly.

Amazon best practices: Fail fast and often, while aiming high: In Amazon's 2015 annual letter to shareholders, Bezos stated the following:

"One area where I think we are especially distinctive is failure. I believe we are the best place in the world to fail (we have plenty of practice!), and failure and invention are inseparable twins. To invent you have to experiment, and if you know in advance that it's going to work, it's not an experiment. Most large organizations embrace the idea of invention, but are not willing to suffer the string of failed experiments necessary to get there. Outsized returns often come from betting against conventional wisdom, and conventional wisdom is usually right. Given a ten percent chance of a 100 times payoff, you should take that bet every time.

When was the last time Rite Aid's corporate brass made any bold bets at the operating level (i.e., apart from M&A)? When was the last time Rite Aid actually tried to innovate and separate itself from its peers in the pharmacy space? Alternatively, when was the last time Rite Aid conducted a comprehensive review of its store base to decide which stores were not earning their cost of capital, so such laggards could be closed (fail fast)? The next Rite Aid CEO will need to instill a sense of innovation in the corporate DNA, so that highly motivated and talented executives feel they have the ability to create the future, not just react to it.

Netflix best practices: Freedom and Responsibility: At Netflix, CEO Reed Hastings has instilled a corporate culture where high performance is coupled with freedom, responsibility and accountability. Sustained mediocre performance gets a generous severance package (think and act like a pro sports team, not a kid's recreational team), while sustained "A level" performance is rewarded with increased responsibility and correspondingly higher compensation. Make excellence, candor and change the norm, not the exception. Employees should be leaders (not followers) who embody the following traits: self-motivated, self-aware, self-disciplined, self-improving and self-starters (the more innovative people in the organization, the greater the likelihood of sustained success over time and the less chance bureaucratic stasis creeps in). BUT, "brilliant jerks" are not welcome, as they disrupt team chemistry. Also, there are two types of necessary rules: (1) preventing irrevocable disaster (e.g., financials incorrectly produced, wrong medication delivered to customers, credit card information breached, etc.) and (2) insisting on moral and ethical behavior (dishonesty / harassment intolerable and results in immediate termination). Allow employees to decide how much of their compensation they want in stock and how much in cash (and all stock compensation should vest immediately, so employees are not tempted to just "hand around" waiting for stock to vest). Mediocre colleagues or unchallenging work is what kills progress of a person's skills.

For Rite Aid, the prescription here is quite simple: allow highly talented executives to flourish by giving them the leeway to grow Rite Aid's business through sustained outstanding execution and innovation (rather than M&A asset flipping), and pay them

accordingly. Allow less talented executives to find a better career path elsewhere via generous severance (in reality, this is doing them a "tough love" favor that will benefit them in the long run).

Current Rte Aid Equity Investment Analysis

Obviously, Rite Aid faces a host of issues, such as pressure on drug prices and the secular move away from brick and mortar retail. On the flip side, a turnaround in its underlying fortunes under a new CEO and management team (and with a refreshed corporate ethos in the mold of Amazon and Netflix, as outlined above) could result in massive price appreciation in the company's depressed share price. With the current market cap hovering around \$750 million versus a net debt level of \$3 billion (as of December 1, 2018, per the Q3 FY 2019 10-Q filing), the equity currently constitutes just 1/5th of the overall enterprise value, meaning there is significant upside leverage in the stock if EBITDA generation improves. For every \$100 million increase in EBITDA, we calculate that Rite Aid shares should appreciate by ~61 cents (the company currently sports a 6.6X EV/EBITDA multiple and there are 1.08 billion shares outstanding; thus, $6.6 \times \$100\text{MM} / 1.08\text{B} = \0.61).

While \$0.61 of appreciation might not sound earth-shattering (and would not be for most stocks), for Rite Aid it would represent a huge 87% increase in the recent share price. Conversely, no matter how much EBITDA decreases the stock can only fall a total of 70 cents. Moreover, the company recently extended all of its long-term debt maturities to 2023 (from 2020; see slide 26 from its January 2019 investor presentation), giving Rite Aid a four-year anticipated runway to turn around its operations, as well as its share price, under new leadership. One thing that would give us pause on the Rite Aid long thesis, however, would be any attempt by senior leadership (especially lame duck CEO Standley) to reverse the regime changes seemingly underway at the company. In addition, we believe that RAD shares are worth less under a board of directors headed by Chairman Bodaken than they would be under the leadership of an outsider who had made significant open market purchases of RAD stock. Overall, though, in our view the risk/reward calculus at the moment appears favorable for a RAD long position.

Conclusion

While Rite Aid's March 12th "regime change" announcement was welcome and necessary, unfortunately it did not go far enough. We think that, in order to effect true change at the company, lame duck CEO Standley, incumbent Board Chairman Bodaken and his fellow compensation committee directors Syms and Regan should all depart forthwith (at the absolute latest by the next annual meeting, currently scheduled for July 17th). In the meantime, we question whether John Standley should be allowed to participate in board deliberations regarding his successor as CEO. A new board chairman from outside the company, with a significant stake in Rite Aid stock acquired via open market purchases, clearly needs to be appointed so that the interests shareholders are properly represented (and prioritized) on the board. In the meantime, newly promoted senior Rite Aid executive leaders Everett and Schroeder have a golden opportunity to revamp Rite Aid's depressing corporate culture, hopefully by incorporating some "best practices" from proven winners such as Amazon (Day One) and Netflix (Freedom and Responsibility). Finally, the risk/reward equation seems favorable to us for RAD stock due to the combination of (1) a depressed share price, (2) recent "ferment" at the top echelons of the company and (3) significant leverage built into the capital structure (equity representing just 20% of the current enterprise value)--if a turnaround actually takes hold, shares could vault significantly higher.

Disclosure: I am/we are long RAD. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

Comments (226)

longnose

in case you missed it - [www.albertsonscompanies.com/...](http://www.albertsonscompanies.com/)

Looks like ABS is trying to do IPO?

28 Apr 2019, 06:56 PM

longnose

Azure [www.albertsonscompanies.com/...](http://www.albertsonscompanies.com/)

28 Apr 2019, 06:58 PM

komokazi

I don't know if those numbers are good enough to IPO given Kroger's performance and the fact that pension liability increased 700 million to \$4.7 billion.

30 Apr 2019, 05:33 PM

muishin

And the fact that Albertsons reduced leverage by doing sale and leasebacks. They simply moved liabilities off the balance sheet.

30 Apr 2019, 05:59 PM

liquorisquicker

Give Albertsons some credit. They got gross profits up and SGA down. They are paying down debt. Their gross profit is about 800 basis points higher than KR (not sure if it is apples-to-apples), but regardless is still pretty solid at 27.9% for that business. Nothing wrong with sale-leasebacks to pay down debt if the lease terms are good.

Fact is that you do most of the same stuff to fix a business as you do to pretty it for sale / IPO. It appears they are taking steps to fix it.

Not a pretty picture yet, with < \$500MM in cash flow (FFO less capex) and \$10+B in debt, and no real source of growth.

With 20/20 hindsight, there were synergies with RAD and ALB that could have possibly worked. Save some SGA, combine some distribution, and get a known private label into the RAD stores. No guarantee it would have worked, especially burdened with all that debt, but it is better than where RAD is now.

30 Apr 2019, 07:43 PM

Kjellin

Not only that, but literally feet in the pharmacy are feet in the grocery store--and vice versa.

And if you're waiting for a prescription, doing some non-perishable or otherwise shopping is always a good way to kill or spend the time.

30 Apr 2019, 07:58 PM

Ted Mason25

Down to 44 cents --- from once 9 dollars target --- this has turned into a horror story.

15 Apr 2019, 05:51 PM

kuttingedge

Gotta love the eyewash, though.

Another day, another 10% loss.

So the BOD Chair brings in these 2 gals (great for PC visual) and says those now RAD infamous words "creation of long term value for stockholders."

Great. How about using a different phrase, like "trying to restore the \$8.5 BILLION in shareholder value we pissed away through our total disregard for our fiduciary responsibilities"?

How about "immediately releasing John Standley from any and all affiliation with RAD and it's subsidiaries, including the selection of a new CEO."

How about "eliminating all stock incentive programs until such time RAD reports earnings profit growth for 4 consecutive quarters."

How about "until we renegotiate all supplier contracts, especially front end store product line and food items."

Dropping these might carry a little more weight than Long term value. Just how long is long term ? 1, 2, 5, 10+ years

15 Apr 2019, 08:34 PM

Seven Corners Capital Management, Contributor

Author's reply » This shows what happens when you have a corrupt BoD + dumb shareholders. The BoD puts in a RS split to keep the loyal, brain-dead passive institutions in the stock [i.e., Bodaken and Standley protecting their positions, at least temporarily] and the dumb shareholders (the same passive institutions) rubber-stamp the decision. Then they issue depressing guidance (note there is no requirement to issue guidance to the market anyway, they just blindly do it...for what purpose?) and everyone decides to sell out pre-RS, probably thinking that the stock will tank after the RS. Well, it's a self-fulfilling prophecy that the stock will tank. The decision to RS was basically saying to everyone: "Please sell our stock, there's no hope left! We just suck! All shorts are welcome to short with impunity." It's simply defeatism at its worst.

Well done, Bodaken and Standley (both still on the BoD, which is mind-boggling in and of itself), you have covered yourself in ignominy once again. Remind us, why are you still here inflicting damage on the company, its shareholders and its employees? B/c you have no shame. Meanwhile, no other member of the BoD has the balls or the integrity to stand up to these two buffoons who are destroying the company. And epic failure Standley remains the CEO...smh.

16 Apr 2019, 07:21 AM

Seven Corners Capital Management, Contributor

Author's reply » Apparently Bodaken and Standley would rather see the stock and the company go down in flames than give up their respective positions. Yet the other BoD members sit there silently, proverbial deer in the headlights. Hello, guys & gals? This is intolerable - you have a moral obligation, as well as a fiduciary duty, to stand up to this insanity. Wake up, for God's sake.

16 Apr 2019, 07:35 AM

Ted Mason25

I was reading about the two new lady board members. I wasn't so sure what they were going to contribute. I, personally, think we need a Steve Krol on the board to shake it up. I like to just go in there and fire everyone, and see them walking out with their stuff in a shoebox. It has been just a complete failure, and it has wiped out shareholder value.

16 Apr 2019, 04:15 PM

Ted Mason25

The money would be better spent to have these big salaries with all these perks, removed, and to direct those funds to a share buyback to get out of this rut. But these corporate fat asses will never do something that.

15 Apr 2019, 12:38 PM

Steve Krol, Contributor

SHAREHOLDER UPDATE- Sneak Preview

Rite Aid has notified The SEC that my Proposal on "Special Meetings" , referenced below, will appear in the proxies for the 2019 Annual Meeting of Shareholders this July. I am delighted that they have not again wasted shareholder monies on an outside Washington, D.C. attorney to fight the Proposal on alleged violation of the many SEC rules for proposal submission, only to usually lose such exclusion requests against my Proposals, which I work hard to make "bullet proof".

In 2015, my Proposal on "proxy access" as well as last years Proposal on "Separation of the Chairman and CEO functions" not only won majority vote, but more importantly caused the by-laws to be changed reflecting same, thanks to the support of the top holders of our stock. Indeed, last year's Proposal quickly had the desired effect, namely the stepping down of Mr. Standley from the company, assuming the board is diligently searching for his replacement, as announced last month. Standley's replacement could never have happened previously, given his unique ability to report to himself! (CEO reporting to Chairman).

If you will be a shareholder of record (date to be announced yet), when you receive your proxies by mail this June, please vote your shares on all proposals by mail, phone, or email. Additionally, if at all possible please attend the Annual Meeting. I have believed over the years that our traditionally low attendance sends the wrong message to the board, resulting in questionable decisions by them.

While I must use extreme care in writing a Proposal, I will be more free to make comments/introduce my Proposal at the Annual Meeting, required under SEC rules. There is no doubt that attending shareholders will have more facts when they leave the Annual Meeting room than when they arrived.

I will not make further comment here, nor respond to others. Therefore, the lack of such response should not necessarily be construed as my agreement with readers statements made.

I look forward to meeting those of you here planning to attend the Annual Meeting.

RESOLVED, shareholders recommend our board amend the bylaws and other necessary governing documents to give holders in the aggregate of 10% of our outstanding common stock the power to call a special shareholder meeting. Numerous Fortune 500 companies allow this, and in this percentage. This proposal does not impact the existing board/senior management's sole power to call such a special meeting, now denied other shareholders in our company bylaws, although otherwise permitted under Delaware law.

Special meetings allow shareholders to vote on important matters, such as electing new directors, that can arise between annual meetings, the lack of which can and have negatively impacted our stock price over the recent years. Our recent resignation of 3 directors could have easily occurred much sooner than the October 2018 Annual Meeting, which was already delayed more than 15 months since the prior Annual Meeting. Delaware law requires an Annual Meeting take place no later than 13 months from the previous Meeting. While our board has indicated a desire to continue to refresh the board, there appears no urgency to do so, and certainly not before an Annual Meeting.

The Albertsons merger announcement could have been abandoned soon after February 2018 at a Special Meeting, rather than wasting double digit millions of shareholder dollar assets to close a seriously flawed merger attempt, even according to ISS and Glass Lewis, which was not terminated until less than 24 hours before the vote! Millions of dollars in retention bonuses, and millions more in stock options bestowed on senior management recently could have likewise been avoided altogether.

The 2018 proxies revealed the board's private discussions with many of the top holders after the termination of the Albertsons merger, whose specific conversations were not divulged to all other stockholders. A special meeting, many months before this could have allowed all attending stockholders, large and small, their input with the board and places investors in a much better and timely position to ask for immediate improvements, such as director replacement.

Please vote " FOR" Proposal # ___ to increase management accountability to all its shareholders and enhance shareholder value.

12 Apr 2019, 12:54 PM

Mike Deadmonton

Has Standley interviewed you for CEO yet? You seem to understand this biz more than current management.

12 Apr 2019, 01:10 PM

Ted Mason25

Where u been? I think we have to start cutting jobs from the top, and we will see the profitability grow.

12 Apr 2019, 01:11 PM

muishin

It's hard to grow through cutting. We just need to end the cronyism and bring in a leader that has a vision on how to grow with RAD's assets. Not a leader that will be focused on protecting the positions of current executives and board members. I want a leader that can come in and disrupt the status quo. Someone that can undo even recent decisions management made.

12 Apr 2019, 01:24 PM

Mike Deadmonton

We got to get him on the board at least.

12 Apr 2019, 01:26 PM

Mike Deadmonton

@muishin Sorry, but I think Trump is busy.

Psyche!

12 Apr 2019, 01:33 PM

liquorisquicker

This from the man who filed a lawsuit against RAD claiming the \$9 offer from WBA undervalued the company. This from the man who fought against the \$6.50 subsequent offer from WBA. This from the man who fought against the \$1.50 to \$2 offer from Albertsons.

Thank you Mr Krol, and I'm confident that all your proposals will be enacted the day before the company files bankruptcy.

12 Apr 2019, 03:10 PM

muishin

Blame it on Standley's negotiation skills. He tends to negotiate deals valued at or below the market price of the stock instead of the usual 30-50+% premium. He negotiated a \$9 offer when the stock was already close to \$9. He negotiated a \$1.50 offer when the stock was \$2.50.

12 Apr 2019, 04:00 PM

liquorisquicker

@muishin

The stock was at \$5-6 when they negotiated the \$9 deal with WBA. Word got out before it was announced, so the price of the stock spiked.

12 Apr 2019, 05:16 PM

Ted Mason25

These guys at the top are achieving nothing for the company. U could let the company run by itself, and buyback shares with their salaries. We need to cut the fat at the top, and buy back the shares.

12 Apr 2019, 05:17 PM

Ted Mason25

The offer from Walgreens at 9 bucks was a great deal in hindsight. It was really the FTC --- these guys are government morons, and couldn't run any type of business by themselves.

12 Apr 2019, 05:19 PM

muishin

What you failed to mention was the stock was around \$9 for months before the deal was announced on October 27, 2015. It began 2015 at around \$8 and stayed above \$8 for most of the year. The price dipped below \$8 only a month before the deal after an earnings miss. Given that it usually takes 2-3 months minimum to negotiate a deal, deal was negotiated with WBA when the market price was over \$8.

12 Apr 2019, 05:22 PM

Ted Mason25

And the corporate jet has to go too.....

12 Apr 2019, 05:24 PM

Red702355B

Still top heavy in management--- 500 jobs c/b cut also we need to sell 2 of the 4 buildings we hold in Pa. New CEO needed who has some brains to make these downsize decisions that our brain dead BoD can't make.

13 Apr 2019, 04:15 PM

muishin

Reading past SA headlines tells you how RAD investors felt about the \$9 WBA deal at the time. Here's a headline from our favorite RAD analyst Daniel Jones: "Walgreens Got Rite Aid For A Song."

16 Apr 2019, 01:23 AM

Seven Corners Capital Management, Contributor

Author's reply » Here is your top candidate for CEO, newly available:

[www.cnn.com/...](http://www.cnn.com/)

16 Apr 2019, 10:58 AM

kuttingedge

One can only imagine

No doubt any new potential CEO would be forced to sign a paper guaranteeing not to pursue legal actions against any former Board or executive officer for any reason (embezzlement, kickbacks, payoffs, SEC violations, etc.) And anyone who would wouldn't have the cahones to fix things.

16 Apr 2019, 08:55 PM

Seven Corners Capital Management, Contributor

Author's reply » Has nothing to do w/ a new CEO (they don't have to sign anything except their own employment agt). All this stuff is covered in the Separation Agt that Standley supposedly already signed...and which the company has still not yet filed with the SEC (what are they so afraid of people seeing in there????).

16 Apr 2019, 09:10 PM

Germiz

Author's don't you think that this quarter results are good enough?

17 Apr 2019, 02:59 PM

RiteRAD

@Seven Corners Capital Management

"what are they so afraid of people seeing in there????"

Probably a multi-million dollar 'separation' bonus being awarded to him. Why would this not surprise me at all?

17 Apr 2019, 07:15 PM

Tosh123

John Standley's "separation agreement" or consulting work is probably in cash and massive. He won't be satisfied until he has wrung every last penny out of RAD shareholders. The guy is clearly out for blood since the shareholders voted down the ABS deal (his dream job). This is the end of the line for John and he's not leaving without an 8-figure severance package that was voted for by all the BODs that recently resigned. That will be one more news piece down the road to drive the stock lower. The new CEO will look like a hero when he gets the stock up to \$1 in 2years and will ask for a massive pay package.

sincerely,

a bitter and angry RAD shareholder

18 Apr 2019, 06:40 AM

Seven Corners Capital Management, Contributor

28 Apr 2019, 08:43 AM

kuttingedge

Unfortunately, a lot of investment decisions are made for the future, and depend a lot on progressions, promises, and strategic planning/initiatives going forward.

When these items just turn out to be false, misleading eyewash, you can easily receive the swift kick in the pants. I know ...I have two shoe prints on mine...

28 Apr 2019, 09:38 AM

muishin

Standley destroyed the company by buying the PBM in 2015 and then undercutting its market value with a bad deal to Albertsons in 2018. He might've also made poor operating decisions in 2017-2018 betting that the Albertsons merger would be approved. He then topped it off with bonuses and stock options in a year where the stock crashed by more than 50%. Nothing he has done seems to have been criminal. Just poor decision making. He's a lame duck. Unless the board is giving senior management the impression he might stay as CEO for the rest of the year, he has no power. The stores are being run by Bryan Everett.

28 Apr 2019, 01:37 PM

Dollarsandcents

@liquorisquicker - stop on.

28 Apr 2019, 06:23 PM

longnose

when you are CEO & Chairman - the bar is much much higher. What is criminal? Unilateral decisions on changing annual meeting dates, preponing proxy vote dates, cancelling ABS merger vote one day before, spending \$200M capex when return is nothing, when flying around the US while minimum wage makers in staff are struggling and at the same time granting millions in bonus (success or fail - Standley wins), or just reporting bad M&A, including his main deals - EnvRx (which has not only costed \$600M+ in interest payments) but has barely moved needle as far as RAD corporate profile is concerned, or doing MCK deal when WBA would have been better? (and shareholders have no idea what saddle they are married to) or hiring Bodaken and subsequent boards? or fighting in Delaware against appraisals right? or for that matter keeping Savage on BOD when he knew it was in conflict and its not only against M&A (he had connection to Citi and ABS/Cerberus) or just plain and simple paycheck and bonus that are driven by nonsense EBITDA, at the same time announcing \$80M+ shortfall due to so called drug margin fallout - This management is definitely crossed lot of lines and keeping themselves in the equation is ONLY to help their own bonus and not shareholders. Recall FB, Twitter, cold calls/robo calls and press releases touting how ABS deal must happen? Well all because of corrupt & criminal intent. Look at outstanding lawsuits and settled ones - another example of how RAD is ATM of management

28 Apr 2019, 06:30 PM

Dollarsandcents

..I meant ... spot on. (too much liquor this sunday afternoon)

28 Apr 2019, 07:31 PM

Ted Mason25

Fifty cents for the stock. Rite Aid needs profitability, let's cut from the top. We should throw these bums out to the street.

12 Apr 2019, 12:41 PM

v.c

seekingalpha.com/...

10 Apr 2019, 04:36 PM

kuttingedge

Longs will be totally burned by this. That is the intention. It would be far easier for the shares to rise from 50 cents to \$3 than \$10 to \$60.

If earnings aren't neutral or up a penny, the whole Board should resign.

10 Apr 2019, 10:25 PM

kuttingedge

But the sham will really be a buyout offer at some 30-50% premium to the new stock price, meaning only 73-84 cents.

Keep the math conversion handy for any last minute Standley pranks.

10 Apr 2019, 10:42 PM

v.c

Finally some good news. When rite aid store is closed, it is can be used for a good cause :)

dailymemphian.com/...

09 Apr 2019, 01:27 PM

Mike Deadmorton

Even better! A new place for RAD shareholders to go clothes shopping.

09 Apr 2019, 04:40 PM

v.c

After staying in Vegas for around a week, management is still struggling with a hangover. Hopefully, they won't slur words in the earnings call.

By the Jet is resting after vegas trip.

03 Apr 2019, 02:03 PM

RiteRAD

@v.c

"By the Jet is resting after vegas trip."

Wasn't it the FedEx guy who was almost ready to throw in the towel and went to Vegas for a 'hail mary' chance at the casino to make enough money to make payroll? Hey, it's just as good a plan as anything the RAD guys have dreamed up.

03 Apr 2019, 08:57 PM

v.c

I believe earnings and projection will be bad. RAD is not good at keeping things to themselves. We all complain about ABS deal. Deal was made when price was above \$2. Couple of weeks before deal was announced price reached 52week low (at that time) of \$1.38. Price keeps going up, especially went up 30% two days in a row. I am sure that was because of leak ABS is offering but everyone thought it will be much higher. ABS ended up offering \$1.83 mostly monopoly money.

If there is any positive development something would have leaked. Based on price action it may be very bad. If CVS and WBA is not able to pull things off in this market RAD management might have given up. They may even say it is Karma. Shareholders should have taken ABS deal, because of their foolishness even Scamley lost his job.

I just hope RAD will surprise me.

03 Apr 2019, 10:38 AM

v.c

even Walgreens is doing better than RAD. Looks like longs will have a surprise before 11th itself.

03 Apr 2019, 10:58 AM

greggmclintic

You are certainly allowed to think what you like. I am as well, and believe the ABS deal to be bad, but its not really worth discussing anymore because we never even saw the vote on the merger despite the wasted time and energy.

Why is that OK? Will we only see a vote if management sees what they want in the future? This is a public company not a private equity firm.

The board should pay the company back for the wasted dollars involved with the not seen vote.

We should kick the chair out who clearly doesn't give any care about the actual state of the company who has been silent since the layoffs that are nothing more than a chaos invoking smoke screen being used to sweep unknown situations under the rug while those actions continue to unfold.

Why did the board let one of their members off the hook for half a million owed to the company while giving that man 5 million for two years?

Its pretty crazy what is unfolding here and any management that actually cared and spent time on this company could certainly change the tide.

03 Apr 2019, 12:28 PM

v.c

I do agree with you in every point. What I am saying is there is no good news on Apr 11th. If there is there would be a leak. Based on price and nature of leaks, if there is one, it will be bad news on Apr 11th.

03 Apr 2019, 01:19 PM

muishin

Walgreens is closing 750 of the 1950 stores they bought from Rite Aid to cut cost, which is almost 40%. I think management needs to stop remodeling stores immediately and consider downsizing box sizes and closing 200-300 more under-performing stores. The status quo will not work. I imagine management will announce additional store closings in the upcoming guidance. It's kind of a fight for survival at this point.

03 Apr 2019, 06:22 PM

Dollarsandcents

Wow, almost 40% of the store they bought for billions just a year ago are closing? WBA management almost makes RAD management look competent

03 Apr 2019, 06:45 PM

RiteRAD

@muishin

Supposedly RAD kept the best stores - so it would make some sense for WBA to thin the herd. 40% seems a lot though.

03 Apr 2019, 08:59 PM

longnose

Does this not show how corrupt FTC (and to large extent WBA and RAD for keeping their personal interests ahead of shareholders thus essentially sabotaging merger) were in their legal teams? FTC is basically bookish in thinking AMZN, UNH, CVS and AET, CI all going to sit around while Mr customer goes to counter top to fill meds

09 Apr 2019, 11:35 AM

komokazi

Walgreens is closing the stores because they can close them to cut costs and still retain the prescriptions due to the shakeout in pharmacies (smaller chains and independents) in general

09 Apr 2019, 06:28 PM

liquorisquicker

WBA is closing those stores because they are very near existing Walgreens stores and they have successfully transferred almost 100% of the prescriptions. Keep the revenue and get rid of the fixed cost -- sounds smart to me.

If RAD is going to sell the rest of their stores, there is a good chance a strategic buyer (CVS or WBA) would follow the same pattern. WBA paid about \$4.4B or about \$2.2MM per store. They got the best bargain on the 750 stores they closed.

It's why many times I've raised the question of lease durations on their existing stores. The only problem with buying stores to shut them down is the one-time cost, a large part of which will be paying off the remaining lease balance (or negotiating it down based on the REIT finding a new tenant).

09 Apr 2019, 07:14 PM

SeattleGoldMiner

I think that the portfolio of stores that RAD maintains after the WBA deal is a superior grouping and also easier to sell because of the much greater geographical concentration. Basically they have:

570 California-Marijuana is LEGAL (medicinal and recreational)

210 Washington AND Oregon-Marijuana is LEGAL (medicinal and recreational)

270 Michigan-Marijuana is LEGAL (medicinal and recreational)

320 New York-Marijuana is LEGAL for medicinal and de-criminalized

215 Ohio-Marijuana is LEGAL for medicinal and de-criminalized

530 Pennsylvania-Marijuana is LEGAL for medicinal but not yet de-criminalized

Thus they have about 2050 stores in just 6 markets where they will ultimately have major efficiencies for advertising and supervision due to their geographical density. They also are well position should they want to enter the CBD/Marijuana market. The stores they retained were higher average \$\$ volume/store than the ones they sold to WBA, as well as having a higher overall % of the stores they kept with the modernization that they carried out.

Thus the stores they have (about 2,500 currently) have a value that should be higher/store than what Walgreens paid. Also, if they do not sell the stores (or the company) and they do "consolidate" where there are stores that could take on a nearby stores' customer base with little attrition, they are in great shape due to the density of essentially being major market players in 6 states.

11 Apr 2019, 04:29 AM

V.C

Just 28 cents away from an all-time low. Let us see Apr 11th can beat it

02 Apr 2019, 03:41 PM

kuttingedge

No problem with that. With Walgreen's miss, just wait for the numbers the misfit management at RAD will hit us with. They probably knew a disaster was coming and let the other folks out of town before the uprising. Standley will probably have the jet running and standing by for a quick escape after the news hits.

02 Apr 2019, 08:23 PM

RiteRAD

@kuttingedge

"They probably knew a disaster was coming and let the other folks out of town before the uprising. Standley will probably have the jet running and standing by for a quick escape after the news hits."

With both Walgreen's and CVS getting hammered, I doubt RAD is going to buck the trend. Let's see what they lay on us on 4/11. Maybe on 4/12 I can get a paper copy of my stock certificates and finally put them to good use - to light the fireplace.

03 Apr 2019, 12:48 PM

muishin

Of course the earnings will be poor, but will it be disastrous? We know the reimbursement environment is poor, but did front end's drop accelerate because of lower tobacco and liquor sales? Did the pbm lose net lives? Those are factors that could still shave another 50% off the stock. I can see \$0.50 easily becoming a new resistance just like \$2, \$1.50 and \$1 before. I've been selling \$1 covered calls lately but might have to move to selling \$0.50 covered calls soon if the worst happens.

03 Apr 2019, 01:19 PM

greggmclintic

I'm scared to sell covered calls because I've never done it before and I am uncertain how the reverse split will effect them.

Basically I don't want to get into anything I don't understand fully, but then again I keep buying shares as I can afford them.

Maybe I should talk to a doctor ;) haha

03 Apr 2019, 10:34 PM

Kjellin

Don't know if you're doing it but don't buy on margin. Led to a lot of people jumping out of skyscraper windows and other forms of self-destruction after the 1929 crash.

I think I read somewhere that it wiped out the great Groucho Marx's fortune at the time, too.

Long RAD. But only willing to jump out of a ground floor window.

03 Apr 2019, 11:13 PM

greggmclintic

Ha, I laughed. No not on margin only buying what I can afford to lose forever and its not a lot of money in the scheme of things anyway. So ground floor window jumping only! ;)

Its funny though that my 1600+ shares are less than one contract worth at a 20:1 reverse split.

04 Apr 2019, 10:25 AM

Kjellin

As a small stockholder, I am hoping for no worse than 1 for 10.

04 Apr 2019, 07:41 PM

greggmclintic

I understand trying to be optimistic. Having said that, I think you should prepare for the worst case situation of a 20:1 reverse split.

Ideally I'd like to see the split not needed but I think it will end up happening.

04 Apr 2019, 11:15 PM

Mike Deadmonton

I want a 1,000 to 1 rs. With 1 mshares, we could be come the latest new low float success story.

05 Apr 2019, 10:09 AM

RiteRAD

Well, BRK.A is at \$307,776. I say we reverse split to a comparable level. Someone needs to work out the math on this and send it to the Board.

05 Apr 2019, 06:51 PM

Seven Corners Capital Management, Contributor

Author's reply » RAD needs to reverse split its BoD on a 1-for-9 basis. Keep one of the current losers just to make sure the lights stay on until the cavalry arrives.

05 Apr 2019, 11:34 PM

komokazi

Look at the reasons behind Walgreen's miss if you want to know if it will impact Rite Aid. Most of the reasons for Walgreen's miss aren't directly related.

09 Apr 2019, 06:30 PM

Mike Deadmorton

3 hedge funds trying to oust the board at BBBY - stock up 30 %. We should be so lucky.

26 Mar 2019, 09:14 AM

v.c

I wish. We have passive funds and management knows pretend game. CEO is still CEO no one knows how long. Other to C suites got 5M or so. which is pretty much their salary for the next two years.

26 Mar 2019, 09:47 AM

GINSIR

Hey Papyamon ,

Liked your comment on your interest in Marcy Sims. I still haven't quit laughing.

23 Mar 2019, 04:43 PM

Ted Mason25

Rite Aid needs a slim down governance at the top, but they have to look at reducing pay for the ones remaining. And if they don't like it, they can find the door. You can't have a company that is failing to make any money with executives receiving large/bloated salaries ---- those two things are not compatible. They need to compensate for performance, when Rite Aid starts earning profits, then we can see salaries or stock options be rewarded, but not when we have a potentially bankrupt company.

22 Mar 2019, 09:11 PM

RiteRAD

@Ted Mason25 "You can't have a company that is failing to make any money with executives receiving large/bloated salaries"

Not to mention bonuses.

23 Mar 2019, 11:48 AM

proffittj

Ted Mason25: Agree, it amazes me that the current BODs don't seem to have any understanding of the concept "compensation for performance". I bet lower level RAD employees are held to a higher standard for compensation based on their performance.

25 Mar 2019, 09:22 PM

papayamon

How could anyone remotely think that an incompetent CEO could assist in picking a competent successor? WHY is Standley getting even another penny for what he did the the shareholders?

22 Mar 2019, 06:48 PM

electrons

I think Standley is still trying to find a buyer probably for the PBM business. They probably keep him for a while so that he can finish his business. He is fighting for his options.

Market treat him and this company with total disgust and contempt.

22 Mar 2019, 11:34 PM

greggmclintic

Cant say I know all the math with this, but why sell an asset that brings ~25% yearly worth revenue?

23 Mar 2019, 12:44 AM

RiteRAD

Because an asset that is making money is the only one anyone would be interested in buying.

23 Mar 2019, 11:51 AM

electrons

This PBM business might worth more money in the right hands. No, it's a big drag for both EnvisionRx and RAD now.

It doesn't make a lot of money. 6B sales, 100M EBITDA. It was a very BAD deal.

Hopefully, Anthem will take it. I think they are willing to pay more on this in order to compete with UNH, Cigna, and CVS.

23 Mar 2019, 01:16 PM

muishin

Yes, 20X EV/EBITDA. Albertsons argued that they were overpaying RAD at 8X EBITDA. You back out the PBM purchase, it would be \$460M EBITDA and EV of \$1.75B. We would be trading at 3.8X EV/EBITDA. Getting back to the current 6.7X multiple, we would be trading at about \$2 with much less leverage. And with

no leverage risk, we would be trading comfortably above \$2.

23 Mar 2019, 01:53 PM

sacmaz

Anthem already has Ingeniorx coming up in 2nd Q, not happening ever.

23 Mar 2019, 03:13 PM

electrons

You do make a point, but I don't look it that way. They are starting from scratch for a multi billion businesses.

Spitting out 2billion to get a working example and expand it would be more efficient for the business.

Humana, what do you think?

23 Mar 2019, 03:42 PM

sacmaz

Yes, I agree Anthem would have saved money by buying Envision however RAD was in talks with WBA, FTC was reviewing the deal, hindsight it would have been a good option. Anthem was ready to get out of express scripts contract at around the same time, they signed a 5 year deal with CVS listed below in this article [www.businesswire.com/...](http://www.businesswire.com/)

I don't think any company is going to acquire RAD until there is certainty in the Insurance world, The Medicare for all proposal by Dems can hurt any potential deals in the interim. If there were to be a deal those 5 suitors would have made a deal by now since RAD stock has been decimated. Stranger things have happened let's hope for a transformation in RAD so any potential acquisition is viable.

24 Mar 2019, 12:27 AM

electrons

If no deal in sight, they need to let Standley go. Show him the door!

24 Mar 2019, 05:13 PM

steveserrote

I'll

O

26 Mar 2019, 03:26 PM

liquorisquicker

@electrons

If you let Standley go, who is CEO? Bodaken?? The guy who ran Retail stores (what a great job he did... not) who is now COO [sorry, forgot his name]?

I'm surprised they announced Standley's exit without already having a successor lined up. Or maybe they thought they had someone who backed out at the last minute???

My best guess is that keeping him around a while was a compromise to get the Board votes to oust him, and it wouldn't surprise me if the same Board members are now trying to find a way to keep him around.

Typical RAD -- always melodramatic, always bizarre, never boring...

26 Mar 2019, 03:40 PM

SeattleGoldMiner

Huge news today from CVS opens up lots of possibilities:

It is also quite interesting to note when one looks at a map of the U.S. that RAD has its largest concentration of stores (2100 of its 2500 approx) in just SEVEN states.

570 California-Marijuana is LEGAL (medicinal and recreational)

210 Washington AND Oregon-Marijuana is LEGAL (medicinal and recreational)

270 Michigan-Marijuana is LEGAL (medicinal and recreational)

320 New York-Marijuana is LEGAL for medicinal and de-criminalized

215 Ohio-Marijuana is LEGAL for medicinal and de-criminalized

270 Michigan-Marijuana is LEGAL for medicinal but not yet de-criminalized

It is an interesting (and perhaps valuable) coincidence that they have major concentrations of stores in 4 of the 5 most populous states in the country (CA, WA, OR and MI) that have completely legalized Marijuana for both recreational and medicinal use, and have major concentrations in 3 other states where it is legal for medicinal use (and de-criminalized in 2 of those 3.) Today's move by CVS to start selling CBD topicals in 800 stores is just the crack in the door. RAD now has extremely "fortunate" geographical positioning for the future when all marijuana products are legalized nationally.

22 Mar 2019, 02:44 AM

Dollarsandcents

You already posted these comments on the other RAD thread...and you didn't bother to correct the typo that was previously pointed out to you

RAD doesn't have time to wait for the Feds to allow MJ and no bank of any significance will do business with a MJ business. CBD is not a game changer for RAD. It doesn't even qualify as a rounding error for a company with \$22B in revenue

22 Mar 2019, 09:10 AM

papayamon

Yeah, but they'd sure sell a lot of ice cream and front end snacks if they were selling weed :).

22 Mar 2019, 06:51 PM

SeattleGoldMiner

Apologize for the error, but the CVS news is a game-changer and RAD's stores can certainly wind up in the "sweet spot" for distribution of CBD products. Legalization is coming and banks will be thrilled to do business with even the local pot shop down the street once they are allowed to.

23 Mar 2019, 01:29 AM

Red702355B

Seattle---If RAD stock keeps dropping we shareholders can find a nice piece of vacant ground and pitch our tents in tent city Calif.

23 Mar 2019, 03:24 AM

longnose

WBA doing same now 1500 - but wait sniffsniiff our mgmt is already on it :-)) now lets get consumer off of kidcent nonstop train and on to cbd train

29 Mar 2019, 11:22 PM

RiteRAD

Looks like WS expected the RS vote to pass and had already priced that in, stock finished flat today.

21 Mar 2019, 05:13 PM

longnose

For Against Abstain Broker Non-Votes

768,397,584 211,840,520 7,336,567 0

==

what is missing in this is how many FOR votes are coded in by BROKERS as NON-VOTES

How convenient for SEC and RAD to avoid answers investors questions at a fundamental level and give all sort of rhetoric talk on regulations and confidence

21 Mar 2019, 04:47 PM

rswend

Plane landed at San Jose, CA about 15 min ago.

21 Mar 2019, 04:27 PM

longnose

wow - meet Safeway

www.youtube.com/...

see time approx 12 min in video - Safeway and WBA spent lots and lots

and may be ABS was really having trouble with \$CASH\$ -- so who better can assist with such liquidity problem than our good ol Standly & Bodaken -- all well connected

21 Mar 2019, 04:15 PM

Jeff Bain

Wow, between the two they lost about 105 Million.

29 Mar 2019, 11:01 AM

User 48676490

The RS aside, a very important question remains unanswered: What caused the removal of Crooked Standley and his henchmen? The timing was bizarre, to say the least. How many companies sack a management team right before an RS vote and earnings? I want to know what specifically caused them to be removed. Angry institution? SEC investigation? Buyer waiting in the wings? Something caused it and we need to know exactly what it was.

21 Mar 2019, 03:21 PM

greggmclintic

Agreed.

Why is it ok we don't know by now?

They laid 400 people off, but paid a few people large sums of money to depart.

Its a smoke screen to make it look like they are doing something.

This isn't a private equity firm.

21 Mar 2019, 03:33 PM

v.c

that is what it looks like. Either they want to pretend they are doing something or save them from any investigation or lawsuits. Other than that there is no use at all.

21 Mar 2019, 04:00 PM

electrons

Welcome to cooperate America. That works almost everywhere.

Management eat first, people who work eat later.

21 Mar 2019, 04:13 PM

longnose

In fact the problem is deeper - what reason can they give that qualified Standley & team to stay around as a complement to reason why they were removed!

Where is financial performance as proxy? Where is SEC? Where is BOD? And where are Vanguard of the world? Sleeping or chasing Tesla or preaching world?

21 Mar 2019, 04:17 PM

kuttingedge

No. But it is run like one.

22 Mar 2019, 07:52 PM

greggmclintic

it's interesting that the savings they claim from this is almost equivalent to the dollars spent on the never seen merger vote.

22 Mar 2019, 08:20 PM

Captain America

Good question...especially since RAD recently paid these same individuals big retention bonuses after the ABS deal collapsed.

25 Mar 2019, 07:18 PM

RiteRAD

@Captain America

I'm sure it went something like this:

No sooner was the ABS deal called off, the board conducted an 'exhaustive' search for a new CEO. Given no one in the corporate break room was found to be more qualified than Standley, they quickly offered him a \$3 million retention bonus in fear of losing him to CVS or WBA.

25 Mar 2019, 09:56 PM

kuttingedge

I feel that one reason Standley is being kept at the trough is to insure that any last minute benefits he can finagle into his employment/departure contract will not be turned over by his successor. What has to be watched is his being retained in some sort of advisory role as an executive consultant at a cost of millions. There has to be a drop dead date for his corporate affiliation and it must be soon.

Of note, only \$10 million of volume drives the share price. Who sells at these levels?

25 Mar 2019, 10:48 PM

greggmclintic

No idea. I keep buying with funds I can afford to lose forever.

25 Mar 2019, 11:07 PM

rswend

Meanwhile the RAD air taxi is speeding west over Michigan.

21 Mar 2019, 12:23 PM

v.c

Do you still hope they are looking for a buyer? If RAD is not on selling block do we really care about the flight?
May sound weird. Let it go to Boise, ID and see what ABS offer.

21 Mar 2019, 01:58 PM

v.c

Looks like going to beaches again. Directly from NY to CA. What a waste of money. First class cost few thousands. Going on private plan should cost few tens of thousand. Each month these guys are going around 10 to 15 times. Instead of using telephone and conference calls throwing tens of millions every year just on air travel. Jet is costing more than cost-cutting they did.

21 Mar 2019, 04:03 PM

greggmclintic

The chair should call that this practice be stopped.

Why is it ok while they layoff hundreds of people?

21 Mar 2019, 04:08 PM

the_man_with_the_golden_berg

I spoke to Standley for a few minutes after this morning's meeting. He gave me the impression that mgmt is trying to continue as a going concern in the near term, improve operating results, and then see where we are in a couple months. This is as opposed to constantly shopping around for buyers, which he appeared to concede was a waste of time and energy in the preceding months.

I told him that everyone knows that small gains in their operating efficiency would translate to big gains in stock price, it's just that mgmt has done nothing to tell the public about their plans to achieve this goal. He tried to point to this recent headcount reduction as a way that they message appropriately. I think he got the message that I thought this was a bulls*** response.

Ultimately, the points that I tried to drive home to him (to relay to the BoD) were:

1. Loudly profess your goals to the market, and exactly how you're going to achieve them.
2. Strongly consider the timing and optics of interactions with the public.

Also, Bodaken couldn't be bothered to show up, which is a low-brow move, IMO.

21 Mar 2019, 11:13 AM

longnose

that's great - from the trenches reporting -- although "mgmt is trying to continue as a going concern in the near term" -- thats a little bit unnerving "trying" and "going concern" in same statement. Bodaken should be out as well.. Lets say less expenses on these BOD flying around US for utterly silly reasons - do a damn webex and see the results. Anyway what Bodaken says will be useless

21 Mar 2019, 11:34 AM

greggmclintic

Agreed. Bodaken and big stan need to be gone yesterday.

Surprised to hear Standley was there.

Why are we held captive by these people?

21 Mar 2019, 11:39 AM

the_man_with_the_golden_berg

Didn't mean to sound so fatalistic - I just meant that RAD isn't grasping at straws trying to (under) sell themselves in a time when the entire industry is facing headwinds and negative sentiment, let alone their own personal problems.

21 Mar 2019, 11:48 AM

User 48676490

You should have asked him what specifically got him and his minions removed. His answer and the expression on his face would have been interesting.

21 Mar 2019, 11:49 AM

rswend

the man-----I think Bodaken knows he is being blamed for this inaction as the whole company has floundered and did not want to face the music. He certainly is a poor advertisement for his "philosophy" endorsement where he claims it was so valuable in his business career. I don't understand why a man of his wealth and other opportunities has taken the chairmanship at Rite Aid and allowed his reputation to be shredded and dismantled for what to him is a rather small reward of \$220,000.

21 Mar 2019, 11:55 AM

the_man_with_the_golden_berg

I actually did ask him about his removal and he had a basic canned response like "ah well the board came to a decision that this was the best step moving forward" yadda, yadda, yadda.

21 Mar 2019, 11:59 AM

User 48676490

But what made the board make the decision? Who pushed them into it? There's no way they did it on their own.

21 Mar 2019, 12:04 PM

the_man_with_the_golden_berg

He couldn't/wouldn't say.

21 Mar 2019, 12:09 PM

greggmclintic

Thanks for doing that, awesome.

Did you directly ask why they came to that decision or was it an implied answer of no answer?

21 Mar 2019, 12:20 PM

v.c

Did you ever tempted to slap him :). Thanks for your updates.

I don't think we can kick anyone out because they might have rejected all other nominations. Unless someone steps in we may have to live with scamley in the board till 2020 (if company stay afloat).

Stock is down almost 3%. Unless they show a solid plan it will keep decaying into earnings and thereafter. Good news is they will choose 20:1 so RAD don't need to waste money on another special meeting till 2023.

21 Mar 2019, 12:21 PM

the_man_with_the_golden_berg

If i recall correctly, I basically asked him if he's able to talk about any of the events leading up to and including his firing, to which he responded with CEO-talk.

21 Mar 2019, 12:23 PM

the_man_with_the_golden_berg

I think the main point is that it should have been clear to him that I was asking about what precipitated his firing, and he dodged the question. I did not ask directly, nor did I press him on his response.

21 Mar 2019, 12:25 PM

muishin

I'm really surprised he said let's see where they are in a couple of months. How much operational improvements can be seen in a mere 2 months? The only things that can happen between now and then is Q4 earnings with next year's guidance and a new CEO hire announcement.

When he said trying to sell the company was a waste of time in the preceding months, did he mean the months after the Albertsons merger was cancelled or is he including the months he tried to push the merger through?

The reverse merger passing is the best thing that can happen. If it failed, we would've seen a 20% drop today. I'm shocked 22% didn't vote for the split, I have to guess it's probably due to a lot of non-votes. Still, crazy how much social media can influence this stock.

21 Mar 2019, 12:30 PM

the_man_with_the_golden_berg

He did not say "a couple months" verbatim. I am trying to recap the gist of his comments from my memory. I should have said "in the coming months", meaning, i dont think they are immediately looking for a buyer. Rather, they will try to improve operations, and thereby increase the likelihood of m&a in the intermediate term.

Re: preceding months", I took that to mean after the deal fell through.

21 Mar 2019, 01:51 PM

sircatballsphd

Just curious, are you holding through the R/S?

21 Mar 2019, 02:42 PM

the_man_with_the_golden_berg

I am holding thru the rs. I think the downstream impacts (increased shorting, primarily) are far less material than the real issues at hand (turning a profit on 22b of revenue, long term viability in an industry facing tough times).

I think that the market is overly bearish on the outlook for the PBM and retail pharmacy business models. Community pharmacies among an aging population mean RAD will have an addressable market for many years to come.

I think that with the right CEO, RAD can establish that their assets are valuable. In due time, we will get good prices for these assets, so I lean towards a SOTP valuation. IMO, shares are irrationally cheap at this level. I own 200k shares averaging .765

21 Mar 2019, 03:15 PM

electrons

Mushing,

If my memory serves me correctly, he did say \$600M EBITDA for long term is the estimate(probably early this year?).

Still, one can argue he might not have a lot of credits left.

21 Mar 2019, 04:11 PM

electrons

muishin,

Sorry!

iPhone's spelling check sucks!

21 Mar 2019, 04:12 PM

Seven Corners Capital Management, Contributor

Author's reply » Often large holders act behind the scenes, hoping to get more traction with BoD / mgmt via private communications than by engaging in open warfare. You are correct that they would never have done this "purge" without some outside influence forcing their hand. The important thing is that the regime change continues to completion (Bodaken, JS, Syms & Regan all permanently gone).

21 Mar 2019, 05:47 PM

Dollarsandcents

@the_man_with_the_golden_berg - Thanks for personally delivering the message and for providing the debriefing. Your two points are spot on. A couple of top positions have opened up at RAD. Submit a resume.

21 Mar 2019, 06:30 PM

Ted Mason25

the_man_with_the_golden_berg:

Just curious ---- what position do you hold that Stanley would bother talking to you? He typically would not talk to a regular shareholder.

22 Mar 2019, 09:16 PM

the_man_with_the_golden_berg

I'm just a regular shareholder.

23 Mar 2019, 12:23 AM

Goodguy4\$

gregg...

It does seem like the CEO and BOD are keeping shareholders captive by keeping the share price super low with lack of management and manipulation. So with all the misdeeds why would they allow Standley to hang on collecting millions more and potentially destroying the company further. Seems to me many of us contacted the SEC and complained about CEO enough they recommended he leave before more lawsuits were filed. Worst investment I ever made...

26 Mar 2019, 08:35 AM

papayamon

The single most important "step" is to flush John Standley and file a trespassing warrant so he cannot set foot on Camp Hill again. Next, Bodaken's head on the chopping block. This clown has been nothing more than an enabler for Standley and his team of thieves. It's incomprehensible how these people could be in control of a company like RAD without investing a cent of their own money. The only question I have about Marcy Sims is how many times she'd bounce in the parking lot after she was booted out the door. Utterly worthless "leadership" at RAD has created this fiasco.

21 Mar 2019, 10:47 AM

User 48676490

Approved.

CAMP HILL, PA - (March 21, 2019) - Rite Aid Corporation (NYSE: RAD) announced that its stockholders approved a reverse stock split of the company's common stock at today's Special Meeting of Stockholders. According to preliminary tabulations, with approximately 987 million eligible votes cast, stockholders voted 78% in favor of the reverse split.

Rite Aid's Board of Directors may select a reverse stock split ratio of either 1-for-10, 1-for-15 or 1-for-20 in due course. The decision to effect the reverse stock split and the effective date of the reverse stock split will be determined by the Board at a future date. The reverse stock split, if implemented, would become effective upon filing of a charter amendment with the Delaware Secretary of State.

A reverse stock split would reduce the total number of Rite Aid's issued and outstanding common shares, resulting in an increase in the price per share. The objective of the reverse stock split is to ensure that Rite Aid regains full compliance with the New York Stock Exchange (NYSE) share price listing rule and maintains its listing on the NYSE.

As previously announced, Rite Aid will regain compliance with the NYSE share price listing rule if at the last trading day of any month during the six-month cure period, or at July 3, 2019, the end of the six-month cure period, the Company has at least a \$1.00 share price and has maintained at least a \$1.00 average closing share price over the preceding 30 consecutive trading days. Rite Aid's common stock continues to be listed on the NYSE and will continue to trade as usual during the six-month cure period.

21 Mar 2019, 10:44 AM

adoidont

How does the RS work in relation to stock options?

21 Mar 2019, 10:35 AM

longnose

As I type it vote is happening?

"On behalf of the Board of Directors (the "Board") of Rite Aid Corporation ("Rite Aid" or the "Company"), you are cordially invited to attend a Special Meeting of Stockholders to be held at 8:30 a.m., local time, on March 21, 2019, at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036."

21 Mar 2019, 10:13 AM

v.c

Where is the press release?

21 Mar 2019, 10:32 AM

longnose

this was from the prior filing - but I don't know when they will announce actual proxy vote counts. we will have to wait and see. the reaction seems muted as we are already at rock bottom

21 Mar 2019, 10:36 AM

the_man_with_the_golden_berg

wasn't even close - it was about 75%/25% for/against

21 Mar 2019, 10:39 AM

jimregina

Heresay until verified...

21 Mar 2019, 10:45 AM

the_man_with_the_golden_berg

primary source, bud. plus now theres a press release:

[www.riteaid.com/...](http://www.riteaid.com/)

21 Mar 2019, 10:48 AM

jimregina

verified...my apologies

21 Mar 2019, 10:49 AM

v.c

I think that ratio is expected. In SA many longs want to vote for "for" for valid reasons. Against votes are primarily to show disapproval and make management work hard.

Institutions will not show their anger by voting no. Vanguard and blackrock will simply call them and tell chairman to kick out CEO, which they did. There is no reason for institutions to vote No.

Question to @the_man_with_the_golden_berg who went to meeting, was there any discussion or just voted yes/no? I am hoping something good will come out of this.

21 Mar 2019, 11:00 AM

the_man_with_the_golden_berg

There was a brief Q&A and some light discussion about why they are doing the reverse split, whether or not there was a timeline for RS, and whether or not institutions have been lined up to purchase stock post-split (no).

I was a bit confused (and I'm sure others as well) about the meeting format. Questions were restricted to agenda items only, so I assumed that there would be some more general Q&A afterwards. When the meeting ended, I spoke to Standley for a few minutes. I just wrote out some quick thoughts in a comment a moment ago.

21 Mar 2019, 11:22 AM

the_man_with_the_golden_berg

Just got out if the special meeting. Both agenda items approved.

21 Mar 2019, 09:04 AM

v.c

As expected.

21 Mar 2019, 09:10 AM

longnose

damn - so RS approved??! May be Standley is hanging around for that reason

21 Mar 2019, 10:14 AM

rswend

Jet went from Kokomo, IN to Newark, NJ airport tonight arrive 10 pm

20 Mar 2019, 11:05 PM

v.c

Whom are they picking up in Kokomo, IN? NJ we know, they are going for a special meeting or whatever.

21 Mar 2019, 07:22 AM

steverz2

Brick and mortar pharmacy customers are screaming for express home delivery...I just don't understand why this opportunity isn't being exploited by Rad and it's competitors.

Possibly certified delivery by a ride sharing service.

20 Mar 2019, 09:58 PM

v.c

customers want free delivery, never want to pay for shipping. Rx margins are not that great. By the way, if people don't go out to even pick medicine then they need to buy a lot of medicine.

20 Mar 2019, 10:06 PM

riggle99

The sad thing is that our local Rite Aid has been updated, downsized, and has great people working there, but very little business. Their prices are just not competitive. The pharmacy is the only thing keeping our local store alive.

Without a doubt Rite Aid management is the most corrupt and incompetent in modern corporate history (not counting General Electric). A few celebs who bribe officials to get their kids into college get arrested and have to post a million dollar bond, while these crooks just keep padding their bank accounts. Claw it all back, and throw them in the slammer.

20 Mar 2019, 08:34 PM

TAS

I saw several examples of the RiteAide fix.

Stores sold are now pawn shops, tire discounters, liquor stores and a habitat for humanity collections point. All put the square footage to much better use.

20 Mar 2019, 08:26 PM

the_man_with_the_golden_berg

jet is in Kokomo, IN today

20 Mar 2019, 07:35 PM

muishin

Why is CVS always ahead of the game?

[www.bloomberg.com/...](http://www.bloomberg.com/)

20 Mar 2019, 07:48 PM

RiteRAD

Because their executives devote all their time improving the company, not finding a buyer for it.

20 Mar 2019, 07:57 PM

Thomas1828

Exactly right.

20 Mar 2019, 08:08 PM

electrons

Sell the PBM to Anthem?

20 Mar 2019, 09:04 PM

electrons

They hate Express Scripts to the guts. Now, they don't have a choice but to start their own which is not available yet.

Maybe Standley is trying the last-ditch?

20 Mar 2019, 09:17 PM

Tosh123

Kokomo, Ind 3/23...Standley family reunion

20 Mar 2019, 10:50 PM

ablewalker

After cutting their 400 jobs, they post this yesterday.

Vice President, Total Rewards

[careers.info.riteaid.com/...](http://careers.info.riteaid.com/)

Is this really a necessity, should this not just be a subset of the Chief Human Resources Officers duties? Does this warrant a VP position? (as a RAD shareholder I say no you don't need this position, work with what you have) - What it appears RAD did, they cut out Ken Black who was Senior Vice President and Chief Human Resources Officer, replaced him with Jessica Kazmaier (who was Group Vice President, Compensation, Benefits and Corporate Services) and now hiring a replacement for her old position under a new title as the Vice President, Total Rewards. I'm all for giving the board a chance to make things right here, but it is already appearing to be lip service on their side if they're going to pull this BS.

20 Mar 2019, 06:20 PM

electrons

Hopeless!

20 Mar 2019, 06:30 PM

RiteRAD

"Frequent independent judgments are essential."

I wish they had the same criteria for BOD members.

20 Mar 2019, 08:00 PM

Thomas1828

I agree, doesn't seem like a VP position, but given its importance maybe VP is warranted. If the employees in the stores (both pharmacy and front) aren't putting the customers first, then there is no hope.

I would think the new CEO will have something to say about the level of this position and more importantly the direction to take with employee rewards/incentives etc.

20 Mar 2019, 08:06 PM

JunkBondEdge, Contributor

Finally, a well-written, thoughtful article on RAD. Kudos.

Many of your points are valid and if RAD were significantly undervalued it would be ripe for an activist investor. That being said, 6.6x EBITDA for a highly leveraged, bricks and mortar retailer with virtually flat revenue growth whose mature industry is in Amazon's sights doesn't sound like a screaming buy on the surface.

They'd need to execute extremely well to be rewarded with a premium multiple, which the steps you raise would help towards, but this board seems more interested in doing what's best for themselves rather than what's best for shareholders. Absent a proxy fight, what gets rid of them? That's the catalyst this situation needs.

20 Mar 2019, 04:42 PM

olde1two

These scumbags should be gone now. Staying until a successor is in place is stupid the air and the land is toxic around them. Why are they still on the payroll does the BOD have no balls to kick them to the curb now then they should be gone as well.

RAD will be delisted soon and these morons are just sitting around collecting a check and waiting for the company to take a final flush.

20 Mar 2019, 03:39 PM

ziaakbari

long rad earning this qt will be a game changer..

20 Mar 2019, 03:31 PM

RiteRAD

@ziaakbari

I don't know, it's been a tough time for even the big players. Look at CVS and WBA lately. Hopefully RAD bucks the trend.

20 Mar 2019, 08:04 PM

User 48676490

Excellent article, I agree with just about all of it. Crooked Standley, Klepto Karst and Bumlicker Bodaken need to go immediately, along with the other two board members mentioned. These people are corporate criminals and deserve to be put behind bars for what they've done to Rite Aid shareholders.

I hope the SEC and FBI are closing in on these vile, reprehensible sleazebags. I live for the day Crooked Standley and his henchmen are made to do the perp walk.

20 Mar 2019, 01:55 PM

GTAT

Seven Corners... Your SA discussions are always pretty thorough and this article is no different. Some valid points are made and certainly agree about Standley recuse scenario. He should not be a board member while the new CEO search and interview process takes place. And he should not have any involvement with that process. However, I believe there should be more optimism than stated and do not believe Amazon was a good pick for your bench mark. We all know about Amazon being a successful company with a great business model. But there is a dark side with Amazon which many do not hear about. They are a ruthless employer in many ways. They fire people by the boat load. Treat workers like they are dirt. They promote a view that you're just a # that is easily replaceable. Upper management just looks the other way when it comes to their less than satisfactory employee practices. Why, because there's the big elephant in the room. They do not need to treat their employees well. Amazon may have a good business model (From strictly a business point of view) But they have a terrible employee culture/management model at the lower levels of the business - I am talking about the employees making 15 bucks an hour and working like slaves). As a US based company, they have one of the highest employee suicide rates in the country. So to use them as an example on how we want RAD culture should strive to be, is less than acceptable. Also, as it relates to the replacement of the CEO and the CFO and COO being removed. This is a big deal in so many ways. We all know how problematic the CEO has been to this company in so many ways. The C-suite shake up may not be perfect. But no one on SA has any idea what drove that to actually come to fruition. Just a tremendous event by any measure knowing the current affairs of the RAD Board and overall C=Suite politics. Most would have thought it was not possible knowing what we had to deal with these past few years especially. Also, we should not forget that they are also reducing their corporate headcount by 20% (About 400 employees). I would have prefer a 25% - 30% reduction. But again the shake is not perfect. However, these are all positive steps. And for those that think there should have been a 50% reduction because RAD is about the size now. Basic business principles would tell you that reduction in work force is never linear. If a company becomes half the size, does not mean you wipe out half the corporate staff. You layoff too many and you create other problems for the business. So they may have been a little light on the ax, but there was no need for a 50% hatching.

20 Mar 2019, 01:54 PM

cpearson88

Dude, use paragraphs with new lines...

20 Mar 2019, 01:57 PM

sircatballsphd

Best comment of the day.

20 Mar 2019, 01:59 PM

pebble16x

"believing that the investment is attractive on a risk/reward basis."

With the market price down to \$0.70 and most of the air out of the balloon, I think that's an understatement

20 Mar 2019, 01:45 PM

Goodguy4\$

RAD would go up in a heartbeat with news Standley is gone for good. Having him hang around is poison.

20 Mar 2019, 01:43 PM

Uncle Ted

I agree JS and Board Chair should resign for the good of RAD. They are still getting paid for their incompetence. This is why share price rose and fell back when people realized that true change at RAD will be made difficult with JS and the Board Chair participating in the selection of a new CEO.

20 Mar 2019, 01:02 PM

atomstock

A new CEO with the energy to kick Standley out the door and implement a road map is needed.

20 Mar 2019, 01:00 PM

adoidont

Agree with the the peculiarity that JS is forced to step down yet they have him stick around for the CEO search... talk about a bad taste in my mouth. I don't have a good feeling about anyone on the board having anything to do with picking the new CEO. What's the first interview question "Do you agree to do whatever it takes to destroy shareholder value, enrich ourselves and continue the decimation of share price so we can give RAD away to Cerebus at 50 cents a share?. Don't worry, if successful we're all getting jobs at Cerebus with a 50% bonus in pay."

20 Mar 2019, 12:51 PM

Jeremy Blum, Contributor

The change in executive management is much more important than the change in the Board. RAD has taken the most important step and took it further by cutting and realigning managements ranks. Board members get too much credit or blame. Most have little knowledge what is really going on inside the company compared to executive management. That said, I agree some new blood on the Board would be helpful. Its just not the big fix. Naming a highly respected new CEO would be a much bigger deal.

20 Mar 2019, 12:38 PM

Seven Corners Capital Management, Contributor

Author's reply » Agree most RAD BoD members have no clue what is going on - they were happy to collect fat paychecks without doing their job (properly oversee management). It shouldn't take a 90% collapse in the stock for them to wake up and take action. Exact same thing happened at GE.

20 Mar 2019, 04:54 PM

9146fan

I nominate John Standley and Bruce Bodaken to share a prison cell.

20 Mar 2019, 12:37 PM

DMK-not-REG

I was stunned that Standley was allowed to stay even short-term. Bodaken, Syms and Regan should go immediately. Once these four are fully gone then the work to bring back RAD can begin.

20 Mar 2019, 12:30 PM

komokazi

A couple ideas to play with : Pharmacy - partner with grocery chains outside of the current footprint to create a national network - HEB, Publix, Cub, Wegmans - to run their pharmacies with cheaper drug supply and increased plan coverage. Pharmacy Front End - In select stores create seasonal pop-up shops - barbeque centers in summer, kids clothes and shoes in August, baking and holiday meal centers in November/December, tourist shops in places like Redondo Beach location.

20 Mar 2019, 12:28 PM

Red702355B

I agree with Komokazi--A national network with above named companies is a great idea. Bodakin, Syms and Regan all fell in line with all decisions that Standley delivered to them. Also, the proposed (extremely bad) ABS merger was the move that broke the camels back with these 4 officers on-board and they should immediately be fired from the company. They do not have any credibility with RAD shareholders. They were trying to pitch Citi's price of ABS @ about \$25 which was a standing joke on the NYSE. As long as Standley and these 3 are connected with the company--RAD will remain stagnant and a new CEO will be chosen to their liking not the shareholders.

20 Mar 2019, 01:46 PM

Kjellin

Red702355B, Syms should have stuck with selling shirts. That's what she knew.

But, in hindsight, the Albertsons' deal would have been better than the alternative we're living with, wouldn't it? Rite Aid pharmacies in Albertson's and Safeways around the country wouldn't be a bad thing.

People could have dropped off or called in their prescriptions at Safeway, and then shopped, or sat in the Starbucks (also a partner) and sipped their regular or decaf hot drink while they waited. Get the picture?

It would have been at least a little better than the present one. Or it would have delayed the final act for at least a few years.

20 Mar 2019, 06:41 PM

Red702355B

The price for that merger kept changing for the worst. Standley had a \$16, 000,000 bonus and a big job if he delivered RAD. Standley, Marcy pink sheets, Bodaken and Regan are lazy individuals who s/b put out to pasture.

21 Mar 2019, 02:47 AM

v.c

A great article as always.

I believe some of the big players are pushing them, without that I don't see a reason why chairman will fire CEO. If JS has any shame he would have resigned from board effective immediately. Or this entire thing is a scam where then CEO and chairman will be protected from any lawsuits about his conflict of interest.

I voted against every nominee last time. Chairman and half of the board should go.

New board members should include Steve Kori or Chris Komatinsky.

20 Mar 2019, 12:24 PM

Seven Corners Capital Management, Contributor

Author's reply » Remember how Nixon dumped his right hand men Haldeman and Erlichman in an attempt to appease his critics and "put to rest" the whole Watergate kerfuffle? Here it is Karst and Crawford that get thrown under the bus so JS can survive...at least temporarily.

20 Mar 2019, 04:57 PM

greggmclintic

"Or this entire thing is a scam where then CEO and chairman will be protected from any lawsuits about his conflict of interest."

Its possible, could be why the layoffs came at the same time of the large payouts of the members of management. Chaos inducing smoke screen.

I think the chairman of the board should also step down. I believe he was put into that position by big Stan. Why can't big Stan leave today?

Lets get Rite Aid moving today, not tomorrow.

20 Mar 2019, 06:22 PM

papayamon

Yes, someone who actually cares the slightest iota about investors rather than how much money they can make to fiddle while Rome burns.

21 Mar 2019, 10:40 AM

RiteRAD

It comes down to 2 things. Brass has been totally focused on selling and, with that mindset, all decisions were focused on the short term. The other is that brass has no skin in the game. They get paid regardless of how poorly the company does (actually seems they get rewarded for this). And for those that argue that these people hold a lot of stock so the drop has hurt them too, yes, but they got it for free. Even if they cash it out at \$0.01 it's a gain for them. The corporate bylaws need to change so that all top level execs must buy (or be paid a significant amount of their pay with) company's stock. Or make the stock their pay and give them a stipend as a salary. As long as the brass has no skin in the game, shareholders are lucky to be fed the crumbs.

20 Mar 2019, 12:21 PM

ablewalker

Depending on how RAD does their vesting of stock the outcome here can play out very different. The c-suite probably had to walk away with significantly less stock (a relative term) being they got ousted before their stocks would have fully vested.

It will be tough for us to know what was actually left behind for each person but 38M for 400 people is relatively not that much (with some of the larger suspected salaries in that pool). But I know if this was the company I work for... I would have had to walk away without my 2018/2019 stock and bonus based on this timing (as our eligibility period is about 1 months after fiscal-end and payout is about 15 days after that) unless it was bundled into the exit package.

But either way them being ousted before the stock climbed means they probably left a good chunk of un-vested stock and money behind. I'm happy the board dropped the axe, it just should have happened sooner.

20 Mar 2019, 02:47 PM

RiteRAD

@ablewalker

That's what should happen, if the company had the best interest of the shareholders in mind. But this is RAD. It would not surprise me in the least if the ousted execs get a parting fat cash bonus and guaranteed free use of the corporate jet for the next 5 years in consideration of the stellar job they did fleecing the stockholders. That would be the cherry on top of this saga.

20 Mar 2019, 08:13 PM

kuttingedge

Did it really drop the axe on John Standley? Or did they splash us with more eyewash so he can stuff his pockets and render more harm to shareholders? Each day computer trades drop the value in terms of thousands of a cent, creeping ever closer to 60 cents a share, in the face of a market close to it's high.

There is no drop dead date for Standley's departure.

It could take months, or longer, to find someone who meets his level of "performance" as determined by the Board. Meanwhile, old John has his cash bag wide open.

With his presence still on the property when another expected dismal quarter is reported in April, shareholders will no doubt take another bath.

It isn't hard to imagine RAD could operate just as badly with no one at the helm as it has with Standley at the wheel. He needs to go NOW!

01 Apr 2019, 08:20 PM

Dollarsandcents

Well said. Hard to believe anyone should be allowed to be chairman if they have not bought a single share with their own money in. That in itself says it all about RAD

20 Mar 2019, 12:20 PM

Jeff Bain

A short term focus on adding a percent or two (or three!) to operating margins would go a long way.

20 Mar 2019, 12:09 PM

jrnpanther

One item I buy at RAD, CVS or Walgreens is priced at from \$2.69 to \$2.89. That same item is priced at 99 cents at Target and 98 cents at Walmart. Is there any wonder why there is pressure on most all pharmacy stocks? The only reason to buy into CVS and Walgreens is that they are likely to still be standing when RAD collapses to pick up the pieces.

21 Mar 2019, 03:01 AM

kuttingedge

In a nutshell, the product mix is lousy.

The non-prescription vitamin/supplement section is especially weak in presentation. Why are they sold in sections of brands? Vitamin C can be found in 3-4 sections/aisles for example, separate from multi-vitamins.

Who wants to go through several aisles looking for the best price that day for one item? Or pick up a bottle of something and find the same product by a different manufacturer 20% cheaper, on sale, around the corner. It doesn't make sense. Manufacturers discount to move product or gain market share and RAD costs them that through it's layout. Duh. And many customers end up paying more for no reason other than they didn't see the cheaper competitor.

Neighborhood drugstores used to have gift sections to complement their card section. Rite Aid sells T-shirts. I mean, whenever you need a printed t-shirt, I'm sure the first place you think of is Rite Aid. Right?

28 Mar 2019, 08:38 PM

Germiz

management is incompetent. We suggested adding an exclusive line of health and beauty product but they botched that and got non-exclusive deal with no advertising money from the supplier. How could they botch everything they negotiate?

28 Mar 2019, 09:06 PM

kuttingedge

Because they weren't done in true faith to benefit the company bottom line. They were done as eyewash to show they were doing something.

28 Mar 2019, 10:43 PM

kuttingedge

BTW, keeping Standley in the picture as CEO for an indefinite length of time while the Board goes through the motion of looking for his replacement has the same effect on share value as if nothing happened. The Street didn't have a loss of confidence in the other 400 laid off.

It had a lack of confidence in John Standley.

A replacement needs to come in ASAP; not an associate or past acquaintance of Standley, and certainly not from any private equity firm. Get someone from Target, Costco, Kohl's someone with retail experience who doesn't lie to investors and won't care if he makes his predecessors look like horses asses in 6 months.

30 Mar 2019, 08:12 PM

adoidont

news.walgreens.com/...

Either of these two would suffice: Richard Ashworth / Hari Avula. Coincidence Avula and the new albersonts CEO both came out of the frito-lay division of pepsi. Am impartial to Ashworth though, climbed from the ground up.

31 Mar 2019, 03:52 PM

dlvvlv

'Avula and the new albersonts CEO both came out of the frito-lay division of pepsi.' Chums, not an ideal history given the RAD history. IMHO

31 Mar 2019, 04:37 PM

Kjellin

I still say, had the Albertson's deal gone through, we wouldn't be where we are right now. It would have at least been delayed for a few years--or longer.

Long, a very sad, RAD.

31 Mar 2019, 09:16 PM

greggmclintic

It would be worse they would be holding a lot more debt. Revenues would have been larger it would have been a lot to manage for the would be CEO.

I'm really glad we didn't even get a chance to vote on it. Remember, the vote didn't occur. We didn't get the chance to say no. I'm confused on how that is OK and legal to happen, but it did.

The board's insurance should pay the company back for the vote they spent dollars on we never saw that we never were asked entertain in the first place.

Rite Aid isn't a private equity firm.

01 Apr 2019, 10:59 AM

kuttingedge

Can't remember who said it. Louis XVI? "Après moi le déluge."

JS can take claim to this if he wants: "Avec moi le déluge."

06 Apr 2019, 08:13 PM

Dollarsandcents

King Louis XV.

My guess is JS will use a more recent leader to quote:

" You won't have Nixon to kick around anymore because gentlemen this is my last press conference"

07 Apr 2019, 10:47 AM

Kjellin

Or "Avec moi le déluge, ce n'est pas finis."

07 Apr 2019, 10:48 PM

Kjellin

Another president, sitting on top of the world, who still felt he was the victim. And in one sense, he was: the victim of his own acts.

But at least Nixon kept his treachery in country. In that sense, if that sense only, he was still a patriot.

Long RAD, justice, and U.S.

07 Apr 2019, 10:51 PM

kuttingedge

True. "Rite Aid isn't a private equity firm."

But it has been run as such for several years.

When executive compensation is detached from corporate performance ...

When Board seats are awarded out to string puppets ...

When flipping the business is the strategic plan vice operating the business ...

When presentations are made to investors with no real intention to actually execute on them ...

And it goes on and on

Must be a big storm coming on Thursday. The quiet of the thread is deafening...

08 Apr 2019, 08:20 PM