Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 07/01/2009 and ending 12/31/2009

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [X] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401K PLAN

1b Three-digit plan number (PN) ▶ 003

1c Effective date of plan 01/01/1984

2a Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
KINNEY DRUGS, INC.

29 E MAIN ST
GOUVERNEUR, NY 13642-1401

2b Employer Identification Number (EIN)
15-0358720

2c Sponsor's telephone number
315-287-1500

2d Business code (see instructions)
446110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/11/2010	STEPHEN MCCOY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
KINNEY DRUGS, INC.

29 E MAIN ST
GOUVERNEUR, NY 13642-1401

3b Administrator's EIN
15-0358720

3c Administrator's telephone number
315-287-1500

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	2730
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	2404
b	Retired or separated participants receiving benefits	**6b**	3
c	Other retired or separated participants entitled to future benefits	**6c**	314
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	2721
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	2722
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	1907
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	0
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2H 2J 2K 2P 2Q 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)		0	**A** (Insurance Information)
(4)	X		**C** (Service Provider Information)
(5)	X		**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE C (Form 5500)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ **File as an attachment to Form 5500.**	**2009** **This Form is Open to Public Inspection.**

For calendar plan year 2009 or fiscal plan year beginning 07/01/2009 and ending 12/31/2009

A Name of plan
KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401K PLAN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
KINNEY DRUGS, INC.

D Employer Identification Number (EIN)
15-0358720

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

BENEFIT PLANS ADMIN SERVICES, INC

6 RHOADS DRIVE
SUITE 7
UTICA, NY 13502-6374

16-1503696

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
15 19 37	NONE	110691	Yes [X] No [ ]	Yes [ ] No [X]	1930	Yes [ ] No [X]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes [ ] No [ ]	Yes [ ] No [ ]		Yes [ ] No [ ]

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	**(c)** Relationship to employer, employee organization, or person known to be a party-in-interest	**(d)** Enter direct compensation paid by the plan. If none, enter -0-.	**(e)** Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	**(f)** Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	**(g)** Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	**(h)** Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	**(b)** Service Codes (see instructions)	**(c)** Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	**(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

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(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

(a) Enter name and EIN or address of service provider (see instructions)	**(b)** Nature of Service Code(s)	**(c)** Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN:
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

a Name:	**b** EIN;
c Position:	
d Address:	**e** Telephone:

Explanation:

SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 07/01/2009 and ending 12/31/2009

A Name of plan
KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401K PLAN

B Three-digit plan number (PN) ▶ 003

C Plan or DFE sponsor's name as shown on line 2a of Form 5500
KINNEY DRUGS, INC.

D Employer Identification Number (EIN)
15-0358720

Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)

(Complete as many entries as needed to report all interests in DFEs)

a Name of MTIA, CCT, PSA, or 103-12 IE: SEI STABLE ASSET GIC

b Name of sponsor of entity listed in (a): SEI TRUST COMPANY

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
23-7654996-001	C	1518555

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	**d** Entity code	**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

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b Name of plan sponsor	**c** EIN-PN

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a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

a Plan name

b Name of plan sponsor	**c** EIN-PN

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 07/01/2009 and ending 12/31/2009

A Name of plan
KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401K PLAN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
KINNEY DRUGS, INC.

D Employer Identification Number (EIN)
15-0358720

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	4370548	7159503
(2) Participant contributions	1b(2)	85361	140814
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	80715068	87299004
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	1021142	1150140
(9) Value of interest in common/collective trusts	1c(9)	1665977	1518555
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	17454238	23622788
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	105312334	120890804
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j	35900548	35238196
k	Total liabilities (add all amounts in lines 1g through1j)	1k	35900548	35238196
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	69411786	85652608

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	200000	
	(B) Participants	2a(1)(B)	2255658	
	(C) Others (including rollovers)	2a(1)(C)	138273	
	(2) Noncash contributions	2a(2)	4086475	
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		6680406
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	37058	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		37058
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	315016	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		315016
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	1298853	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	902144	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		396709

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	7484951	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		7484951
(6) Net investment gain (loss) from common/collective trusts	2b(6)		7575
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		3265724
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		18187439
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1000758	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1000758
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		835168
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	110691	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		110691
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1946617
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		16240822
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DANNIBLE & MCKEE, LLP (2) EIN: 33-0996661

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 07/01/2009 and ending 12/31/2009

A Name of plan
KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401K PLAN

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500
KINNEY DRUGS, INC.

D Employer Identification Number (EIN)
15-0358720

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 16-1065416

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☒ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):



KINNEY DRUGS, INC.

EMPLOYEE STOCK OWNERSHIP

AND

401(k) PLAN

FINANCIAL STATEMENTS

AND

SUPPLEMENTAL SCHEDULE

* * *

DECEMBER 31, 2009 AND JUNE 30, 2009

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DANNIBLE & MCKEE, LLP
Certified Public Accountants and Consultants
Financial Plaza, 221 S. Warren St., Syracuse, New York 13202-1628
(315) 472-9127 Fax (315) 472-0026

Independent Auditor's Report

October 7, 2010

To the Trustees of the
Kinney Drugs, Inc. Employee Stock Ownership and 401(k) Plan

We were engaged to audit the accompanying statements of net assets available for benefits of the Kinney Drugs, Inc. Employee Stock Ownership and 401(k) Plan as of December 31, 2009, and June 30, 2009, and the related statements of changes in net assets available for benefits for the six months ended December 31, 2009, and the year ended June 30, 2009, and the supplemental Schedule H, Line 4i-Schedule of Assets (Held at End of Year) as of December 31, 2009. These financial statements and supplemental schedule is the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Hand Benefits & Trust Company, the Custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the Custodian holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the Custodian as of and for the six months ended December 31, 2009, and as of and for the year ended June 30, 2009, that the information provided to the plan administrator by the Custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the Custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Dannible & McKee, LLP
Syracuse, New York

KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2009		
	Allocated	Unallocated	Total
Assets:-			
Investments, at fair value (Notes 1, 2, 3, 4 and 7):			
Common stock of Kinney Drugs, Inc.	$ 62,509,039	$ 24,790,124	$ 87,299,163
Registered investment companies	23,622,788	-	23,622,788
Stable asset fund	1,518,555	-	1,518,555
Participant loans receivable	1,150,140	-	1,150,140
	88,800,522	24,790,124	113,590,646
Receivables (Notes 1 and 2):			
Contribution receivable from Kinney Drugs, Inc.	3,305,977	-	3,305,977
Employees' 401(k) contributions receivable from Kinney Drugs, Inc.	140,814	-	140,814
	3,446,791	-	3,446,791
Total assets	92,247,313	24,790,124	117,037,437
Liabilities:			
Term loan payable to bank (Note 6)	-	31,384,872	31,384,872
Net assets available for benefits at fair value	92,247,313	(6,594,748)	85,652,565
Adjustments from fair value to contract value for fully benefit-responsive investments	70,314	-	70,314
Net assets available for benefits	$ 92,317,627	$ (6,594,748)	$ 85,722,879

- CONTINUED -

See accompanying notes to financial statements.

KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401(k) PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(- CONTINUED -)

	June 30, 2009		
	Allocated	Unallocated	Total
Assets:-			
Investments, at fair value (Notes 1, 2, 3, 4 and 7):			
Common stock of Kinney Drugs, Inc.	$ 56,685,906	$ 24,029,062	$ 80,714,968
Registered investment companies	17,454,238	-	17,454,238
Stable asset fund	1,665,977	-	1,665,977
Participant loans receivable	1,021,142	-	1,021,142
	76,827,263	24,029,062	100,856,325
Receivables (Notes 1 and 2):			
Contribution receivable from Kinney Drugs, Inc.	2,152,669	-	2,152,669
Employees' 401(k) contributions receivable from Kinney Drugs, Inc.	85,361	-	85,361
	2,238,030	-	2,238,030
Total assets	79,065,293	24,029,062	103,094,355
Liabilities:			
Term loan payable to bank (Note 6)	-	33,682,671	33,682,671
Net assets available for benefits at fair value	79,065,293	(9,653,609)	69,411,684
Adjustments from fair value to contract value for fully benefit-responsive investments	147,443	-	147,443
Net assets available for benefits	$ 79,212,736	$ (9,653,609)	$ 69,559,127

See accompanying notes to financial statements.

KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Six months ended December 31, 2009		
	Allocated	Unallocated	Total
Additions:-			
Investment income (Notes 1, 2, 3, 4 and 7):			
Net appreciation in fair value of Kinney Drugs, Inc. common stock	$ 4,573,280	$ 2,253,795	$ 6,827,075
Net appreciation of investments in registered investment companies	4,568,846	-	4,568,846
Interest income on participant loans receivable	37,058	-	37,058
	9,179,184	2,253,795	11,432,979
Contributions (Note 1):			
Kinney Drugs, Inc. contribution	1,153,308	3,132,967	4,286,275
Employee 401(k) contributions	2,252,842	-	2,252,842
Employee rollover contributions	138,273	-	138,273
Allocation of 21,994 shares of Kinney Drugs, Inc. common stock, at market	1,492,733	-	1,492,733
	5,037,156	3,132,967	8,170,123
Total additions	14,216,340	5,386,762	19,603,102
Deductions (Notes 1 and 6):			
Administrative expenses	110,691	-	110,691
Interest expense	-	835,168	835,168
Distributions to plan participants	1,000,758	-	1,000,758
Allocation of 21,994 shares of Kinney Drugs, Inc. common stock, at market	-	1,492,733	1,492,733
Total deductions	1,111,449	2,327,901	3,439,350
Net increase	13,104,891	3,058,861	16,163,752
Net assets available for benefits, beginning of period	79,212,736	(9,653,609)	69,559,127
Net assets available for benefits, end of period	$ 92,317,627	$ (6,594,748)	$ 85,722,879

(- CONTINUED -)

See accompanying notes to financial statements.

KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401(k) PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(- CONTINUED -)

	Year ended June 30, 2009		
	Allocated	Unallocated	Total
Additions:-			
Investment income (Notes 1, 2, 3, 4 and 7):			
Net appreciation in fair value of Kinney Drugs, Inc. common stock	$ 7,686,517	$ 3,016,539	$ 10,703,056
Interest income on participant loans receivable	81,726	-	81,726
	7,768,243	3,016,539	10,784,782
Contributions (Note 1):			
Kinney Drugs, Inc. contribution	2,152,669	5,373,485	7,526,154
Employee 401(k) contributions	4,676,499	-	4,676,499
Employee rollover contributions	976,585	-	976,585
Allocation of 35,827 shares of Kinney Drugs, Inc. common stock, at market	2,223,065	-	2,223,065
	10,028,818	5,373,485	15,402,303
Total additions	17,797,061	8,390,024	26,187,085
Deductions (Notes 1 and 6):			
Net depreciation of investments in shares of registered investment companies	2,119,416	-	2,119,416
Administrative expenses	219,061	-	219,061
Interest expense	-	1,830,904	1,830,904
Distributions to plan participants	6,080,303	-	6,080,303
Allocation of 35,827 shares of Kinney Drugs, Inc. common stock, at market	-	2,223,065	2,223,065
Total deductions	8,418,780	4,053,969	12,472,749
Net decrease	9,378,281	4,336,055	13,714,336
Net assets available for benefits, beginning of year	69,834,455	(13,989,664)	55,844,791
Net assets available for benefits, end of year	$ 79,212,736	$ (9,653,609)	$ 69,559,127

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Description of the Plan

Kinney Drugs, Inc. (the "Plan Sponsor" or "Company") Employee Stock Ownership and 401(k) Plan (the "Plan") is an employee stock ownership plan as defined by Section 4975(e)(7) of the Internal Revenue Code. The Plan includes a 401(k) provision allowing employee elective contributions.

The Plan was effective January 1, 1984, and is subject to the provisions outlined in the original plan document and all subsequent amendments to that document. It is also subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The following description provides only general information. Additional information about the Plan is contained in the pamphlet, "Kinney Drugs, Inc. Employee Stock Ownership and 401(k) Plan Summary Plan Description." Copies of this pamphlet are available from the trustees of the Plan.

In April 2008, the Plan Sponsor repurchased essentially all of its outstanding common stock and the Plan became the sole shareholder of Kinney Drugs, Inc. stock. In order to finance this purchase, the Plan entered into a $39,741,219 term loan agreement with the Company that was used to purchase 441,569 shares of common stock (see Note 6). As the Plan makes payments of interest and principal, an appropriate percentage of this stock is allocated to eligible employee accounts in accordance with applicable regulations under the Internal Revenue Code.

Term loans payable to a bank and the Company are collateralized by the unallocated shares of stock and are guaranteed by the Company. The lender has no rights against shares once they are allocated under the Plan. Accordingly, the financial statements of the Plan present separately, the assets and liabilities and changes therein pertaining to (a) the accounts of employees with vested rights in allocated stock; and (b) stock not yet allocated to the employees.

Each participant is entitled to exercise voting rights attributable to the shares allocated to their account and is notified by the trustee prior to the time that such rights are to be exercised. The trustee is not permitted to vote any share for which a participant has not given instructions.

Plan year - Prior to June 30, 2009, the Plan maintained a calendar year ended June 30. As of July 1, 2009, the Plan maintains a fiscal year ending December 31.

Eligibility - The Plan has separate entry dates for elective employee contributions and employer contributions. Employees are eligible to make elective contributions beginning on their date of hire, provided they are twenty-one years of age. For employer contributions, the Plan covers all employees of the Company who have completed one year of service of at least 1,000 hours and attained age twenty-one. Eligible employees begin participating in employer contributions to the Plan as of the first day of the fourth, seventh or tenth month or the first day of the Plan year after meeting the eligibility requirements. The Plan now allows for automatic enrollment into the Plan for all eligible employees. Once an employee is eligible for the Plan, they

are automatically set up to begin making elective contributions of 3% of their annual compensation to the 401(k) plan unless they specifically elect not to participate. Effective October 1, 2007, the automatic elective deferrals increase 1% each year until they reach 7%.

Contributions - The Company is obligated to make contributions to the Plan, which when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loans. The Company may make profit sharing contributions to the Plan, which are discretionary and are determined annually by the Company. The Plan also includes a 401(k) provision to the Plan, which allows participants to contribute up to 90% of their annual compensation on a pre-tax or post-tax basis to the Plan. Annual participant contributions are limited to amounts as specified in the Internal Revenue Code. In addition, the Company can make discretionary matching contributions on an annual basis. Furthermore, the Plan allows mandatory Safe Harbor contributions. The Company elected to make Safe Harbor contributions and made additional discretionary contributions for the year ended June 30, 2009, and the six months ended December 31, 2009.

Vesting - Participants are not vested in employer matching and profit sharing contributions until after completion of three years of service, at which time they become fully vested. Participants are fully vested in Safe Harbor contributions when they are made.

Investment options - Upon enrollment in the Plan, a participant may direct employee contributions into shares of registered investment companies. The registered investment companies represent a variety of equity and income funds with both domestic and foreign investments. Participants can change their investment allocation on a daily basis. Company discretionary and matching contributions are invested by the Custodian to the extent possible and deemed advisable by the Trustee, in the Company's stock.

Allocation of profit sharing contributions and earnings - Profit sharing contributions are allocated to active participants' accounts in proportion to participants' compensation. Earnings on Plan assets are allocated to participants' accounts in proportion to the participant's account value.

Forfeitures - When a participant is terminated, any amounts in the participant's account in which the participant is not vested are forfeited. Forfeitures for any plan year shall be credited towards the employer contribution for such year. Forfeitures were $35,342 and $33,670 as of December 31, 2009, and June 30, 2009, respectively.

Payment of benefits - Upon termination of employment, a participant will receive their vested account balance in a lump sum payment. In conjunction with the stock repurchase described above, all shares of Kinney Drugs, Inc. stock held by participants at March 31, 2008, will be redeemed at the greater of $90 per share or the stock's fair market value through April of 2013.

Loans to participants - The Plan may, but is not required to, extend loans to participants following written request. Participant loans are restricted by certain provisions in the Plan agreement.

Diversification - Diversification is offered to participants close to retirement so that they may have the opportunity to receive a distribution or move part of the value of their investment in company stock into investments, which are more diversified. Participants, who are at least age fifty-five with at least ten years of participation in the Plan, may elect to diversify a portion of their account. Upon meeting certain conditions, a participant may diversify up to 50% of the number of shares allocated to his or her account, less any shares previously diversified.

Plan termination - Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, all participants will become fully vested and their remaining account balances will be paid out to them.

Note 2 - Summary of significant accounting policies

Method of accounting - The Plan maintains its accounting records and financial statements on the accrual method of accounting.

Investment valuation and income recognition - The Plan's investments consist of common stock of Kinney Drugs, Inc. and registered investment companies. Investments are recorded at fair value except for the SEI Stable Asset Fund, which in accordance with Financial Accounting Standards Board guidance, is stated at contract value. The fair value of the Company's stock is determined by an independent appraiser. Registered investment companies are valued at quoted market prices, which represent the market value of shares held by the Plan at year end. The change in the difference between the fair value and the cost of investments is included in net appreciation (depreciation) in fair value of investments in the accompanying statements of changes in net assets available for benefits. Net appreciation (depreciation) also includes realized gains or losses from the sale of investments.

The Company has determined the fair value of certain assets and liabilities through application of Financial Accounting Standards Board (FASB) authoritative guidance relating to the accounting for fair value measurements. Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets (registered investment companies). Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets (Stable Asset Fund). For the term loan payable, the fair value, which approximates the book value, was based on present value techniques using inputs derived principally or corroborated from market data. Financial assets and liabilities that use Level 3 inputs are primarily valued by valuation experts using externally developed models that consider unobserved market inputs (Kinney Drugs, Inc. common stock). Valuation techniques utilized to determine fair value are consistently applied (see Note 7).

The SEI Stable Asset Fund is stated according to the FASB authoritative guidance on reporting of fully benefit - responsive investment contracts, which states that contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts, because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. As required by the guidance, the accompanying statements of net assets available for benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The accompanying statements of changes in net assets available for benefits are prepared on a contract value basis. Contract value represents contributions made under the contract plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investments at contract value. There are no reserves against contract value for credit risk of the contract issuer or otherwise. If an event occurs that may impair the ability of the contract issuer to perform in accordance with the contract terms, fair value may be less than contract value. For the six months ended December 31, 2009, and the year ended June 30, 2009, the average yield utilized was 3.69% and 6.44%, respectively, and the crediting interest rate to the fund was 1.40% and 3.27%, respectively.

Financial instruments, economic dependency and concentration of credit risk - A significant portion of the Plan's assets are common stock of Kinney Drugs, Inc. or receivables from Kinney Drugs, Inc. Accordingly, the Plan is dependent upon the financial condition of Kinney Drugs, Inc.

Administrative costs - The Company pays certain legal and accounting fees of the Plan. Those expenses not paid by the Company, including investment and administrative expenses, are paid by the Plan. Administrative expenses of $110,691 for the six months ended December 31, 2009, and $219,061 for the year ended June 30, 2009, were paid by the Plan to the Plan's Custodian, Hand Benefits & Trust Company, in 2009 and to the Custodian's affiliate, Benefit Plan Administrators, which are considered to be exempt party-in-interest transactions.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Subsequent events - Management has evaluated subsequent events through October 7, 2010, the date that would require disclosure or adjustment to the financial statements.

Risks and uncertainties - The Plan invests in a combination of mutual funds and common stock of Kinney Drugs, Inc. Investment options are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statements of net assets available for benefits and the statements of changes in net assets available for benefits.

Note 3 - Common stock of Kinney Drugs, Inc.

The cost and fair value of Kinney Drugs, Inc. common stock held by the Plan is as follows:

	December 31, 2009		
	Allocated	Unallocated	Total
Number of shares	921,014	365,256	1,286,270
Cost	$ 27,678,137	$ 32,873,122	$ 60,551,259
Fair value	$ 62,509,039	$ 24,790,124	$ 87,299,163

	June 30, 2009		
	Allocated	Unallocated	Total
Number of shares	913,555	387,250	1,300,805
Cost	$ 25,941,556	$ 34,852,532	$ 60,794,088
Fair value	$ 56,685,906	$ 24,029,062	$ 80,714,968

The common stock of Kinney Drugs, Inc. and the American Balance Fund with a value of $5,774,514 at December 31, 2009, and $4,096,733 at June 30, 2009, represents the only investments in excess of 5% of the fair value of net assets available for plan benefits. Kinney stock is also the only non-participant directed investment, as all of the Company profit sharing contributions are invested in Kinney stock.

Note 4 - Registered investment companies

The Plan has investments in mutual funds of registered investment companies through the Custodian of the Plan, Hand Benefits & Trust Company. The Plan does not individually hold shares of the mutual funds, but rather its holdings are part of a large investment pool held by Hand Benefits & Trust Company. These mutual funds include equity and income funds with both domestic and foreign investments. These funds earn interest and income based on market performance. These investments are subject to normal market risk.

The following information was not subjected to any auditing procedures, as the information was certified by Hand Benefits & Trust Company as complete and accurate as permitted by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Information included in the statements of net assets available for benefits:

	December 31, 2009	June 30, 2009
Shares of registered investment companies	23,622,788	17,454,238

Information included in the statements of changes in net assets available for benefits:

	Six months ended December 31, 2009	Year ended June 30, 2009
Net appreciation (depreciation) from investments in registered investment companies	$ 4,568,846	$ (2,119,416)

Note 5 - Income tax status

The Internal Revenue Service has ruled that the Plan, as amended, qualifies under Section 401(a) of the Internal Revenue Code (IRC) and is therefore not subject to tax under present income tax laws. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The management of the Plan Sponsor and the plan trustees are not aware of any matters that would disqualify the Plan. Accordingly, the Plan has been accounted for as a tax-exempt plan.

In June 2006, FASB issued authoritative guidance regarding accounting for uncertainty in income taxes, which became effective for fiscal years beginning after December 15, 2008. The Plan is a tax-exempt plan. The Plan has reviewed its operations for uncertain tax positions and believes there are no significant exposures. The Plan will include penalties and interest on income tax liabilities in administrative expenses, if such amounts arise. The Plan did not incur any penalties and interest for the six months ended December 31, 2009. The Plan is no longer subject to regulatory examinations by tax authorities for the closed years before 2006.

Note 6 - Term loans payable

In April 2008, the Plan entered into a $39,741,219 loan agreement with the Company that was used to purchase 441,569 shares of stock from shareholders. The loan will be repaid by the ESOP in monthly principal instalments of $110,392 plus interest at 5%. Repayment will be based on amounts required to make Safe Harbor contributions to the Plan. Shares will be released annually based on the total amount of loan repayments. The loan has a thirty-year term and can be prepaid without penalty. The balance of the loan was $31,384,872 and $33,682,671 at December 31, 2009, and June 30, 2009, respectively.

The Plan held 365,256 shares of unallocated common stock at December 31, 2009, and 387,250 shares at June 30, 2009. For the six months ended December 31, 2009, 21,994 shares and for the year ended June 30, 2008, 35,827 shares were released for allocation based on the principal and interest payments made on the term loans during each reporting period.

Note 7 - Fair value of investments

The following table sets forth by Level within the fair value hierarchy, the Plan's assets at fair value:

	Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Kinney Drugs, Inc. stock	$ -	$ -	$ 87,299,163	$ 87,299,163
Registered investment companies	23,622,788	-	-	23,622,788
Stable Asset Fund	-	1,518,555	-	1,518,555
Participant loans	-	-	1,150,140	1,150,140
	$ 23,622,788	$ 1,518,555	$ 88,449,303	$ 113,590,646

	Assets at Fair Value as of June 30, 2009			
	Level 1	Level 2	Level 3	Total
Kinney Drugs, Inc. stock	$ -	$ -	$ 80,714,968	$ 80,714,968
Registered investment companies	17,454,238	-	-	17,454,238
Stable Asset Fund	-	1,665,977	-	1,665,977
Participant loans	-	-	1,021,142	1,021,142
	$ 17,454,238	$ 1,665,977	$ 81,736,110	$ 100,856,325

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the six months ended December 31, 2009, and the year ended June 30, 2009:

	Kinney Drugs, Inc. Stock	Participant loans
Balance, June 30, 2008	$ 73,676,352	$ 1,132,382
Unrealized gains (losses) relating to instruments still held at reporting date	10,702,955	-
Purchases, sales, issuances and settlements (net)	(3,664,339)	(111,240)
Balance, June 30, 2009	80,714,968	1,021,142
Unrealized gains (losses) relating to instruments still held at reporting date	6,827,075	-
Purchases, sales, issuances and settlements (net)	(242,880)	128,998
Balance, December 31, 2009	$ 87,299,163	$ 1,150,140

Note 8 - Reconciliation of the financial statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	December 31, 2009	June 30, 2009
Net assets available for benefits per financial statements	$ 85,652,565	$ 69,411,684
Miscellaneous differences	43	102
Net assets available for benefits per Form 5500	$ 85,652,608	$ 69,411,786

In addition, contributions receivable and the loan payable on the Form 5500 for the six months ended December 31, 2009, and year ended June 30, 2009, are higher by $3,853,324 and $2,217,877, respectively. These amounts represent additional contributions towards loan payments that have been recorded as received and the loan paid in the financial statements.

SUPPLEMENTAL SCHEDULE

KINNEY DRUGS, INC. EMPLOYEE STOCK OWNERSHIP AND 401(k) PLAN

EIN #15-0358720

PLAN #003

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(Required Disclosure of Schedule H; Line 4i on Form 5500)

December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
*	Kinney Drugs, Inc.	Common Stock - 1,286,270 shares	$ 60,551,259	$ 87,299,163
	American Funds	Am Balanced Fund - 356,232 shares		5,774,514
	American Funds	Euro Pacific Growth Fund - 92,241 shares		3,536,538
	American Funds	Growth Fund - 107,176 shares		2,929,131
	American Funds	Washington Mutual Investors Fund - 113,869 shares		2,805,722
	Dodge & Cox	Income Fund - 190,174 shares		2,464,652
	Vanguard	Small Cap Index - 84,408 shares		2,320,379
	Vanguard	Mid Cap Index - 99,785 shares		1,632,485
	SEI Stable	Stable Asset Fund - 1,518,555 shares		1,518,555 **
	Vanguard	Target Ret 2030 - 41,389 shares		799,212
	Vanguard	Target Ret 2020 - 30,154 shares		601,875
	Vanguard	Target Ret 2040 - 15,425 shares		293,845
	American Funds	New World - 4,032 shares		190,327
	Vanguard	Target Ret 2010 - 7,591 shares		155,777
	Vanguard	Target Ret 2050 - 6,190 shares		118,293
	Pimco	High Yield Fund - 4 shares		38
*	Participant Loans	Various principal amounts due at various dates and interest rates		1,150,140
				$ 113,590,646

* Party-in-interest as defined by ERISA

** Investment stated at fair value. The contract value of the investment was $1,588,869

Schedule H, Line 4i
Schedule of Assets (Held At End of Year)

Name of Plan:

► **KINNEY DRUGS, INC.**

Employer Identification Number:► **15-0358720**

For plan year (beginning/ending):► **7/1/2009 -12/31/2009** Plan number:► **003**

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current value
	AMERICAN FUNDS BALANCED FUNI	356231.65 SH REG INV CO		5774514.32
	AMER FDS EUROPACIFIC GRWTH RD	92241.4601 SH REG INV CO		3536537.58
	AMER FDS GROWTH FND OF AMER	107176.4108 SH REG INV CO		2929131.32
	AMER FDS NEW WORLD	4032.3605 SH REG INV CO		190327.42
	AMER FDS WASHINGTON MTL INV	113868.5802 SH REG INV CO		2805721.81
	DODGE & COX INCOME FUND	190173.8003 SH REG INV CO		2464652.45
	PIMCO HIGH YIELD FUND	4.2651 SH REG INV CO		37.53
	SEI STABLE ASSET GIC	1518554.78 SH COMM COLL FD		1518554.78
	VANGUARD MID-CAP INDEX	99785.1546 SH REG INV CO		1632485.13
	VANGUARD SMALL-CAP INDX	84408.1054 SH REG INV CO		2320378.82
	VANGUARD TARGET RET 2010	7591.4881 SH REG INV CO		155777.33
	VANGUARD TARGET RET 2020	30154.0478 SH REG INV CO		601874.79
	VANGUARD TARGET RET 2030	41388.5137 SH REG INV CO		799212.2
	VANGUARD TARGET RET 2040	15424.9305 SH REG INV CO		293844.93
	VANGUARD TARGET RET 2050	6190.0864 SH REG INV CO		118292.55
	KINNEY DRUGS, INC.	1286267.9278 ER SEC COMMON STK	67682983.05	87299004.17
	EMPLOYEE LOANS	VARIOUS INT/ MATURUITY DATES		1021142.13