



**Webinar Presentation:
Royal Ahold
The Great Atlantic & Pacific Tea Company**

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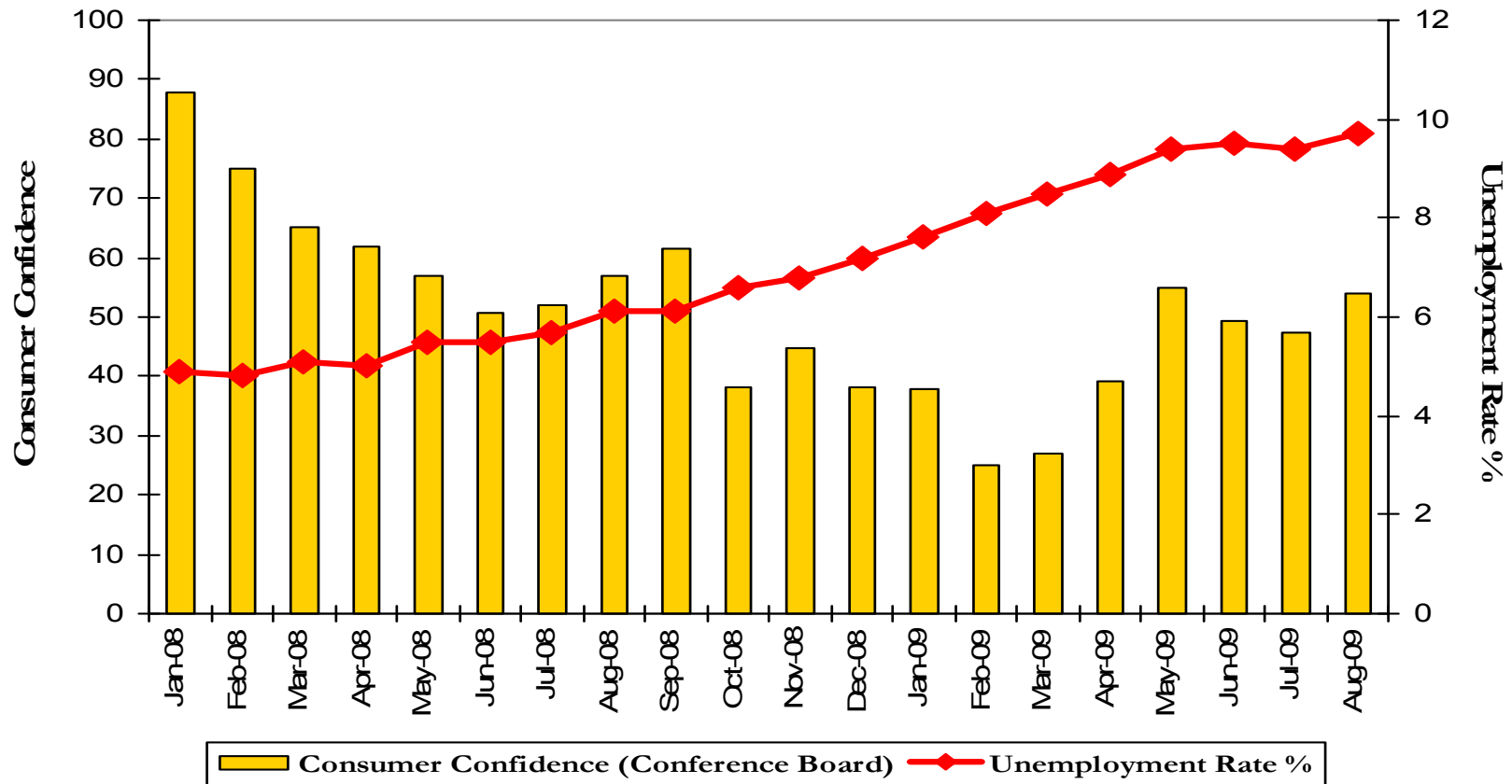
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Economic Insights

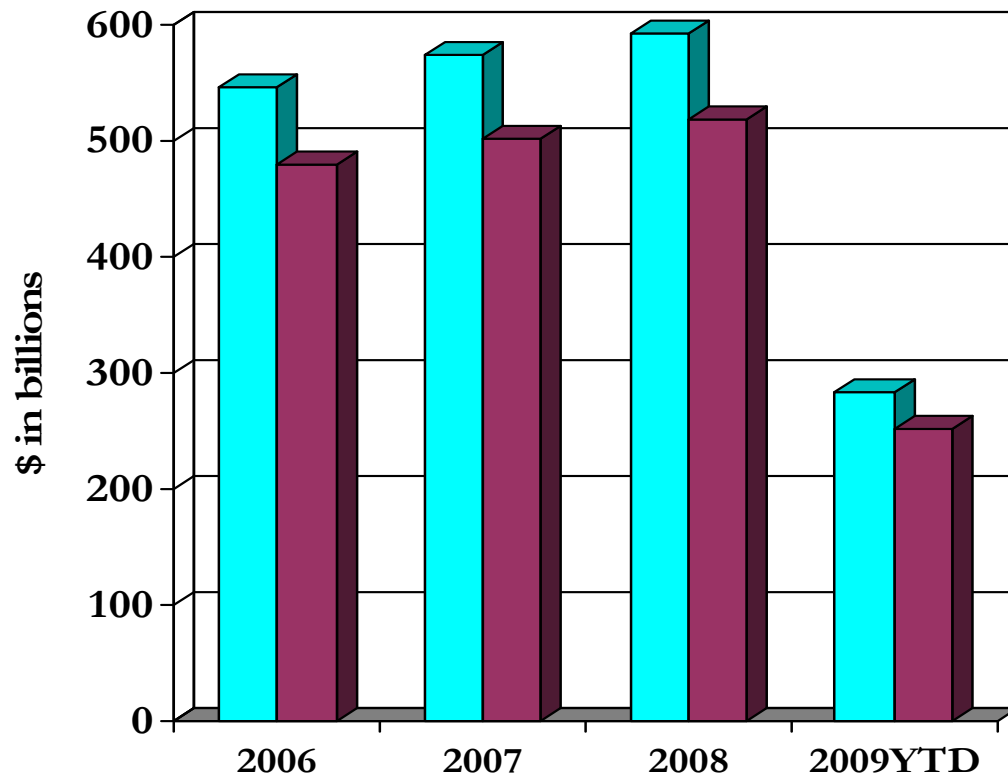
Consumer Confidence vs. Unemployment





Economic Insights

Food Sales Measured By The US Department Of Agriculture



■ Food At Home ■ Food Away From Home

- Food at home sales rose 3.3% to \$593.1 billion during 2008
 - Six months into 2009, food at home sales are down 0.6% to \$282.8 billion
- Food away from home sales rose 3.2% to \$518.1 billion during 2008
 - Six months into 2009, food away from home sales are down 2.5% to \$252.1 billion



Food Retail

Retailers' Responses To Current Economic Trends

- Heavier dose of promotional activity to drive foot traffic, balancing out smaller average tickets
 - With contained fuel prices, trip consolidation is not currently an issue
- Private label, private label, and more private label
 - Can help balance out lost margin on “deflated” categories such as dairy and produce
- Various expense savings programs
- Significantly reducing capital spending this year
- Improvements in working capital efficiency



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Recent Trends

- Consumer buying patterns continue to illustrate trading down
 - Supermarkets and their competitors have scrambled to boost private label coverage in their stores
 - More expensive items are falling victim to substitution





Food Retail

A Recent Price-Checking Experience

<u>Product, Packaging Size</u>	<u>Stop & Shop</u>	<u>A&P</u>	<u>Shop Rite**</u>
Diet Coke, 2 Liters	\$1.50	\$1.79	\$1.66
Pepperidge Farm Whole Wheat Bread, 1.5 lbs	\$3.99	\$3.99	\$3.99
Quaker Quakes, 3.5 oz.	\$2.19	\$1.50	\$1.00
Utz Baked Bitesize Tortilla Chips, 10.5 oz.	\$3.49	\$3.00	\$2.00
Nabisco Wheat Thins, 9 oz.	\$2.99	\$2.50	\$3.29
Ronzoni Ziti, 1 lb.	\$1.00	\$1.49	\$0.59
Cheerios, 8.9 oz.	\$2.50	\$3.79	\$3.00
Crest Extra Whitening + Tartar Control, 8 oz.	\$3.99	\$4.19	\$3.29
Pine Sol Lemon, 1.5 Qt.	\$3.59	\$3.99	\$3.69
Cascade Complete All-In-One, 20 packs*	\$7.29	\$3.99	\$5.39
Scott Toilet Paper, 12 Rolls w/ 1,000 sheets each	\$7.49	\$11.19	\$9.69
Total Bill For Hypothetical Basket	\$40.02	\$41.42	\$37.59

All prices were taken on September 7, 2009 from neighboring New Jersey-based stores and include loyalty card discounts.

**-Cascade price at Stop & Shop denotes a 26-pack but would still be highest price on a per roll basis.*

***-Shop Rite was owner-operated.*



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Conclusions From Our Pricing-Checking Exercise

- Our suspicions of Shop Rite offering the best value proposition were confirmed
- Stop & Shop's VIP has in fact had a meaningful impact, bringing its pricing more in line with that of the competition
 - Several price comparison stickers were seen throughout the store, showing shoppers how its pricing compared to A&P
- A&P's pricing was notably higher than both Shop Rite and Stop & Shop



Food Retail

Ranking Some Of The Key Players

	<u>GCS Analyst Rating</u>	<u>GCS Financial Score</u>	<u>GCS Outlook</u>
Weis Markets	B-	2.84	Stable
Ahold	C-	4.13	Negative
Kroger	D	4.72	Stable
Delhaize Group Le Lion	D	4.34	Stable
Winn Dixie	D	3.86	Stable
Stater Brothers	D-	5.07	Negative
Penn Traffic	E	5.91	Positive
Great Atlantic & Pacific Tea Co.	E-	5.83	Negative

Outlook likely to be adjusted to stable thanks to the new financing



Royal Ahold

Company Profile

- Currently rated as a moderate risk, 'C' credit with a negative outlook
 - The negative outlook simply indicates that Ahold is a borderline weak 'C' strong 'D' credit
- This € 28.0 billion grocer operates 2,893 stores worldwide
 - Its US store base of 713 locations is responsible for generating \$22.3 billion of annualized revenue, or approximately 60% of firm-wide sales depending upon exchange rates
- Has been a pure retailer since July 2007
- Tone of US retail operations has changed for the better



Royal Ahold

How US Operations Have Changed

- In 2001, Ahold acquired Bruno's and combined it with Bi-Lo (which it purchased in 1977)
 - In January 2005, Ahold sold the combined entity of roughly 455 stores (Bi-Lo had 287; Bruno's had 168) to Lone Star Funds for \$660 million
- Bruno's Supermarkets filed for Chapter 11 bankruptcy protection on February 5, 2009
 - A subsidiary of C&S Wholesale Grocers acquired a portion of the remaining chain while Hilco liquidated the rest
- Bi-Lo filed for Chapter 11 bankruptcy protection on March 23, 2009



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How US Operations Have Changed (cont.)

- After having purchased US Foodservice for \$3.6 billion in 2000, Ahold had to clean up the acquired operation following the 2003 accounting scandal when USF inflated promotional rebates from suppliers to hit its earnings targets
 - Ahold, as a result, had to restate \$800 million of earnings and spend \$1.1 billion to settle shareholder lawsuits
- Ahold sold this business to CD&R and KKR in July 2007 for \$7.1 billion
 - Much of this transaction's proceeds were used to return capital to its shareholders



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How US Operations Have Changed (cont.)

- Under former CEO Anders Moberg, who stepped down in mid-2007, it almost seemed as if Ahold was running from competition in the US
- Sold its Tops Markets operation for \$310 million to Morgan Stanley private equity in October 2007
- This made us wonder as to whether Ahold wanted to retreat back across the Atlantic
 - This comes in stark contrast to the confidence exuded by current CEO John Rishton on recent earnings calls



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Operating Companies Across U.S. and Europe





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Store Breakout By Banner & State

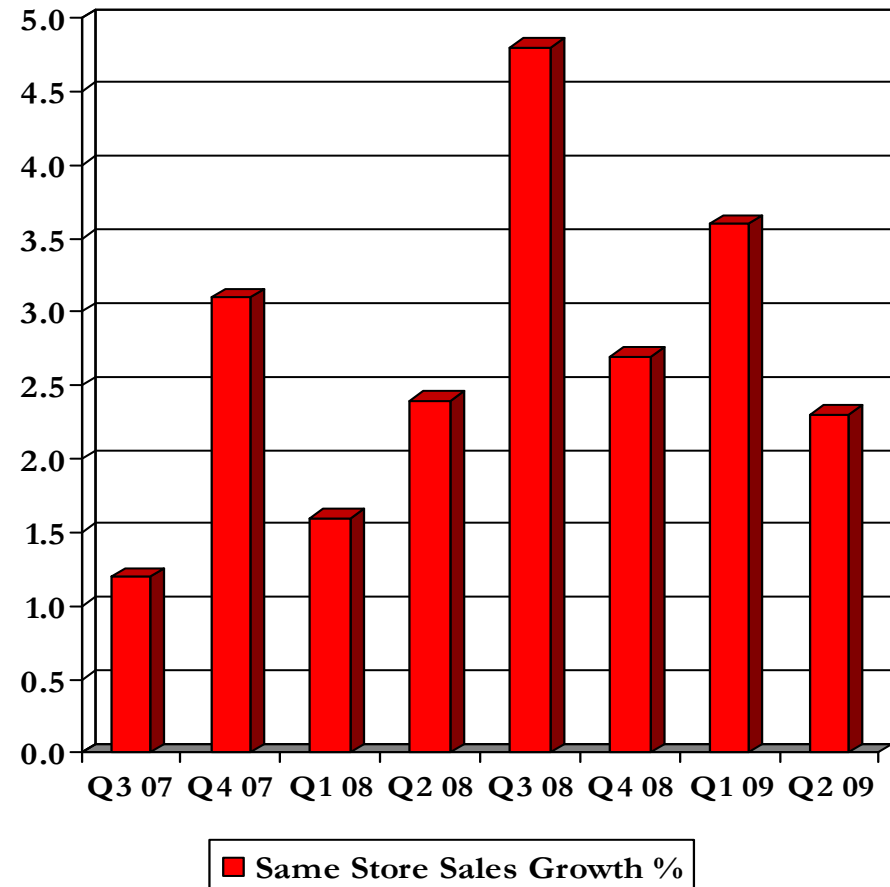
	<u>Stop & Shop</u>	<u>Giant Carlisle</u>	<u>Giant Landover</u>	<u>US Total</u>
Massachusetts	131	0	0	131
Pennsylvania	0	131	0	131
Connecticut	87	0	0	87
Maryland	0	7	102	109
New York	79	0	0	79
New Jersey	55	0	0	55
Virginia	0	8	65	73
Rhode Island	25	0	0	25
Delaware	0	0	6	6
Washington D.C.	0	0	7	7
New Hampshire	6	0	0	6
West Virginia	0	3	0	3
Maine	1	0	0	1
TOTAL as of 7/13/09	384	149	180	713



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Profiling the U.S. Businesses: Stop & Shop

- Established in 1914
- Joined Ahold in 1996
- Market presence: CT, MA, ME, NH, NJ, & NY
- 381 stores at fiscal 2008's end (up 5 year-over-year)
- Included in Stop & Shop/Giant-Landover Arena
- What's New?: Recently completed VIP & rebranded identity

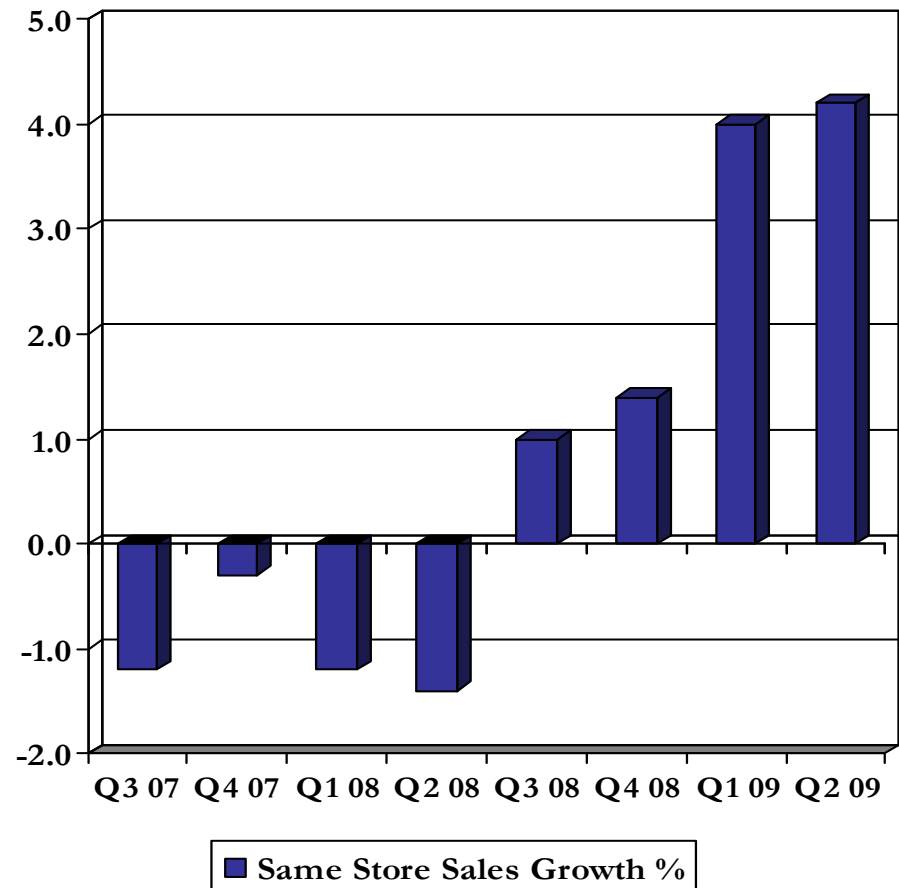




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Profiling the U.S. Businesses: Giant-Landover

- Established in 1936
- Joined Ahold in 1998
- Market presence: DE, MD, & Washington DC
- 182 stores at fiscal 2008's end (down 2 year-over-year)
- Included in Stop & Shop/Giant-Landover Arena
- What's New?: Recently completed VIP & rebranded identity

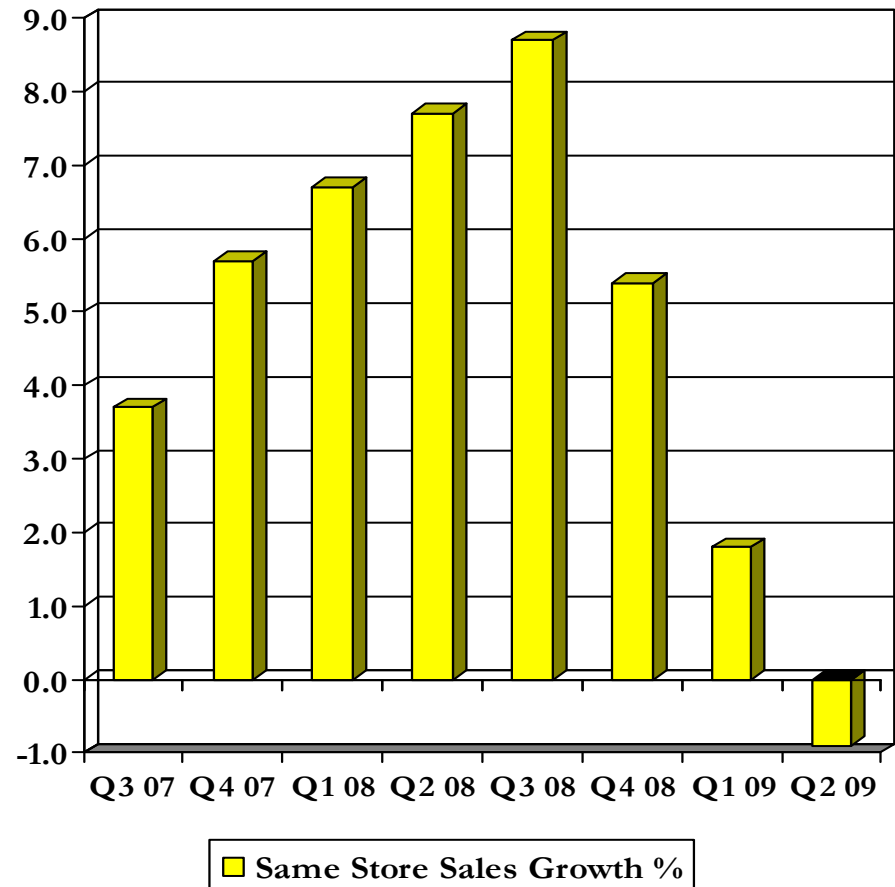




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Profiling the U.S. Businesses: Giant-Carlisle

- Established in 1923
- Joined Ahold in 1981
- Market presence: MD, PA, VA & WV
- 148 stores as of fiscal 2008's end (up 3 year-over-year)
- Giant-Carlisle Arena includes Giant Food Stores and Martins Food Markets





Royal Ahold

Market Share Rankings

<u>Philadelphia Market</u>				<u>Baltimore/Washington D.C. Market</u>			
<u>Rank</u>	<u>Firm</u>	<u>Mkt Share</u>	<u>Stores</u>	<u>Rank</u>	<u>Firm</u>	<u>Mkt Share</u>	<u>Stores</u>
#1	Ahold USA	16.5%	128	#1	Ahold USA	30.2%	191
#2	Supervalu	14.5%	152	#2	Safeway	14.7%	136
#3	Wal-Mart	12.9%	45	#3	Delhaize	9.6%	176
#4	A&P	7.4%	74	#4	Wal-Mart	8.3%	26
#5	Weis Markets	7.4%	121	#5	Supervalu	8.2%	82

** - data from The Neilson Company*



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Market Share Rankings (cont.)

<u>New York Market</u>				<u>Boston Market</u>			
<u>Rank</u>	<u>Firm</u>	<u>Mkt Share</u>	<u>Stores</u>	<u>Rank</u>	<u>Firm</u>	<u>Mkt Share</u>	<u>Stores</u>
#1	A&P	24.7%	300	#1	Ahold USA	24.1%	141
#2	Ahold USA	14.9%	132	#2	Supervalu	20.4%	174
#3	Wakefern	3.9%	31	#3	Delhaize	14.8%	112
#4	King Kullen	3.5%	54	#4	Demoula's	11.2%	58
#5	Saker	3.1%	20	#5	Wal-Mart	7.8%	30
<i>* - data from The Neilson Company</i>							



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Firmwide Operational Performance

<i>€ in millions, 28 weeks</i>	<u>7/12/2009</u>	<u>7/13/2008</u>	<u>YOY Var.</u>	<u>7/15/2007</u>
Net Sales	€ 15,084	€ 13,283	13.6%	€ 15,224
EBITDA *	€ 1,092	€ 912	19.7%	€ 1,022
Operating Profit	€ 691	€ 571	21.0%	€ 626
Net Income From Continuing Ops	€ 445	€ 398	11.8%	€ 352
Net Income	€ 391	€ 599	(34.7%)	€ 2,469
Average Value of USD	€ 0.7474	€ 0.6526		€ 0.7508
EBITDA Margin	7.24%	6.87%	37 bps	6.71%
Operating Margin	4.58%	4.30%	28 bps	4.11%
Interest Coverage	6.07x	4.93x	23.1%	3.77x

* - *excludes income from discontinued operations or income from JVs*



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Stop & Shop/Giant Landover Operational Performance

<i>\$ in millions (except EBITDA), 28 weeks</i>	<u>7/12/2009</u>	<u>7/13/2008</u>	<u>YOY Var.</u>
Net Sales	\$9,443	\$9,147	3.2%
EBITDA Contribution (€)	€ 547	€ 398	37.4%
Operating Profit	\$442	\$327	35.2%
Impairments	\$7	\$10	
Rent Adjustments	\$15	\$0	
Restructuring Charges	\$0	\$43	
Gains On Asset Sales	\$0	\$29	
Adjusted Operating Profit	\$464	\$351	32.2%
Adjusted Operating Margin	4.91%	3.84%	107 bps



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Giant Carlisle Operational Performance

<i>\$ in millions (except EBITDA), 28 weeks</i>	<u>7/12/2009</u>	<u>7/13/2008</u>	<u>YOY Var.</u>
Net Sales	\$2,575	\$2,531	1.7%
EBITDA Contribution (€)	€ 145	€ 126	15.1%
Operating Profit	\$119	\$123	(3.3%)
Impairments	\$0	\$0	
Rent Adjustments	\$0	\$0	
Restructuring Charges	\$0	\$8	
Gains On Asset Sales	\$0	\$	
<hr/>			
Adjusted Operating Profit	\$119	\$131	(9.2%)
Adjusted Operating Margin	4.62%	4.86%	(24 bps)



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Balance Sheet

<i>€ in millions</i>	<u>7/12/2009</u>	<u>7/13/2008</u>	<u>7/15/2007</u>
Property, Plant & Equipment	€ 5,495	€ 4,923	€ 5,701
Investment Property	€ 504	€ 412	€ 405
Intangible Assets	€ 616	€ 515	€ 587
Investments in JVs	€ 796	€ 845	€ 798
Other Non-Current Financial Assets	€ 584	€ 0	€ 0
Deferred Tax Assets	€ 387	€ 361	€ 451
Other Non-Current Assets	€ 27	€ 500	€ 376
Total Non-Current Assets	€ 8,409	€ 7,556	€ 8,318
Assets Held For Sale	€ 170	€ 175	€ 592
Inventories	€ 1,229	€ 1,091	€ 1,236
Receivables	€ 648	€ 650	€ 854
Other Current Financial Assets	€ 13	€ 0	€ 13
Income Taxes Receivable	€ 10	€ 0	€ 101
Other Current Assets	€ 144	€ 159	€ 127
Cash & Cash Equivalents	€ 2,642	€ 2,662	€ 7,040
Total Current Assets	€ 4,856	€ 4,737	€ 9,950
Total Assets	€ 13,265	€ 12,293	€ 18,268



Royal Ahold

Balance Sheet (cont.)

<i>€ in millions</i>	<u>7/12/2009</u>	<u>7/13/2008</u>	<u>7/15/2007</u>
Equity Attributable To Common Shareholders	€ 4,929	€ 4,077	€ 7,456
Minority Interests	€ 0	€ 0	€ 74
Group Equity	€ 4,929	€ 4,077	€ 7,530
Pensions & Other Post-Employment Benefits	€ 126	€ 11	€ 318
Deferred Tax Liabilities	€ 140	€ 45	€ 44
Provisions	€ 580	€ 412	€ 391
Loans	€ 2,157	€ 2,115	€ 2,908
Other Non-Current Financial Liabilities	€ 1,666	€ 1,602	€ 1,749
Other Non-Current Liabilities	€ 199	€ 157	€ 151
Total Non-Current Liabilities	€ 4,868	€ 4,442	€ 5,561
Provisions	€ 142	€ 174	€ 166
Income Taxes Payable	€ 139	€ 86	€ 71
Accounts Payable	€ 2,060	€ 2,021	€ 2,005
Other Current Financial Liabilities	€ 202	€ 643	€ 1,631
Other Current Liabilities	€ 925	€ 850	€ 964
Total Current Liabilities	€ 3,468	€ 3,774	€ 5,177
Total Assets	€ 13,265	€ 12,293	€ 18,268



Royal Ahold

Balance Sheet Metrics

* - denotes \$ in millions

	<u>7/12/09</u>	<u>7/13/08</u>	<u>7/15/07</u>	<u>7/17/06</u>	<u>7/17/05</u>
Current Ratio	1.40	1.26	1.92	1.18	1.43
Quick Ratio	0.96	0.88	1.54	0.73	0.93
GAAP Working Capital	€ 1,388	€ 963	€ 4,773	€ 938	€ 2,411
Average Monthly Expenses	€ 570	€ 487	€ 525	€ 568	€ 897
W/C Monthly Expense Coverage (# mos.)	2.44	1.98	9.09	1.65	2.69
Total Debt	€ 4,025	€ 4,186	€ 6,288	€ 7,037	€ 8,968
Debt-To-Capitalization	0.45	0.51	0.46	0.60	0.65
Tangible Net Worth	€ 4,313	€ 3,562	€ 6,869	€ 2,163	€ 2,012



Royal Ahold

Credit Facility Details

- Ahold's € 1.2 billion multi-currency credit facility matures in August 2012 but can be extended August 2014
 - We estimate availability to have been little changed since fiscal 2008's end, at which point it was € 906 million
 - At that juncture, there were no direct borrowings and only € 294 million of letters of credit outstanding against the line
- Ahold remains in compliance with its primary covenant that states that its maximum leverage ratio cannot exceed 4.28 to 1
- To begin fiscal 2009, the grocer also had access to € 233 million of additional lines on which only € 3 million was outstanding



Royal Ahold

Upcoming Capital Requirements

<i>€ in millions</i>	<u>Notes</u>	<u>12/28/2008</u>	<u>12/30/2007</u>
EUR 1,500 notes 5.875% due May 2008	PAID	€ 0	€ 952
EUR 600 notes 5.875% due March 2012		€ 407	€ 407
USD 500 notes 6.25% due May 2009	PAID	€ 356	€ 340
USD 700 notes 8.25% due July 2010	PAID € 134	€ 491	€ 476
USD 94 indebtedness 7.82% due January 2020		€ 59	€ 63
USD 71 indebtedness 8.62% due January 2025		€ 51	€ 48
USD 500 notes 6.875% due May 2029		€ 356	€ 340
GBP 500 notes 6.50% due March 2017		€ 231	€ 307
JPY 33,000 notes LIBOR + 1.5% due May 2031		€ 259	€ 199
Deferred financing costs		(€ 6)	(€ 7)
Total Notes		€ 2,204	€ 3,125
Total other loans	PAID	€ 1	€ 202
Financing obligations		€ 413	€ 394
Mortgage payables		€ 14	€ 15
Total Loans		€ 2,632	€ 3,736



Royal Ahold

Final Thoughts

- Ever since its divestiture of US Foodservice, liquidity has been one of Ahold's strong suits
 - We do not see this changing in the near-term future
- The Value Improvement Program (VIP) was not simply “lip-service”; it has actually improved the firm's pricing image
- Margin improvements are evident in the P&L statement



The Great Atlantic & Pacific Tea Company

Company Profile

- Currently rated as a high risk, 'E' credit with a negative outlook
 - Newfound liquidity this summer should result in Global Credit raising its outlook to stable
- This \$9.4 billion supermarket chain operates 436 stores in the northeastern U.S.
- Several transactions have led to this point, the most recent of which was the December 3, 2007 purchase of Pathmark



The Great Atlantic & Pacific Tea Company

Transactions That Brought A&P To Where It Is Today

- Sold off A&P Canada to Metro Inc. in August 2005
- During fiscal 2008, the firm sold off 45 Farmer Jack stores in Michigan and closed the remaining 21 units, and sold 21 Sav-A-Center stores in Louisiana
 - Kroger acquired 20 Farmer Jacks in July 2007; Rouse Supermarkets purchased 19 Sav-A-Centers in September 2007
- Sold off remaining equity stake in Metro Inc. during November 2007 to help fund the ensuing Pathmark transaction
- Acquired the 141-store Pathmark chain in December 2007 for approximately \$1.3 billion



The Great Atlantic & Pacific Tea Company

State-By-State Store Breakout

	<u>2/24/2007</u>	<u>2/23/2008</u>	<u>2/28/2009</u>	<u>YOY Change</u>
New York	128	175	172	(3)
New Jersey	92	154	154	0
Michigan	66	0	0	0
Pennsylvania	31	47	43	(4)
Maryland	30	29	27	(2)
Connecticut	26	25	24	(1)
Louisiana	21	0	0	0
Delaware	9	12	12	0
Mississippi	2	0	0	0
Massachusetts	0	2	1	(1)
Washington D.C.	1	2	2	0
Virginia	0	1	1	0
TOTAL	406	447	436	(11)



The Great Atlantic & Pacific Tea Company

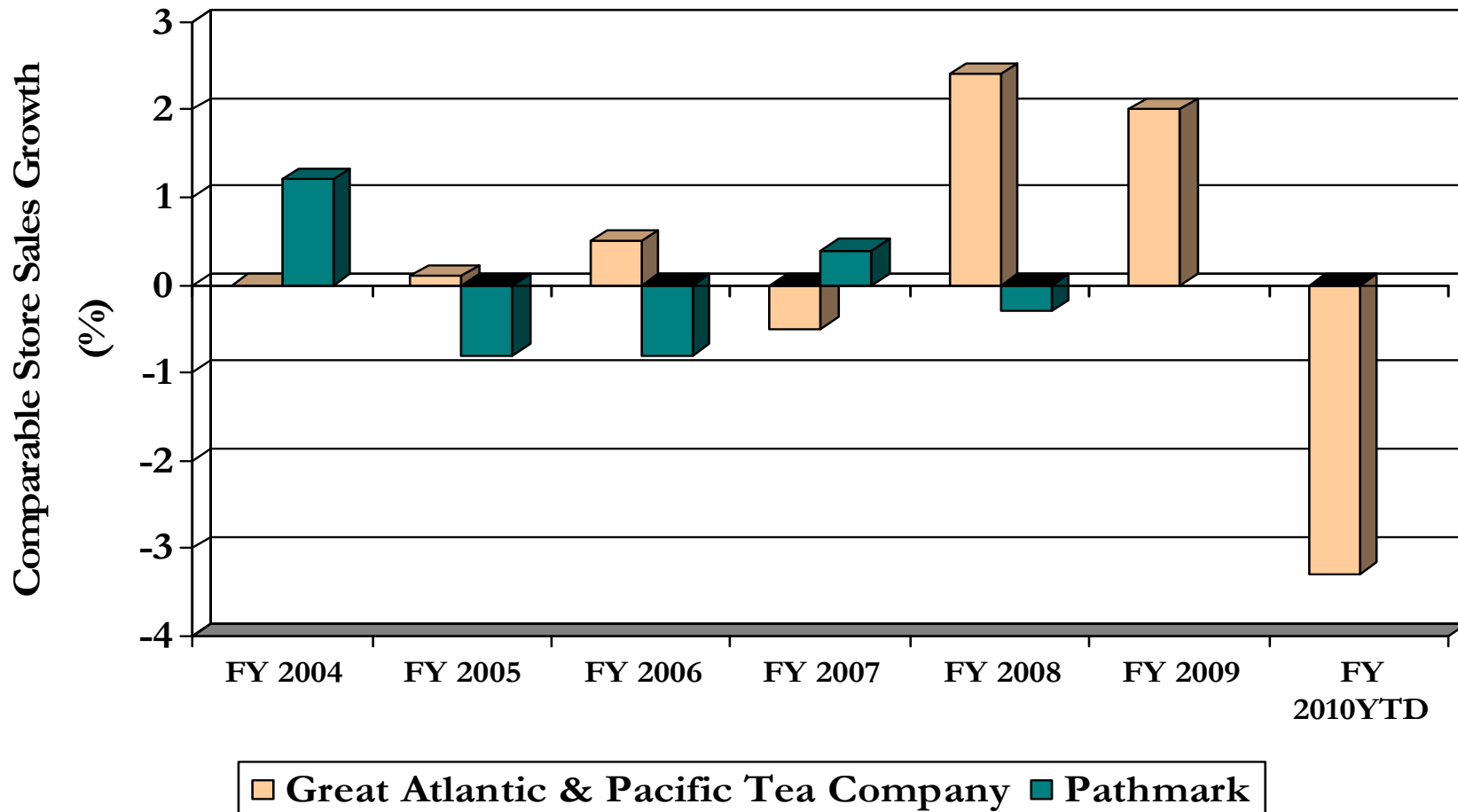
Market Share Rankings

<u>New York Market</u>				<u>Philadelphia Market</u>			
<u>Rank</u>	<u>Firm</u>	<u>Mkt Share</u>	<u>Stores</u>	<u>Rank</u>	<u>Firm</u>	<u>Mkt Share</u>	<u>Stores</u>
#1	A&P	24.7%	300	#1	Ahold USA	16.5%	128
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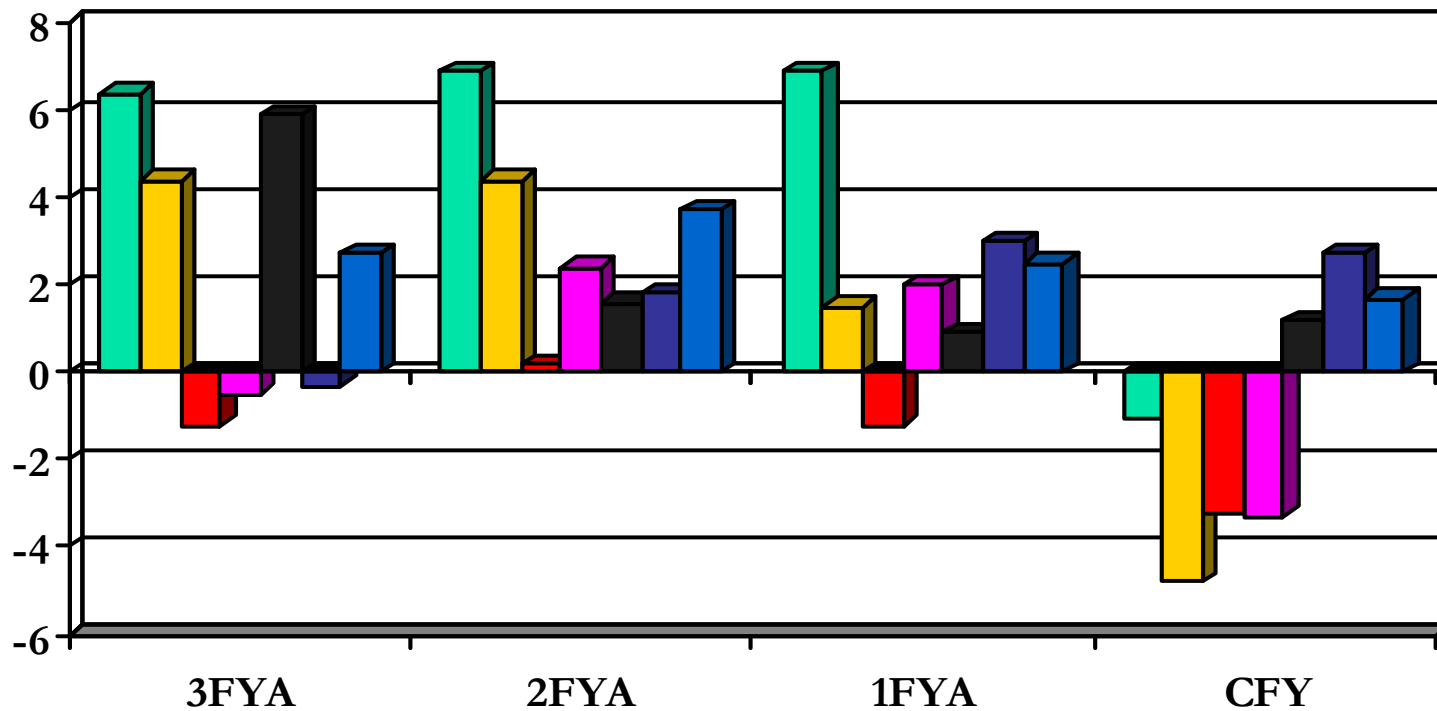
Comparable Store Sales Could Use A Lift





The Great Atlantic & Pacific Tea Company

How Firm's Comps Stack Up Against The Industry





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Operational Performance

<i>\$ in millions, 16 weeks</i>	<u>6/20/2009</u>	<u>6/14/2008</u>	<u>YOY Var.</u>	<u>6/16/2007</u>
Net Sales	\$2,790	\$2,923	(4.6%)	\$1,679
Adjusted EBITDA	\$80	\$96	(16.7%)	\$39
Adjusted Operating Profit	\$2	\$16	(87.5%)	(\$3)
Net Income From Continuing Ops	(\$58)	\$3	N/A	\$61.4
Net Income	(\$65)	\$1	N/A	(\$65.1)
Adjusted EBITDA Margin	2.87%	3.28%	(41 bps)	2.32%
Adjusted Operating Margin	0.07%	0.55%	(48 bps)	(0.15%)
Interest Coverage	1.48x	2.08x	(28.9%)	1.97x

* - Q1 2010 included \$6.9 million of losses from discontinued operations; Q1 2009 included \$1.6 million of losses from discontinued operations; Q1 2008 included a \$78.4 million gain on the sale of Metro Inc. stock and \$126.5 million of losses from discontinued operations



The Great Atlantic & Pacific Tea Company

Recent Developments

- In July 2009, management disclosed that it was not satisfied with its performance, but called it “respectable”
 - Cited that Pathmark continues to be a challenge, as this Price Impact format caters to a “more economically stressed consumer”
 - Reported that the Fresh segment is doing well



The Great Atlantic & Pacific Tea Company

Recent Developments (cont.)

- Private label penetration running at approximately 18%
- Business optimization programs underway that could boost the firm's 2nd half results
 - Supply & logistics
 - Store operating costs
 - Format optimization based upon demographics
- Refinancing risk was significantly reduced



The Great Atlantic & Pacific Tea Company

Balance Sheet

<i>\$ in millions</i>	<u>6/20/2009</u>	<u>6/14/2008</u>	<u>6/16/2007</u>
Cash & Equivalents	\$119	\$129	\$94
Restricted Cash & Securities	\$4	\$11	\$194
Accounts Receivable	\$177	\$177	\$89
Inventories	\$469	\$523	\$315
Prepaid Expenses & Other Current Assets	\$71	\$99	\$252
Total Current Assets	\$841	\$938	\$944
Property, Net	\$1,675	\$1,862	\$786
Goodwill	\$484	\$448	\$0
Intangible Assets, Net	\$222	\$231	\$0
Other Assets	\$191	\$249	\$578
Total Long-Term Assets	\$2,571	\$2,790	\$1,364
Total Assets	\$3,412	\$3,728	\$2,308



The Great Atlantic & Pacific Tea Company

Balance Sheet (cont.)

<i>\$ in millions</i>	<u>6/20/2009</u>	<u>6/14/2008</u>	<u>6/16/2007</u>
Current Long-Term Debt & Capital Leases	\$18	\$29	\$2
Current Portion – Other Liabilities	\$0	\$0	\$0
Accounts Payable	\$225	\$269	\$181
Book Overdrafts	\$57	\$54	\$33
Accrued Liabilities	\$414	\$437	\$297
Total Current Liabilities	\$715	\$789	\$514
Long-Term Debt & Capital Leases	\$1,040	\$998	\$284
Long-Term Real Estate Liabilities	\$333	\$346	\$303
Deferred Real Estate Income	\$91	\$80	\$0
Other Long-Term Liabilities	\$1,005	\$1,070	\$648
Long-Term Liabilities	\$2,469	\$2,494	\$1,234
Total Liabilities	\$3,184	\$3,283	\$1,748
Shareholders' Equity	\$229	\$445	\$560
Total Assets	\$3,412	\$3,728	\$2,308



The Great Atlantic & Pacific Tea Company

Balance Sheet Metrics

<i>\$ in millions</i>	<u>6/20/09</u>	<u>6/14/08</u>	<u>6/16/07</u>	<u>6/17/06</u>	<u>6/18/05</u>
Current Ratio	1.18	1.19	1.84	1.51	1.39
Quick Ratio	0.42	0.40	0.36	0.56	0.22
GAAP Working Capital	\$126	\$149	\$431	\$296	\$484
Average Monthly Expenses	\$282	\$294	\$177	\$172	\$326
W/C Expense Coverage (# mos.)	0.45	0.51	2.44	1.72	1.49
Total Debt	\$1,122	\$1,193	\$319	\$394	\$737
Debt-To-Capitalization	0.83	0.73	0.36	0.51	0.83
Tangible Net Worth	(\$476)	(\$234)	\$560	\$386	\$155



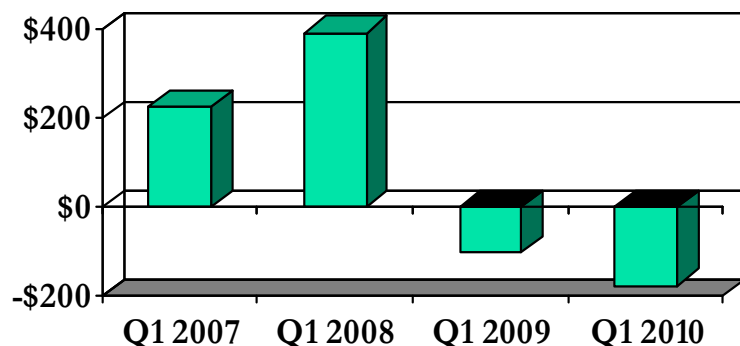
The Great Atlantic & Pacific Tea Company

Adjusted Working Capital

<i>\$ in millions</i>	<u>Q1 07</u>	<u>Q1 08</u>	<u>Q1 09</u>	<u>Q1 10</u>
GAAP W/C	\$296	\$431	\$149	\$126
Less: Revolver Borrowings	\$71	\$40	\$133	\$169
Less: Term Loan Borrowings	<u>\$0</u>	<u>\$0</u>	<u>\$118</u>	<u>\$133</u>
Adjusted W/C	\$225	\$391	(\$102)	(\$176)

- Working capital can indicate short-term financial health and operational efficiency
 - Ability to pay short-term obligations
 - Pace of collections & inventory movement
- We prefer to adjust working capital for bank debt and C/P, which are not true forms of debt capital and we conservatively believe should be in current liabilities
 - Additional adjustments can include prepaid expenses & other current assets

Adjusted Working Capital





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The Implications Of Negative Working Capital

- With respect to supermarkets, negative working capital does not necessarily imply a “doomsday” scenario
- Relative to other retailers, supermarkets generally have tighter cash conversion cycles
 - That permits them to operate with negative working capital



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Composition of Leverage

<i>\$ in millions</i>		<u>6/20/09</u>	<u>2/28/09</u>	<u>2/23/08</u>	<u>2/24/07</u>
Line of Credit	Outlook should be raised to stable because of this event	\$3.9	\$5.0	\$11.6	\$0.0
Credit Agreement Borrowings		\$301.8	\$331.8	\$169.9	\$70.0
Related Party Promissory Note due August 2011		\$10.0	\$10.0	\$0.0	\$0.0
7.75% Notes due April 2007		\$0.0	\$0.0	\$0.0	\$31.9
9.125% Senior Notes due December 2011		\$12.8	\$12.8	\$12.8	\$12.8
5.125% Convertible Senior Notes due June 2011		\$150.1	\$147.7	\$140.1	\$0.0
6.75% Convertible Notes due December 2012		\$217.6	\$238.2	\$233.8	\$0.0
9.375% Notes due August 2039		\$200.0	\$200.0	\$200.0	\$200.0
Other		\$2.2	\$2.3	\$2.5	\$0.0
Total Debt (excluding capitalized leases)		\$898.4	\$947.8	\$770.8	\$316.3

* - In August 2009, the firm raised \$435 million of new capital, including \$175 million from a 8.0% cumulative convertible preferred stock issuance to Yucaipa and Tengemann and \$260 million from an 11.375% senior secured notes offering due in 2015. Some of the proceeds were used to pay down a portion of revolver borrowings.



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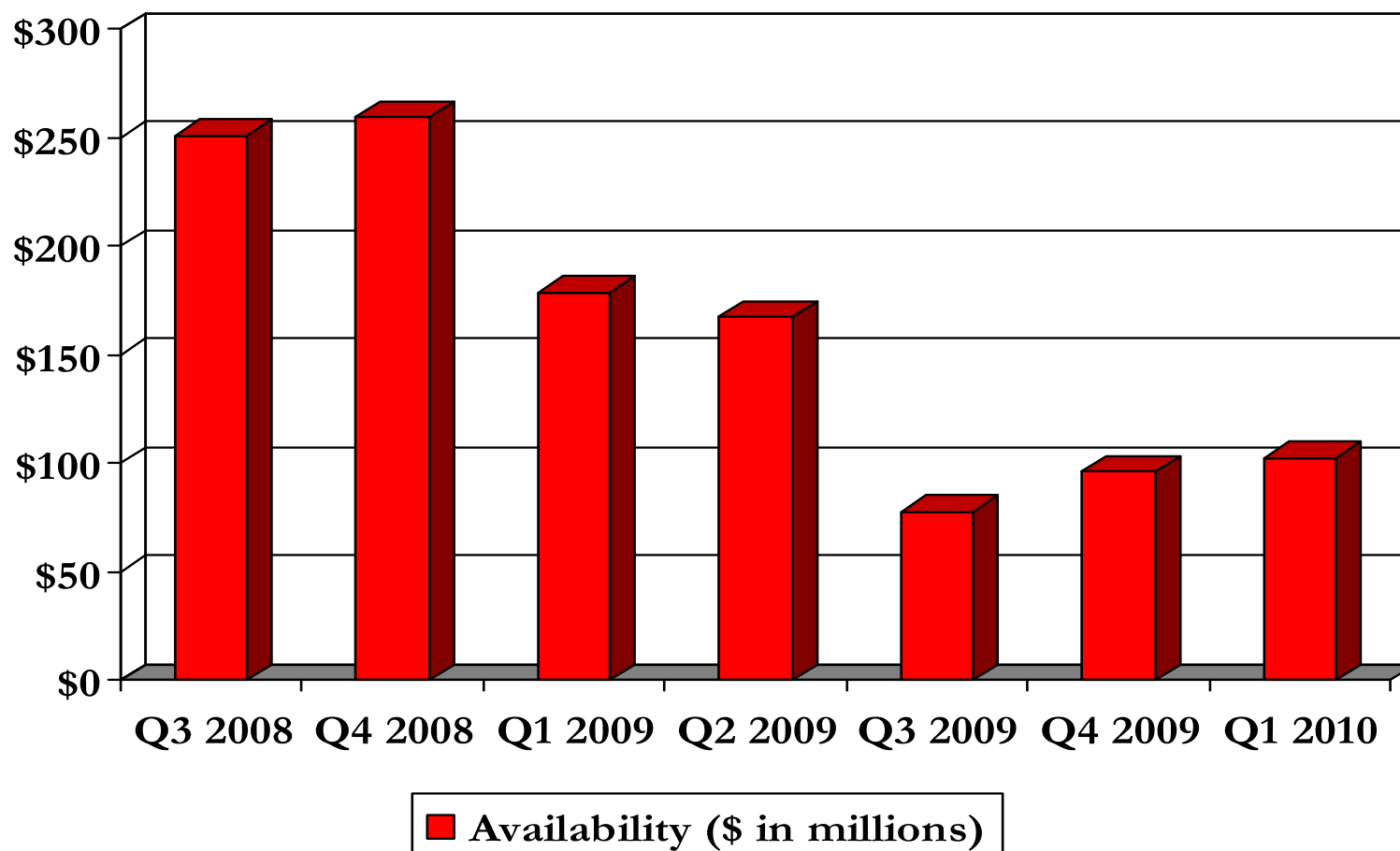
Bank Agreement Details

- Inked with Bank of America, the firm has a \$675 million credit agreement, currently comprised of:
 - A \$542.1 million revolver, which as of mid-June 2009, had direct borrowings of \$168.9 million and outstanding letters of credit of \$201.0 million
 - A fully-drawn \$82.9 million term loan
 - A fully-drawn \$50.0 million term loan
- Outside of generally customary covenants, if firm's availability falls below \$25 million and cash on hand falls below \$50 million, the firm must be able to meet a minimum EBITDA covenant to enable additional borrowings
 - If not, bank can declare facility borrowings as immediately due



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Credit Agreement Availability Since Pathmark Deal





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Final Thoughts

- August 2009 infusion provides a much welcomed liquidity boost
- Pricing strategies are yielding questionable results
 - Could Pathmark loyalists be departing for more economical pastures?
 - Higher-end A&P locations, particularly the Super Fresh remodels, look aesthetically impressive but are relatively expensive
- We've yet to be dazzled by the firm's operational performance
- There are no more excuses left to be used



Administrative Items

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Administrative Items

Upcoming GCS Webinars

- Tuesday, September 22nd: Saks & Neiman Marcus
 - Presented by: Michael Sabella
- Thursday, September 24th: Claire's Stores & Zale Corp.
 - Presented by: George Romey
- Tuesday, October 6th: Duckwall Alco, SKO Group Holdings, and Pamida Holdings
 - Presented by: Tom Gray