

Rite Aid - Vote 'Em Out On October 30th

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by: Seven Corners Capital Management

Summary

- Rite Aid's incumbent management and board of directors have failed shareholders repeatedly.
- Insanity is keeping the same people in power and expecting a different result.
- For Rite Aid's equity to ever have significant value, it needs to be entrusted to people who take stewardship seriously.
- Shareholders have the perfect opportunity on October 30th to register their discontent by voting against all incumbents at the annual meeting.

Author's Note: We attempted to get Rite Aid's management's response to many of the substantive points raised in this article, however we did not receive any answer from their IR department to our inquiries prior to submitting the article for publication.

If Warren Buffett is correct that price is what you pay and value is what you get, it appears to us that there could be a wide disparity between the value of Rite Aid's (RAD) equity (i.e., its intrinsic value) and its trading price (i.e., its market value). RAD common stock has been marked down nearly enough to be available at your local Dollar Store, but what is its intrinsic value? This leads us to a corollary to Buffett's maxim, namely that an asset's intrinsic value depends greatly on in whose hands such asset rests. Stefano Pessina, the CEO and largest shareholder of Walgreens Boots Alliance (WBA), obviously believed just three years ago (before current RAD management allowed the company to deteriorate) that if all of Rite Aid's assets were in his capable hands, the common equity would be worth at least of \$9 per share. Clearly the stock market believes that, in the current CEO's hands, RAD's remaining assets (following the divestiture of approximately 1,900 stores to WBA earlier this year) are worth just a tiny fraction of this figure, notwithstanding the significant debt paydown RAD has accomplished with the proceeds received from WBA. Nor does the fact that RAD's conflicted CEO and board of directors recently unsuccessfully attempted to sell Rite Aid out from its shareholders to Albertsons at a fire sale price mean that RAD shares would not have much more value if the company were helmed by a board and management actually responsive to the shareholders.

A perusal of the most recently filed RAD proxy statement dated as of September 27, 2018 sheds quite a bit of light on the seemingly wide disparity between RAD equity's market and intrinsic value. Our snap conclusion? It is fitting that the October 30th annual meeting is scheduled a day before Halloween, as this is a truly mind-bogglingly cynical document, full of ghouls and goblins to spook shareholders. While there plenty of tricks therein, RAD's entrenched management and board are likely to receive any treats. In fact, we cannot recall ever reviewing a proxy statement so full of spin and attempts to sidestep accountability. The fact that even a single director (let alone all five of the incumbent independent directors) could sign his or her name to this travesty of a document speaks volumes about how lost the current Rite Aid board is.

We believe that the proxy statement proves beyond all doubt that, unless the incumbents are removed from office, RAD insiders (rather than the company's actual owners, the shareholders) will be the ones benefiting from the company's business going forward. In this article, we propose to do the following: First, we will briefly review the track record of RAD's board and management, as well as the events that have led to RAD stock trading

at just above a buck per share, or close to 90% below the \$9/share price WBA initially agreed to pay for all of RAD's equity just a few years ago. Next, we will detail our specific findings regarding the proxy statement and what this document says about the motivations of RAD's management and board of directors. Lastly, we will make recommendations as to how shareholders can recover the true (intrinsic) value of the assets for their own benefit from the grasp of the company's current failed leadership.

The buck stops with RAD's management and board of directors

Before examining the proxy statement, let us take a brief overview of the situation. In sports there's a saying that "success or failure starts at the top" (anyone who compares the consistent success of the New England Patriots under owner Robert Kraft during the past two decades with the relentless failure of the Washington Redskins under the reign of Dan Snyder during the same timeframe can easily attest to this fact). In other words, the buck stops with leadership. These maxims apply equally to business, and in that context the buck obviously stops at the desk of a company's chief executive officer. Rite Aid's current CEO, John T. Standley, was first appointed to a senior leadership position at the company way back in December 1999, when he became Chief Financial Officer under then-CEO Robert Miller (regarding whom, please see the discussion of the Albertsons debacle below):

EMPLOYMENT AGREEMENT

THIS AGREEMENT by and between Rite Aid Corporation, a Delaware corporation (the "Company"), and John T. Standley (the "Executive"), is dated as of the 5th day of December, 1999 (the "Effective Date").

W I T N E S S E T H

WHEREAS, the Company and the Executive have agreed that the employment of the Executive is essential to the successful implementation of the Company's long term business strategy; and

WHEREAS, the Company wishes to provide for the employment by the Company of the Executive, and the Executive wishes to serve the Company, in the capacities and on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, it is hereby agreed as follows:

1. TERM. Subject to earlier termination in accordance with the provisions of Section 4, the term of Executive's employment under this Agreement (the "Employment Period") shall commence as of the Effective Date and end on the third anniversary thereof, provided, however, that on each anniversary of the Effective Date (each such date, a "Renewal Date"), an additional year shall be added to the Employment Period, unless notice of non-renewal has been delivered by one party to the other party at least 180 days prior to such Renewal Date.

2. POSITION AND DUTIES. (a) During the Employment Period, the Executive shall serve as the Executive Vice President and Chief Financial Officer of the Company, with such duties and responsibilities as are customarily assigned to such position, and such other duties and responsibilities appropriate to such office as may from time to time be assigned to him by the Company's Chief Executive Officer or the Board of Directors of the Company (the "Board"). Executive shall report solely to the Company's Senior Executive Vice President and Chief Administrative Officer, Chairman and Chief Executive Officer and the Board. Following termination of the Executive's employment for any reason, the Executive shall immediately resign from all offices and positions he holds with the Company.

(source: RAD Form 8-K, January 18, 2000).

Immediately prior to this appointment, RAD's stock price was \$8.25/share; on the day of the announcement, it leapt up to \$11.63/share, or 41% higher (per Yahoo! Finance). By the time Standley (then the CFO) left RAD to become the chief executive of Pathmark Stores in August 2005, however, RAD's stock price had sunk to the \$4 to \$5 level (according to our calculations, the VWAP for that month was \$4.46), down about 46% overall during his tenure (no dividends were paid during this period). After a short stint at Pathmark from August 2005 to December 2007 culminating in that company's sale to A&P (during which period Pathmark's stock appreciated modestly during a bull market; see

Pathmark SEC filings here), Standley returned to RAD as its president and chief operating officer on September 25, 2008, just following the Lehman bankruptcy (see here), at which time RAD's stock price had cratered to around \$1.60. At the time, RAD heralded Standley's return to the company with the following glowing praise:

At Pathmark, Standley, 45, engineered and led the successful turnaround and sale of the company to The Great Atlantic & Pacific Tea Company, Inc., (A&P) in 2007. He has intimate knowledge of Rite Aid's operations gained during six years at the company between 1999 and 2005, serving most recently as Senior Executive Vice President, CFO and CAO. During that period, Standley oversaw the implementation of new financial controls and was integrally involved in the development of the company's current information systems, real estate strategy and compliance programs. He also has served for the past several months in an advisory capacity to the company and will assume the role of President from Mary Sammons, who remains Chairman and CEO. As COO, Standley will replace Robert J. Easley, who is leaving the company to pursue other interests.

"John is a proven leader with a broad-based financial background, backed by hands-on operational experience in a 23-year career in the retail grocery and pharmacy industry. He spearheaded a remarkable success story at Pathmark; and while at Rite Aid earlier this decade, he was a key member of the team that helped turn around our operating results. I am confident that he is ready to hit the ground running," Sammons said.

Standley succeeded Sammons as RAD's chief executive on June 23, 2010 (see here), at which time the stock price was just \$1.07, and announced the following to RAD shareholders to mark this occasion:

During the quarter, we made excellent progress on our initiatives.... We expect [our] sales initiatives, along with the continued roll-out of our segmentation strategy, to have a significant positive impact on our business long term.

Finally, despite RAD shares underperforming the S&P 500 during the two years he had been chief executive, Standley was elevated to board chairman on June 21, 2012, at which time the stock price was \$1.25. On that date the freshly-minted chairman proclaimed that "[RAD's] turnaround efforts continue to be successful" (see here). In addition, the board of directors had the following to say on page 12 of RAD's 2012 proxy statement to justify this promotion:

[T]he Board reviewed its leadership structure in light of the Company's current operating and governance environment and determined that Mr. Standley should serve as the Chairman of the Board effective as of the 2012 Annual Meeting.... The Board believes that Mr. Standley's in-depth knowledge of the Company, keen understanding of the Company's operations and proven leadership and vision position him to provide strong and effective leadership to the Board. The Board also believes that a unified structure will provide decisive and effective leadership both within and outside the Company.

Thus, we discern the following pattern: despite promotion after promotion for Standley and bold pronouncement after bold pronouncement of substantial progress for RAD by Standley, the stock price has gone nowhere but down:

- Standley appointed CFO (1999): Stock price \$8.25; S&P 500 at 1433;
- Standley resigns as CFO (2005): Stock price \$4.46; S&P 500 at 1233;
- Standley appointed COO (2008): Stock price \$1.60; S&P 500 at 1100;

- Standley appointed CEO (2010): Stock price \$1.07; S&P 500 at 1077;
- Standley appointed Chairman (2012): Stock price \$1.25; S&P 500 at 1335;
- Today (2018): Stock price \$1.05; S&P 500 at 2772.

Since Standley became a senior RAD executive in late 1999, during which time he has occupied a C-suite spot at RAD for approximately 189 out of 226 months (or 84% of the aggregate period, not even counting the several months he acted as an unofficial "advisor" to then CEO Sammons in the summer of 2008), RAD's share price has plummeted 87% (with zero dividends being paid to shareholders during the entire period) while the S&P 500 has increased 93% (plus substantial dividends), a total underperformance of 180% plus 19 years of missed dividends. Moreover, since Standley became chief executive officer in June 2010, RAD's share price has gone nowhere (again, with zero dividends being paid to shareholders) while the S&P 500 has increased 157% (plus ample dividends). But wait, says the defender of the RAD status quo, it is unfair to compare Rite Aid's stock performance to the S&P 500, since the retail sector has been immensely challenged by the rise of Amazon (AMZN). Well, let's take a look at RAD's stock performance versus peers CVS Health Corp (CVS) and Walgreens from 2000 to the present--any further questions?



But what about the RAD's independent directors, namely Joseph B. Anderson Jr, Bruce G. Bodaken, Kevin E. Lofton, Michael N. Reagan, and Marcy Syms (who shall collectively hereafter be referred to as the "Incumbent Independent Directors"). Can RAD shareholders reasonably expect fresh ideas and bold new leadership (as opposed to Standley's clear pattern of uninspired, consistent failure) going forward from these individuals? Are any of the Incumbent Independent Directors likely to challenge the status quo at RAD, actually stand up for the shareholders and demand accountability from those occupying the C-suite? We doubt it. The 2018 proxy statement shows that these five individuals have the following tenures, respectively:

- Anderson: appointed 2005 (board tenure: 13 years);
- Bodaken: appointed 2013 (board tenure: 5 years);
- Lofton: appointed 2013 (board tenure: 5 years);
- Reagan: appointed 2007 (board tenure: 11 years); and
- Syms: appointed 2005 (board tenure: 13 years).

With an average tenure of 9.4 years (approximately equal to period since Standley returned to the RAD C-suite in September 2008), as a group the Incumbent Independent Directors are highly unlikely to supply the fresh, entrepreneurial thinking that is so desperately needed at RAD. Moreover, 3 of the 5 Incumbent Independent Directors (Bodaken, Reagan and Syms) constitute RAD's compensation committee, meaning they

simply cannot be trusted to defend shareholder interests when such interests conflict with the those of management (please see below for a discussion of RAD's dysfunctional senior executive pay system).

Now it might be argued that, despite their track record of consistent failure in generating shareholder returns over the past decade-plus, we could conceivably entrust our company to the stewardship of Standley or the Incumbent Independent Directors going forward had they invested a substantial amount of their own money in buying RAD shares on the open market, thereby putting themselves in the shoes of the owners of the company. If this were the case there might be hope indeed, since insiders would feel the pain of RAD's share price declines just as the shareholders do. Unfortunately, Standley and the Incumbent Independent Directors have (apparently) been congenitally unwilling to put their personal funds at risk by buying RAD common stock. Instead, they prefer to receive their shares gratis, in the form of stock options and grants of newly-printed shares, thereby endlessly diluting the equity stakes of the remaining holders. In fact, in order to find the last actual insider open market purchase of RAD stock, one would have to go back to April 2015 when then-EVP Dedra Newman Castle courageously put \$2,243 of her own money to work to purchase 300 shares (see full list of insider actions here):

SEC Form 5
FORM 5
 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
 Filed pursuant to Section 15(d) of the Securities Exchange Act of 1934 or Section 302(a) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*
Newman Castle Dedra

2. Issuer Name and Ticker or Trading Symbol
RITE AID CORP [RAD]

3. Relationship of Reporting Person(s) to Issuer
 Director
 10% Owner
 Officer (give title below)
 Other (specify below)
EVP

4. If Amendment, Date of Original Filing (Month/Day/Year)

5. Individual or Joint/Group Filing (Check Applicable Line)
 Filing by One Reporting Person
 Filing by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	3A. Deemed Acquisition Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 4)	4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 6)	5. Amount of Securities Beneficially Owned at end of Reporting Person's Fiscal Year (Instr. 3 and 4)	6. Ownership Form (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
Common Stock	12/09/2014		PA	300	A	\$7,4762	D

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Derivative Security Code (Instr. 4)	3. Transaction Date (Month/Day/Year)	3A. Deemed Acquisition Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 4)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 6)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 4)	9. Number of Derivative Securities Beneficially Owned Reporting Person's Fiscal Year (Instr. 3 and 4)	10. Derivative Form (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)

Explanation of Responses
 * Dedra N. Castle 04/30/2015
 ** Signature of Reporting Person Date

Prior to this purchase we can locate precisely ZERO insider purchases after mid-2008. Thus, over the past ten years, during the majority of which RAD's equity has lingered in the sub-\$2 level (i.e., the stock market's version of the bargain bin), we can locate but one lonely instance of a named RAD executive officer or director actually reaching into his or her pocket to put himself or herself in the shoes of the company's owners (and this for a measly 300 shares!). Yet somehow the current group of insiders has amassed economic exposure to tens of millions of RAD shares (according to the 2018 proxy statement, Standley alone has exposure to over 16 million shares, including options exercisable within 60 days), despite the fact that the shareholders themselves have collectively received a return equal to squat (to borrow a technical accounting term) owning their shares over the past decade. Just to make the point 100% clear, below we present a table showing the amount of RAD common stock insiders have purchased with their own money during the past decade:

Named Executive Officers and Directors in 2018 Proxy:	# of Open Market Shares Purchased During Past 10 Years:
David Abelman	0
Joseph B. Anderson, Jr.	0
Bruce G. Bodaken	0
Kermit Crawford	0

Bryan B. Everett	0
David R. Jessick	0
Darren W. Karst	0
Robert E. Knowling, Jr.	0
Jocelyn Z. Konrad	0
Kevin E. Lofton	0
Louis P. Miramontes	0
Enio A. Montini	0
Arun Nayar	0
Myrtle Potter	0
Michael N. Regan	0
Frank A. Savage	0
John T. Standley	0
Marcy Syms	0

So much for the oft-cited, yet mythical in RAD's case, "alignment of interests of management and shareholders". But at least they are consistent in their aversion for putting themselves in the shoes of the real owners of the company ("all for one...", namely themselves).

Lastly, Standley and the Incumbent Independent Directors have a documented history of employing entrenchment measures at the expense of the shareholders--when their financial interests have diverged from the interests of the shareholders, they have not hesitated to spurn the latter in favor of the former (despite their fiduciary duties to the company's owners). For a particularly egregious example, we need look no further back than early January of this year when these same individuals approved a "tax benefits preservation plan" that limited shareholders to just a 5% position in the stock. The company claimed at the time the following justification:

RITE AID ADOPTS TAX BENEFITS PRESERVATION PLAN TO PROTECT VALUABLE TAX ASSETS

CAMP HILL, Pa. (Jan. 3, 2018) — Rite Aid Corporation today announced that its Board of Directors has adopted a tax benefits preservation plan (the “Plan”) designed to preserve Rite Aid’s ability to utilize its net operating loss carryforwards and other tax attributes (collectively, “Tax Benefits”). The Plan is similar to plans adopted by other public companies with significant Tax Benefits.

Rite Aid has federal net operating loss carryforwards totaling approximately \$2.7 billion as of Dec. 2, 2017. The purpose of the Plan is to preserve Rite Aid’s ability to use its Tax Benefits which would be substantially limited if Rite Aid experienced an “ownership change” as defined under Section 382 of the Internal Revenue Code. In general, an ownership change would occur if Rite Aid’s shareholders who are treated as owning 5 percent or more of the outstanding shares of Rite Aid for purposes of Section 382 (“5-percent shareholders”) collectively increase their aggregate ownership in Rite Aid’s overall shares outstanding by more than 50 percentage points. Whether this change has occurred would be measured by comparing each 5-percent shareholder’s current ownership as of the measurement date to such shareholders’ lowest ownership percentage during the three year period preceding the measurement date. As previously disclosed, Rite Aid is in the process of consummating its sale of 1,932 stores to Walgreens Boots Alliance, Inc. for \$4.375 billion on a cash-free, debt-free basis. The adoption of the Plan is intended to ensure that Rite Aid will be able to utilize Tax Benefits in connection with this sale.

What is curious about this so-called “tax benefits preservation plan” is that RAD then had and now has but a single 5% shareholder, Vanguard (and most of the other significant holders are passive funds). Clearly the largest index fund company is not the type of holder one would logically worry about unexpectedly and dramatically increasing its ownership percentage so as to jeopardize the company’s tax assets. So why was RAD’s board so eager to put in place this plan when they did? Consider the context. Standley and the Incumbent Independent Directors had just failed spectacularly to consummate the sale of the company to Walgreens, due to opposition from the FTC, and had instead entered into an asset purchase agreement to sell approximately 2,200 stores to WBA, which number was later reduced to just over 1,900 stores (note also that the termination of the WBA merger agreement was preceded by RAD’s leadership caving to pressure and agreeing to reduce the buyout price in early 2017 from \$9/share to a range of \$6.50 to \$7/share). This failure was not simply “bad luck”; RAD’s leadership horribly miscalculated the antitrust risk inherent in the transaction. So, with few options remaining and the company’s EBITDA dramatically declining (probably due to management taking their eye off of the company’s core operations as a result of their endless M&A distractions--remember, the Walgreens merger talks began way back in 2014), RAD entered into the Walgreens asset sale agreement in order to de-lever the balance sheet. Meanwhile the stock price plummeted from \$8 to \$2 during the course of 2017 as these events unfolded.

Now if you were CEO Standley, in control of RAD’s board as chairman, and you wished to shut down the ability of any potential activist to hold you and the Incumbent Independent Directors accountable for the Walgreens buyout disaster and RAD’s consequent stock price decline (and possibly force a sale of the company to the highest bidder), you might seek to block any such activist from amassing a large stake in the company. In addition, if you were CEO Standley and suspected your days as chief executive were numbered as a result of RAD’s operational and M&A failures, you might want to engineer the sale of your company to a friendly strategic acquirer at a fire-sale price, knowing that in return the grateful buyer would ask you to stay on as CEO of the combined company. You might

even ignore other potential suitors and agree to merge with a company run by your former boss (the aforementioned Robert Miller) which was staggering under a mountain of debt and owned by a private equity company desperate to find a sucker to unload it on, all of which would give the lie to the following pronouncements you made when the WBA asset sale was announced about eight months previously:

"While we believe that pursuing the merger with WBA was the right thing to do for our investors and customers, [the WBA asset sale] agreement provides a clear path forward and positions Rite Aid as a strong, independent, multi-regional drugstore chain and pharmacy benefits manager with a compelling footprint in key markets," said Rite Aid Chairman and CEO John Standley. "The transaction offers clear solutions to assist us in addressing our pharmacy margin challenges and allows us to significantly reduce debt, resulting in a strong balance sheet and improved financial flexibility moving forward."

In order to do all of this, though, the last thing you would want would be RAD's owners (especially an activist investor with a major RAD equity stake) clamoring for a sale to the highest bidder, which might not be your chosen friendly strategic buyer (and, horror of horrors, you might thus be dismissed from the chief executive's office). In other words, if you have no real intention of answering to the shareholders, as the owners of the company, and desire a free hand to pursue your own self-interested goals of maintaining your high-paying, prestigious CEO position, as well as lucrative director spots for your most loyal rubber-stamps on the RAD board, the ideal scenario is to have stock ownership spread out as wide as possible, so no single shareholder or group of shareholders can assert their control over corporate governance. Luckily for Standley and his captured board, he had a convenient justification to achieve these ends with the "tax benefits preservation plan" (aka "management and board entrenchment device" or "poison pill"), namely the company's significant loss carryforwards and the Walgreens asset sale (in connection with which the carryforwards would be used). In our view, there was no legitimate reason to put this agreement in place at the time, given the absence of 5% owners (other than Vanguard); rather, the tax issue was simply a pretext to block anyone (especially an activist) from taking a large stake in the company.

Moreover, the timing of the "tax benefits preservation plan" is indeed curious. It was approved by RAD's board on January 3, 2018, over six months after RAD and Walgreen's announced the asset sale (supposedly the rationale for putting the plan in place). Meanwhile, page 113 of the RAD-Albertsons proxy statement discloses that "Mr. Standley informed the Rite Aid board of directors that, on or about January 4, 2018, [Albertsons] and Cerberus had approached him about serving as the Chief Executive Officer of the combined company after the closing of the merger". The "on or about" language is quite fuzzy. Could it be that the actual the post-merger CEO proposal to Standley was made by Cerberus/Albertsons on January 2nd or January 3rd (i.e., BEFORE the RAD board, chaired by Standley, approved the tax benefits preservation plan)? If true, that would be interesting indeed. Also per page 113 of the merger proxy, we discover that Standley did not even bother to inform RAD's board that this CEO job proposal had been made to him by Cerberus/Albertsons until approximately a week later (on January 10th). Regardless, if the Walgreens asset sale was indeed the motivation for the tax plan, why did RAD's board allow six months to pass before putting it into place? An obvious benefit of this agreement was to entrench Standley and the Incumbent Independent Directors while they shopped the company to an acquirer who would guarantee their continued employment. This end was achieved when RAD entered into the merger agreement with Albertsons in February 2018 (see merger PR here), following which the tax plan was terminated upon completion of the Walgreens asset sale (see here).

In our opinion it is clear from the following disclosures in that the entire "negotiation" with Albertsons was kabuki theatre at its best (or worst, depending on one's vantage point):

- As just described, sometime around January 4, 2018, Albertsons and Cerberus approached Standley about serving as the Chief Executive Officer of the combined company after the closing of the merger. Yet it was not until three weeks later, on January 24, 2018 (less than a month before the final merger agreement was executed by the parties), that Standley and the Rite Aid board of directors established a separate committee of directors (exclusive of Standley), consisting of directors Michael N. Regan, David R. Jessick and Mr. Savage (the latter of whom had his own undisclosed conflicts of interests, which should have resulted in him recusing himself from further participation in the Albertsons talks; for which see page 121 of the merger proxy), to negotiate, for the Rite Aid board of directors' consideration, the exchange ratio and other financial terms of the transaction with Albertsons. Why didn't Standley immediately recuse himself from all further Albertsons negotiations as soon as Cerberus and Albertsons approached him about the combined company CEO role?
- Citigroup, acting as advisor to RAD on the Albertsons negotiations, appears to have had a clear conflict of interest in that it had previously acted as an advisor to Albertsons, as the merger proxy discloses on page 106: "On July 13, 2017, as subsequently disclosed by Citi to the Rite Aid board of directors and management on November 16, 2017, certain members of the Citi coverage team for [Albertsons] who meet periodically with [Albertsons] to discuss potential strategic matters and who at the time were not part of the Rite Aid transaction team (but who subsequently joined the Rite Aid transaction team), met with members of [Albertsons] management to provide a routine investment banking update to [Albertsons] with an overview of certain strategic, business and financial considerations in the retail sector, which included, among other things, a discussion of the then recently announced acquisition of Whole Foods Market Inc. by Amazon Inc. In connection with such overview, such Citi-[Albertsons] coverage team members provided [Albertsons] with certain discussion materials regarding potential strategic alternatives for [Albertsons], including, among other potential transactions, a preliminary hypothetical reverse IPO merger transaction with potential identified counterparties, including Rite Aid". Despite these conflicts, RAD's board did not replace Citi as advisor on the prospective transaction with Albertsons.
- RAD's so-called negotiating strategy with Albertsons was to take advice from its conflicted advisor Citi on the pro forma ownership percentage for RAD shareholders with respect to the combined RAD-Albertsons entity, namely 28-42% of the entity's equity, and the RAD board then inexplicably decided that their opening ask to Albertsons would not be above this range (for example, a 45-50% stake), but rather that "Rite Aid should start negotiations towards the high end of the implied ranges...with a pro forma ownership of 35-40% for its stockholders, with the understanding that the higher end of the proposed range would be difficult to obtain but a proposal at that range would be useful in negotiations." Clearly the RAD board had a defeatist approach with respect to these negotiations from the outset, apparently petrified that Albertsons might walk away.
- The Background of the Merger section of the merger proxy makes painfully clear, in our view, that RAD's board had minimal desire to conduct a real auction of the company to the highest bidder. Rather, they had their preferred suitor (Albertsons) and, at best, were apathetic with respect to engaging with other potential acquirers. For example, note the disclosure on page 111 of the merger proxy that "[o]n November 20, 2017, Rite Aid management met with Party H regarding strategic business alternatives and opportunities. Party H indicated it would discuss further and would follow up with Rite Aid if there was any interest in a potential strategic transaction. Party H did not

follow up with Rite Aid". Why wouldn't RAD's board follow up on this opportunity? On page 113 of the merger proxy we learn that "[o]n January 18, 2018, Citi received a phone call from Party J inquiring about a potential strategic transaction involving Rite Aid without providing any specific information. Citi responded that if Party J had a proposal, then Citi would relay such proposal to Rite Aid. Party J never provided a proposal, any additional information or followed up with Citi or Rite Aid". Why such passivity? Did Citi even bother informing RAD of this "potential strategic information" with Party J?

Predictably, RAD's shareholders easily saw through the farcical nature of the Albertsons deal and Standley and his captured board of directors were forced to pull the plug on this one-sided transaction. Yet, despite the facts we have just described and despite the endless failure to generate any real value for RAD's owners, these same individuals are now asking for our backing to continue in their high-paid, prestigious offices, as evidenced by the proxy statement just sent to shareholders, to which we turn next.

RAD's 2018 proxy statement: Directors gone wild

At the beginning of the proxy statement, the Incumbent Independent Directors have all signed their names to a open letter to the shareholders trumpeting their corporate governance reforms at RAD, stating the following:

Since the termination of the Albertsons transaction, our Board has spearheaded a campaign to have our independent directors engage with our stockholders. Independent directors and management together have reached out to 11 of our largest stockholders, owning in the aggregate approximately 38% of our shares, and independent directors have engaged directly with six of these stockholders to date, owning in the aggregate approximately 29% of our shares. In addition, management has communicated with many retail stockholders and received their feedback. We greatly value the insightful input about Rite Aid that our stockholders have provided in these and other exchanges.

According to Barrons.com, the top 11 RAD holders currently own 480 million shares, or about 45% of the outstanding stock, as follows:

Name	Shares Held (millions)	% Outstanding	% of Assets	As Of Date
The Vanguard Group, Inc.	91.2	8.56%	0.00%	6/30/18
BlackRock Fund Advisors	65.2	6.12%	0.00%	6/30/18
Franklin Mutual Advisers LLC	51.3	4.82%	0.13%	6/30/18
OppenheimerFunds, Inc.	50.2	4.71%	0.04%	6/30/18
Oppenheimer Global Opportunities Fund	50.0	4.69%	0.66%	6/30/18
Highfields Capital Management LP	47.0	4.41%	0.64%	6/30/18
Vanguard Small Cap Index Fund	27.0	2.53%	0.04%	8/31/18

Vanguard Total Stock Market Index Fund	26.6	2.50%	0.01%	8/31/18
SSgA Funds Management, Inc.	25.1	2.35%	0.00%	6/30/18
iShares Russell 2000 ETF	23.5	2.20%	0.06%	10/4/18
Alberta Investment Management Corp.	22.6	2.12%	0.25%	6/30/18
TOTAL	479.7	45.01%		

Regardless of this discrepancy (38% versus 45%), note that the three Vanguard entities listed own 13.5% collectively, so perhaps the "six [stockholders] owning in the aggregate approximately 29% of our shares" that RAD's board claims to have "engaged directly with" could be these three plus any three of the others totaling around 15-16%. Yet note how tiny the RAD positions are as a percentage of total assets for each of the above-listed holders: for seven of the eleven, RAD constitutes 0.06% OR LESS of their aggregate assets (and these numbers would today be far LOWER, given RAD's recent share price declines). Shockingly, almost one-quarter of RAD's common stock is held by four asset gatherers that are so large their RAD positions barely even register as a percentage of total AUM (and for each of the top two, it rounds to literally 0.00%!). So, despite the RAD board claiming credit for "spearheading" this outreach campaign, they are clearly talking to the wrong entities. They should instead be soliciting views of shareholders for whom a RAD position amounts to far more than 0.66% of AUM. Note also the statement that "management has communicated with many retail stockholders and received their feedback". Really? What "management" would this be, RAD's investor relations contact? Somehow we doubt that Standley or anyone else in the C-suite has been dialing up retail shareholders to obtain their views on corporate governance.

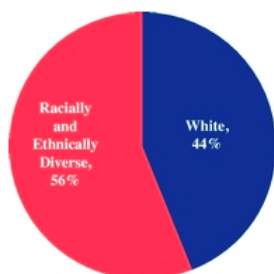
Two paragraphs further down in the letter the Incumbent Independent Directors make the bold claim that "[a]fter rigorous and thoughtful evaluation and discussion, the Board firmly believes that John Standley is best situated to serve as Rite Aid's Chief Executive Officer". Huh? Are RAD shareholders really supposed to believe that among all the possible candidates for CEO for our company in the world, of which there should be literally dozens potentially available, Standley, who has failed over and over and over again to create value for the shareholders, is "best situated to serve as Rite-Aid's chief executive officer"? How many other CEO candidates did the board of directors interview before deciding that Standley was the best option? Did they even bother to interview a single outside candidate? If so, who were these other candidates and what are their track records in comparison to Standley's dismal track record? Which executive search firms (if any) did the Incumbent Independent Directors hire to identify such candidates? Did it ever enter their minds that Standley's documented history of shareholder wealth destruction militates against allowing him to continue serving as CEO?

Finally in the letter, the Incumbent Independent Directors make the claim that the governance changes described in the proxy statement are "the first steps in reinvigorating our corporate governance practices and policies". First steps? Apparently this statement is supposed to appease Rite Aid's aggrieved shareholders, holding out the carrot of hope that future governance reforms will be in store. The obvious questions raised are the following: If there are additional steps to "reinvigorate Rite Aid's corporate governance practices and policies", then (1) what additional steps are being contemplated by the board? and (2) what in the world are the Incumbent Independent Directors waiting for? Why haven't they taken such steps already? If there was ever a time for Rite Aid's board

to do the absolute maximum in reforming their atrocious corporate governance practices, the upcoming annual meeting was the perfect opportunity. But the Incumbent Independent Directors have clearly decided that whatever further steps are necessary can wait. In our view, this is simply a ploy to push off reforms as far as possible into the future and further entrench the Incumbent Independent Directors and Standley in their respective offices.

The company also makes a big deal in the annual meeting proxy statement about the fact that through their supposed refreshment process they now have increased the racial and ethnic diversity on the board. They include the following helpful pie chart on page 11 of the proxy showing how diverse they are:

Board Racial and Ethnic Diversity*



In addition, they include a "skills and experience" matrix on page 12 of the proxy, as follows (look at all of the "X"s!):

Skills and Experience	Standley	Anderson	Bodaken	Knowling	Loflin	Miramontes	Nyar	Regan	Syms
Capital/Finance CEO	X	X	X	X	X	X	X	X	X
Management/Business Operations	X	X	X	X	X	X	X	X	X
Retail Industry	X								X
Healthcare Industry			X		X				
Finance/Accounting	X	X	X	X	X	X	X	X	X
Board/Corporate Governance	X	X	X	X	X	X	X	X	X

Reviewing the above, apparently RAD's board of directors believes that shareholders will now rest easy considering the incredible diversity and skill sets of these directors. What the above charts do not answer, however, is whether the board is stocked with individuals (1) who actually know best how to run a drug store chain and pharmacy business and compete with the likes of Walmart, CVS and Amazon and (2) are incentivized to defend the interests of the shareholders against overreach by management. These are the two primary goals of any board of directors, not furthering overarching societal goals (however laudable) such as diversity. The bottom line is that if the RAD board actually cared about promoting the interest of shareholders and aligning the incentives of management and the directors with the shareholders, they would add as directors representatives of significant shareholders of the company. Yet this has not happened.

Next let us examine the backgrounds and ages of the proposed board of directors. First, it is logical to assume that if you and your allies control a board and you want to entrench yourselves, you would appoint independent directors nearing or past the traditional retirement age, as well as individuals likely to be financially dependent on their director's fees. You would certainly not want young and vigorous directors on your board, who might actually threatened your power. When we look at the independent directors up for confirmation at this year's annual meeting, we note a clear pattern:

Director	Age
Joseph B. Anderson, Jr.	75
Michael N. Regan	70
Arun Nayar	67
Marcy Syms	67
Bruce G. Bodaken	66

Louis P. Miramontes	64
Robert E. Knowling, Jr.	63
Kevin E. Lofton	63

The average age of these directors is 67 (i.e., retirement age), or 12 years senior to the (relatively) youthful RAD CEO. Moreover, below we have excerpted the professional backgrounds of the three newly nominated independent directors, Knowling, Miramontes and Nayar. The first is an "advisor-coach to chief executive officers" and chairman of a company whose website doesn't appear to have been updated in about five years and does not even have a contact phone number (it merely has a gmail account under its "Contact Us" page; see for yourself at <http://eagleslandingpartners.com/>), the second is a retired KPMG audit partner and the third was the CFO at Tyco from 2012 to 2015 (and is now retired). Do any of these three seem likely to step up and challenge anything Standley or Incumbent Independent Directors want to do, thereby jeopardizing their yearly \$220,000+ director compensation for part-time work? Moreover, do any of these three have a professional background that would give RAD shareholders confidence that they can come up with strategies to outsmart Jeff Bezos? We don't think so.

Robert E. Knowling, Jr. Mr. Knowling is currently Chairman of Eagles Landing Partners, which specializes in helping senior management formulate strategy, lead organizational transformations, and re-engineer businesses. Mr. Knowling also serves as an advisor-coach to chief executive officers. Mr. Knowling previously served as Chief Executive Officer of Telwares, a JP Morgan Chase/One Equity Partners Private Equity-owned company from 2005 to 2009. From 2001 to 2005, Mr. Knowling was Chief Executive Officer of the New York City Leadership Academy, an independent nonprofit corporation created by Chancellor Joel I. Klein and Mayor Michael R. Bloomberg that is chartered with developing the next generation of principals in the New York City public school system. From 2001 to 2003, Mr. Knowling was Chairman and Chief Executive Officer of SimDesk Technologies, Inc. Prior to this, Mr. Knowling was Chairman, President and Chief Executive Officer of Covad Communications, a Warburg Pincus Private Equity backed start-up company. Mr. Knowling currently serves on the board of directors of Convergys Corporation, K12 Inc. and Roper Technologies Inc. Mr. Knowling previously served as a director of Ariba, Inc. until 2012, Heidrick & Struggles International, Inc. until 2015, Hewlett-Packard Company until 2005 and The Immune Response Corporation until 2005.

Louis P. Miramontes. Mr. Miramontes worked at KPMG LLP from 1976 to 2014, where he served in many leadership roles, including Managing Partner of the San Francisco office and Senior Partner for KPMG's Latin American region. Mr. Miramontes was also an audit partner directly involved with providing audit services to public and private companies, which included working with client boards of directors and audit committees regarding financial reporting, auditing matters, SEC compliance and Sarbanes-Oxley regulations. Mr. Miramontes currently serves on the board of directors of Lithia Motors, Inc., one of the largest providers of personal transportation solutions in the U.S., and Oportun, Inc., a mission-driven financial services company.

Arun Nayar. Mr. Nayar retired in December 2015 as Executive Vice President and Chief Financial Officer of Tyco International, a \$10+ billion fire protection and security company, where he was responsible for managing the company's financial risks and overseeing its global finance functions, including tax, treasury, mergers and acquisitions, audit, and investor relations teams. Mr. Nayar joined Tyco as Senior Vice President and Treasurer in 2008 and was also Chief Financial Officer of Tyco's ADT Worldwide. From 2010 until 2012, Mr. Nayar was Senior Vice President, Financial Planning & Analysis, Investor Relations and Treasurer. Prior to joining Tyco, Mr. Nayar spent six years at PepsiCo, Inc., most recently as Chief Financial Officer of Global Operations and, before that, as Vice President and Assistant Treasurer—Corporate Finance. Mr. Nayar currently serves on the Board of Directors of Bemis Company, Inc., a manufacturer of packaging products, and TFI International Inc., a leader in the transportation and logistics industry. Mr. Nayar is also a Senior Advisor to McKinsey & Company and to a private equity firm, BC Partners.

Standley and the Incumbent Independent Directors have not put any individual on the board of directors likely challenge them. Furthermore, page 71 of the proxy statement reveals none of the three new directors has purchased even a single share of RAD stock with their own money. How are RAD shareholders supposed to believe these three will resolutely defend our interests when they have no skin in the game? The refreshment of three directorships and removal of Standley as board chairman (and replacement with ally Bodaken) seems to be the minimal possible corporate governance "reform" that RAD's entrenched incumbents could get away with while still claiming to have made "progress".

Moving on to the discussion of executive compensation in the proxy statement, on page 40 we find the following claim:

Compensation should reward performance. Our programs should deliver compensation that is related to our corporate performance. Where corporate performance falls short of expectations, the programs should deliver lower-tier compensation.

Unfortunately, everything in the proxy statement's discussion of the executive compensation for Rite Aid's senior executives belies the statements. Not only has the compensation committee approved absurd "retention payments", they have also repeatedly lowered operational goalposts with respect to bonus payments.

Let us consider for the moment the purpose of so-called retention payments. These are payments necessary to retain the services of outstanding senior executives. In other words, such payments should be made to executives who have demonstrated historically high levels of execution and have otherwise acted in an exemplary fashion on behalf of the owners of the company. Retention payments should only be used in the rarest of circumstances. Such payments might be required, for instance, during an economic downturn similar to the financial crisis of 2008/2009, but they certainly should not be doled out to reward chronically underperforming executives in good economic times. We think that Rite Aid's retention payments are nothing but rewards for failure. Standley failed to close the Walgreens buyout, attempted (and fortunately failed) to close the flawed Albertson's merger, vastly overpaid for RAD's PBM EnvisionRx (the value of which has now been written down by hundreds of millions of dollars), and has not returned even one cent to the shareholders in dividends during his entire CEO tenure. Even worse, the company's EBITDA has relentlessly declined over the past few years on his watch, leading directly to RAD's stock price collapse from ~\$8 to ~\$1. Yet the Incumbent Independent Directors deemed him worthy of receiving a \$3 million retention payment just two months ago? Do they inhabit an alternative universe? We are quite certain that most Rite Aid shareholders would be thrilled to gift to Standley a \$3 million NON-retention payment if it would ensure his permanent departure from the company!

Moreover, the Incumbent Independent Directors should be ashamed of the adjusted EBITDA goalpost moving for fiscal 2018, described in the proxy statement as follows:

Under [RAD's] plan formula, payouts can range from 0% to 200% of bonus targets depending on Company performance. The Compensation Committee initially established an Adjusted EBITDA performance target of \$1,022 million for fiscal year 2018, based on the then-current financial plan targets. This performance level target, based on the financial plan, was below our fiscal year 2017 performance of \$1,137 million as a result of continuing reimbursement rate pressure and the fact that fiscal year 2018 had one (1) less week than fiscal year 2017. The Compensation Committee also established a threshold at which management could be rewarded at 50% of bonus target at achievement of Adjusted EBITDA of \$869 million (85% of target), and the Compensation Committee approved a maximum at which management could be rewarded at 200% of bonus target at achievement of Adjusted EBITDA of \$1,124 million (110% of target).

At its July 2017 meeting, the Compensation Committee re-evaluated the likelihood of achieving Adjusted EBITDA results above the threshold performance of \$869 million after termination of the WBA merger agreement and execution of the subsequent asset sale to divest stores and distribution centers to WBA. During this meeting, the Compensation Committee determined based on the projected financial impact of the loss of certain pharmacy services contracts and the Company being excluded from certain pharmacy networks in which it participated last year, that such level of performance was extremely unlikely to be attained. Accordingly, in the interest of maintaining a strong incentive aligned with short-term performance following considerable ongoing challenges and uncertainty related to the extended duration of the potential WBA merger process, as well as no payments and projected below-target or no payments under recent and in-cycle annual and long-term performance incentives, the Compensation Committee lowered the threshold level of performance at which management could be rewarded with a bonus of 50% of target, and approved a threshold Adjusted EBITDA of \$664 million (65% of target). At the same time, the Compensation Committee also decided to increase the maximum level of performance at which management could be rewarded at 200% of bonus target, and approved a maximum Adjusted EBITDA goal of \$1,380 million (135% of target).

Finally, in February 2018, the Compensation Committee modified the annual incentive performance framework to reflect the impact of the reduction of Adjusted EBITDA resulting from the divestiture of stores to WBA. Specifically, the Consolidated Adjusted EBITDA target was reduced by \$37 million to \$985 million, threshold Consolidated Adjusted EBITDA remained 65% of target (reduced to \$640 million), and maximum Consolidated Adjusted EBITDA remained 135% of target (\$1,330 million).

In fiscal year 2018, challenges associated with the extended duration of the WBA merger process and its ultimate termination, the asset sale, as well as the impact of the loss of certain pharmacy services contracts and being excluded from certain pharmacy networks in which we participated last year had a substantial negative impact on our fiscal year 2018 results, and Rite Aid's actual Consolidated Adjusted EBITDA was \$818 million, which was below the revised target performance level, but above the revised threshold performance level, resulting in bonus payments at 74.8% of the revised target.

So not only did RAD's compensation committee initially set an easier adjusted EBITDA target for FY 2018 (\$1,022 million) than FY 2017's actual performance (\$1,137 million), when it became clear in July 2017 that RAD would not even remotely approach the new (lower) target for FY 2018, the 50% bonus threshold was inexplicably lowered by 24%, from \$869 million to \$664 million. Magically, actual FY 2018 adjusted EBITDA came in at

\$818 million, allowing RAD's senior executives to receive 75% of their target bonus amounts (despite adjusted EBITDA for FY 2018 declining almost 30% from FY 2017's level!). By constantly lowering the company's EBITDA goal posts, RAD literally incentivized management to fail--which they did (in spades).

But wait, there's even more to hate about Rite Aid's senior executive compensation system. In the most recent quarter the company had to write down the value of EnvisionRx by \$313 million dollars (see page 21 of RAD's Q2 FY 2019 Form 10-Q filing). However, when calculating adjusted EBITDA, the company adds back the entire EnvisionRx charge (plus other impairment charges, altogether totaling \$375 million), apparently on the justification that it is a "non-cash" charge against earnings, as per the following table in the Q2 FY 2019 earnings release from September 27th:

RITE AID CORPORATION AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
RECONCILIATION OF NET (LOSS) INCOME TO ADJUSTED EBITDA
(In thousands)
(unaudited)

	Thirteen weeks ended September 1, 2018	Thirteen weeks ended September 2, 2017
Reconciliation of net (loss) income to adjusted EBITDA:		
Net (loss) income - continuing operations	\$ (252,348)	\$ 188,360
Adjustments:		
Interest expense	56,233	50,857
Income tax (benefit) expense	(106,559)	117,450
Depreciation and amortization	89,743	95,655
LIFO charge	3,358	3,436
Lease termination and impairment charges	39,609	3,113
Goodwill and intangible asset impairment charges	375,190	—
Merger and Acquisition-related costs	19,031	9,632
Stock based compensation expense	5,215	6,324
Inventory write-downs related to store closings	1,300	1,348
Litigation settlement	18,000	—
Gain on sale of assets, net	(4,965)	(14,911)
Walgreens Boots Alliance merger termination fee	—	(325,000)
Other	4,774	678
Adjusted EBITDA - continuing operations	\$ 148,581	\$ 136,902
Percent of revenues - continuing operations	2.74%	2.56%
Pro-forma Adjustments:		
Adjustment to reflect a full TSA fee	—	24,000
Pro Forma Adjusted EBITDA - continuing operations	\$ 148,581	\$ 160,902

Yet the EnvisionRx cash loss actually happened because Standley overpaid in buying the asset back in February 2015. Will Standley thus agree that it is now appropriate to go back and recalculate RAD's adjusted EBITDA for FY 2015 to reflect the cash loss that the company (unknowingly) incurred at the time of the EnvisionRx acquisition, and to which it belatedly fessed up in its writedown of several weeks ago, and thereby retroactively reduce his FY 2015 compensation to correct for any bonus overpayment? If not, then why should \$375 million be added back in calculating adjusted EBITDA for FY 2019 for compensation purposes? Obviously he would never agree to any retroactive (lower) bonus recalculation, exposing how silly it is not to count "non-cash" goodwill and intangible asset writedowns when determining the adjusted EBITDA calculation in determining bonus payments going forward.

Please note that we are not alone in our views on RAD's ridiculous compensation practices. Readers should review the critique thereof supplied by the Teamsters recently (for which see here). We wholeheartedly agree with the Teamsters that "[o]ver the past year, the members of Rite Aid's Compensation Committee, all of whom are set to remain on the board, have gone to extraordinary lengths to cushion the financial impact on executives of the strategic and operational challenges facing the company. With Standley set to continue as CEO, it is vital that shareholders send a clear signal that the board cannot continue to reward failure. Accordingly, we urge investors to Vote No on Say-on-Pay."

A few questions for RAD's leadership--and a path forward for its long-suffering shareholders

Perhaps because RAD's management and board have spent so much of their time over the past four years engaging in M&A disasters and tending to their (sadly successful) entrenchment activities, Rite Aid's core operations have been allowed to wither on the vine. We thus have the following questions for the company's leadership, which hopefully they will attempt to answer at the upcoming annual meeting:

- Where are business initiatives that would actually increase the value proposition for RAD's customers? Has management ever considered putting in self-checkout kiosks at its stores, as CVS has in many of their boxes? Probably the number one complaint brick-and-mortar retail customers have is waiting in line to pay for their items. Why hasn't Rite Aid done anything to alleviate this problem? (Obviously one of the key advantages that Amazon has over B&M retailers is that they have no check-out lines.)
- What about SKU rationalization: Where is Management's comprehensive plan on that front?
- Has management ever considered doing something innovative with the space that could be saved in Rite Aid stores as a consequence of such SKU rationalization, such as putting in seating areas for cafes? Perhaps a joint venture with, say, Dunkin' Brands (DNKN) could work. Does management have any ideas in the works on this front, or are they simply content with the failing status quo?
- Does management have any plans to capitalize on the secular growth in vaping (which could actually be a health boon if it weans people off of cigarettes)? This could potentially be a high-margin business for the company.
- Has management ever considered putting in a buy online, pickup at store option for customers? What is the cost-benefit analysis for such a program? What test programs are underway at RAD stores in connection with this option.
- What cost-cutting initiatives is management instituting to generate bottom-line returns, now that nearly half of the store base has been sold to Walgreens? Why isn't management implementing a zero-based budgeting system? Why hasn't management attacked the bloated corporate bureaucracy at headquarters? Why haven't senior executive salaries been reduced, since the company is now about 50% of its former size?
- Now that the Albertsons debacle has been canceled, why hasn't RAD's management scheduled an all-day Investor Day event to go over all the brilliant strategies and new store concepts they have to generate increased revenues and profits at the company? One would assume that if they had any such brilliant strategies and concepts (and since they have recently received huge retention payments courtesy of the board, we can only conclude that they MUST be brilliant executives), they would be champing at the bit to share them with the entire world. (We aren't holding our breath.)

In our view, real entrepreneurial thinking never seems penetrate the C-suite at Rite Aid, whose occupants much more resemble bureaucratic rent-seekers than ingenious businesspeople (such as can be found at Amazon, for instance). This probably explains why the stock chart for Amazon goes consistently up and to the right, while RAD's stock chart (at least, during Standley's reign) is unfortunately consistently DOWN and to the right.

So, what is a RAD shareholder to do now? We believe the following:

- Vote 'Em Out! At the annual meeting in two weeks, we recommend that shareholders VOTE AGAINST ALL nine of RAD's board of director nominees, especially Standley and the three Incumbent Independent Directors on the compensation committee (Proposal No. 1). We also recommend voting AGAINST approval of RAD's executive compensation system (Proposal No. 3) and IN FAVOR OF the stockholder proposal to separate the board chairman and CEO positions (Proposal No. 4). It is well past time to send a loud-and-clear message that the status quo at RAD is NOT acceptable and that the half-hearted corporate governance "reform" measures announced in the proxy statement are not even remotely close to sufficient.
- Organize. In order to receive the full benefits of ownership of the equity of the company, it is imperative that shareholders organize themselves, especially in light of the egregious entrenchment stratagems used by management to exclude shareholders from any participation in the governance of the company. Talk to each

other. Communicate your dissatisfaction to the company at every opportunity. Try to interest potential activists in making a run at replacing RAD's current failed leadership. Demand that RAD put representatives of large shareholders on the board. Remember, Rite Aid belongs you YOU, not to CEO Standley or the Incumbent Independent Directors.

- Once we get new leadership at RAD, the executive compensation system must be totally revised and replaced with a system that actually motivates the executives in the C-suite to work on behalf of the shareholders, rather than on behalf of their own financial interests. In addition, the so-called compensation consultant that RAD hired for the most recent fiscal year needs also to be fired ASAP. Whatever advice this consultant gave to the compensation committee had virtually no value in bringing about a rational compensation structure.

Conclusion

We believe that Rite Aid has very valuable assets, but this value is currently obscured because they are in the hands of a failed CEO and the uninspiring Incumbent Independent Directors, who should all be replaced. If RAD's assets were worth \$9/share to Walgreens in 2015-2017 (before approximately half of the supposedly less desirable--at least, according to Standley--assets were sold to Walgreens), what might the company's assets be worth today to a certified entrepreneurial genius such as Jeff Bezos (who wants to open 3,000 cashierless stores by 2021)? What would they be worth to a Walmart (WMT) or a CVS or a Target (TGT), companies with the scale to reduce SG&A and other costs as a percentage of revenues? What about to a private equity company specializing in turning around retail companies? Certainly vastly in excess of a dollar and change, the value currently ascribed to RAD shares by the stock market. But obtaining this value starts with the shareholders. And it starts on October 30th by voting a resounding NO on all of RAD's director nominees, as well as voting AGAINST approval of the broken senior executive compensation system. Every marathon begins with a single step, and the first one for RAD's owners takes place just under two weeks.

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 (497)

user20

awesome article

can we nominate you as ceo?

maybe i ll write you in as a candidate for the midterms

19 Oct 2018, 08:21 AM

Lowhangers

Crooked Standley and Cerberus have brought the stock down to under a buck. They'll get what's coming to them on October 30th, the entire board will be voted out and Crooked Standley will be fired and publicly humiliated.

They still don't understand the massive outrage they have created with shareholders. They think pushing the stock down further will get us to capitulate, but the end result will be the direct opposite.

Crooked Standley's crime spree is coming to an end on October 30th when we remove his vile minions on the Corrupt Board.

19 Oct 2018, 01:31 PM

Invest In Texas

I'd be more worried about being delisted at this point.

19 Oct 2018, 01:32 PM

jamo59

a true outrage to all shareholders!!

19 Oct 2018, 01:38 PM

Mike Deadmorton

Not a hope of delisting. Takes 30 days under \$ 1 before notice then 30 days to respond. If it can't climb up, then a reverse split. They have too many shares in the float as it is.

19 Oct 2018, 01:38 PM

kingVRX

Reverse Stop Split Invest in Texas

19 Oct 2018, 01:40 PM

rusty13

Then a possible 6 month extension after that if I'm not mistaken on any R/S..

19 Oct 2018, 01:52 PM

Invest In Texas

@kingVRX , That's always a possibility, but not very share holder friendly. Of course it beats being delisted. May have to just cut my losses and run, run very fast !

19 Oct 2018, 02:06 PM

Invest In Texas

I'm fully aware of the 30 day rule, the issue I'd have if a reverse spit was done, is the shares would still fall back to under a \$1 over time. There is no overnight solution . . .

19 Oct 2018, 02:10 PM

Mike Deadmorton

Well, SAEX is a classic on how RS don't always work out. 1st was 134 to 1 then recently a 20 to 1. Now they are a low float potential runner with only 1 Mshares

19 Oct 2018, 02:14 PM

Lowhangers

Yes, there is an easy solution. Vote out the entire board, and then fire Crooked Standley. Those two things are why the stock is at its current price.

October 30th is coming, and we will have our vengeance when we remove the CEO and board of Rite Aid.

19 Oct 2018, 02:18 PM

Lowhangers

Here's the ISS email contact:

isspress@issgovernance.com

I sent them an email letting them know what I thought of their ridiculous recommendation that shareholders vote in favor of Crooked Standley and the Corrupt Board.

19 Oct 2018, 04:55 PM

jraskib

We can vote against BOD's, but how to fire CEO? Als, a lot depends on Institutions!

20 Oct 2018, 04:54 PM

Red702355B

corrupt standley and bobblehead bod have too many shares to reverse split now. The only reason a 10 shares of RAD for 1 share of ABS=ALBATROSS was in play was because standley would get big money from ABS and CEO job with new joint company if the merger was approved. He was greatly mistaken when common shareholders and Institutions voted against him. Throw the bums out and bring in new blood and the share price will start to go north for shareholders.

24 Oct 2018, 03:44 AM

Seven Corners Capital Management, Contributor

Author's reply » NOTE - follow-up blog post published today [link below]: "Rite Aid - Last Chance For Shareholders To Effect Change". PLEASE READ AND FORWARD LINK TO INTERESTED PARTIES - THANKS...

seekingalpha.com/...

25 Oct 2018, 05:55 PM

Seven Corners Capital Management, Contributor

Author's reply » Original article now over 7,500 page views.

25 Oct 2018, 06:21 PM

Seven Corners Capital Management, Contributor

Author's reply » ...8,000 page views.

27 Oct 2018, 08:41 AM

Seven Corners Capital Management, Contributor

Author's reply » ...10,000 page views. Will stop updating this # now...

31 Oct 2018, 06:18 PM

Wjohnmax

They would more than likely reverse split rather than be delisted.

01 Nov 2018, 12:41 PM

Seven Corners Capital Management, Contributor

Author's reply » RAD just filed this - so potential activists have just 9 days from tomorrow to submit director nominations for the 2019 Annual Meeting. Once again, RAD's BoD is showing that they are doing everything humanly possible to entrench themselves at all costs. They obviously hope nobody can meet this deadline, so they will be off the hook (totally unaccountable to shareholders) for yet another year.

"Under the Company's amended and restated By-Laws (as so amended and restated, the "By-Laws"), in order for stockholder proposals and director nominations to be presented at the 2019 Annual Meeting (other than by means of inclusion of a stockholder proposal in the proxy materials under Rule 14a-8 and proxy access nominations, which are each described below), the Company must have received proper notice at the Company's principal executive offices not later than the close of business on January 18, 2019. The notice must include all of the information required by the Company's By-Laws. "

08 Jan 2019, 09:15 PM

Seven Corners Capital Management, Contributor

Author's reply » Link to 8-K - www.sec.gov...

08 Jan 2019, 09:15 PM

Seven Corners Capital Management, Contributor

Author's reply » If anyone out there is in touch with potential activists, PLEASE TELL THEM TO GET THEIR DIRECTOR NOMINATIONS PREPARED AND READY TO SUBMIT ASAP. They cannot afford to miss this deadline.

****SOS****

08 Jan 2019, 09:20 PM

Rock Fan

What a perfect, right on target, intelligent article. Thanks!!

19 Oct 2018, 08:28 AM

v.c

Great article. I appreciate your time and efforts. The issue is there are no big players. If merger vote is any measure every retail shareholder will vote against everyone in the board.

19 Oct 2018, 08:38 AM

Shamu2

The shareholders voted down the merger with Albertsons. Let's do the same on the proxy statements to oust the CEO and the so called "Independent" Board of Directors that appear to be immune to creating value for the shareholders. My votes are already cast.

Thanks for the great article and guidance.

19 Oct 2018, 08:41 AM

darryljnk-2

Does SA pay by the word? I mostly agree with the author, but could have made point in a fraction of the words.

A monkey could not do worse for the company than the current board! Any change has my vote!!

19 Oct 2018, 08:48 AM

bbob68

Have to agree darryljnk. First I have to tip my hat to this and other authors for basically taking the time and doing the hard work to essentially write a short book -- but I find that trying to read so many articles becomes overwhelming so I wind up skimming and then going to the conclusion. SA must pay by the word.

19 Oct 2018, 10:26 AM

John Windelborn, Contributor

They don't pay by the word. They pay by the views, so the longer it takes you to write the article, the less per hour you make.

The fact that he went to such great lengths is impressive.

19 Oct 2018, 10:50 AM

agsserv

Please don't downgrade the author. He has spent much time and effort to prove his point to us. I as a writer of research articles am impressed. True it takes time if you want to read all of the points carefully, which I think there are many readers who do. But you can also pick and skim as I did and still get a sense of whether the author is just BS.

19 Oct 2018, 04:22 PM

ASMRCS

Already voted against the entire board and the separation of President from Chairman.

19 Oct 2018, 08:50 AM

nicklo62

Standley should be in prison, not the CEO of Rite Aid. He destroyed this stock while lining his pockets with undeserved bonuses.

19 Oct 2018, 08:53 AM

Invest In Texas

@Seven Corners Capital Management ,

I voted they all be removed. Shameless and worthless the current management is. And thats being nice !

19 Oct 2018, 08:55 AM

woogerbear

wow...Are you listening Vanguard? Fidelity? And as I have been saying, a quick sale leaseback for \$1B will reduce coverage ratios below 4 and the WBAD contract will reduce coverage ratios below 3.5x giving Rite Aid runway to develop out a growth plan and move forward...

19 Oct 2018, 09:07 AM

woogerbear

I now call your attention to the attached standstill agreement between Rite Aid and Cerberus dated February 18th, 2018 within Albertsons S4 (section F1).

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

Within the standstill agreement, there is a glaring omission. The standstill agreement does not allow the purchase of Rite Aid shares but it allows the shorting of Rite Aid shares. Additionally, within the merger agreement itself, Cerberus would receive 26% of newly issued stock but is allowed to own 30% at time of merger. Why the 4% discrepancy?

Because of the 10 to 1 exchange of Rite Aid shares for newly issued shares of the merged company, that 4% difference (30% instead of 26%) is equal to 15M shares of the newly issued stock or 150M Rite Aid shares. Coincidentally, there are approximately 150M Rite Aid short at the moment. I believe Cerberus was heavily short Rite Aid stock during the merger process with full approval of Rite Aid's board that sanctioned this standstill agreement. When I asked Byron Purcell,

Head of Investor Relations, what would happen to the massive short interest at time of merger, he responded by saying they "will settle accounts" post merger (ie. covering that 150M Rite Aid shares with 4% of the newly issued shares)

19 Oct 2018, 10:08 AM

Corsair2002

woogerbear,

If this is true, is this not highly illegal? Where is the SEC on this. It would not surprise me at all, basically Cerberus hedged interest in their own deal if the merger were to get voted down. Disgusting.

19 Oct 2018, 12:43 PM

kuttingedge

Woogerbear:

Your comments are spot on. I, too, have felt it was Cerberus hedging it's bets on the merger transaction that was pulling these shares down the toilet. A prearranged and well coordinated payback, no doubt with Standley well in the middle of it. Just to make up for the breakup fee not collected (supposedly).

19 Oct 2018, 08:46 PM

longnose

Where is SEC on this? ?? Standley will keep spewing bad news like dead skunk and coordinated short will keep making \$\$

19 Oct 2018, 09:18 PM

Fadertrader

@woogerbear Interesting, this could explain why the stock is at such a discount, I believe it should be worth \$5-6 as a business, what is your thought?

19 Oct 2018, 11:01 PM

Duke802

same place when 7 times they were told about Bernie Mad-Off-with Cash watching PORN 8 hours per day

29 Oct 2018, 09:48 AM

RHMASSING

Have just done that to vote out all those cronies of the CEO who has NO shame. Hope SEC will soon investigate this management group!

19 Oct 2018, 09:17 AM

Rick82491

Change the leadership.

There is no way they can justify their continual employment at Rite Aid.

They have made too many bad decisions and are simply pilfering the finances by being so inept.

19 Oct 2018, 09:23 AM

dimpu101

Are all shareholders provided the proxy vote document? I have not received any communication or document from RiteAid.

19 Oct 2018, 09:26 AM

crunniuc

call your broker.

19 Oct 2018, 10:11 AM

Steve Krol, Contributor

dimpu101

You must have owned your shares since before 9/10 to get a proxy. If you have, call your broker get the control # and vote online.

19 Oct 2018, 10:16 AM

Maas Biolab

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

I live in South Central PA, near the Camp Hill headquartered RAD. The local Rite Aid stores are excellent, clean, well organized, have attractive useful products, are open 24 hours a day and are competitive retail experience to CVS. As an international and local investor in pharma related stocks (\$NEVPF), I see a company in RAD that should be worth at least several multiples of its current price, at least \$4 a share.

In order to unlock the value of RAD, independent investors, like most of the readers here, will vote to remove the entire RAD Board and Management. While I only have about 5000 shares to vote, I have already voted NO to the entire Board, and to block the undeserving bonuses. When we have a new Board and Management in place that actually want Rite Aid to succeed on the sales from its stores, we will get a remarkable return of investor value.

19 Oct 2018, 09:26 AM

papayamon

It's awesome to see these articles in the headlines. I can only imagine the lunch conversations at Wall Street over RAD leadership.

Just 11 more days of John Standley. Then he is tossed on the karma heap to reap his reward.

19 Oct 2018, 09:37 AM

dimpu101

I have not received any proxy vote document from RiteAid. How to vote without it?

19 Oct 2018, 09:38 AM

Drewbiedo

Call Vanguard, or whoever handles your trading. or look in your spam email file - that's where I found mine from vanguard.

19 Oct 2018, 10:41 AM

alwazgolfen

I have sent mine in and vote all out...Any ideals on who could run this company?

19 Oct 2018, 09:39 AM

alwazgolfen

alwazgolfen

I have voted them all out...Anyone have any ideal on a new CEO?

19 Oct 2018, 09:40 AM

papayamon

I think a lump of coal or a coconut would produce vastly better results. Personally, I vote for the coconut.

19 Oct 2018, 10:09 AM

howard2374

Well done article. Thank you.

To paraphrase Bernard Cornwell in his 'The Last Kingdom' series', "Sack them! Sack them all!"
And my oft repeated, Standley must go!

19 Oct 2018, 09:49 AM

andrekstar

The board and CEO are milking RAD dry!!!! Fox in the henhouse

19 Oct 2018, 10:05 AM

sacmaz

Great article! We shall see light at the end of tunnel hopefully soon.

19 Oct 2018, 10:06 AM

p.i.

It is no wonder that Rite Aid's stock has done so poorly. One of our long term Board members, Marcy Syms, took a very successful family business and ran it into the ground as the CEO and COB. She also happens to be the Chairman of the compensation committee. Just the type of Board member we need.

19 Oct 2018, 10:07 AM

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

Charlie P. Ardekani

voted them out

19 Oct 2018, 10:35 AM

Lowhangers

Wonderful article, I sent it to the Teamsters and to Vanguard. You can contact the Teamsters at mpryce-jones@teamster.org and Vanguard at investmentstewardship@vanguard.com.

Hopefully, both organizations will use the information in this great article, and vote against the entire board. And then get rid of Crooked Standley, the worst CEO of modern times.

The board and the CEO must be replaced if Rite Aid shareholders are ever to get fair value for our shares.

19 Oct 2018, 10:35 AM

papayamon

I like your name. As it implies, the low hanging fruit for RAD shareholders is to demolish the failed management and c-suite. Whatever else is second to that by miles.

19 Oct 2018, 10:44 AM

Lowhangers

Also sent it to Highfields Capital media contact:

Todd Fogarty

todd.fogarty@kekst.com

19 Oct 2018, 10:58 AM

MassSpec Guy

It seems there is a serious problem with corporate governance in this country. In some cases, management genuinely seeks to benefit shareholders and other stakeholders, and thereby profit. In other cases, management profits as shareholder value is ground into nothingness. Current examples are RAD & GE. Perhaps a state could charter corporations and have laws that favor the interests of shareholders. Sample laws would for restrict seriously the sale of awarded shares, hold cash bonuses in escrow, put shareholders firmly in charge of the proxy voting process. It would be reasonable to have a vesting period before shares could be voted. I would invest in such shares. Another option would be for big-time institutional shareholders to stand up for their clients. How much business expertise is required to rise to the top at these institutions? Enough expertise to recognize problems at companies such as RAD, GE, pre-bankruptcy GM? Enough expertise to stand up in public and vote the rascals out?

19 Oct 2018, 10:46 AM

Happyfingers

Is this the time to buy RA shares or should I wait?

19 Oct 2018, 10:54 AM

Wuffy

After reading this article, seems the board is ready to head to Washington!! Lol. Voted them out!!

19 Oct 2018, 10:55 AM

trsales

Good luck.

Sadly mutual fund companies never ask their fund owners how to vote and vote for the proxies. Call your local fund companies and demand that they vote against the robber baron board or you will pull your assets to a company that respects its fund owners.

19 Oct 2018, 11:00 AM

9146fan

Great article. I encourage everyone to mail this article to Vanguard, Fidelity, etc, etc....

19 Oct 2018, 11:03 AM

Save Rite Aid

Doing my part with my votes!

All of my shares have been voted to REPLACE EVERY BOARD MEMBER.

Also, "AGAINST" proposals #2, #3, #5, #6.

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

And, "FOR" (in favor of) proposal #4.

Since Rite Aid management wants proposal #2, I voted against that too.

19 Oct 2018, 11:05 AM

ErpichtAuf

It would appear that the knives are coming out.

19 Oct 2018, 11:09 AM

GTAT

Awesome article and great detective work. I have Voted "NO" on All BOD's and the Executive Compensation. Voted yes for Proposal 4. Standley and the Board are nothing but liars and thieves taking advantage of our Company (The Share Holders Company). Vote them out October 30th !! Get this Seven Corners Capital Mngement Article out there in the media as much as possible. Its so telling of the corruption that has existed in Rite Aid's C Suite and for a long time.

19 Oct 2018, 11:20 AM

ALLCTT

i just voted against all the board of directors as they are all hopeless. They never help us to achieve the buyout from WBA and make us all poorer.

19 Oct 2018, 11:33 AM

dallasceo2

thanks for update

19 Oct 2018, 11:39 AM

Sam Sipkins

NO

Also proxy to Steve Krol

19 Oct 2018, 11:42 AM

Duke802

Rite AID has had issues since 2009

19 Oct 2018, 12:09 PM

giofls

Rite Aid's issues go back to the late 90s and an accounting scandal that landed the CEO in jail

www.investopedia.com/...

Mr Krol and others are absolutely correct that the company has been mismanaged since then by Sammons and Standley, and once very good retail operations are now among the weakest in a very competitive industry.

The question isn't whether RAD is well managed, it is why people would invest large chunks of their hard-earned money in a company that has been mismanaged for two decades and now has all those broken processes embedded in their culture.

19 Oct 2018, 12:16 PM

Save Rite Aid

Let's hope the SEC will have the opportunity to implement the CEO compensation "clawback" provision of the Sarbanes–Oxley Act of 2002 to get our \$3 million back on behalf of RAD stockholders.

19 Oct 2018, 12:22 PM

jackahh

Best article I have ever read in seeking alpha.

Thanks for all the great effort.

I have voted 2-3 weeks ago in line with you. Voted down all the BOD members.

19 Oct 2018, 12:33 PM

kingVRX

RAD just went under \$1, is this company doomed?

19 Oct 2018, 12:42 PM

ptusr

The clock will start now for a R/S if we close under a dollar...as of now share price is .99.

Change Rite-Aid's name to .99 pharmacy!

19 Oct 2018, 12:43 PM

proffittj

Seven Corners, Great article and thanks ! Does anyone know which department or the title of the person who usually deals with proxy voting at the large investment firms ? I also have some retirement funds with Blackrock and would like to bring this to their attention before they vote on RAD proxy questions.

19 Oct 2018, 12:48 PM

DeStijl

Rite Aid board and management needs to be removed, they do not care about shareholders.

19 Oct 2018, 12:49 PM

losbronces

Meanwhile, today the share price dropped below \$1.

19 Oct 2018, 01:12 PM

kgeorge15

Voted all them out..

19 Oct 2018, 01:15 PM

Bloodgutsandfury

The more the stock price goes down before the upcoming shareholder meeting, the better. We need all the ammunition to get rid of Standley and corrupt board!

19 Oct 2018, 01:18 PM

andrewindallas

except it makes a new buyout proposal at a low price look attractive. even \$1.50 cash is a 50% premium. This management is the worst.

19 Oct 2018, 02:59 PM

Lowhangers

You are exactly right. Crooked Standley and the Corrupt Board are driving the stock down to soften up shareholders for another low-ball deal. They expect us to gratefully accept a deal that lines their pockets while we get almost nothing for our shares.

Scum. Pure and simple. These people are scum. They need to be indicted, prosecuted and put in prison. Crooked Standley and the entire Corrupt Board.

19 Oct 2018, 03:59 PM

RSI Raistlin

The depths of disgust with this one finds new bottoms daily

19 Oct 2018, 01:29 PM

Ubetcha

Man stares into the abyss, RAD stares back.....

19 Oct 2018, 01:31 PM

kuttingedge

LoL!!!!!!

19 Oct 2018, 08:49 PM

Brandon Cathey

voted 20k against all members of the board.

19 Oct 2018, 01:34 PM

Mike Deadmorton

Anyone going to the AGM, please post a YouTube video. Should be a priceless meeting.

19 Oct 2018, 01:44 PM

Steve Krol, Contributor

Shareholder Update- ISS RECOMMENDATIONS

Given that I do have a contact at ISS (not Glass Lewis) I have been provided with the ISS Recommendations as follows:1st column is Board Rec, 2nd column is ISS Rec.

Board REC ISS REC

1. All Directors FOR FOR
2. CPA Firm FOR FOR
3. Say On Pay FOR AGAINST
4. Independent Chairman AGAINST FOR
5. Report on Sustainability AGAINST FOR
6. Report on Opioids AGAINST FOR

As it relates to my Proposal #4- Independent Chairman

ISS recommends "FOR" the Proposal and went on to say that "the combination of the timing and the scope of the Proposal is compelling.... given the potential reputational, legal, and regulatory risks facing the company, and the multi-year TSR underperformance, shareholders would benefit from a policy requiring the strongest form of independent oversight in an independent Chairman.

It is a blow to me and should be to every independent thinking Rite Aid shareholder that all directors nominated received a "FOR" recommendation. Many of us worked hard to have an opposite conclusion, however, I did warn readers here that sometimes things do not go our way in life , and this is one of those times. I await the Glass Lewis report; Egan -Jones saw it more or way, and their report will be used to make our point at the Annual Meeting.

Again, the support of all of you that are able to attend the Annual Meeting will be appreciated for those that will speak on your behalf. Additionally, I would like to get a sense on who among you is DEFINITELY (not maybe) coming to the Annual Meeting. Please send me a private message only to let me know.

19 Oct 2018, 01:46 PM

adoidont

That does not look good. Is there justification that goes along with those recommendations by ISS?

19 Oct 2018, 01:52 PM

Lowhangers

Well, we shall see what we see. ISS might end up having egg on its face if the vote goes against their recommendation for the board directors. Not all institutions are going to vote according to their recommendations. There are some who will go their own way.

19 Oct 2018, 02:20 PM

Trublu

Egg on their face? I don't think they take it personally. They just make recommendations based on facts.

19 Oct 2018, 02:24 PM

ptusr

Is this leak (ISS recommendation) driving the price down?

Under a \$1 and zero support in share price, can go to .50 without any positive news....Why hasn't there been a lawsuit firm showing up and filing class-action suit?

Big mistake on part with this stock...largest dollar loss in my portfolio

19 Oct 2018, 02:27 PM

Contango trades

NOT VOTING FOR THE BOARD'S CRIMINALS IMMEDIATE REMOVAL
IS SURELY NOT BASED ON FACTS...ANOTHER BACK ROOM DEAL IS AT
HAND

19 Oct 2018, 02:36 PM

Seven Corners Capital Management, Contributor

Author's reply » ISS has zero skin in the game - they own no stock. Thus, they don't think (or, obviously, act) like shareholders. The whole proxy advisory system is broken, much like the ratings system with respect to mortgage-backed securities was broken in the 2000s (which directly led to the great financial crisis). Why do Vanguard and Blackrock allow the proxy advisors tell them how to vote? Because they are simply too lazy to spend the time and \$ necessary to analyze how to vote themselves (b/c that would require, you know, effort).

19 Oct 2018, 03:01 PM

longnose

there were other reasons - they manage 401k and other assets for companies and companies have directors and directors have connections (don't we know) -- thus they have created a compromising position for themselves by having side businesses. This should be big concern of SEC - but no - if passive funds take back seat -- likes of RAD management have full hen house to eat - essentially RAD management can break law but no one will stop them. We have seen evidence of that so many times

19 Oct 2018, 03:24 PM

longnose

Steve - bottom line to Vanguard is they have lost more than 50% - may be 75% on 90M shares!! If I was JohnB at Vanguard I would be pis* as hell and have my own say with the management. There is nothing left for management to do at this point. Only explanation is ISS is pressured by someone (guess?) to vote certain way or else - Or corruption. More likely pressure. I hope institutions care for their fiduciary duty and vote by performance and not some empty promises

19 Oct 2018, 03:39 PM

Lowhangers

ISS can be contacted at this link:

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

As far as I'm concerned, they destroyed their credibility by backing Crooked Standley and the Corrupt Board. I hope the vote unexpectedly goes opposite their recommendation, it will embarrass them and point out their cowardice when failing to confront corporate criminals.

19 Oct 2018, 03:56 PM

Lowhangers

It damages their credibility when they issue recommendations like this. Rite Aid is a train wreck because of the corporate criminals running it, and ISS backs them? Come on, man. Give me a break. LOL

If I were an ISS customer, I'd dump them immediately. How can you take a company that backs Crooked Standley seriously?

19 Oct 2018, 03:57 PM

longnose

I am going to say ISS integrity is questionable now - with this vote.

They say one thing but did another - I suspect there was politics involved for sure

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

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

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

19 Oct 2018, 04:59 PM

marsangel5

Steve, I will attend meeting. Hope to meet you there.

Best, Ramesh

20 Oct 2018, 06:22 PM

GhostRecon

My opinion, I think there is a buyer waiting and they want the Board intact.

19 Oct 2018, 02:20 PM

GhostRecon

Rite Aid Jet has been in Lincoln since the 15th. Not sure what to make of it. Amazon/Berkshire who knows. I would hate for Albertsons to come back again.

19 Oct 2018, 02:25 PM

Travelbar

GhostRecon, just so I'm clear: You are saying that the Rite Aid corporate jet has been parked at the Lincoln, NE airport for the past 4 days?

Is that correct?

19 Oct 2018, 02:49 PM

Seven Corners Capital Management, Contributor

Author's reply » If anyone comes back to make a bid, all the directors that participated in the earlier round of negotiations (esp the CEO) must recuse themselves and Citi must be terminated as RAD's advisor.

19 Oct 2018, 03:13 PM

ptusr

My brother-in-law flew Gulf Stream for large Biotech company for many years. Lot of few day stops for leisure stops for the CEO....if you get the drift. Usually, the acquiring company makes the visit.

19 Oct 2018, 03:16 PM

Travelbar

ptusr, I must admit that I don't "get the drift." What are you saying?

Thank you.

19 Oct 2018, 07:49 PM

longnose

you mean visit Stormy on the way?

19 Oct 2018, 09:20 PM

MarketsToday

"Lot of few day stops for leisure stops for the CEO....if you get the drift."

I don't: what is the drift? That is precisely what I would want from the CEO as a shareholder: inserting some rest amid pleasure (rather than taking a vacation or have no rest at all) and use the jet (more economical than providing security at en route and at the destination). It makes no sense to me to hire someone at the pay rate of \$1500 to \$2000 per hour so that the person would be wasting that time and my money at the airport. The prevailing, socialist, view differs however: CEO is just like everybody else, anyone getting \$20/hour, and must be treated the same way. Class envy without basis in fact or reason.

19 Oct 2018, 11:10 PM

MarketsToday

"visit Stormy on the way?"

You know, obsessive thoughts of this kind are treated with meds now.

19 Oct 2018, 11:12 PM

giofls

OK, I'm bored.

I'm an investor who is trying to make money, not a self-proclaimed activist without the clout to fulfill the pipedream.

So I'll repeat my messages over the last so-many months, primarily as reminders for those who are also investors and also as some proof of my credibility in these matters:

- 1) Keep your position in RAD small. And hedge it if you are familiar with option strategies. This is very risky. There is obviously a lot of potential upside, but every time you think it has hit bottom... it hasn't.
- 2) How you voted on the Albertsons deal was the wrong question to be asking. The right question was when to sell your shares (or buy more shares to sell later). They gave you two golden opportunities to sell at \$2. I missed the first one, but jumped on the second one, and suggested that all of you do the same (might have been \$1.90 when I made that suggestion).
- 3) Regardless of whether the Albertsons deal was approved or not, holding the stock was a mistake. We've seen what happened since the deal failed. Best guess is that if the deal had gone through the newco stock would have tanked as well. Might have been a brief market honeymoon immediately after approval (no guarantee of that), but if it did happen it would have been short-lived.
- 4) Reading the charts on RAD was as easy as it gets when the Albertsons deal fell through. There was some technical support at \$1.40, and if that didn't hold (it did for a few days, then it collapsed) the next stop was \$1. Now we see if the traders try to keep it listed, or if the shorts keep stabbing it to death. Going to be like watching Celebrity Deathmatch 2000. I give a slight edge to the shorts, but I don't have enough conviction either way to give a strong opinion.
- 5) Following Mr Krol might be emotionally satisfying, but you won't make money. I don't question Mr Krol's knowledge of the company, nor his passion for turning it around.

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

But his approach has yielded one failure after another from a perspective of the stock price. ISS is backing the RAD Board, and therefore it is a good guess Glass-Lewis will too (unusual for them to make different recommendations). If you were thinking of going to the shareholder meeting, you may want to save the plane ticket and the hotel room cost and use it for a family vacation instead.

6) Don't put too much trust in people on the internet, and that includes me. Don't ever give voting rights or any other rights to an internet stranger (thanks to the SEC for stepping in). And don't trade RAD or its options because I say so. But look for those who have an informed opinion, particularly if it is different from your own opinion, and think about what they are saying. SA is the easiest place there is to fall prey to confirmation bias; do everything you can to avoid it.

With that, I'm out for at least a while. I hope Jeff Bezos offers a 1-for-1 share swap for AMZN to buy RAD and you all get incredibly rich.

Please don't respond to this.

PS -- I just bought some BLK in the \$405 range, and I'm eyeing some other beaten up financials. Also watching PSX and looking for a bottom to buy back in. Just did a fast trade on YINN and made a few bucks, but that one takes more stomach than even I can handle sometimes. Just something to think about. Happy trading...

19 Oct 2018, 02:42 PM

Invest In Texas

BLK really, after news that their funds are taking it on the chin due to so many other funds that are in the market place at lower cost. Good luck. I'd be shorting it.

19 Oct 2018, 03:03 PM

miguel plaza

There's no hope. Or Stanley resigns or bankruptcy before Christmas

19 Oct 2018, 02:47 PM

frogmaier

RAD is truly a leaking ship.

the question remains whether it is NOW more

"leak" or more "ship".

this company may be beyond anyone's help.

19 Oct 2018, 03:03 PM

uniowner

The reason for the stock tanking below \$1 is the no integrity worthless ISS recommendation FOR the corrupt board. ISS rubber-stamped why pay for their services!

19 Oct 2018, 03:13 PM

Lowhangers

You can email ISS here:

isspress@issgovernance.com

I've already shared my thoughts. Heh.

19 Oct 2018, 04:57 PM

uniowner

Thanks Lowhangers I did email them and gave them a piece of my mind! That ISS outfit has no respect from me going forward.

19 Oct 2018, 10:52 PM

longnose

Bravo! Fantastic replay of play by play of the act caught in action. People such as author deserve to be on the oversight of this company. You have put lot of efforts, details and knowledge in documenting the fraud of RAD management.

I agree with others who state you deserve position in RAD management! Those who can articulate - unlike Standley & Sons - has won more than half of the battle

19 Oct 2018, 03:20 PM

RVincent

Anybody know what Highfields is doing? I am not happy with their silence.... May mean they are voting for the BOD....

19 Oct 2018, 04:25 PM

SeattleGoldMiner

Highfields has other issues to occupy its time like liquidating 80% of their holdings as they have announced they are no longer continuing as an "open" hedge fund, but just a "family office." With \$12B+ assets under management, they are selling down 80%+ of that in the near future (or as we speak.)

19 Oct 2018, 07:47 PM

ladybird13

amen need a whole new BOD

19 Oct 2018, 04:50 PM

GhostRecon

Letter to ISS:

I must apologize in advance, however, your recommendation to vote "FOR" the legacy board members of Rite Aid has left me in disbelief. I cannot express in words the disappointment and anguish that shareholders are feeling. Simply put, this was ignorance at its peak and a testament to the corruption which sweeps our beloved country.

I would humbly, urge you to retract your recommendation given what has been presented in the article below. Please read and honestly ask your team to look within and perhaps ask if your decision was made in haste. I sincerely hope for a change from your end.

Rite Aid - Vote 'Em Out On October 30th Rite Aid - Vote 'Em Out On October 30th

Rite Aid - Vote 'Em Out On October 30th

By Seven Corners Capital Management

19 Oct 2018, 05:16 PM

tomasini

Can we realistically get them all out—and then jailed. These people are classic pigs, and incompetent. This will be an interesting board meeting. I may go

19 Oct 2018, 05:40 PM

uniowner

FWIW I just gave ISS a piece of my mind on their decision and it wasn't begging them to change their vote it was to point out how disingenuous and useless they have become for their clients!

If we can't even get these cronies off the board there is no chance they will be jailed. There are NO large activist investors in RAD (5%-9.9% outstanding shares) so with all these 'passive' funds voting the way ISS and Glass Lewis and to a lesser extent Egan Jones tells them to based on today's ISS decision there is not chance to oust them this year IMO.

They got their 29% to agree to vote for them in back room deal which with retail shareholder voting usually at 30-50% at best means they are almost guaranteed to be voted back in unless every proxy firm were against them which now is not the case thanks to ISS.

There is a reason the stock dropped below \$1 today and it was the ISS decision IMO. I do think this will be the very last year for current management as they will either sell the company on the cheap or run things so bad that by next year an activist investor buys a bunch of shares well below \$1 and forces them out!

19 Oct 2018, 05:57 PM

Steve Krol, Contributor

uniowner

Although I do not predict it, in rare circumstances ISS and Glass Lewis can issue an update if they are convinced that a revision is appropriate. However, good for you that you took the time to write them, unemotionally; just the facts sir, just the facts.

ISS issued their report several days ago, not yesterday and I reported the results well after the drop, so, as usual we never know the real reason- Sellers just overpowering the buyers? Because Wall St. will not invest here until the caretakers of the company, the board and Standley, have credibility or more likely have to be replaced

20 Oct 2018, 10:34 AM

Steve Krol, Contributor

tomasini

We have to stop saying, as many do here, "lock 'em up! It is not criminal to be incompetent. Martin Grass did 6 years in jail because he cooked the books; that was criminal. To have the board protect incompetence is not criminal of the board either. It is a way to have income in your retirement; Standley feeds them their cash and the board returns the favor by giving Standley what he wants. You say unfair? YES, and most RAD investors have recently woken up to that fact, FINALLY! Now, let's see what we do about it. Are you listening institutions?

20 Oct 2018, 10:41 AM

Contango

At least Martin Grass cooked the books to the upside..
Standley (Scamley) sandbagged us to the downside....

21 Oct 2018, 02:23 PM

Seegood

giolfs

Owning RAD stock (and options) is like a slow read of "Murder on the Orient Express"

where the perpetrator (CEO) gets away with the crime while the others (BOD) band together so no one gets the blame. It's hard to put this book (SA) down.

RAD is a stock I most likely would not still own if it were not for the "thrill of the ride" AND the false security of fellow bloggers.

giolfs, you're correct. "SA is the easiest place there is to fall prey to confirmation bias; do everything you can to avoid it".

note: for some unknown reason? I bought a huge bundle of RAD options just before the first WBA offer. I made the biggest \$ gain of my investment career in 2 weeks- selling it all the next morning. - then I proceeded to slowly lose it all back and more trying to replicate that dumb luck. What's the lesson??

19 Oct 2018, 07:02 PM

ajdejong1961

I voted no. Do your vote count more with more shares?

19 Oct 2018, 07:25 PM

Contango

More shares= more No votes .. but not shares bought after SEPT 10

21 Oct 2018, 02:26 PM

Greg2623

Rite Aid (RAD) is a great company and would likely benefit from a new CEO.

19 Oct 2018, 07:25 PM

pouellet

I voted all my shares against management and the BOD. They have done nothing to improve the stock. What lousy leadership, innovation and fiduciary duty to shareholders. A skunk smells better.

19 Oct 2018, 08:34 PM

martin.hall

As this very well written article points out the top 11 funds own 45% of the company. Conversely RAD represents a fraction of 1% of AUM for these funds. Unless these funds vote out management there will be no changes. That's the real problem...the owners are huge passive funds. So I don't expect any shareholder revolt but more like 90% approval just like last year.

Someone please correct me if I am wrong on this...

19 Oct 2018, 09:13 PM

StockMan328

Too much rhetoric, it's time to replace this team with new management. We need an activist to take control and bring new leadership. Why are we keeping John in a position he cannot provide results?

19 Oct 2018, 09:39 PM

MarketsToday

The article is so emotional, inflammatory, and defamatory that one wonders whether the writer is in touch with reality. Do you not see that all your tree-counting disables you from seeing the forest? You are in a wrong venue: buy 5% of the stock and then make your demands as a shareholder. You cannot? Then stop defaming people that are absent from this forum and cannot respond to your accusations.

19 Oct 2018, 11:03 PM

Alkaline Capital, Contributor

@MarketsToday

How about you provide a point-by-point rebuttal to the article that appears to have excited your indignation?

20 Oct 2018, 09:31 AM

sambaj

Exactly!

All I hear from the naysayers is general indignation instead of rational rebuttles on specific points.

20 Oct 2018, 11:38 AM

kuttingedge

Dude's a short, not wanting to kill the goose laying his golden eggs, obviously.

20 Oct 2018, 11:38 AM

Contango trades

The truth hurts shorty?

21 Oct 2018, 02:27 PM

Steve Krol, Contributor

Alkaline Capital

In regards to MarketsToday

Crickets as usual, but you already guessed that when you asked the reader to cite his rebuttal. Facts are not defamatory, and by the way the people absent from this forum and can not respond just did- MarketsToday, you just represented them with silence! No surprise there either.

27 Oct 2018, 09:27 PM

papayamon

Do you mean that they cannot, or that they will not address legitimate concerns of shareholders? Are you saying that the shareholders just have to accept what management has so unethically done unless they can come up with 5% of the stock, or else they're powerless to even discuss what has gone on with their investment? Surely, you are grossly out of touch with reality yourself. The last I checked, freedom of speech allows discussions such as the one here.

28 Oct 2018, 03:01 AM

Steve Krol, Contributor

Markets Today

Author not in touch with reality?

That means ISS and Glass Lewis then were also not in touch with reality when they rejected the Albertsons merger, a somewhat unusual event, but on the money anytime because there was a "process" problem and conflicts of interest galore. Standley was responsible for that "reality".

That means Wall Street is just kidding bringing the stock down to under \$1. today, signaling a total lack of confidence in the board and its management team, right? You may not like that, but until the stock were to recover, that IS the reality.

That means ISS, Egan-Jones was just kidding when they STRONGLY recommended that Rite Aid specifically, unlike other Fortune 500 companies, needed NO flexibility in acting to Separate Chairman and CEO, right? Get it in an amended bylaws, because shareholders can not trust the motives of its board, keeping it temporary for now until the coast is clear; make it permanent in the bylaws NOW, because the lack of separation has been the reality of why we are in the jam we are in now.

Is it normal corporate reality for the board, beholden to Standley, to adjust the performance awards mid-stream when it looks like they will not be paid , to ensure they WILL be paid no matter what.

That means that Egan-Jones and ISS, so far, recommended AGAINST Rite Aid's Say on Pay, isn't right? Bulletin: That is what they said.

That means that Bodaken, as part of the Compensation Committee just gave Standley \$3 million to retain him for no logical reason that comes to mind, or was that a typo. Did he mean to reduce his pay. because when you get a demotion and lose the Chairmanship title for which you get a whole lot more salary, it should be a reduction!

I guess reality is in the "eye" of the beholder, but it would help if you opened your "eyes" first, or in the alternative you can close your eyes, but still "smell the coffee".

19 Oct 2018, 11:45 PM

juvepete16

Let me get this straight, Walgreens has 785 million in cash, 14.4 billion dollars in debt, and 949 million shares outstanding and leveraged cash flow of 4.9 billion. Yet rite aid has 132 million in cash, 3.53 billion in debt and leveraged cash flow of 517 million and 1 billion shares outstanding? Yet this is trading at a dollar? it owns a pbm that makes 6 billion per year also? Can't wait till they do a reverse split of 25 to 1 have 40 million shares outstanding and make 1.50 eps for 2020 instead of 5 cent and cause a major short squeeze with 150 million shares short. if no reverse split we will make 5 cent per share in 2020. My only issue is standley selling this company for such a lowball offer to someone like Albertsons when in reality it's worth more. Look he only wanted to sell to Albertsons so he could get a 30 million dollar a year salary. It's going to be acquired for sure but not a lowball offer if standley doesn't get his golden parachute or a cushy job. I be

been saying it all along spin envision x off with all the debt, Have rite aid keep the 20 percent for tax reasons, and give remaining shares to current rite aid owners and have amazon partner with them! Easily will go to 4 dollars at least. As if it isn't obvious that Cerberus isn't shorting the stock! Standley is helping his pals by inflating numbers.

19 Oct 2018, 11:57 PM

juvepete16

Amazon needs a pbm to partner with and we essential would keep 20 percent of that company with new shares in a new company .if we spin off envision rx with "ALL" "ALL" of rite aids debt, We would essentially stop Cerberus or Albertsons from making another low ball offer. The reason being that the stock would skyrocket, with no debt and 16 billion in sales. (Envision rx has six billion in sales.)Also, we have that 10 yr exclusive contract to buy generics at the same price that Walgreens buys it for. Cerberus can come in with another lowball offer the same like before and unload their debt on us and sell the PBM to satisfy they're debt with their creditors. Why don't we beat them to it and piece out the business our selves rather than them. Zero debt with 16 billion in sales and 1 billion shares outstanding would definitely cause this stock to skyrocket also with the high share short count! Also McKesson, could come in because they need to make deals with their specialty pharmaceuticals or another suitor can make an offer (speculation of course). My messages keep on getting deleted btw. Woogybear also makes a valid point with the sale leaseback.

20 Oct 2018, 12:57 PM

wnw64

Would love to see a headline that Ichan or Loeb are targeting RAD & going after the LT & the BOD !

20 Oct 2018, 06:24 AM

Bloodgutsandfury

Ichan recently started buying DLTR. I'm sure he is waiting on the sidelines like a hawk watching RAD like everybody else and hoping for a clean-up. Big money will only pour in if Standley and board are shown the door.

20 Oct 2018, 09:27 AM

Steve Krol, Contributor

Bloodgutsandfury

Not exactly. Big money will pour in BEFORE "Standley and the board are shown the door".

Simply because they want to be in the stock first, quietly under the radar and the 5% ceiling to force a filing and AFTER the filing show Standley and the board the door and watch the stock skyrocket when they already own it. At today's prices, a 25% short squeeze is likely although I am not predicting that event; I am out of the predicting business on Rite Aid stock given our board and management.

20 Oct 2018, 10:25 AM

rusty13

Can Standley implement a poison pill in one form or another to keep anyone from stepping in on his cash cow?

20 Oct 2018, 12:45 PM

Bloodgutsandfury

I can't invest more in RAD until I know officially that Standley and current board are officially out. They are to sneaky and can find ways to hang around like spiders. I might lose on an initial run-up if they are excused but I'm fine with that, I can buy more once the dust settles.

20 Oct 2018, 02:40 PM

GINSIR

Good read. Voted against everything except accounting firm.

20 Oct 2018, 09:05 AM

sambaj

Even against #4 (permanent separation of CEO and board chairman)?

Please reread the proxy

20 Oct 2018, 06:59 PM

Rickster4Retirement

Fund managers supporting this Board recommendations... This is willful breach of your fiduciary responsibilities to you fund holders!

20 Oct 2018, 10:42 AM

Steve Krol, Contributor

Yes, and anyone that has funds with any of the Rite Aid Top holders needs to contact your fund managers and let them know that their credibility is on the line. Don't wait for someone else to do it, then no one does it. You do it!

20 Oct 2018, 11:01 AM

GhostRecon

BRAVO!!!

Share the article with the entire living and breathing universe. Kudos to the author. Folks ISS May have recommended to vote "FOR" but this article has clearly demonstrated to vote "Against" with logic. Institutional may not agree this time with ISS and may vote against, at least, the remaining legacy directors, in line with Egan. Retail is already 100% against the directors. Let's see what Lewis comes up with. Either way, the math does not work out to well for the remaining legacy directors. Recent low share price, although painful, may just be a blessing in disguise to get rid of Old rust from the company. All in all, the momentum appears to be in the side of shareholders, for once. This article has publicly exposed the Rite Aid executive team to all its employees, business partners, and the entire investing community. The pressure to perform is going to get even stronger. In my opinion, I believe Standley may not have the physical or mental strength to fight much longer.

20 Oct 2018, 11:00 AM

Steve Krol, Contributor

Ghostrecon

I call 'em like I see 'em, and have personally let the author of this article know that this article could be the most comprehensive article I have ever read on Seeking Alpha. If a Pulitzer prize could be awarded for an SA article, this would be the winner.

He has agreed to submit the article to ISS and Glass Lewis. Their minds can rarely be changed, but like everything else in life if you do not try, guess what, you get no better result. At a minimum, they will keep it on file, so that they can refer to it in the event that Standley puts another insulting merger offer in front of us.

20 Oct 2018, 11:08 AM

muishin

In order for the article to be more effective, there should've been less focus on stock prices at cherry picked points in time, and more on operational and strategic mistakes by management. Like not having backup plans when the WBA and ACL mergers fell through. Taking focus off growth after the deal with WBA was announced in 2015, probably running the company under the direction of WBA for those subsequent years.

20 Oct 2018, 12:14 PM

vascular08

Steve, what in the world is the rationale of writing down Envision? Is not Envision growing now? Why write it down and destroy value on the books?

20 Oct 2018, 03:01 PM

Steve Krol, Contributor

vascular08

I can only answer this now in a roundabout way.

Rite Aid certainly did not expect that the stock would go up solely based on that reported event.

20 Oct 2018, 04:11 PM

komatinskys

Just let ISS and Glass Lewis note that it is inconsistent to have recommended against the merger and the say on pay but then turn around and not ensure that at least 5 of the incumbent BOD members are replaced. You protect against entrenched management if you leave control with entrenched management.

20 Oct 2018, 12:21 PM

GhostRecon

I think Glass Lewis will come against the legacy board members. Egan has already done that and with the release of this article it's even more compelling. Standley may not be able to justify his employment with Rite Aid for much long, if there is no sudden and great improvement to share price. He has been branded as incompetent in

20 Oct 2018, 01:31 PM

Seegood

komatinskys

"You protect against entrenched management if you leave control with entrenched management" ??

20 Oct 2018, 02:20 PM

komokazi

Left out can't

20 Oct 2018, 02:56 PM

timharris

Three board spots were given to large funds. My guess is that they asked to vote yes to Stanley and company in return. They should have had these seats all along, and deserve no favors for the seats.

20 Oct 2018, 02:31 PM

longnose

Tim - are you saying the 3 new board members are from investment community? Wow - if that is true - they sure have kept discussions and solicitations to shareholders private without disclosing on SEC. Second - what exactly is promised to these institutions that they are buying the argument from Standley at this late stage in the game?!

20 Oct 2018, 03:46 PM

Steve Krol, Contributor

timharris

It may be that the institutions wanted 3 replacements, but based on what I am reading about them, out of what the board wants us to know in the proxies, I doubt the institutions would have picked some of them. Looks more like seat warmers to me.

20 Oct 2018, 04:14 PM

Germiz

SK criticize the company for lack of transparency while not being transparent about the author of this article (I agree fully with the author. I think SK needs to declare any relationship if it exists

20 Oct 2018, 02:42 PM

uniowner

What is your connection to Rick39? I think YOU need to be transparent.

20 Oct 2018, 02:57 PM

muishin

Anyone can tell Mr. Kroll and the author are different people. The author focused on stock price returns, Mr. Kroll focuses on store front operations and history lessons on operational failures and cronyism.

20 Oct 2018, 03:15 PM

Steve Krol, Contributor

muishin

I can't fool you. I expect to purchase a warning alarm soon to warn you of incoming Troll alerts, so you know in advance. Kind of like what happens in The Middle East when a Scud missile is launched.

I would only add to your comments that I am steadfast in my belief that public companies MUST have good governance that they enforce and that they can spell and believe in the words "Accountability" and "Fiduciary Responsibility" to its Shareholders. We will need a wholesale change on this board and its senior management to start seeing some of that.

Two trolls down, and one to go that we have not heard from lately.

20 Oct 2018, 04:18 PM

Germiz

I was no implying they are the same person but do they know each other

20 Oct 2018, 08:17 PM

tomasini

All about what institutional investors do. I think a change is coming

20 Oct 2018, 03:37 PM

Seegood

I

20 Oct 2018, 06:27 PM

Seegood

C

20 Oct 2018, 06:36 PM

Bloodgutsandfury

What about faxing and emailing this article to the SEC for criminal investigation?

20 Oct 2018, 07:14 PM

Bloodgutsandfury

How ironic would it be if Standley shows up at AGM and tells everybody he just concluded a deal with AMZN for 5\$ a share.

A man can dream, can't he?

20 Oct 2018, 07:31 PM

GNC lover

RAD would be at \$9 per share in 3 years without Standley

21 Oct 2018, 01:24 AM

longnose

great - painting houses to destroying lives

[newsroom.pepperdine.edu/...](http://newsroom.pepperdine.edu/)

20 Oct 2018, 08:14 PM

longnose

John Standley - BS '85 - CEO, Rite Aid Corporation

wow -- not CFA's -- if BS can do this imagine!

[www.pepperdine.edu/...](http://www.pepperdine.edu/)

20 Oct 2018, 08:18 PM

longnose

another special coverage for you to read while eating popcorn

wash cars for children's miracle network! how touching the executives do scam for media. on the other hand grabbing millions of stocks and cash and underhand deals and everything possibly wrong for shareholders and their lives -- Yet yet - save the children - they are miracles of the world - scr* rest of the people

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

20 Oct 2018, 08:31 PM

longnose

now please don't hate me for this one. We need to hate his family for sending him to school - he may never have done to RAD what is truly a barbaric disservice

I hope Pepperdine realizes if this goes out to media - it will be in the middle of firestorm - what did they teach him!! Look what happened

[moneyinc.com/...](http://moneyinc.com/)

20 Oct 2018, 08:34 PM

longnose

may be they can hire this guy for chief operating officer - her knows a thing or two - how you get it done. Not that we have shortage of creative people in C suit

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

20 Oct 2018, 08:39 PM

rswend

In the article Standley tells about his key ingredients to his success. His success was becoming CEO of Rite Aid. Unfortunately this "success " has withered on the vine. He can now tell others of his key ingredients to his failure as a CEO.

20 Oct 2018, 10:22 PM

muishin

Wow, he lead Fleming to its demise as its CFO. I had the unfortunate luck of holding Fleming stock right before it filed for bankruptcy. Now it makes sense.

20 Oct 2018, 10:44 PM

stwingert

So much focus on the idiot leaders and how hard it is to get the votes to get them out. But what is being lost at the moment is that RAD is worth at least \$4, yet trading at a buck.

A quick and easy way to value the stock is to add the value of the remaining stores (based on the valuation of what Walgreens just paid them for the "less valuable" stores, plus the value of Envision, minus the debt.) This gives you around \$4 billion, or \$4 per share.

It would make sense to value the stock at \$1 if the company was losing hundreds of millions of dollars a year. But they aren't. Lost in all the "replace the board" controversy is that they are operating near breakeven, with highly positive EBITDA, and forecasts for net profits in FY 2020. They aren't bleeding to death at all.

I have also read that Walgreens is enjoying the revenue and profits from the RAD stores that they purchased. So, yes, better management would enhance RAD's value even more, as Walgreens is able to do with the RAD stores they bought. But even with current crappy management, sum of the parts is worth \$4, and amazingly, they aren't bleeding that number lower. They just aren't taking advantage off all the ADDITIONAL POTENTIAL that good management would see is right under their noses.

20 Oct 2018, 08:16 PM

GhostRecon

Folks, together we have achieved a lot and lots more to be done. Revolution has just begun.... Standley removal from chairmanship, Albertsons merger voted down, 3 board members gone and many more to go. RAD shareholders uprising has just started. Old board and worn out Standley, we are just getting started.

20 Oct 2018, 08:36 PM

longnose

interesting

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

20 Oct 2018, 09:20 PM

longnose

proxy firms vs institutions voting

[www.manhattan-institute.org/...](http://www.manhattan-institute.org/)

20 Oct 2018, 09:28 PM

v.c

This is interesting.

The paper pointed out that Glass Lewis is partly owned by Alberta Investment Management Corporation — also one of Rite Aid's 10 biggest shareholders. The editorial concluded that the proxy firms deserve more scrutiny, "given their oligopoly and clout," and raised the question of who holds these firms responsible if they lowball deals.

I am hoping Glass Lewis will vote against everyone or it can be one of the 28% or 32% shareholders so-called management reached out to.

20 Oct 2018, 09:38 PM

longnose

at least GL is coming to senses because they realized their pain is real and giving advise is easy lie - so they are voting for their shares may be then institutions. i like that

20 Oct 2018, 10:43 PM

longnose

ISS vote

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

its clear now - ISS had told RAD management how they are voting for whatever reason - otherwise we should have seen repeat of ABS merger time FB, web, cold calling, twitter and many venues of money wasting methods management started to win votes at all cost

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

they are not doing any of that stuff now. Why? Because somewhere in ISS political connections - some one has forced ISS to vote YES and thus RAD management is happy and silent. It seems like SEC has created a monster by allowing institutions to vote based on Proxy firms -- yet integrity and accountability of proxy firms can be questioned at some times (see the other links posted above). Its obvious RAD management has told some white lies to institutions that small shareholders are unaware of. What could those be? Why would after being down by so much and such poor performance - what word can achieve than financial statements have failed to achieve. Above all where is SEC on this? If after this experience - I become advocate of not investing in small caps and paint every small cap with questionable management and SEC practice - can I be questioned? There should be no money invested without management accountability - but BOD and SEC is sleeping at the wheel and who is responsible for that?

20 Oct 2018, 09:39 PM

dschue5

A lot of words but yes I will vote no.

20 Oct 2018, 09:45 PM

timharris

To paraphrase. Rite Aid management reported that they reached out to the 11 largest shareholders and the "independent" board seats were the people the largest shareholders chose. The three largest shareholders controle 25 percent of the vote and passive funds another 15 percent (and will surely not vote). Lock them up and we get rewind and repeat. Hopefully the seats were given with no strings attached. But we know how politics work

20 Oct 2018, 11:32 PM

dplaut1

I agree , vote them out. They are self serving and have hurt the company

21 Oct 2018, 01:22 AM

Fadertrader

Folks, Steve Krol knows more about this company than most of us know about our mamas. I don't think anything material has changed since he felt the buyout at \$6 was a steal and the stock was worth \$10. So this is a major opportunity IMO

21 Oct 2018, 11:08 AM

Steve Krol, Contributor

Fadertrader

Remember we are 1/2 the size we used to be , so \$10. was pre-sale. However, the company in the right hands could be worth \$10, 5-10 years from now.

The simple truth is the Eckerd purchase of 1800 stores in 2007 did major damage to the company and its retail shareholders, (only likely to have sold back most of them to Walgreens now in that Asset Purchase Agreement) and of course not to the senior management that left wealthy. The Eckerd owners lost a sizeable amount of money on a piece of their investment in the company when they sold out. Even a 30% owner could not make a dent in the store mismanagement, which was why they were very supportive in what I was doing-unannounced store inspections around the country and eventually arranged my meeting up at Corporate 11/08. I, like they left that meeting disgusted.

It is imperative that we remove most of the existing board and Standley to get to the numbers you seek. In any event if no buyer materializes for Standley's next sellout soon, a blessing at these low prices, I feel fairly confident that could very well lead to a proxy fight for control of the board next year. The Eckerd owners proved one thing-change can not occur when you have a minority position on this board, because in this case Standley will still exert his presence there even without the title of Chairman, simply because the majority now does whatever John (Standley) wants. That is why the oldest of the old timers are still there. They are so indebted to him collecting that \$250,000 salary for so long, for so little worth to its shareholders, that they are an automatic "YES" vote for Standley's whims, and the prior Chairman/CEO's before him.

22 Oct 2018, 03:38 AM

GhostRecon

Standley, along with his current board, have now been branded as incompetent, a prime example of failed leadership at the helm of a company for a decade. Did y'all see the tenure of legacy board members? This article is now officially on record for all to see. Every employee, business partner and entire investment community has seen this with specific examples and timelines. Standley and his thief's will no longer be able to harm shareholders negatively and they know it. Their time is up.....

21 Oct 2018, 11:44 AM

Seegood

ditto GhostRecon

21 Oct 2018, 02:50 PM

Trublu

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

Meanwhile Fred's sells some scrip files and is up around 150%.

Here's a potential plan.

Sell the PBM and 1bil worth of scrip files for 2.5billion.

Sale leaseback 100% of the real estate for 700-1bil (only going off of woogerbears estimate)

Become a debt free 1500-1800unit retail pharmacy chain.

Merge with Albertsons, let them load it up with new debt and sink it.

There will probably be a couple exit points while moving the pieces.

21 Oct 2018, 03:01 PM

juvepete16

The problem with this plan is Albertsons won't buy it at more than 2 dollars a share or 1.5 and why would we merge with Albertsons for them to place it in bankruptcy? There Are some good shareholders that invested large amounts of money at a higher price because of standleys "false promises". I rather them be a stand-alone company and spinoff a new ipo with all the debt, so at least another company can partner with the pbm while we the shalholders retain a sizable percentage of the pbm with a debt free rite aid. The pbm makes 6 billion a year so if you were to value it at .5 times sales,it's worth 3 billion. The other problem is too many shares are present for exist points. They need to do a reverse split and reduce the float for that to happen.

21 Oct 2018, 03:36 PM

juvepete16

The only reason why this is trading so low is because Cerberus is 150 million shares short as they were allowed to short that many shares. They are hoping we the shareholders sell at a loss at years end. NOT GONNA HAPPEN!!!

21 Oct 2018, 03:57 PM

Ted Mason25

I was hoping we could get some leadership from one of the big shareholders, and really make changes at the shareholder meeting. You have Rite Aid paying the head guy, around 10 million dollars a year, and the stock almost worth less than a dollar --- something is terribly wrong. The executive salaries have to be severely cut down, the CEO should be making maximum 1 million until we see profitability, and of they don't like it, they can find the door pretty quickly.

21 Oct 2018, 04:56 PM

rusty13

"There will probably be a couple exit points while moving the pieces."

You can stay for the long haul and hope for a new mgmt team and a profitable RAD trading closer to \$6- \$9 one day in the future or you can load up at these levels to bring down your DCA to a point where \$1.50 will make you whole.. I believe there will be a couple exit points at or above \$1.50.. Worse case scenario would be that Standley and the band of thieves stay in power to raid/abuse the common shareholders for their own personal gain.. Best short term scenario a cash offer over \$2 from a larger entity although some here may not approve of a \$2+ offer..

21 Oct 2018, 04:57 PM

marshan

RAD needs to announce a stock buyback of about 100 million dollars. Just the fact that the board would authorize buying back stock would likely gain 25% from current values even if no stock is actually bought. And it is almost always the right thing to do to buy back your stock when it is severely undervalued.

22 Oct 2018, 12:57 AM

adoidont

I would think there's restriction by the debt holder not allowing rad to use money on hand for such activity vs paying off debt.

22 Oct 2018, 01:36 AM

marshan

The board can authorize a stock buyback now. Then when Standley and the board are reelected by the institutional shareholders, and the price plummets further yet as private shareholders abandon ship, many more shares of stock can be bought with the buyback monies.

So come on board of directors. Make a good decision for once! Support your stock so when you sell you get more than 18 cents and a promise.

22 Oct 2018, 01:13 AM

Trublu

Sorry buddy, your plan is too logical and will never come true. Realistically RAD can borrow 200million from the revolver anywhere between 6-10% buy 200million shares, the stock will probably jump 50-100% and they will make a 100-200million return minus 12-20million opportunity cost.

Of course it's just too easy. It's almost as stupid as not using the WBAD generic purchasing plan.

22 Oct 2018, 05:26 AM

snowbrdr1220

I was told by RAD IR around a year ago that Standley doesn't believe in stock buybacks. He says they are financial engineering, and prefers to use the money to invest back into the business to create organic growth. I don't think there will be any stock buybacks while this guy is in charge, he appears to be intentionally driving the stock price lower while his buddies short it.

22 Oct 2018, 10:22 AM

longnose

This is our CEO:

[newsroom.pepperdine.edu/...](http://newsroom.pepperdine.edu/)

"In 1982 John Standley's father submitted an application for his son to attend Pepperdine University. They had just moved back to California from Pennsylvania after Xerox Corporation, where his father worked as a finance executive, had relocated the family. Standley had just completed two years of college at Penn State University and decided to take a break to think about his next steps in life.

"I wasn't sure what I wanted to do after two years of college," he admits. "I started a painting business and decided I was going to paint houses for a living."

Five months later, Standley's father informed him that he had been accepted to Pepperdine and encouraged him to reconsider his path. Entering as a junior in 1983, he signed on as an accounting major at the senior Standley's persuasion and experienced a different kind of higher education.

Today, Standley is at the helm of Rite Aid Corporation as chairman and chief executive officer, and credits his time forming mentorships with his professors and making connections with his fellow students at Pepperdine as a key ingredient to his success."

==

make your judgement as to his qualification to make *ANY* decision for RAD - CEO, CFO, COO - I am baffled by this background

22 Oct 2018, 11:47 AM

adoidont

I read that a few days ago. The lazy sob didn't even fill out his own college application. Bet he would've been a shitty painter.

If I'm not able to attend the annual, can someone do me a favor and throw a shoe at him? I'll pay you 500 shares of RAD if you miss by less than 5 feet and 1000 if you get a direct hit. Will need video evidence.

22 Oct 2018, 12:57 PM

muishin

Relying on someone else to fill out a college application for him is probably illegal. Did his father write his personal statement for him too? And did he actually have the gall to sign the application that his father filled out? This guy looks like a snake oil salesman from an early age.

22 Oct 2018, 02:14 PM

longnose

"Five months later, Standley's father informed him that he had been accepted to Pepperdine and encouraged him to reconsider his path. "

it pretty much sounds like father did all the work via someone and just informed him - 'I have done everything - at least can you check into this Pepperdine thing now?' - sounds like last ditch efforts. May be this set a bad example and has ruined RAD shareholders

22 Oct 2018, 02:47 PM

Seven Corners Capital Management, Contributor

Author's reply » Don't forget that, as bad as the CEO is, RAD's #2 has some skeletons as well - apparently he was "pressured to leave" WBA in 2014 (along with their then CFO) following a botched earnings forecast (of course, he claimed he "retired")...

"Crawford, 55, will retire [from WBA] at the end of the year. A Black Enterprise executive of the year, he says he "made the decision to retire," but his surprise decision comes after Walgreens' Chief Financial Officer Wade Miquelon forecast \$8.5 billion in fiscal 2016 pharmacy-unit earnings back in April and then suddenly cut down that forecast by \$1.1 billion last month.

Miquelon left the company earlier this month and insists he wasn't forced out. But people familiar with the company say both execs were pressured to leave."

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

22 Oct 2018, 03:07 PM

Seven Corners Capital Management, Contributor

Author's reply » Botching guidance is eerily familiar, no? Now where have we seen that lately?

Hmmm....oh yeah, right here:

[www.sec.gov/...](http://www.sec.gov/)

22 Oct 2018, 03:11 PM

longnose

would this be great surprise? RAD management probably has a requirement - must have conflicts, botched executions, connections, some form of issue - so you are *eligible* to be part of the coterie

22 Oct 2018, 03:31 PM

longnose

who exactly takes fall for: "Adjusted EBITDA is now expected to be in a range between \$540 million and \$590 million, updated from the previously disclosed range of between \$615 million and \$675 million" ?? CFO, CEO, COO - all and BOD? I mean amount miss is massive and especially in just a few weeks. But instead \$3M walked into someones back account like hypnosis

22 Oct 2018, 03:33 PM

Steve Krol, Contributor

Seven Corners

Its not only botched guidance, its when it happens that I find fascinating, right before potential acquirers need a hand:

Sept. 2015- RAD stock already had touched \$9.47 and then, Oops, the huge guidance miss brought the stock down to \$6. and Walgreens pounced with their \$9. buyout offer

August 6, 2018- Oops, guidance lowered 3 days before the special merger Meeting to scare shareholders to vote for the merger.

Botching guidance appeared to be our current CFO's habit at Roundy's where he was saved by Standley who enjoys throwing life preservers to his supermarket colleagues.

22 Oct 2018, 03:38 PM

longnose

Another thing no one has mentioned so far -

"

- Adjusted EBITDA is now expected to be in a range between \$540 million and \$590 million, updated from the previously disclosed range of between \$615 million and \$675 million;

- Net loss is now expected to be in a range between \$125 million and \$170 million, updated from the previously disclosed range of between \$40 million and \$95 million; and

"

Notice EBITDA negative delta \$75m - But loss negative delta \$85m -- how so?

Well its nice to book more loss but why extra \$10m?? Economies of scale impacting that much??

22 Oct 2018, 03:45 PM

Seven Corners Capital Management, Contributor

Author's reply » Here's another interesting "fun fact":

Record date for the 2017 AM was 5/31/17, proxy statement came out on 6/7/17. Only 5 business days elapsed between the two.

Record date for the 2018 AM is 9/10/18, proxy statement came out on 9/27/17. In this case 13 business days elapsed between the two (in other words, they pushed the record date BACK IN TIME an extra 8 business days this year versus last year).

Why might they do this? Well, since the 2018 AM record date is 9/10, this means to vote at the AM you had to buy shares at least 3 business days prior to the record date, or by 9/5 (when 5.3MM shares traded). Notice, though, that on 9/6 a whopping 40MM shares traded (yet none of the buyers of these shares are able to vote at the AM, the right to do so belongs to the former holders, who--since they've sold--have almost no incentive to even bother to vote at the AM).

If RAD had used a record date of, say, 9/20 instead of 9/10 (i.e., if they had conformed to 2017's practice), about ~100MM more of the O/S shares that have recently traded hands would be eligible to vote at the AM. So in effect they have disenfranchised almost 10% of the holders of RAD stock (those who have recently bought, but won't meet the record date requirement) by arbitrarily back-dating this AM's record date vis-a-vis what they did in 2017. Pretty sneaky...

22 Oct 2018, 04:19 PM

Seven Corners Capital Management, Contributor

Author's reply » Correction - stocks now settle in 2 BD (changed from 3 BD last year), so the 40MM shares on 9/6 should be votable by the new owners. Still, that leaves ~65MM shares that could have been voted by the new owners had RAD chosen a record date of 9/20 instead of 9/10. Maybe the "brain trust" in RAD's HQ forgot the settlement rule changed in Sept 2017!

22 Oct 2018, 04:32 PM

papayamon

Nothing is too sleazy for these crooks. "Every imaginable way to cheat the shareholders" is their motto.

I still can't fathom Standley getting enough votes to remain on the BOD. Perhaps I'm wrong, but at least it's almost time to know if his tenure is coming to an abrupt end.

Should he be retained, I'm looking for the first chance to exit. Fortunately, my cost is low this time around.

22 Oct 2018, 04:55 PM

SeattleGoldMiner

All of the jabs at him have no major impact. The one that WOULD (in today's environment) would be related to any "personal" behavior on his part over the years in the social arena. Guaranteed career-killer!!

22 Oct 2018, 08:31 PM

ContangoTrades

Scamley had only offered 18 cents an hour to his painting crew...

25 Oct 2018, 12:23 PM

ContangoTrades

I would but my legal fees would cost more...not including travel expenses -)

25 Oct 2018, 12:25 PM

devinem20

I'm planning to initiate a position between \$1 and \$1.05 over the next few days.

22 Oct 2018, 04:18 AM

Seven Corners Capital Management, Contributor

Author's reply » Up to 6,000 page views.

22 Oct 2018, 02:37 PM

adoidont

Are those unique views? I've been here roughly 341 times... haha

22 Oct 2018, 02:39 PM

Seven Corners Capital Management, Contributor

Author's reply » Total. But even if average viewer visits 5X (which, frankly, seems high--# is probably closer to 2X), still over 1,000 unique visitors. If 2X, then 3,000 unique visitors.

22 Oct 2018, 02:41 PM

Seven Corners Capital Management, Contributor

Author's reply » FYI - per the 2017 10-K filing: "On April 16, 2018, we had approximately 11,432 stockholders of record."

22 Oct 2018, 02:45 PM

Seegood

does that calculate to be \$100,000 AVERAGE per shareholder = 1.1432 B ??

22 Oct 2018, 03:22 PM

Seven Corners Capital Management, Contributor

Author's reply » No. Top 100 holders probably own about 2/3rds of the stock, if not more. So excluding these the average holder would own <30K shares.

22 Oct 2018, 03:32 PM

markv07

Unfortunate as it may be, I hold rite aid in 3 different brokerage accounts and have not been notified by any of them about proxies or voting on Oct 30. I was notified by each about the Albertsons merger and was able to vote no. This time no info, control numbers... any idea what's going on? I have a call into one broker but haven't got any answers yet. Also I don't see the info at the RAD investor relations site either.

22 Oct 2018, 06:39 PM

longnose

are they in margin account - they may be on lend

22 Oct 2018, 06:55 PM

GhostRecon

Call your broker and get the control number and then vote online proxy vote.com. That's what I did, but eventually received the package.

22 Oct 2018, 09:44 PM

woogerbear

I think its very clear at this stage that institutions did not want to upset the apple cart anymore as more internal conflict would just drive the share price down, and are keeping management on a short leash. At the same time, some sort of deal was made. I suspect there is a deal in play and the company is being sold. It could be announced at or before the meeting. The company has assets and options. I will be asking about the sale leaseback option at the meeting. They better have a good answer. The WBAD contract will be accepted this quarter which is a major positive catalyst. Worst case scenario...Albertsons comes back into the picture and the sock goes up to 1.50 to 2.0. Best case scenario, Envision spin off option is pursued, WBAD option is contracted and the sale leaseback occurs and the stock could go as high as \$5. There are too many institutional shareholders who are buying into whatever plan is out there for this thing to go south.

23 Oct 2018, 08:34 AM

Germiz

Envision spin off could be good or bad depending on the allocation of debt and assets. would Envision be saddled with a lot of debt would they have enough money to invest in growth etc?

23 Oct 2018, 11:15 AM

Trublu

Envision with 1.8bil debt would make perfect sense for both companies. Right now RAD is worth 4.2 billion on paper. The scrip files assuming 1.1million per store and envision at 1.8 = 4.5. That means the real estate is currently being valued at 0 and most likely Envision is being discounted to 1.5.

There is a ton of upside here. Question is will management ever let us have it.

23 Oct 2018, 12:48 PM

chickenmusket

You have no idea what institutions have done since 6/30 (before the merger cancellation). They could have sold all holdings since then and the best info we will get is their holdings as of 9/30 and not until mid-November. We need to see an institution take a large position requiring notification outside of the normal reporting windows and we haven't.

24 Oct 2018, 11:23 AM

Save Rite Aid

The last time RAD stock traded for \$1.01 or less was WAY BACK ON 12/6/2012.

Anyone who has bought RAD stock since that time has lost money, plain and simple.

Thanks RAD management and RAD directors.

Treat yourselves to another million \$\$ bonus or two, at stockholders' expense; OUR TREAT!

23 Oct 2018, 02:35 PM

muishin

Not really, anyone who has bought RAD common stock and held on to it until now without buying and selling options or shorting have lost money in RAD common stock. Plenty of people could have bought and sold and made tons. It's not about the stock price but about management's ability add value to the business, which they haven't done.

23 Oct 2018, 02:55 PM

morgens.michael

vote them out! that's the simple message. the share price tells everything needed here...

23 Oct 2018, 04:13 PM

rusty13

I learned the very hard way that assets mean ZERO in the wrong hands as with FVE.. \$8 Mil debt, \$22 Mil in cash, close \$300 Mil in assets but the mkt cap is at \$36 Mil and it will stay that way unless mgmt takes it out of its venomous death grip.. I believe RAD at the very least will either get sold or mgmt gets voted out.. As far as a sale PT that got lowered recently but it'll be much more than \$1..

23 Oct 2018, 05:37 PM

242work242

My heart made me vote against Standley but my head is aligned with the institutions and think the timing is not right now as it would create 2Qs of uncertainty when Rad needs immediate steps (ie a plan for their assets).

It's a disgrace that Standley and Kermit didn't come up with a plan B besides Cerebus before now.

I've been proven wrong with this company several times over the past few years and regardless of all that I'm aggressively buying here with no worries at all...

either Rad as a whole will be sold to Cerebus or they will just sell Envision.. one or the other is coming soon (hopefully the later).

good luck to all!

23 Oct 2018, 10:03 PM

Barrels

I hope they are fired and there is a deep audit.

23 Oct 2018, 10:35 PM

trvlpark

16,500 very underwater shares against the Bored Directors.

All in for banana pancakes with real maple syrup, two slices of crisp bacon and a poached egg plus an AARP discount.

24 Oct 2018, 03:16 AM

Save Rite Aid

The last time RAD stock traded for \$1.01 or less was WAY BACK ON 12/6/2012.

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24 Oct 2018, 12:08 PM

longnose

Does any one think this could be totally FRAUD?

Capital Spending (Mil)

2014 2015 2016 2017 2018 YTD

-421.22 -539.39 -481.07 -293.80 -214.76 -113.08

This guy has spent \$1.7BILLION on capex??? When revenue keeps going down and opex performance keeps going down and every matrix goes down

I mean what kind of capex is this? There is no ROI -- then what motivates this guy on cpaex?

Unless its backdoor to making money via supplier kickbacks

24 Oct 2018, 12:48 PM

MWD aka WD

is glass lewis out?

24 Oct 2018, 12:48 PM

Corsair2002

Haven't seen it. It's 10/24, wth

24 Oct 2018, 05:25 PM

Steve Krol, Contributor

Corsair2002

Glass Lewis makes their money by having paid subscriptions. Their recommendations are not always made public. You assume because it was made public for a big event, the prior Albertsons merger, that their recommendations are always made public. That is an incorrect assumption.

The reason I was provided the ISS recommendations is because I have a contact/relationship over at ISS. I have no such contact at Glass Lewis that wants me to take out a subscription to provide me the report. I refuse to do so, since my believe is that when I present to them I should not have to pay for the result. Notwithstanding this, I have requested from several sources to get a copy of it. If I do, I will provide the results here.

25 Oct 2018, 01:09 PM

Corsair2002

Steve,

Good points. If their recommendations align with the BOD recs, and they do not make it public, that would seem to suggest a strategic play.

Any other SA members that have a contact and/or access please post the recommendations as Steve did with ISS.

Also, contacted IR regarding streaming of the annual meeting, did not even receive the generic response. That pisses me off - lack of professionalism and indicator of company culture (no surprise really).

25 Oct 2018, 01:16 PM

Red702355B

Why wouldn't shady standley and his bod try to keep common shareholders from voting them out . They have been sneaky,underhanded, steal from shareholders and are on the shareholders gravy train. The Institutions like Vanguard etc can send them packing---please keep calling them or email them at investmentstewardship@vanguard.com---thanks

25 Oct 2018, 02:30 PM

longnose

Here is Cap Spending (BILLION) for WBA

2014 2015 2016 2017 2018 YTD
-1.11 -1.25 -1.33 -1.35 -1.37 -1.37

We are almost 1/4th of the revenue of WBA - But Capex was WAY out of line.

And since stores are sold you can see WBA capex (who bought them) has not changed much - what gives?

that's why i feel its fraud

24 Oct 2018, 01:28 PM

v.c

Now we are 1/4 WBA revenue before selling stores I don't think it is 1/4. It may be more like 40%. That does not mean anything. CEO will get 100% bonus and let every one lot in their capacity so no one will say a word.

24 Oct 2018, 05:41 PM

Save Rite Aid

The last time RAD stock traded for \$1.01 or less was WAY BACK ON 12/6/2012.

Anyone who has bought, AND held, RAD stock since that time has lost money, plain and simple.

Thanks RAD management and RAD directors.

Treat yourselves to another million \$\$ bonus or two, at stockholders' expense; OUR TREAT!

24 Oct 2018, 08:41 PM

Fugitive6129

Shareholder Lawsuit Over Failed Rite Aid-Walgreens Merger Tossed. [www.law.com/...](http://www.law.com/)

25 Oct 2018, 05:10 PM

longnose

great politics pays well – there is no justice after all!!

25 Oct 2018, 09:01 PM

Steve Krol, Contributor

Shareholder Update/Correction

For Proposals #4,5,6 Shareholder Proposals the affirmative vote of a majority of shares represented at the Meeting and entitled to vote is required for the approval of each of the shareholder proposals. Any shares represented and entitled to vote at the meeting and not voted will have the same effect as a vote "Against" the stockholder proposals. Please see page 4- 5 of the proxy statement for the full information on voting.

If you are attending the Meeting, please avoid controversy-bring a current monthly broker statement evidencing your ownership of Rite Aid and even your proxy card which clearly indicates your right to vote/attend the Annual Meeting.

25 Oct 2018, 09:32 PM

Corsair2002

Steve,

Thank you very much for your efforts and good luck at the meeting!

With respect to proposals, if we voted via online proxy-vote, is anything else needed from us that are unable to attend? Thanks.

26 Oct 2018, 02:09 PM

Steve Krol, Contributor

Corsair2002

Is anything else needed? Just your prayers

If you voted online "For" or "Against" the directors, and the other Proposals from management and the shareholders, that is all you can do. The Lisa Weiss Proposal that only attending shareholders or their proxies can vote on will take place at the Meeting. It is not on your Proxy Card for you to consider.

Sorry you are unable to attend. Several shareholders here will do their best to represent you; you are in good hands.

26 Oct 2018, 05:42 PM

Seegood

Steve:

does this mean Proposal #4 (and others) needs more affirmative votes than those of CEO and Board members in attendance (obviously votes against)?

25 Oct 2018, 11:55 PM

MWD aka WD

In deciding the proposals that are scheduled for a vote at the Annual Meeting, each holder of common stock as of the record date is entitled to one vote per share of common stock. In order to take action on the proposals, a quorum, consisting of the holders of 532,717,342 shares (a majority of the aggregate number of shares of Rite Aid common stock) issued and outstanding and entitled to vote as of the record date for the Annual Meeting, must be present in person or by proxy. This is referred to as a "quorum." Proxies marked "Abstain" and broker non-votes will be treated as shares that are present for purposes of determining the presence of a quorum.

it means vote either at the meeting or with your proxy. if something comes up under "other business" then if your not at the meeting your not going to hold sway on a vote outside of the guidance of the bod.

As long as there isnt an egregious error or "party foul" called out against the proposer on proposal #4, #5, #6 thereby giving the board a reason or excuse to throw it out on the spot (not likely or they would have done it already) then your proxy vote cast prior to Oct 29 2359 hrs eastern will have sway as per your desire recorded. So if the proposers dont flare into obscenities and disorderly unprofessional antics that disrupt the proceedings to badly, (to badly, as some showmanship is a good thing for emphasis and certainly allowed)

I am mostly disapointed recently as my travel plans have been changed by the company and eliminated my participation at the meeting. the concern is not being able to vote on the weiss proposal. If the proposal does come up by lisa's proxy i suspect that they will have politic'd ahead of time to black rock and others. If I were attending from what i know now of the possible proposal spinning off 80% and taking some debt... I would be voting in the "for" bracket for this split. In texas there is a tremendous amount of advertising happening on the airwaves for other PBM businesses and I think that our PBM is an untapped revenue stream, and as the debt gets smaller for the future RAD parent co it should help boost the RAD ticker symbol the new PMB symbol (ENVX is my guess for new ticker symbol)\$ENVX should enjoy some healthy price jumps as the new unicorn on the block short term and long term. price guess .. 8.15 to 12.15 and up to 19.50 with in one calendar year of ticker launch.

Long \$RAD

26 Oct 2018, 02:30 PM

Corsair2002

MWD,

Thanks for the clarification. Very interested to hear how the meeting goes.

26 Oct 2018, 03:17 PM

longnose

btw what happens to 160M short shares? I have not researched it - but if anyone knows impact of naked short shares impact on proxy votes?

26 Oct 2018, 03:41 PM

juvepete16

They can't vote

26 Oct 2018, 05:25 PM

Steve Krol, Contributor

Seegood

Lets just keep this simple:

Voting=Good

Not Voting=BAD

The rest is out of shareholders hands, so VOTE and make your voices count.

26 Oct 2018, 05:44 PM

longnose

but is it considered in % calculation? That is will the shares that are considered 50% of total will include naked short shares?

27 Oct 2018, 08:30 PM

Steve Krol, Contributor

ErpichtAuf

Not a matter of ignorance, but this has been addressed several times already here.

Since the Weiss spin-off Proposal is not in the Proxies, it will get a minimum exposure at the Meeting ONLY; it is not on your white proxy card, because it is NOT in your proxy statement. So only attending shareholders or their proxies may vote on it, if Ms. Weiss or her representative properly introduce it; if not in attendance it will not even be introduced. It appears that Rite Aid will have votes, likely plenty, to defeat its implementation, and proposals are only recommendations to the Board in any event.

One has to wonder why Ms. Weiss did not attempt to get the Proposal into the proxies for maximum exposure and vote on your proxy card. Was there a problem with the Proposal that Rite Aid convinced her not to fight it out at The SEC for inclusion in the proxies, but would let her introduce it only at the Meeting? I will ask at the Meeting, because this would have been a strategic mistake by Ms. Weiss. Again, we do not know the details, but I sure will ask at the Meeting.

26 Oct 2018, 08:29 PM

ErpichtAuf

Steve Krol

Thank you for your time.

I only heard of the spin off proposal the other day through Yahoo and didn't remember voting on it.

My proxies are already mailed in, and I used this as an opportunity to indicate my thoughts about negotiating ability of management.

Hopefully you'll see fit to share your thoughts and observations about the meeting.

26 Oct 2018, 09:49 PM

longnose

Steve,

If you look at education of Ms. Weiss - it is highly *unlikely* that she missed the key point or timeline. However, she may have been brought into the mix by a sidwinder deal of sorts - the type of deal that causes commotion and confusion and allows Standley to muddle with the RAD affairs in future. I am of the opinion, the spin off under Standley is a ploy and trojan idea from him or some of the cronies.

It sounds like a cancer patient being shoved to sign document for kidney donation in hurry before his death. There is definitely something very shady about this. If I am wrong and Ms. Weiss just woke up one day and realized hey why I didn't think of this before - it would be utter nonsense for people in responsible positions with highest possible education in the field

27 Oct 2018, 12:31 PM

papayamon

I myself am suspicious of this as a method to take the spotlight off the number one need to RAD shareholders - to get rid of this clown of a CEO. If it needs to be done (spinoff), it can surely wait until he's in the dumpster.

27 Oct 2018, 12:56 PM

Steve Krol, Contributor

longnose

At this point, before the matter is presented at the Annual Meeting I can not agree to this speculation.

Ms. Weiss only knew to prepare a proposal on or after 8/8/18 the Termination Date of the Albertsons Proposal. Rite Aid indicated in the proxies, that given that the Annual Meeting was well past the expiration of the legal time to hold the Annual Meeting (8/16/18), that such Proposals under SEC Rule 14a-8 could be submitted allowing for sufficient time before the printing of the proxies.

Having routinely submitted Proposals over the years , should Rite Aid request exclusion, due to Rite Aid's alleged violation of any of the Rules, the SEC decision (short of an accelerated time for an SEC decision) can take several months for an SEC verdict; yes or no to allow exclusion. Such an extended time for an SEC decision this year would not be practical under the circumstances. So, I will be at the Meeting, you apparently will not, and I will ask why this Proposal was made in a way that received the minimal exposure at the Meeting only, outside of Rule 14a-8 and not in the proxies for a vote. Until Ms. Weiss or her representative are available for questioning, by me and others, speculate away, a pastime not unusual here on Seeking Alpha.

27 Oct 2018, 06:16 PM

Red702355B

sneaky standley and his know nothing bod send out numerous proxy's to us shareholders to vote on the merger with ABS=ALBATROSS but, try to limit and proxy news of the annual meeting on Oct.30,2018 to vote these bums out. That should tell all shareholders and Institutions all we need to know about these crooks.

27 Oct 2018, 05:13 AM

Corsair2002

Steve,

Have you been successful in finding out Glass Lewis' recommendations? Very curious if they are in line with ISS or differ.

27 Oct 2018, 02:15 PM

Steve Krol, Contributor

Corsair2002

No, not yet. Several sources believe that they can get it for me, but you know how that goes, maybe yes, maybe no.

There appears to be politics on the part of ISS and likely Glass Lewis as the 2 largest proxy advisory firms. It stands to reason then that the firms with the most RAD institutional holders could have (underlined could have) made their recommendations to ISS and Glass Lewis , rather than the traditional other way around. This is speculation only, however, it is unimaginable to me that both ISS and Glass Lewis who were so critical of the Albertsons merger with a faulty "process" and potential conflicts of interest and then go right ahead and possibly recommend the full slate of directors for election. Egan Jones, the smallest of the three, with perhaps very few of the RAD institutional holders was able, in theory, to avoid any politics and made recommendations that coincide closely with my own point of view, which are markedly different than that of ISS.

27 Oct 2018, 06:27 PM

Corsair2002

Thanks for the reply. I think your speculation is warranted; one would think the institutions would only now support the status quo if it helped the end game. They may have info we do not have.

27 Oct 2018, 10:27 PM

RiteRAD

Voted the whole BOD out and 'for' Mr. Krol's proposal.

I'm yet another stockholder that contacted RiteAid's Investor Relations department requesting they webcast the meeting. Nothing but silence in reply. So, RiteAid can give Standley a \$3M bonus for a failed merger but can't webcast the shareholder meeting to the 'owners' of the corporation? That department needs a thorough overhaul.

Steve Krol – A sincere Thank You for all your efforts.

27 Oct 2018, 04:16 PM

Steve Krol, Contributor

RiteRAD

On behalf of non-attending shareholders, I expect to bring up the issue of a lack of webcast for the vast majority of shareholders that could not attend. It will likely be met with silence, but I am speaking to reps of Top Holders hopefully in the audience that may not be thrilled with this. It further bolsters the argument that a board that already has shown little evidence that they understand their fiduciary responsibilities to their shareholders requires further "refreshment", their words. Successful companies, such as Walgreens, have no issue with streaming live the Annual Meeting.

27 Oct 2018, 09:33 PM

Corsair2002

I did the same. The lack of basic professionalism and courtesy to simply respond with *something* is telling. Piss poor organizational climate and culture. It's no surprise given who helms the ship, the culture starts at the top. The lack of leadership is appalling.

27 Oct 2018, 10:32 PM

chickenmusket

What's to prevent you from doing a Facebook live (or similar) streaming as a shareholder of the company?

28 Oct 2018, 02:35 PM

longnose

some good information on EnvisionRx - but depends upon current EBITDA and multiple

[expressscriptsholdingco.gcs-web.com/...](http://expressscriptsholdingco.gcs-web.com/)

27 Oct 2018, 11:07 PM

longnose

all,

very good article how Standley has miserably failed on EnvRx

[www.drugchannels.net/...](http://www.drugchannels.net/)

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

If you spend \$2B and pay 6% interest on the loan - you have to make at least \$120M to just break even -- correct? When EBITDA of \$150M was announced - they should have known taking \$2B DEBT when you are going to be underdog and likely of not finding traction could be high. This was yet another example of how BAD Standley has done for RAD

Now - book value of EnvRx is down, revenue is down and EBITDA is down for sure. Once again - WS is going to keep Standley for this performance? What is wrong with these people? Is corruption so rampant that funds and indexes don't even care about shareholder money?

btw - Standley didn't seek shareholder approval for such a massive purchase that increased debt by more than 25% - How is SEC so blind that CEO/BOD can pull a transaction that may have self dealing

28 Oct 2018, 11:46 AM

kuttingedge

This goes with your first link:

[www.drugchannels.net/...](http://www.drugchannels.net/)

More truth on Standley's brilliant acquisition.

28 Oct 2018, 01:28 PM

longnose

Yes - what a disaster for spending \$2B WITHOUT shareholder approval!! I am betting Citi (bonds & M&A cost) & RAD management made money in some back door deal - at the expense of RAD shareholders. Nothing is further than truth - everytime Standley opens mouth - sh* comes out - its so pathetic. He has spent at least \$360M on interest on the bonds due to EnvRx (\$2B x 3 years x 6%) - So he has dug grave for shareholders

28 Oct 2018, 01:47 PM

v.c

and 500M write down. So 860M lost because of his purchase and he got around 60M for his services.

28 Oct 2018, 06:51 PM

Red702355B

What do all of us shareholders expect from this failure of the standley group and his band of thieves He is a painter by trade who is CEO of RAD.--what a joke.

28 Oct 2018, 03:08 AM

papayamon

Perhaps just 2 more days in the Standley era at RAD. Exciting times!

28 Oct 2018, 12:37 PM

Fadertrader

Yes, and the share price likely will be \$4-5 in a few years. Great return if you buy now.

28 Oct 2018, 02:01 PM

Red702355B

We need the Institutions to back us for the Against vote or maybe we get stuck with this terrible group to keep robbing shareholders of value.

28 Oct 2018, 03:02 PM

Mike Deadmonton

Heads I win, tails you loose. If the board stays, no change, sell. If the board changes, clearly something wrong with the company, sell.

Not expecting a pop until just before the new year.

However, we could all be surprised by a new buyer. I think MCK would be interested, maybe others.

28 Oct 2018, 03:13 PM

RiteRAD

I wouldn't hold my breath waiting for it. The BOD has been on a gravy train for long time courtesy of Standley, why would they suddenly have a crisis of conscience and feel beholden to the shareholders? Then again, maybe something is in the works (explaining the guidance by ISS). We shall see.

28 Oct 2018, 06:57 PM

Red702355B

shady standley and his bod know that 98 % of us common shareholder do no like him or his bod. If we can get some of the larger Institutions to vote with us shareholders we can put this group in the unemployment line unless ABS=ALBATROSS hires them. I sent emails to Mr. Mortimer J. Buckley CEO of Vanguard over the last week etc. You can email him at investmentstewardship@vanguard.com--especially if you are invested with Vanguard----Vanguard has two main offices one in Valley Forge,, Pa, and the other In Wayne Pa. Please do your part if you can not make the annual meeting on Oct. 30,2018. Words do matter. Thank You

29 Oct 2018, 03:17 AM

Save Rite Aid

RAD stock has DEPRECIATED in value by 12.8% since the present RAD CEO was installed on June 24, 2010, compared to the cumulative rate of inflation during that time (15.8%).

* RAD closing price on June 24, 2010 (current CEO installation): \$1.02

* RAD price as of October 29, 2018 @ 11:00 A.M. (ET): \$1.05

* Cumulative rate of inflation from 2010 to 2018: 15.8%

* Math work: $((\$1.05/\$1.02) - 1) \times 100 - 15.8\% = -12.8\%$ (yes, NEGATIVE 12.8%)

It is time for a wholesale change in RAD leadership to restore shareholder confidence!

29 Oct 2018, 11:33 AM

Mike Deadmonton

If Cerberus wants Standley to run Albertsons, I say we let them have him.

29 Oct 2018, 11:38 AM

v.c

They won't unless he prove himself by selling RAD for 18 cents.

29 Oct 2018, 11:43 AM

Seegood

Red702

I just wrote Vanguard's CEO on your recommendation. They hold my entire retirement accounts. Hope it's not too late.

29 Oct 2018, 12:20 PM

Red702355B

Seegood--good work----we are doing our part. Lets hope we can send standley and his bod kicking stones down the road-- where they belong.

29 Oct 2018, 01:47 PM

juvepete16

I know the meeting is at 8 tommorrow in Manhattan. But does anyone have an address and do I just show my proxy number to enter?

29 Oct 2018, 02:17 PM

Tojoro

Bring a copy of your broker's statement

29 Oct 2018, 07:01 PM

longnose

shouldn't it be broker statement as of closing date of the shares used for voting? Even if you dont hold today but held since you got proxy control ... seems like overly restrictive to keep room empty

29 Oct 2018, 07:22 PM

Trublu

When Kermit Crawford came on board I thought Sycamore would buyout RAD. Now I realize they were just dumping dead weight. Does this guy have any value?

29 Oct 2018, 02:18 PM

242work242

Crawford has added 0% value. if he did they would have had a vetted standalone plan ready even as a backup to failed Cerebus merger

30 Oct 2018, 10:31 AM

juvepete16

It's October 30 at 8:30 New York Marriott marquis 1535 Broadway New York New York ! Just so everyone knows

29 Oct 2018, 03:08 PM

Save Rite Aid

RAD stock has DEPRECIATED in value by 12.8% since the present RAD CEO was installed on June 24, 2010, compared to the cumulative rate of inflation during that time (15.8%).

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* Math work: $((\$1.05/\$1.02) - 1) \times 100 - 15.8\% = -12.8\%$ (yes, NEGATIVE 12.8%)

It is time for a wholesale change in RAD leadership to restore shareholder confidence!

29 Oct 2018, 04:02 PM

RiteRAD

I see it slightly differently (with a worse outcome). You are assuming there was no appreciation in RAD stock price during time period - which is incorrect. The stock was trading north of \$9 in 2015, it's at approx. \$1 now so my math says that's an -88% hit (not counting inflation) under this CEO's stewardship.

29 Oct 2018, 04:42 PM

chickenmusket

Do you then give him credit for taking it from 1.02 to 9?

29 Oct 2018, 05:12 PM

RiteRAD

To be fair - yes. But I also lay the blame on him for taking it back down to \$1.

29 Oct 2018, 05:46 PM

Mike Deadmonton

If the FTC had acted in a timely fashion, none of this would have mattered.

29 Oct 2018, 06:37 PM

kingVRX

Exactly

30 Oct 2018, 01:08 AM

Steve Krol, Contributor

chickenmusket

No, I give him very little credit. He has been trying to sell the company from the very moment he became Chairman/CEO in 2012, rather than make it successful. When you come into a mess, you should straighten it out, not try to sell it. That's not a CEO, that's a dealmaker and as we have seen a bad one at that. Once the rumors go away, you can see what Wall St. values the company at. Mr. Standley's career has been a failure for at least the last 18 years. I know, perhaps you do not.

30 Oct 2018, 06:59 AM

Mike Deadmonton

Anyone going to meeting? Start a Twitterhandle, like StandleyPlankWalk or BeByeRADboard. Let us know how vote is proceeding

29 Oct 2018, 06:49 PM

longnose

GLTA - lets hope tomorrow change may come in the form of good fortune to RAD small share holders.

29 Oct 2018, 09:17 PM

Red702355B

I'm sure standley and his bod will come up with some kind of stupid plan to try and save their behinds. Their future is in the hands of the Institutions. Most all common shareholders think these officers are idiots in running RAD into the ground while taking nice bonuses for themselves every year. If these RAD officers with standley in charge of Amazon or Berkshire Hataway, they could bankrupt these companies in a matter of a couple of months.

29 Oct 2018, 09:25 PM

kingVRX

Will the pendulum start it's swing in the other direction?

30 Oct 2018, 02:36 AM

kingVRX

Any news from the shareholders meeting? Crickets ☐

30 Oct 2018, 09:36 AM

Seven Corners Capital Management, Contributor

Author's reply » All 9 director candidates were elected. Proposal 3 (advisory to approve compensation) failed, receiving only 16.5% of the vote. Proposal 4 (advisory re separating CEO and chairman positions) passed, with 57.5% of the vote.

Standley would not commit to the company ceasing giving out bonuses & stock options unless RAD's stock price rises above \$2.50 (a shareholder asked him to commit to this), saying "we are pretty sideways here". Note the delusional use of "we", as if the BoD/management are actually in the same position as the (long suffering) shareholders.

It seemed like Standley and his sidekick on the podium (company secretary?) for the most part had borderline contempt for the concerns expressed by the shareholders. The gave some incredulous looks when called out for failing the owners of the company. In other words, it is obvious that they still just don't get it (and neither does the board, based on their limited responses, although Bodaken did claim he will act as a strong / independent chairman; we'll see on that one).

30 Oct 2018, 10:24 AM

Seven Corners Capital Management, Contributor

Author's reply » Have to believe that 16.5% on Say on Pay likely represents one of the all-time lowest percentage FOR votes in corporate history for a big company.

Are the 3 re-elected comp committee Directors proud of this result? Will they now reform the senior exec comp system to actually align pay with performance, so those in the C-suite stand in the shoes of shareholders? Or will we here crickets from them on this front?

30 Oct 2018, 10:33 AM

242work242

they clearly made a deal with the institutions already...

i still expect a new strategic partnership or PBM news today

30 Oct 2018, 10:35 AM

longnose

Man - the institutions, CEO and BOD are so corrupt - what right these funds/institutions have using shareholder money they are allowing these people to stay?

Looks like right under SEC nose - solicitation was done by CEO and they bought the votes some how. Shorts must have a field day

30 Oct 2018, 10:36 AM

longnose

Weiss proposal was brushed aside?

30 Oct 2018, 10:40 AM

Seven Corners Capital Management, Contributor

Author's reply » "they clearly made a deal with the institutions already..."

No doubt - it was likely a backroom deal cooked up weeks ago to insure Standley could remain CEO and the Directors could keep their jobs. Sad that the institutions are so lazy, weak-minded and unwilling to hold people accountable (they must be too busy gathering assets to act the way real shareholders would).

30 Oct 2018, 10:41 AM

Seven Corners Capital Management, Contributor

Author's reply » She didn't appear at the meeting to present it (according to Standley), so there was no vote on it.

30 Oct 2018, 10:45 AM

Seven Corners Capital Management, Contributor

Author's reply » *hear*

30 Oct 2018, 10:46 AM

Germiz

what was the margin of votes for directors?

30 Oct 2018, 10:52 AM

longnose

something very fishy about Weiss biz - hmmm - she was threatened or what? Looks like this is FIRM movie replay

30 Oct 2018, 10:53 AM

giofls

Ms Weiss had no reason to be at the meeting. Her proposal is out in the public forum. It will be discussed at RAD Board meetings, and likely raised by questioners during upcoming conf calls. Any third parties that might be looking at RAD will be thinking about it as well.

There was not enough specificity to the proposal to vote on implementation. The only vote they could have had would have been for the Board to review it. That wasn't necessary.

It is a fair question to ask whether Ms Weiss had "backers". I doubt it was RAD mgmt; why give her credit for a good idea and make themselves look weaker than they already are? But could a 3rd party be pushing RAD mgmt to spin off the PBM so they could just buy the stores? Possibly since the sale process for the PBM could be slow due to its declining value. That would be the optimistic view from a stock valuation perspective, because it implies a faster path to a sale.

30 Oct 2018, 11:01 AM

Seven Corners Capital Management, Contributor

Author's reply » They claimed they didn't have the percentage votes for directors - will be in an 8-K to be filed by Nov 5th.

Note this is somewhat odd, b/c don't the proxy solicitation firms keep a running tab of the votes and deliver the same to the company? So one would think they would at least have had a preliminary vote total on the directors, but they said they didn't.

30 Oct 2018, 11:04 AM

Seven Corners Capital Management, Contributor

Author's reply » "Ms Weiss had no reason to be at the meeting...There was not enough specificity to the proposal to vote on implementation."

Incorrect - you can present a proposal for a vote at the meeting, but you have to appear in person to present it. You can't say it wasn't specific enough unless you actually see what it says. Obviously it would get minimal votes, b/c the # of votes made in person at the meeting [i.e., not done by proxy] is probably <100K.

30 Oct 2018, 11:08 AM

giofls

Sorry 7C, but Ms Weiss had no reason to be at the meeting.

Her impact has already been felt, and without being confrontational with mgmt. She and her proposal had nothing to gain from being raised at the meeting, but potentially a lot to lose.

There is a lesson to be learned from Ms Weiss on how to have a positive impact on mgmt from a position of weakness (small share position).

30 Oct 2018, 11:11 AM

longnose

Hmm - looks like to present a proposal you have to be in the room - but vote stats is not presented in the room?! I think all BOD and CEO have no soul and will get publicly ashamed and clawback all misdeeds

30 Oct 2018, 11:16 AM

Seven Corners Capital Management, Contributor

Author's reply » When you are being deliberately screwed, "without being confrontational" is not part of the playbook. It's known as appeasement...and it's a terrible strategy.

30 Oct 2018, 11:20 AM

242work242

agreed gio

Ms Weiss was able to get it enough attention that it got legs on its own and needed to be explored regardless of smashing it in their faces over and over again

30 Oct 2018, 11:23 AM

Seven Corners Capital Management, Contributor

Author's reply » giofls & 242 = appeasers

Nice to see you guys thus go on record.

30 Oct 2018, 11:25 AM

242work242

seven corners

has someone told you that they are not exploring the sale of Envision?

i would have preferred Ms Weiss be there to ensure it was discussed but i doubt that the deal made with the institutions (as you have also acknowledged) didnt also include that in the discussion.

30 Oct 2018, 11:29 AM

Seven Corners Capital Management, Contributor

Author's reply » Left near the beginning of the Q&A - it wasn't discussed when I was present.

30 Oct 2018, 11:30 AM

RiteRAD

Exactly what I was thinking. It's the same system that tallies all the proxy vote items, how can you know the exact % for some and not for others? Odd that the one they don't know the exact numbers on is the most important one to shareholders.

30 Oct 2018, 12:37 PM

giofls

7C,

Please see the link below:

www.youtube.com/...

30 Oct 2018, 12:39 PM

papayamon

Well, ladies and gents. I'm looking for an exit now anywhere above 1.25. Pathetic that Standley would be able to keep his job. Could be a deal in the works, which is the only reason I can think of as to why the funds wouldn't vote him out.

30 Oct 2018, 10:51 AM

kingVRX

I think most people are looking to get out of this investment

30 Oct 2018, 11:15 AM

Trublu

Everyone except Krol

30 Oct 2018, 11:24 AM

longnose

SEC needs to sue RAD on behalf of back door solicitation (pro*ion) to keep their jobs. Doesn't SEC specifically prevents solicitation without disclosure? John Bogle and his cronies @Vanguard should be ashamed of themselves for losing ground because of greed

30 Oct 2018, 11:04 AM

Seven Corners Capital Management, Contributor

Author's reply » Who knows, the SEC actually has to know it's going on (and not in accordance with the proxy rules) to do something about it. One thing is clear, though: if any individual shareholder even briefly attempts to solicit proxies AGAINST the incumbents, they will likely use OUR \$\$\$ to sic the SEC on such person and intimidate them to stand down. Thus, you need a legit activist that will not be cowed by RAD's BoD / CEO to get involved and run a proxy fight.

30 Oct 2018, 11:18 AM

ErpichtAuf

The preliminary results of the meeting sound like they owners expressed at least some of their dissatisfaction. Though, I find it odd they didn't have the numbers for the board of directors. If I remember correctly at other meetings I've attended they've had some numbers to put forth.

30 Oct 2018, 11:23 AM

Seven Corners Capital Management, Contributor

Author's reply » BTW Standley also admitted he hasn't bought any stock on the open market and doesn't intend to, b/c he apparently thinks he is already aligned with the shareholders b/c he has lots of options. A shareholder pointed out that he gets all his options for free, while the rest of us have to pay for our shares with our own money. The CEO didn't have much to say about that.

There was also an 84-year-old shareholder there who said he's owned RAD stock since 1980(!) and demanded change. He received a warm ovation (as did Mr Krol and many other shareholders who spoke out against the status quo). The mood in the room was pretty much 100% against the incumbent BoD and CEO. The main problem is that we have brain-dead and spineless large shareholders such as Vanguard and Blackrock who are too lazy to actually THINK about how ridiculous the situation is and demand change. That's why it is imperative to get a legitimate activist interested in running a proxy contest to oust the incumbents.

30 Oct 2018, 11:34 AM

242work242

seven corners

heres the thing.

there is no activist with enough shares that wants to do anything. so if Standley had been ousted then what?

30 Oct 2018, 11:40 AM

Seven Corners Capital Management, Contributor

Author's reply » Watch this space, 242. You have no idea what, if anything, is going on behind the scenes. We have already identified a great potential CEO candidate, who has a demonstrated track record of successfully turning around ailing retailers. Stay tuned...

30 Oct 2018, 11:47 AM

242work242

seven

thanks for sharing i have somewhere around 100k shares here already...

i'll certainly continue to watch this closely

30 Oct 2018, 12:08 PM

Corsair2002

Standley's response to the question of purchasing shares is priceless—and clueless and spineless. Just another reason to despise him as a CEO.

30 Oct 2018, 01:11 PM

Seven Corners Capital Management, Contributor

Author's reply » The only person who even gave lip service to the concerns of shareholders was Bodaken. Marcy Syms obviously couldn't care less (when questioned about her supposed business and what its revenues are, she replied "Not relevant"), Joseph Anderson same thing (he's the director who is past the "mandatory" retirement age, yet still keeps his job). Whoever Standley's side-kick up on the podium was also had apparent contempt for the shareholders (based on his sneering responses). The whole lot of them needs to go ASAP - they are just horrible.

30 Oct 2018, 01:18 PM

Ubetcha

The only person who even gave lip service to the concerns of shareholders was Bodaken.

What did he say?

Is there a transcript available?

Was there any talk of "right-sizing" the OPEX to align with the reduced footprint?

How is it that Standley keeps his job? They fire CEO's all the time, see GE, F, WFC etc. etc and this loser gets to keep his job???

It's over, prolly should sell this dead RAD bounce

30 Oct 2018, 03:58 PM

howard2374

@Ubetcha: Concur. Good point. The difference is, those BOD members: 1. actually give a rats-rearend; 2. Are after the CEO job themselves.

02 Nov 2018, 03:13 PM

woogerbear

I'm always amazed how people still don't understand how the market works...The market does not like uncertainty and upheaval...shorts do...the fact is that institutions wanted stability. The companies actually doing better with sales up and the WBAD contract to be announced this quarter and profits projected forward..this \$22B company does not deserve a \$1B market cap...\$2B is low...

The other side of things is that institutions know everything you know about the history , the board and the CEO and they would have taken action if there wasn't something in the works regardless of share price.....this company is going to get sold either to Albertsons in an all cash deal or to someone else and it will happen quick..I expect the stock to move sharply up going forward..

30 Oct 2018, 12:26 PM

242work242

woogerbear

completely agreed, the time for 5yr turnaround plans is over.

30 Oct 2018, 12:33 PM

Corsair2002

I agree wrt to the institutions. They have the same information plus more. It goes without saying it's in their best interest to achieve an acceptable ROI. If there were not something in the works, they would not support this floundering CEO.

30 Oct 2018, 01:05 PM

Germiz

Corsair I said this before but the BOD are always selected by the institutions. Institutions care more about their friends in the BOD and they don't care about shareholders. They use other people money to benefit their men in the BOD. There was nothing that was worked out. Institutions have no skin in the game other than benefit their men on the BOD

30 Oct 2018, 01:34 PM

Corsair2002

Not arguing that is not the overwhelming case; however, I would think that relationship does not hold true all of the time. There are compelling arguments in this scenario to vote at least *some* of the members out, especially those with conflicts of interest, abysmal records, and worse. I think there may be a reason beyond your position - we shall see.

30 Oct 2018, 01:46 PM

giofls

The "institutions" in this case are primarily index funds. Highfields had apparently been the lead against the Albertson's deal, but they are closing shop (selling about 80% of their assets and becoming a family house), so they have no interest in this fight anymore.

I'm not aware of one case where index funds voted against the BoDs of a company. Maybe someone can cite one where an activist came in and proposed new Board members and a specific new plan, but I'm not even aware of one of those. And in this case, the idea was to vote the BoD out without a specific set of replacements defined and without a strategy to follow. Not going to happen. It is not their place to threaten mgmt. From the index fund perspective, weak mgmt solves itself by driving down market cap and therefore becoming a smaller part of the index. They see no reason to interfere in that "natural" process. There is no incentive for them to do so -- their mission is to exactly match the index at the lowest possible cost, not to outperform other index funds.

Index funds have voted against pay plans based on a set of guidelines they use, and many of them have a policy on voting for common issues like separation of CEO and Chairperson.

30 Oct 2018, 02:03 PM

Travelbar

This is an informative comment, giofls. Thanks for sharing it.

30 Oct 2018, 02:29 PM

muishin

"weak mgmt solves itself by driving down market cap and therefore becoming a smaller part of the index"

Does that sound informative or delusional?

30 Oct 2018, 02:37 PM

longnose

its definitely delusional comments. I think he keeps making some false statements to make it sound legit

30 Oct 2018, 03:15 PM

gig49

Giofls' comment is TOTALLY realistic.

Generally, to the best of my knowledge no one except the auditors who count the votes actually know how anyone votes, so the comment about not being aware of an index fund voting against a BOD slate is consistent with my experience. I would not be surprised if an index fund voted against the recommended slate, especially in a proxy fight such as the recent one at P&G, but I have never read or heard that an index fund has voted against the recommended slate because the votes are not usually published.

More importantly, from the point of view of an institutional investor (and I was one for over 25 years with a very large firm that shows up in the top 10 holders of many firms), you need to consider what happens if you do vote out the Board without a replacement slate of challengers. Personally, I own a very small position in RAD and voted against the full Board, but note that I am not an institutional shareholder. Further, the two or three times that I asked what would happen if the shareholders voted down the Board, no one on SA gave any tangible response.

longnose and muishin, I mean no disrespect to you, but I am quite sure neither of you had any idea of what would happen if the entire Board was voted down. To know what would happen you would have had to have read the bylaws of RAD and numerous other legal documents (probably including numerous legal precedents from the State of Delaware). Based on your numerous emotional comments it seems highly probable that neither of you have any idea what the legal structures entail. Given that the Board would not have been affirmed, either the Board would remain in place, or some new Board would have to be created. Who would create the new Board since the Nominating Committee members of the Board would be kicked out and could no longer serve on the Nominating Committee and how would new Board members be legally brought onto the Board?? The plan to sack the entire Board was littered with all kinds of difficult issues; and as far as I am aware, John Standley would have remained CEO despite what happened to the Board until a new Board was somehow elected.

While Standley might be incompetent and inept (and I regard him as among the most inept I have seen for 1] the Walgreens fiasco and for 2] his apparently gross inability to reduce the expense structure), from an institutional shareholders' perspective RAD is better off with a Board than without a Board and that is the only real alternative that the institutions faced. You should also note that institutional investors apparently also overwhelmingly voted against Standley regarding his ethics: 1) they voted for a separation of Board chairman and CEO and 2) the meager 16% vote of confidence for the compensation program implies that at least a majority of the institutions disagreed with the compensation program. Those are both implicit slaps across the back of the heads of the Board members. But without an alternative slate of Board candidates, what could the institutions actually do that would improve the situation??

RAD needs a white knight activist, but the index fund institutions can not realistically act as activists. Index funds do not require many people to operate efficiently and the people that run index funds tend to be quantitatively and systems oriented; they generally are not at all structured to micromanage the companies in their portfolios.

30 Oct 2018, 07:11 PM

muishin

You're misunderstanding my complaint about gio's rants. He tends to intersperse his posts with very skewed opinions not based in reality, like the point that there's little corporate governance oversight at the funds because weak governance is self-adjusting. What you're saying about institutional investors is true and I would've bet every penny I had that the entire board was getting re-elected. The whole disclosure about contacting the top shareholders after the merger failure was exactly saying that backroom deals were made. In this case, it was for Blackrock and Vanguard to install 3 of their BOD recommendations onto the board in exchange for Standley and the other members to keep their jobs.

30 Oct 2018, 08:23 PM

gig49

Sorry if I misinterpreted your comment. You asked if giofls' comment was "informative or delusional". My comment that giofls' comment was realistic answered your questioning whether giofls was delusional.

To some extent, his comment that weak governance is self adjusting is also true. Index fund managers don't focus much on governance, especially on the minuscule holdings (as a percentage of the portfolio) in the index. They do have a fiduciary responsibility to the fund holders, but prudent man rules tend to protect the fund managers except in rather egregious circumstances. Establishing reasonable policy guidelines and applying those guidelines by hiring ISS or Glass Lewis to advise the fund on proxy votes pretty well addresses such issues. You and I believe that RAD's management and Board are poor, rather inept, and self-serving, but I have not seen any evidence of actual fraud or any other crimes. An index fund manager has NO responsibility to the fund holders to avoid bankruptcies (or other disasters) among the index constituents, so the question becomes what more do they actually need to do.

As an owner of index funds, I have never worried about how poorly the smallest worst performing constituent of the index performed. The smallest constituent has almost no impact on the actual returns of the fund and almost no impact on the return of the fund relative to its index.

30 Oct 2018, 10:53 PM

muishin

This is obviously not the case with RAD, as both Blackrock and Vanguard cared enough about corporate governance of their minuscule holding to discuss a deal with RAD's BOD to install 3 directors on the board. And what stock is not a minuscule holding for institutions like Blackrock and Vanguard? I think they care very much about optics even if prudent man/investor lets them off the hook.

30 Oct 2018, 11:00 PM

longnose

he is clueless - Vanguard has LOST more than \$200MILLION could be \$400M+. It does not matter individual funds of Vanguard - IN TOTAL THEY HAVE LOST HUGE - Its utter nonsense to say they dont care, shouldn't care, wont care, too busy, ignorant -- none of that can be true... all this gig49 comments are total nonsense

30 Oct 2018, 11:15 PM

Germiz

The loss is other people money not from their money

31 Oct 2018, 05:49 AM

gig49

muishin,

There is a difference between discussing corporate governance with the Chairman or CEO (Standley) and voting out all the directors. Institutional investors are not indifferent to corporate governance. During and possibly even following the Albertson's debacle, I would suspect that RAD's management met with many of the top 10 investment organizations to "sell" them on why that deal was good. Several, if not all, of those institutions probably noted the self-serving aspects of the Albertson's deal and pushed back on the poor corporate governance at RAD and very possibly going well beyond the Albertson's deal itself. RAD essentially acknowledged this as their press release right before the merger vote noted upcoming changes to corporate governance--the institutions had sent RAD the message.

RAD's problem is that Standley has been accountable to a Board that he probably handpicked and that he overcompensated so as to rubber stamp everything he does. So, from an institutional investors' point of view step one is to make the CEO accountable to an independent Chairman and step two is to insert more independence on the Board. Standley got the message. If that is "a deal", then I would agree; though "deals" usually involve some quid pro quo. The other message the shareholder vote sent to both Standley and the Board is that the executive compensation package is excessive. Step One and Step two have been achieved. A single institutional index fund manager (even Vanguard) does not have the resources to start recruiting and interviewing entire Boards of Directors,

the attorneys to file all the SEC and other documents to go through the legal hurdles etc (keep in mind the fee structure of the index funds and the number of holdings in the funds).

Activist investors tend to take concentrated positions and garner very high fees (2% of the assets and 20% of the profits). Activists can afford the resources IF the opportunity for large gains is present. Is there enough of an opportunity in RAD for an activist to buy 10% and challenge Standley to replace more of the Board? Can Standley get a poison pill reinstalled without shareholder approval with new Board members who might challenge him?

Who knows??

From the

31 Oct 2018, 11:56 AM

muishin

My gripe is not with you but with gio's defeatist tone about the markets. He tends to believe in the strong form of efficient market hypothesis (which has been empirically disproved), is condescending to small time traders and an apologist to management.

I predicted long ago that it'll be hard to have an activist investor because 1) the business environment is too challenging which caps upside 2) two failed mergers 3) FTC roadblocks and delays 4) strong-arm CEO with too much power (this changed materially yesterday) 5) market cap too small for profit on a sizable position, so cost vs benefit doesn't justify the work and legal fees.

31 Oct 2018, 12:42 PM

gig49

muishin,

Thanks. Sorry that I misinterpreted your comment.

I agree with your perspective on the activist investor though some of the roadblocks are diminishing as you point out.

31 Oct 2018, 12:52 PM

giofls

muishin,

It sounds like you are mad with me but agreeing with me at the same time. I do have a few more reasons I'd add to your list of why activists are not jumping at RAD.

And I'm not defeatist about the markets at all. But I did predict the market moves on RAD pretty accurately, which by definition says that I'm looking ahead of the markets, not assuming they are efficient.

I am down on RAD. I think their future is not bright. I see a poorly positioned company (financially and strategically) with weak mgmt and a failed culture confronted with extremely capable and aggressive competitors. I'm sure someone can cite a few examples of companies that were in similar situations and emerged successful, but they would be very few and far between. Too many hurdles -- they'd not only have to execute perfectly going forward, they would have to get lucky too.

I'm also an investor with no delusions that I have any controlling interest in any stocks I own. You can blame Standley and crew (and Sammons and...) for RAD being where it is, and that would be perfectly fair, but it doesn't change the current situation one bit. As an investor, Standley being there is a reason NOT to own the stock, not a reason to hold it too long and watch it fall and fall and fall and blame Standley for it.

The other thing I am as an investor is a risk manager. I know risk when I see it, and RAD has been an increasingly high risk investment since the first WBA deal (\$9) fell apart. I keep warning people to manage their position size and to hedge their risk at least to some extent.

If you find all that insulting or demeaning in some way, that's on you.

31 Oct 2018, 01:22 PM

Wjohnmax

Gio,

I wholeheartedly agree that you can't ride a stock down and blame everyone else.

28 Nov 2018, 08:53 AM

Trublu

The cost for an activist to get involved is so low that I'm afraid if they aren't involved now they won't be getting involved. I mean you can own 20% of a 4bil company for 220 million and essentially control the company.

Clearly the big guys don't see much value.

30 Oct 2018, 12:26 PM

chickenmusket

There aren't 200 million shares available at the market price. (IMO) A huge position taken might initiate a short squeeze that would run up the price pretty quickly. That said, it would be nice to see some large institutional pickups on the reports to be issued in a couple weeks of 9/30 holdings.

30 Oct 2018, 03:41 PM

Corsair2002

Anyone have any audio from the meeting?

30 Oct 2018, 01:09 PM

Trublu

That was the kind of meeting that you have to bring a 7yr old to and have them say "John my family invested into Rite Aid for my college education and now they can't afford to send me to college." Regardless of the petty nature of the stunt the press would 100% latch on for an easy story and not only shed a light but also embarrass these guys.

30 Oct 2018, 01:42 PM

longnose

Sorry - he would simply say - "Education is over rated. Look at me - I am barely graduate. I aspired to be a painter. I wasted 2 years before I did BS (and do bs even now). Don't sweat it. I will make sure your father can buy you a 5 gallon nice paint from HomeDepot. Yeh - I am that nice guy. I may have ruined lot of lives but I sure know how to put whitewash all over it and start again. I am a fighter"

30 Oct 2018, 01:52 PM

giofls

Yeah, look at that college drop-out who studied calligraphy at some small school in Oregon. The guy dropped out so he could basically follow in the Beatles footsteps and go to India to learn a little about meditation and a lot about psychedelic drugs. What a loser!

What was his name again? Oh yeah... Jobs.

30 Oct 2018, 02:33 PM

Seven Corners Capital Management, Contributor

Author's reply » Bill Gates also dropped out of college. What does Standley have in common with either Jobs or Gates? oh, yeah... absolutely nothing.

30 Oct 2018, 02:59 PM

longnose

Yes he is delusional for sure -

Standley = Jobs = Gates - case closed

30 Oct 2018, 03:25 PM

morgens.michael

So if I get it right at least two things have been achieved: hard separation of CEO and Chairman and refusal of compensation proposal. Better than nothing. And the hope of a better deal than w Albertsons...

30 Oct 2018, 03:38 PM

adamgay33

So what the hell happened at this meeting today to help RAD the company?? ANY company initiatives?? Goals for short term ? Any positive ideas on how to get back to growth?? JESUS!! Unbelievable

30 Oct 2018, 03:41 PM

giofls

Funny thing is that whatever happened or didn't happen, Mr Market appears to like it. Stock has been up 3-6% pretty much all day.

Just my guess, but I suspect what the market liked was that there was some pressure on mgmt. There is now greater urgency to act, and the Weiss proposal puts out an alternative that could be moved on in months.

A resolution is coming sooner rather than later, and my guess is that they will spin off the PBM and then sell the retail stores within the next 12 months. I don't think it will get shareholders fabulously wealthy, but it could yield \$1.50 to \$1.75 per share, with the potential for more if the new mgmt of EnvisionRx can over-achieve (or less if they under-achieve).

The biggest risk now may be the longer-term shareholders (like many on this thread) who hold the stock with a basis of \$3 or \$4 or more. An arbitrage trader who buys today at \$1.10 will happily take \$1.50 in 12 months, but the longer term folks who continue to believe there is \$3 to \$10 per share of value may kill the deal

like they did the Albertsons deal.

I wasn't at the meeting this morning, but if I accept the reports that Standley smirked at some of the shareholders as credible, it could well be because what was running through his head was that he had given them the opportunity to sell at \$8+, \$6, \$4, and even \$2, and here they were whining because they didn't take it and the stock is now \$1.

30 Oct 2018, 04:47 PM

muishin

Standley gave shareholders an option to sell the company at \$9 when the stock was already at \$8 before the announcement, he gave them an option to sell at \$6 when the stock was at \$8, he then gave them another shot to sell at \$2 when the stock was already at \$2.50 before announcement. What a deal maker.

30 Oct 2018, 04:58 PM

Trublu

First off Standley is smug and he didn't give the shareholders any opportunities.

Shareholders certainly should have sold higher or cost avg down while shorting calls 100%

A spinoff is a good idea and the 20% ownership will tie a portion of the rev to Rite Aid into perpetuity. If the deb gets lowered by at least 1.5bil and RAD retains 20% I'm confident of a share price above \$2. I just covered my 1.5 and 2 written calls today.

30 Oct 2018, 07:26 PM

Seegood

My vote "delusional"

30 Oct 2018, 03:59 PM

longnose

At this point RAD is beyond repair unless management is fired or found doing fraud

If you read ISS governance doc

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

Most mandates they proclaim are failing - YET - ISS voted for RAD management.

Only one answer - ISS is PAID SERVICE - has no SEC restriction and they just went with RAD management - Probably RAD management paid ISS after learning ABS fiasco situation.

In any case ISS had no right to vote FAR these scumbags

30 Oct 2018, 04:03 PM

howard2374

Amen

02 Nov 2018, 03:42 PM

gjjg49

longnose,

You are right that "ISS had no right to vote for these scumbags" BECAUSE ISS probably did not own any shares of stock on the record date.

ISS advises institutional investors who pay for the service to help them wade through the flood of proxies that they need to vote on.

With no reasonable alternative, ISS advised the institutions to vote for the Board (though they might have been able to advise the institutions to only vote for 3 candidates) rather than create a vacuum.

30 Oct 2018, 07:18 PM

longnose

total nonsense - sorry your statements makes no sense!

30 Oct 2018, 11:09 PM

muishin

Mr. Kroll claimed Egan Jones advised to vote for only the 3 new candidates. I believe ISS and Glass Lewis are more tuned to the situation at RAD than most on this board. They have their reasons to re-elect the board, which is mostly to protect Standley in the short-term as CEO. Why did the large shareholders decide to keep Standley at the helm? I'm pretty sure it's because he's working on a deal. Has Standley ever brought a deal with greater than 20% premium? That's the problem. Most investors won't be satisfied with a 100% premium because they are so deep under water, and we were there just 3 months ago.

30 Oct 2018, 11:20 PM

Seven Corners Capital Management, Contributor

Author's reply » RAD shareholder rebellion getting some run in the Financial Times even...

www.ft.com/...

30 Oct 2018, 08:06 PM

GhostRecon

Don't have subscription, possible to copy the article. Thanks

30 Oct 2018, 08:39 PM

Save Rite Aid

(1) Type "Financial Times Rite Aid" in search field (address field).

(2) Enter

(3) Find the article, in the search results, titled: "Rite Aid shareholders rebel over CEO's pay increase - Financial Times"

(3) Click the title and it will open.

* No subscription needed if done this way.

31 Oct 2018, 01:07 AM

Save Rite Aid

Steven Krol,

Congratulations on passage of your proposal #4 at the annual meeting!

The passage of #4 and rejection of #3 will benefit all RAD shareholders.

Thanks for representing RAD shareholders at the meeting in NY,

Save Rite Aid

30 Oct 2018, 10:44 PM

muishin

I find it ironic that Standley was allegedly giving smirks to shareholder ire. He runs what has become a garbage dump of a company in the eyes of the market. If the stock was over \$10, he will see more sophisticated investors. He shouldn't be resenting small time traders when he's the captain that brought the company down to penny status in 2 years.

30 Oct 2018, 11:10 PM

woogerbear

thank you Steve

31 Oct 2018, 08:18 AM

Steve Krol, Contributor

Thank you to all of you here that elected to support my Proposal on Independent Chairman, and help my Proposal win!

It remains to be seen whether or not it came in time; Mr. Bodaken "claims" he will be a real independent Chairman, yet to be proven. I certainly let him know he starts out having dug quite a big hole for himself, right from the start, but provided him with a roadmap to go down a better road than the road they (Standley) are likely still on, i.e. to find a buyer. You let the stock recover with better news, and continued IMMEDIATE refreshment of directors; not believing that the coast is clear after the Annual Meeting and forget about that until next year. I provided him three worthy contestants for removal (Anderson, Syms, and Regan) who form the geriatric wing of the board, not even based on age, but on the length of service. Nicer to collect \$250,000 a year in cash and other goodies on the board, than a social security check! Therein is the problem-built-in loyalty to the CEO who allows those continuing checks and in return expects, and gets loyalty in the votes that Standley needs.

Lastly, as promised, I did have a private conversation with Matt Schroeder before the Meeting started about streaming the Annual Meeting. Successful companies, like Walgreens, seem to have no problem with streaming. Since Rite Aid is not in that camp, as you might imagine I got a blank stare and he walked away. This is a matter for The SEC to consider; if quarterly earnings are streamed, I believe The SEC once they would focus on this, would likely implement this as policy. However, one of the reasons that Rite Aid management/directors take so many liberties with shareholder assets is that they see the low turnouts (this year was worse than last year) and it gives them license to take actions that a packed room may not have. Too many shareholders, especially those with large investments in Rite Aid do not take their responsibilities to show up seriously. You never know what the one thing you might have said that could have made an impact.

I have decided that continuing to comment or write articles on Seeking Alpha is not a good use of my limited time, short of a material corporate event that could change that. This does not mean that I am not doing things in the background, just not here. I sincerely hope we see a better result in our investment in the days to come; many of us have worked too hard to not see that happen.

Again thanks for your support; it was much appreciated.

01 Nov 2018, 06:00 PM

sambaj

Steve,

Thanks for the great job you did at the meeting. You were impressive.

01 Nov 2018, 09:10 PM

Germiz

you are welcome regarding the voting for your proposal. This is sensible post. I hope that you make a good proposal next year that reduce corruption.

02 Nov 2018, 09:22 AM

longnose

those who feel like instead of rocking apple cart it will be as much rational as sheltering rapist and criminals in your house - but hey you are free to do what you want

30 Oct 2018, 11:06 PM

Red702355B

shifty standley is still pissed off his ABS-RAD merger did not go through. He most likely promised ABS it was a sure thing. He now looks like the fool that he is with Wall St., all RAD shareholders, the Institutions, RAD unions and employees. His bod likes him because their bonus will keep rolling in. This could be a good company if we had a CEO with brains and desire to run it. Instead we have a buffoon in charge as CEO.

31 Oct 2018, 02:53 AM

Mike Deadmorton

Pay me 10 M\$/yr...ok, 5 M\$/yr, and I will throw in some silly walks, shouting "nanu nanu" or whatever clownish behavior you want. I will agree to leave quietly after my 1 year.

31 Oct 2018, 03:09 AM

SeattleGoldMiner

If you really want to put Standley in the "ejection seat", you should hire a private detective to check back on females whom he has worked with over the past 20 years. Probably would cost \$50-\$100k and might yield quite a dividend since the current environment has ZERO tolerance (see Les Moonves).

ALL OF THE ABOVE IS MY OPINION AND NOT BASED ON ANY DEROGATORY KNOWLEDGE.

31 Oct 2018, 03:33 AM

papayamon

That's a great idea. Since he's made it "personal", that's a rock that should be turned over. Normally I'd frown on this but in this case, what's happened has been so preposterous - that he didn't lose his job - that this has become all out war. If we can get rid of Standley, Rite Aid has a chance to be something much better. Of course, with him gone, useless BOD members would soon find the exit as well.

31 Oct 2018, 09:00 AM

woogerbear

Rite Aid stock broke through the 20 day moving average for the first time since early August..the market moves on technicals if you didn't know

31 Oct 2018, 08:19 AM

papayamon

Sold my RAD yesterday at 1.115, bought CHK at 3.24, sold CHK at 3.44 this morning and bought RAD back at 1.12. Net result was almost 2k more shares of RAD. I'm convinced we'll hear something material soon at RAD will fetch at least 1.50.

Either Standley goes or they announce a partnership or sale of Envision or something. My preference, of course, is that Standley is chastised and fired with not a single cent of goodbye pay, just like the garbage would be dumped.

31 Oct 2018, 08:36 AM

gioffs

Great trade, papaya. Congrats.

I think you are right that there will be an RAD deal of some form announced fairly soon. If so, take your profits on the announcement and get out. The biggest risk right now are the folks like many on this thread who are so underwater that they'll fight a \$1.50 deal.

31 Oct 2018, 09:08 AM

kuttingedge

And that's always the battle: Short term traders vs Longs.

31 Oct 2018, 09:23 AM

papayamon

This is definitely a case where you sell the news.

31 Oct 2018, 09:36 AM

papayamon

I was a long for a LONG time, at 2.22 with over 200k shares. That was a bad strategy for me, given all the hijinks that Standley pulled here. I took enormous upside down risks to get myself back to even.

As long as he is the CEO, I'm not going long on this stock. Should he get canned, that may change.

31 Oct 2018, 09:42 AM

kingVRX

Papayamon I just sold my RAD shares at \$1.14, \$1.145 & \$1.15, bought mine at \$1.02, \$1.03 & \$1.06, I think I might be one of the few RAD shareholders that actually made a little money, I really do believe that RAD is a great company but not with this management, I'll take my profit and move along, I hope the rest of these long suffering shareholders get a nice XMAS surprise with someone taking RAD private or a all cash buyout at a fair price, good luck guys

31 Oct 2018, 11:10 AM

giofls

CVS pilot testing and seemingly pretty near full rollout of membership and home delivery service.

Nice move, trying to get out ahead of Amazon / PillPack.

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

More trouble for RAD, although it may create a new reason for CVS to want to buy some RAD stores.

31 Oct 2018, 09:29 AM

242work242

gio

I'd say you misspoke above. not only a reason for CVS to buy Rad stores....its a reason for at least SEVERAL already or prospective players in this space to want to buy RAD stores

31 Oct 2018, 12:47 PM

giofls

Maybe 242, but I'm not sure who else would be in that mix. I think WBA got the stores they wanted, although I suppose it is possible they want some more.

Despite what many on these threads say, I don't think AMZN has any use for RAD; I don't think they want to deliver scripts from storefronts, and the cost to buy the company is way more than the value of the leases.

Might WMT or KR want to combine their pharmacies with RAD and use RAD's urban locations for local delivery of scripts and staples? Maybe, but that doesn't appear to be the path they are on.

On the flip side, it might keep someone like MCK out of the acquisition market -- the investment required to turn RAD stores into real competitors with CVS just went up.

All just opinion, of course. The first step I believe will be getting rid of EnvisionRx, either in a sale or a spin-off. Then we'll see if they can sell all the stores at once or if they end up dumping them piecemeal. Curiously, the down vote on the exec comp may force them to sell all the stores at once for fear that a modified comp plan that paid them off for selling it in pieces won't pass.

Whatever the details, the one thing that the votes did was force the action. Standley and crew have no choice but to move quickly. And I suspect that is why the stock is up.

31 Oct 2018, 01:01 PM

Mike Deadmorton

The 64 K\$ question - what is the value per store. WBA paid ~ 2 M\$/store. RAD has the "better" stores, so one could argue it should be worth about the same at least.

MCK would really be able to make some money if they acquire RAD. Will they? I think they are the most likely contender, but suspect they will get a better price than WBA did.

Way undervalued right now, should easily top 1.5 by Xmas. I still think its worth more than \$ 2 as a standalone.

The fact that the entire board was voted back in suggests that some strategic change could happen very quickly.

For now, charts say hold/buy. Think significant resistance may occur at 1.6. We shall see.

31 Oct 2018, 01:56 PM

gig49

Mike,

You ask a great question: what is the value per store.

Your reasoning seems sound about the basic value per store relative to the WAG acquisition price per store. However, consider that WAG was a strategic buyer for whom the same store probably is worth much more than it is to RAD just based on their economies of scale. In the right hands the remaining RAD stores might be worth more than they would be to WAG, but we are not really in a good position to know. We do know that WAG valued the acquired stores highly, but that is the value they bring to WAG, not necessarily the "true" value of those stores.

31 Oct 2018, 05:11 PM

Rock Fan

Papayamon:

We're close to 1.25. Are you still selling?

31 Oct 2018, 12:01 PM

Red702355B

I'm not selling

31 Oct 2018, 03:55 PM

Rock Fan

Nor am I

31 Oct 2018, 04:13 PM

Germiz

I'm selling options (long term \$2) hedging some of my positions

31 Oct 2018, 06:21 PM

SeattleGoldMiner

Yes, you must have enjoyed the fact that there was a strong buyer at \$.18 all day long for the Jan 2020 \$2 strike. That is probably what kept the option from going higher today ;>>)

01 Nov 2018, 12:35 AM

Germiz

I sold 300 options for 20 cents

01 Nov 2018, 03:13 AM

SeattleGoldMiner

I love the trade. Buy stock at \$1.15-\$1.20 and sell \$2 strike calls for \$.20; leaves you in for \$.95-\$1 and upside of \$2. Good luck!

01 Nov 2018, 05:53 AM

adamgay33

162 million shares short and people are selling? I'm looking for a FRED like short squeeze before I sell. Last month Fred's shot up 80% in one day.. and I think that can happen here quite easily

31 Oct 2018, 12:43 PM

Trublu

When RAD tanked from \$2 it stabilized at 1.57. I think within 10% of this number will shake out quite a few shorts. Cutting the debt in half should be the catalyst we are looking for.

31 Oct 2018, 02:26 PM

Wjohnmax

Tru,

If they sell or spin off the PBM business and cut debt in Half, this stock will take off.....up!

28 Nov 2018, 09:51 AM

Save Rite Aid

Steven Krol,

Congratulations on passage of your proposal #4 at the annual meeting!

The passage of #4 and rejection of #3 will benefit all RAD shareholders.

Thanks for representing RAD shareholders at the meeting in NY,

Save Rite Aid

31 Oct 2018, 04:10 PM

GTAT

I realize a lot of traders use this forum. But listening to some show how out of touch they are in attempting valuations. First, RAD was around \$2.30 just before the "surprise Alberstons acquisition announcement" was made. So when some say Rite Aide should be worth at least \$1.50 and maybe \$2. You are not looking at history. Nothing material has changed with Rite Aid financial Metrics since the Albertsons acquisition was announced. If anything it has gotten somewhat better most recently. The only reason the stock went from \$2.30/share to a buck a share is Wall Street and many share holders were sour on the corrupt Albertson's merger attempt and their displeasure of the CEO and Board. The stock is where it is nowt, not because of the RAD Financials. It is there because of ineffective and corrupt management and board. As far as putting a value on RAD today. Its not easy for even the most credible analyst because of the leadership that is currently in place. From an acquisition viewpoint, I do think the Walgreen purchase is a good data point. And it was worth more than \$2M per store because Walgreen had to close 600 of the stores it purchased. So it comes closer to \$3M per store. On a per share basis, the Walgreen deal was well into the mid \$4/share. And its important to note, these stores that were sold to Walgreen were not the top revenue makers. At least that's what Rite Aid Management stated. And the Walgreen purchase does not include the value of the PBM Business. So it's not out of the realm of RAD to be valued in the \$4.00 \$5.00/share range from an acquisition standpoint. It should be noted that the \$1.00 to \$1.25/share price today has a severely depressed #, but for reasons that have very little to do with standard analyst based valuation critiquing. If you are in to having rite aid shares for the short haul and like to trade the stock frequently to make a quick .25 cent or possibly .50 cent per share profit in the coming months, that's fine. But it would not be sensible, realistic, or otherwise to make those trades based on valuation guesses. There are just too many moving parts going on at the moment with the company at this time.

31 Oct 2018, 06:19 PM

Red702355B

Agree with you GTAT !

01 Nov 2018, 05:36 PM

Red702355B

I am not selling ---long RAD. If shady standley tries to pull more of his bs and fails again I think that would be the end of him. The stock is worth at least \$3.00 now. If he brings ABS back into the picture he is insane. The jerk is greedy and likes to control all the thinking of RAD to only enrich himself. I will be steadfast and appose him all the way.

01 Nov 2018, 01:07 PM

Trublu

You think that will be the end of him? The board that he controls will relinquish his duties? Just find a decent exit point and have a nice life.

01 Nov 2018, 02:18 PM

longnose

Sh*Aid is not following any technical - its private toilet of management - flush when you want

01 Nov 2018, 02:25 PM

papayamon

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

Sold at 1.20, this is going to drop again . Around a dollar... rinse, wash and repeat. Until Standley goes and takes his remaining board of worthless lap dogs, this stock is good for quick trades only. Such a shame that this can happen in 2018 - but there you have it.

01 Nov 2018, 08:00 PM

woogerbear

Amazing the lack of understanding...Rite Aid technicals turned positive this week...its all technicals..when stability came back to the management, the market actually has to turn back to valuations ...so instead of uncertainty, there is now certaintythe market is now looking for shares during pullbacks instead trying to dump shares when it bounces...

Rite Aid either gets sold in the very short term or good news is announced on the WBAD contract or maybe they find a strong partnership...with sales up, there is time ..the company is 350M cash flow positive after debt service interest ..not consistent with a 1.16 stock with a 1.2B market cap

01 Nov 2018, 08:45 PM

papayamon

That's the "Standley premium". The stock price doesn't lie.

01 Nov 2018, 09:32 PM

SeattleGoldMiner

Strongly disagree. You are leaving out Capex to arrive at true "free" cash flow. Standley stated \$540-\$590 EBITDA for the coming year. Interest is \$215, which leaves \$325-\$365 cash flow (which is in line with the \$350 you noted).. except that is before budgeted Capex of \$250, so that FREE cash flow will be around \$75-\$115. That is before ANY debt repayment. Even if they put every penny of that in a special interest-bearing account, it would be over 20 years at that rate before they would have enough to pay down their debt. In addition they are showing Capex of \$250, but D&A of \$380, so they may be underinvesting in the business. At the extreme if you put at 12 multiple on that free cash flow you wind up with the current share price. Without genuine, tangible improvements the stock is valued within a reasonable range based on its financials and its operations. HOWEVER, like everyone else, I believe that RAD is worth more dead than alive...i.e. strategically piece out the stores and the PBM and you can easily double (or more) the share price from where it is. Clearly the stock is near its downside based on operations, and has the upside if others will come along and kiss their assets (so to speak.)

01 Nov 2018, 10:14 PM

Mike Deadmorton

The CAPEX is a best guess number and looks like it came from historically spending 500 M\$/yr. I would expect them to spend a bit less considering the remaining stores have been pretty much upgraded.

The depreciation, I would assume, should slow down since there are less assets to depreciate. That does seem to be moving down since the store transfer. It can be difficult to predict where final numbers will end up when a major restructuring has happened.

The big area for gain (or should be) is the SG&A. It is essentially the same as when the company operated before the store sale. Standley thinks he can pare this down another 100 M\$, but come on, there is a lot more fat to cut away than that. Time for some tough love, cut away the deadwood...

Retail is not a sexy big breakthrough industry, but a business of watching costs to squeeze every penny possible. They should be doing better than they currently are IMHO.

As a standalone, they should definitely get their cost down. I think standalone, they are definitely worth more than \$ 2. If MCK (or anyone other than Albertsons) they are worth more than \$ 3. To a competitor like WBA, they would be worth more than \$ 4 (thank you FTC - chuckleheads).

This low valuation is AMZN BS overhang. AMZN would be a good value growth play...maybe at \$ 300/share, but its over valuation seems to be an albatross around drug retailers.

Ball Street will probably want 2 quarters of positive results before they stop shorting below \$ 2.

02 Nov 2018, 12:39 AM

woogerbear

when you look at free cash flow..you look at it before arbitrary Capex

02 Nov 2018, 07:25 AM

SeattleGoldMiner

@woogerbear

Sorry, you are wrong. Free cash flow is after Capex.

04 Nov 2018, 05:13 AM

woogerbear

just because you say it does not make it true. Rite Aid could not remodel a unit for 10 years and increase cash by 3B. Unfortunately, sales would decline due to run down units so that cannot happen..but in great locations, where you have business not matter what it can

04 Nov 2018, 03:25 PM

SeattleGoldMiner
@woogerbear

If you don't understand the difference between "cash flow" and "free cash flow" you will be investing based on the wrong number. Once again, Free cash flow is after Capex. The Capex number that I had used was the one that RAD as guided to for this year. If you are confused, I suggest you go to Investopedia or any number of reliable investing resources and verify that what I said is correct. If you are merely here to deny truths than that doesn't help investors (which is ostensibly the purpose of this forum.)

04 Nov 2018, 07:59 PM

woogerbear

you are correct about free cash flow and I stand corrected about using the term free cash flow in my post above...but my original post cited cash flow not free cash flow..so your response was nothing more than semantics trickery...

05 Nov 2018, 07:33 AM

longnose

some things just does not add up. CEO has millions of shares. He knows if he leaves he will get rich OVERNIGHT. Instead he is making a mess and stock is languishing . Why? May be we are looking at the wrong place. His money is not coming for the shares - its from other companies, shorts and accounts that are funded by some "other" activity. Its common sense, if you make 20M or 40M more overnight - you will move on. I think there is something very sinister going on. Or other possibility is collusion to HIDE something that is wrong which has been done for a while by C*

01 Nov 2018, 10:58 PM

v.c

CEO will have around 15 to 19M shares based on change events etc., If the deal with WBA went through he would be 3 to 4 times rich than what he is today (from RAD proceeds). Even time we lose money we try to get back either by doubling down or picking similar horse. CEO is no different. He want to get around 100M back by selling RAD for pennies. We don't know what is promised. Maybe if merger goes through ABS would have granted him 10M shares each worth \$10 (realistic price of combined company).

If he can take share price to \$5 he will be benefited most and will end up with a nice job in the future. One problem, he is not capable of doing that. He reached this point from painter job through his (father) contacts. When RAD management is put in jail, who is right mind want to take any role in RAD except unqualified painter? He got job and made millions.

02 Nov 2018, 03:29 PM

Germiz

I'm reducing my exposure using options because of there was no change in management. by selling 2020 options for around 20 cents I'm in win-win situation by reducing my cost per share and if it goes above \$2 I'll be happy for myself and the buyer of the options.

02 Nov 2018, 03:52 PM

Ubetcha

I am thinking similar wrt options but wait til after this year's RAD tax loss harvest lots of overripe fruit on that tree!

Was looking at the 2021 2.00 calls maybe get for ~30 cents.

Not hopeful for RAD future with Stan-minator still on the prowl....but maybe, just maybe Bodaken can hack Skynet and terminate the ()*&^)%##!

Happy Friday Boys ... remember to tip yer bartenders!

02 Nov 2018, 05:48 PM

Red702355B

v.c. standley has painted all of us shareholders in a corner, while he runs to the bank with our money. Waiting for his next stupid move ?At least we voted down his 1 for 10 ABS merger debacle.

02 Nov 2018, 07:31 PM

Seegood

scary thought longnose

02 Nov 2018, 12:30 AM

Red702355B

Have we got a problem with RAD as was with ENRON ?

02 Nov 2018, 02:26 AM

Germiz

how many votes against over the BOD and their percentage from the total votes? why didn't RAD release the results? we want to know the results

02 Nov 2018, 08:01 PM

Seven Corners Capital Management, Contributor

Author's reply » Pretty funny RAD still hasn't released the vote tallies for the directors. Starting to wonder whether they were actually close calls (did they even get 50% of the outstanding shares, including non-voted stock?) - that would be extremely embarrassing and would probably encourage an activists (or activists) to start taking large positions in RAD.

03 Nov 2018, 11:51 AM

Germiz

how can we obtain the results as shareholders? should we report this to the SEC

/

03 Nov 2018, 03:51 PM

Red702355B

Seven Caps. An activists to take charge of this company w/b welcome news to lead RAD going forward and start making a profit for its loyal common shareholders and Institutions. standley and his bod are all leeches that need to be dismissed.

04 Nov 2018, 02:48 AM

Corsair2002

Just email IR, I'm sure they have the #s ready to go...oh wait, they've stopped replying to all inquiries

04 Nov 2018, 08:48 AM

Seven Corners Capital Management, Contributor

Author's reply » At the AM they said the final results would be filed in an 8-K by 11/5 (i.e., by COB tomorrow).

As for activists, it's clear RAD needs one or more. The current CEO has been in his position for almost 8 & 1/2 years and has created zero value for shareholders during a raging bull market. We need somebody that actually knows how to successfully run a retail business. We have already identified a great potential candidate for the job - we simply need an activist to catalyze the replacement of the BoD & CEO.

Remember, there was once a failing and flailing New England textile manufacturer whose business was supposedly in "terminal secular decline". Then an activist came along and bought up enough stock to replace much of the BoD and appoint a new CEO. This activist was a very sharp capital allocator (eventually he became the CEO himself). In fact, over the 50 years following the activist takeover of this company, its shares appreciated 1,826,163%, or 21.6% annually. (People might conclude this result to be statistically significant.) You may in fact have heard of this company - its name was (and is) Berkshire Hathaway.

04 Nov 2018, 11:09 AM

Seven Corners Capital Management, Contributor

Author's reply » Interesting fact: Berkshire's book value has increased from 22MM at YE 1964 to 358B at 6/30/18, yet during that period total shares outstanding (with B shares converted to As) has only increased from 1.14MM to 1.65MM. Thus, book value has increased at a 20% CAGR while shares O/S have increased at a 1% CAGR.

RAD has been the reverse. Book value has increased from -\$1.74B to \$1.46B under Standley, BUT if you exclude (A) the \$1.68B tax benefit in FY15 and (B) the \$1.29B gain-on-sale on the assets sold to WBA (neither of which are attributable to the CEO), adjusted book value has gone from \$1.23B to \$1.46B under Standley, or up just about 2% per year. Meanwhile shares O/S under Standley have also increased by 2% per year (from 887MM to 1.067B). Thus, on a PER SHARE basis Standley has created literally no economic value (and it is therefore logical that the stock has also gone nowhere on his watch).

Thus, the real difference between a bonanza of wealth (BRK) and the inverse (RAD) is capital allocation. And the CEO is the capital allocator in chief. And Standley is simply terrible at capital allocation (witness the ongoing EnvisionRx debacle). Hence, he must be removed and replaced as CEO.

04 Nov 2018, 12:28 PM

Seven Corners Capital Management, Contributor

Author's reply » Pretty horrific results for the incumbents - Standley only got 35% of the O/S shares voted in his favor (note that 418MM shares didn't even bother to vote) and Bodaken only got a measly 27% of the O/S shares voted in his favor. No wonder they pushed this filing to the last possible day...

Name

For

Against

Abstain

Broker Non-Votes

Joseph B. Anderson, Jr.

373,524,467

119,006,570

4,778,539

417,926,508

Bruce G. Bodaken

286,293,600

206,156,296

4,859,680

417,926,508

Robert E. Knowling, Jr.

384,750,201

92,455,402

20,103,973

417,926,508

Kevin E. Lofton

381,883,657

110,068,326

5,357,593

417,926,508

Louis P. Miramontes

387,572,449

89,603,519

20,133,608

417,926,508

Arun Nayar

387,504,156

89,804,205

20,001,215

417,926,508

Michael N. Regan

280,397,308

212,084,725

4,827,543

417,926,508

John T. Standley

374,139,206

119,406,325

3,764,045

417,926,508

Marcy Syms

279,762,113

212,949,666

4,597,797

417,926,508

[www.sec.gov/...](http://www.sec.gov/)

05 Nov 2018, 04:57 PM

RiteRAD

I don't understand how 42% were AGAINST having the chairman be an independent director. Seems the only people that would vote that way are Standley and BOD, how could it possibly benefit anyone else?. As for the BOD vote, if my math is correct I don't see where shareholders sent these folks any kind of 'message'. The 3 closest votes were still +7% to +8% 'for'.

% Votes 'For'

Joseph B. Anderson, Jr. 76%

Bruce G. Bodaken 58%

Robert E. Knowling, Jr. 81%

Kevin E. Lofton 78%

Louis P. Miramontes 81%

Arun Nayar 81%

Michael N. Regan 57%

John T. Standley 76%

Marcy Syms 57%

Pretty disappointing results given the blatant poor performance this very well compensated mob has delivered.

05 Nov 2018, 06:10 PM

Seven Corners Capital Management, Contributor

Author's reply » Standley's FOR vote dropped from 589MM in 2016 to 374MM this year. He lost 215MM votes in 2 years. You have to understand that index funds blindly follow ISS / Glass Lewis, who this year recommended FOR votes for all 9 directors (and assume against independent chairman proposal). The proxy advisors are too lazy to do real analysis when it's an uncontested election. However, you can bet that activist funds are going to notice this vote. Matter of when (not if) one or more activists gets involved here. BoD & management are EXTREMELY vulnerable now.

05 Nov 2018, 06:41 PM

Seven Corners Capital Management, Contributor

Author's reply » FYI...director nominations for 2019 AM must be delivered to RAD between July 2, 2019 and Aug 1, 2019.

Any stockholder desiring to present a proposal for inclusion in Rite Aid's proxy statement for the 2019 Annual Meeting of Stockholders must deliver the proposal to the Secretary at the address below not later than May 30, 2019. However, if the date of our 2019 Annual Meeting of Stockholders is changed by more than 30 days from the date of the previous year's meeting, then Rite Aid will disclose the new deadline in a document filed with the SEC. Only those proposals that comply with the requirements of Rule 14a-8 under the Exchange Act will be included in Rite Aid's proxy statement for the 2019 Annual Meeting. In order for proposals of stockholders made outside of Rule 14a-8 under the Exchange Act to be considered "timely" within the meaning of Rule 14a-4(c) under the Exchange Act, such proposals must be received by the Secretary at the address below by August 1, 2019 (subject to the discussion below).

Stockholders may present proposals that are proper subjects for consideration at an annual meeting, even if the proposal is not submitted by the deadline for inclusion in the proxy statement. To do so, the stockholder must comply with the procedures specified in Rite Aid's By-Laws. The By-Laws, which are available upon request from the Secretary, require all stockholders who intend to make proposals at an annual meeting of stockholders to submit their proposals to the Secretary not fewer than 90 and not more than 120 days before the anniversary date of the previous year's annual meeting of stockholders. The By-Laws also provide that nominations for director may only be made by the Board of Directors (or an authorized Board committee) or, unless made under the proxy access provisions of the By-Laws described below, by a stockholder of record entitled to vote who sends notice to the Secretary not fewer than 90 nor more than 120 days before the anniversary date of the previous year's annual meeting of stockholders. Any such nomination by a stockholder must comply with the procedures specified in Rite Aid's By-Laws. To be eligible for consideration at the 2019 Annual Meeting, proposals which have not been submitted by the deadline for

inclusion in the proxy statement and any nominations for director other than those under the proxy access provisions of the By-Laws must be received by the Secretary between July 2, 2019 and August 1, 2019.

05 Nov 2018, 10:26 PM

Red702355B

Rite Rad----Agree with Seven Corners-----Institutions voted for standley---also know as (WAITD)_WONDERING AIMLESSLY IN THE DARK because they did not want to upset the apple cart until an activists steps forward to lead us out of the desert. standley's days are numbered and he knows it. john and his bod better be looking for another goose to lay golden eggs for them as RAD shareholders did for years.

05 Nov 2018, 10:37 PM

longnose

Damn the broker-non-vote broke the camels back -

-What is an "abstention" and how would it affect the vote?

No effect

- What is a broker "non-vote" and how would it affect the vote?

No effect

--

Name For Against Abstain Broker Non-Votes Total % FOR

Joseph B. Anderson, Jr. 373,524,467 119,006,570 4,778,539 417,926,508 915,236,084 75.8

Bruce G. Bodaken 286,293,600 206,156,296 4,859,680 417,926,508 915,236,084 58.1

Robert E. Knowing, Jr. 384,750,201 92,455,402 20,103,973 417,926,508 915,236,084 80.6

Kevin E. Lofton 381,883,657 110,068,326 5,357,593 417,926,508 915,236,084 77.6

Louis P. Miramontes 387,572,449 89,603,519 20,133,608 417,926,508 915,236,084 81.2

Arun Nayar 387,504,156 89,804,205 20,001,215 417,926,508 915,236,084 81.2

Michael N. Regan 280,397,308 212,084,725 4,827,543 417,926,508 915,236,084 56.9

John T. Standley 374,139,206 119,406,325 3,764,045 417,926,508 915,236,084 75.8

Marcy Syms 279,762,113 212,949,666 4,597,797 417,926,508 915,236,084 56.8

==

%FOR = For/(For+Against)

==

Since the termination of the Albertsons transaction, our Board has spearheaded a campaign to have our independent directors engage with our stockholders. Independent directors and management together have reached out to 11 of our largest stockholders, owning in the aggregate approximately 38% of our shares, and independent directors have engaged directly with six of these stockholders to date, owning in the aggregate approximately 29% of our shares. In addition, management has communicated with many retail stockholders and received their feedback. We greatly value the insightful input about Rite Aid that our stockholders have provided in these and other exchanges.

==

Where is the SEC filing to reflect what clearly was solicitation from management when they "sold" some reason to keep them with big shareholders? Is private discussions to keep their jobs without delivering any value to other shareholders legal?

06 Nov 2018, 11:22 AM

Red702355B

RAD, standley and his corrupt bod are hiding something. What communication do we get from these deadbeats ?? None--they know how to take our \$\$\$\$. We have the worst CEO and Bod in the market.

03 Nov 2018, 02:34 AM

kuttingedge

Since it appears the voting results were known before the meeting, would someone who attended please inform us as to what initiatives or plans were addressed at the meeting to move this company forward to profitability?

I haven't heard squat as to the Holiday season and into 2019.

03 Nov 2018, 09:39 AM

kuttingedge

Since no one has answered to provide company guidance from the meeting, I guess it means nothing will change. We will continue to pay executives for running a 4500 store operation even though there are only 2500. Corporate overhead will not be correspondingly reduced. The WBA drug purchase deal will time out so kickbacks can be collected from overcharging suppliers, and the "oh dear things are tough" will be bantered ad infinitum to compensate for intentionally inept management.

04 Nov 2018, 08:21 PM

muishin

RAD's still providing management services to WBA for the transferred stores. Don'y worry, they're getting paid for it.

05 Nov 2018, 02:40 AM

gJg49

kuttingedge,

Unfortunately, your guess that nothing will change is too probably correct.

However, there is a very very slight chance that the new Chairman will assert some new level of independence as the stockholders 1) did indicate that the Chairman and CEO should be separate AND 2) also expressed rather strong disapproval of the compensation package through the ONLY 16% agreement to the say-on-pay vote. If rigor mortis has not yet set in, the Board may awaken to the message and hold Standley to some valid measure of performance. Standley appears inept at both managing the expense structure and at negotiating deals; when the Board actually realizes this, perhaps a change will be made.

Unfortunately (there is that word again), please don't hold your breath waiting for anything to happen.

05 Nov 2018, 11:08 AM

poltad1

Can someone post link annual meeting audio or transcript?

03 Nov 2018, 12:27 PM

Red702355B

standley and his corrupt bod dislike all of us RAD shareholders and we dislike him and his bod.----Makes for both sides that hate each other. He steals from the little profits we make and puts it into his own pocket. Time for someone else to take over this company and dump standley and his group.

04 Nov 2018, 06:13 PM

woogerbear

should expect now that there is some consistency in the future that Rite Aid, the stock will continue to move up. The uncertainty of management upheaval is gone and the stock is responding accordingly...institutions knew this..there are obviously things going on in the background and the company is under some sort of negotiation at the moment. the stock is responding nicely from a technical point of view and it would take some sort of bad news to reverse the uptrend.

This statement has nothing to do about my feeling about management, but there is no reason for the stock to be under \$2 under consistent management with event he worst game plan.

05 Nov 2018, 07:41 AM

Tosh123

Just be patient, Standley will come up with some more bad news. He wants to get that "take under" done with Cerberus/Albertsons. I'd expect him to spend the rest of the cash that comes in from WBA as quickly as it comes in and front-end sales to continue their decline.

05 Nov 2018, 05:19 PM

Red702355B

Tosh--if standley tries to make another deal with Cerberus-ABS--ALBATROSS --than he is much more stupid than I originally thought he was. Although stupid is what stupid does.

05 Nov 2018, 10:03 PM

9146fan

Something is brewing. I can just feel it with RAD.

05 Nov 2018, 03:36 PM

komatinskys

Vote totals just released - 3 BOD members only got 57% of the total votes FOR/AGAINST.

05 Nov 2018, 06:31 PM

Seven Corners Capital Management, Contributor

Author's reply » Bodaken, Regan & Syms should all resign immediately out of sheer embarrassment.

05 Nov 2018, 06:46 PM

kuttingedge

For those of you who haven't read this or thought McKesson a potential suitor, something to ponder. Now we know who Standley was emulating regarding his compensation:

"Historically, McKesson's reputational concerns have surrounded its shareholder friendliness and its CEO's pay.

Company McKesson AmerisourceBergen Cardinal Health

Yield 1.32% 1.79% 3.82%

Despite raising its dividend 14.7% after 1Q, it still lags its peers in terms of yield. This is even more substantial when comparing the price performance of ABC.

CEO John Hammergren has notoriously made a lot of money since taking the job in 2001. For FY13, he took home \$51.7M in total compensation, which was subsequently reduced to \$25.9M for FY14. In 2015, he still made The Motley Fool's top 3 most overpaid CEOs. After 78% of shareholders voted against his compensation package, the board reduced his pension fund by \$45M (from \$159M). In addition to his pension, Mr. Hammergren totes a severance package totaling \$300M. The compensation plan was again rejected in 2017, only supported by 26.5% of shareholders. As a result of the non-approval, the board is reducing Hammergren's pay by \$1.95M for FY18, altering the incentive plan metrics, and linking future pay to opioid distribution risks. Simply Wall St. compared Hammergren's pay package to a group of other large companies and found that it's still above the median pay. Considering the stock performance over the last three years, it's generous. Fortunately for Mr. Hammergren, he has a comfortable severance package, but it's certainly not shareholder friendly.

On November 1, 2018, McKesson announced that John Hammergren was set to retire in March of 2019. The stock sold off to the tune of ~3-4%. Given McKesson's other reputational risks, it's uncertain that a new CEO will aid stock price performance."

05 Nov 2018, 08:47 PM

Red702355B

standley is in the running again this year for the a-hole CEO of the year---if he wins this w/b the 8 year in a row he has won the award. Bodaken, Regan & Syms with the rest of the RAD BOD are in the running for the a-hole of the year Bod award. Also, different members of that bod have won the award for the last 8 years in row now ! How do they get all these idiots together into 1 group----together---?--It is simply amazing.

05 Nov 2018, 09:54 PM

v.c

417,926,508 shares didn't vote that is almost 50% of shares. That is reason this board won.

secureir.edgar-online.com/...

06 Nov 2018, 01:39 AM

longnose

what a pathetic show of fiduciary duty by funds and SEC needs to treat these as NO - its an outrage!!

06 Nov 2018, 02:03 PM

Red702355B

Those 417,926,508 votes might not even have had any idea that there was an annual meeting on 10/30/18, to rid shareholders of these bandits that are running RAD into the ground. Too bad they forgot to send out information like they did on the merger proposal of RAD and ABS. All of us shareholders must have received 5 different proxy mailings to tell each of us to vote FOR that great merger---1 share of ABS for 10 shares of RAD. We really missed our chance to vote in favor of this great merger !!!!!!!!

06 Nov 2018, 03:45 AM

Germiz

still the vote was not a great victory to the management by any standards

06 Nov 2018, 07:31 AM

woogerbear

It is now clear to me a deal is in the works...there were 700M shares in favor of the accounting firm..400M abstained from voting for the board. These are institutions who did not want to give an approval or disapproval. They are waiting for a deal to be completed..I think its soon

06 Nov 2018, 07:44 AM

Seven Corners Capital Management, Contributor

Author's reply » Incorrect - brokers have discretion to vote shares for so-called ministerial matters such as for the accounting firm, but not on the directors.

"Uninstructed Broker Votes

The New York Stock Exchange (NYSE) allows brokers to vote on certain items on behalf of their clients, if the broker has received no voting instructions from those clients within 10 days of the annual meeting. These votes are called uninstructed or discretionary broker votes. Brokers are only allowed to cast uninstructed broker votes on "routine" items, and the scope of routine items has narrowed over the years. This year, the NYSE announced that brokers may no longer cast uninstructed votes on certain corporate governance proposals. These include proposals to de-stagger the board of directors (so that all directors are elected annually), adopt majority voting in the election of directors, eliminate supermajority voting requirements, provide for the use of consents, provide rights to call a special meeting, and override certain types of anti-takeover provisions. Previously, the NYSE had permitted a broker to cast uninstructed votes on these proposals if they had the support of the company's management.

Two other important restrictions on discretionary broker voting have been in effect since 2010. First, brokers can no longer cast uninstructed votes in the election of directors (except for certain mutual funds). Second, brokers are prohibited from voting uninstructed shares on executive compensation matters, including say-on-pay votes."

[www.sec.gov/...](http://www.sec.gov/)

06 Nov 2018, 10:30 AM

woogerbear

thank you for your lesson in uninstructed votes...you didn't mention they could be institutions too..58% of the stock is owned by institutions so its just math

06 Nov 2018, 11:22 AM

Seven Corners Capital Management, Contributor

Author's reply » Management would never share this type of info (that they are engaged in talks to sell the company) with institutions, since it would be MNPI. You are engaging in conspiracy-theory thinking - conspiracy theories are almost never correct, however.

06 Nov 2018, 12:12 PM

Ubetcha

@ Seven Corners Capital Management

Standley's FOR vote dropped from 589MM in 2016 to 374MM this year. He lost 215MM votes in 2 years.....BoD & management are EXTREMELY vulnerable now.

Questions: 1) In your opinion is the recent bounce in the stock related to this vote? 2) Examples of public sign(s) to look for that would indicate vulnerability? 3) In your opinion what's the stock price of RAD that gets a deal done right now?

06 Nov 2018, 12:38 PM

muishin

A deal for the whole company would be coming at the worst time with the stock near \$1. A deal for a piece of the company would be ideal to unlock value, but only if that piece yields a better price than what the market expects. Something like what FRED did selling their scripts would be a boost.

06 Nov 2018, 12:48 PM

v.c

Name For Against Abstain Broker Non-Votes

Joseph B. Anderson, Jr. 373,524,467 119,006,570 4,778,539 417,926,508

Robert E. Knowling, Jr. 384,750,201 92,455,402 20,103,973 417,926,508

1/21/2019

Rite Aid - Vote 'Em Out On October 30th - Rite Aid Corporation (NYSE:RAD) | Seeking Alpha

Louis P. Miramontes 387,572,449 89,603,519 20,133,608 417,926,508

Arun Nayar 387,504,156 89,804,205 20,001,215 417,926,508

Michael N. Regan 280,397,308 212,084,725 4,827,543 417,926,508

Marcy Syms 279,762,113 212,949,666 4,597,797 417,926,508

May not help much but small data analysis. 89M mostly are retail votes who voted against new directors. I am assuming 89M retail voters voted against Marcy and Michael. that means 123M institution votes voted against these two guys who didn't make any kind of deal with RAD. 280M voted for Marcy including insiders (who got shares for free) and who made deal. Just with 28% of votes they retained entire team. We are short by 10%. If 25% of shareholders we didn't vote did vote it would be a different story.

06 Nov 2018, 01:06 PM

Red702355B

I have not seen any information coming from Steve Krol on our site here concerning the annual meeting. Maybe he is still on vacation ?

06 Nov 2018, 02:46 PM

SeattleGoldMiner

Along with several other people who follow/invest in RAD closely on this board, I have combined purchase of the stock with the sale of various calls over the past year and it has worked out well for me. I also genuinely feel the pain for those who own this stock with a higher.. or much higher cost basis (as I have had my share of those over the years and it hurts.. especially if you concentrated more of your portfolio than might have been prudent in one stock.) Right now, for the investor looking at a good upside/downside "play" with RAD, and not needing the stock to skyrocket to help a sunk position, the January 2020 \$1.50 and \$2 calls seem to be "overpriced" and offer the "cushion" where either of the following trades could be of interest (also depends on options spread/liquidity):

- 1.) Buy RAD today at \$1.23 and sell January 2020 \$2 strike call for \$.17-\$.20. That leaves you "net" invested at \$1.03 - \$1.06. Assuming you hold it until the option expiration, (clearly you can unwind at any time) if the stock just stays at \$1.23 you make the \$.17 - \$.20 in a little over 14 months. That is about a 12% (at the low end of the option price) annualized return. However, should the stock go up you make a LOT more (all the way up to \$2 price.. maximum upside, at which you make \$.94 on your "net" investment of \$1.06, which is a 76% annualized rate.
- 2.) Buy RAD today at \$1.23 and sell January 2020 \$1.50 strike call for \$.30-\$.35. That leaves your "net investment" at \$.88-\$.93/share and, again, if the stock does not move from \$1.23 you make at least \$.30 for an annualized return of 21%. If the stock goes to \$1.50 (where your profit is capped), you make a profit of \$.57, which would give you an annualized return of 53%.

Note that the annualized returns exclude the cost of transactions and assume that the options are sold at the current bid prices. The liquidity in both options is reasonable, with over 15,000 open contracts for each (and likely to grow substantially). To insure that you get the "spread" you desire, on most online trading programs you can enter the trade as a spread so you are not left with the risk of an "open" stock position without selling the calls.

If you have never traded options before you may wish to:

- a.) Make sure that you have a broker who has very low fees for options trading (including not charging you if the underlying stock is called away).
- b.) Read the following article/video which cover the "basics":

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

If you have a quantitative background, you can put that to good use for options trading by studying and beginning to understand the "Greeks" which help parse out the major components of pricing. The following is the first in a series of linked articles about the Greeks:

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

06 Nov 2018, 03:32 PM

Germiz

solid advice

06 Nov 2018, 07:15 PM

Ted Mason25

Just checking Highfields ownership and last filing Nov.14 --- they have around 30 million shares down from previous 47 million shares --- so looks like they may be getting out of RAD.

28 Nov 2018, 11:24 PM

Happyfingers

Ok if someone thinks a deal is in the works would it be a great time to buy into RD and maybe end up with either cash or a good company stock?

30 Nov 2018, 11:36 AM

longnose

@Seven Corners Capital Management - What is your take on current RAD situation again - since they have released ER recently?

Your article being very informative and very well researched, I am wondering if current stock price unhinged state reflects anything other than Standley Must Go feeling.

<https://seekingalpha.com/article/4212694-rite-aid-vote-em-october-30th>

78/79

I am sure all those big institutions had some plan in mind when they voted Standley :-)

thanks

26 Dec 2018, 11:35 AM

RiteRAD

@longnose

The more I think about the 'institutional' vote to keep Standley and BOD, and the general consensus here that there was some deal in the works, the more I doubt that was really the case. If voting decisions are being made based on information that the retail investor is not privy to, isn't that a form of 'insider trading'? I think they just didn't want to further upset the appcart, and maybe fire a warning shot across the bow.

29 Dec 2018, 04:09 AM

longnose

Agree completely - some information was exchanged illegally to big voters - at the same time we have no clue if it was hand in hand with M&A advisor Citi and others to grease the pocket for just recently signed refi deal - and Standley has not delivered anything success so to tell a story is a lie - so what was communicated? I have asked friendly SEC as well but as we know I have no hope to hear back...

refi, MCK 10 year deal, vote buy and ABS already with MCK -- there is lot of insider connections...

29 Dec 2018, 12:52 PM

Seven Corners Capital Management, Contributor

Author's reply » Garbage RAD management & BoD (who are relentless losers) combined with the brain-dead idiots who run the index funds (who mindlessly vote in lockstep with instructions from the proxy advisors, who have zero skin in the game and couldn't care less about shareholder value) = \$0.69/share stock price.

Need activist(s) to get rid of the fools in the RAD C-suite and boardroom ASAP.

29 Dec 2018, 01:03 PM

trsales

The activist investors don't want a Brick and Mortar retailer as fears of recession loom. Circling the drain.

01 Jan 2019, 08:54 AM