

The Great Atlantic & Pacific Tea Company, Inc.
Schedule 1 - GAAP Earnings for the 12 and 40 weeks ended December 4, 2004 and November 29, 2003
(Unaudited)

(In thousands, except share amounts and store data)

| | 12 Weeks Ended | | 40 Weeks Ended | |
|--|-----------------------------------|--------------------|-----------------------------------|--------------------|
| | December 4, 2004 | November 29, 2003 | December 4, 2004 | November 29, 2003 |
| | <i>As Restated ⁽¹⁾</i> | | <i>As Restated ⁽¹⁾</i> | |
| Sales ⁽¹⁾ | \$ 2,523,759 | \$ 2,484,612 | \$ 8,294,617 | \$ 8,177,893 |
| Cost of merchandise sold | (1,827,221) | (1,795,687) | (5,982,570) | (5,874,725) |
| Gross margin | 696,538 | 688,925 | 2,312,047 | 2,303,168 |
| Store operating, general and administrative expense ⁽²⁾ | (748,447) | (771,367) | (2,417,084) | (2,416,262) |
| Loss from operations | (51,909) | (82,442) | (105,037) | (113,094) |
| Interest expense | (19,218) | (18,383) | (68,146) | (61,212) |
| Interest income | 485 | 80 | 2,094 | 1,434 |
| Minority interest in earnings of consolidated franchisees | 2,815 | (205) | 1,097 | (33) |
| Loss from continuing operations before income taxes | (67,827) | (100,950) | (169,992) | (172,905) |
| (Provision for) benefit from income taxes | (4,924) | 28,127 | (8,768) | 22,360 |
| Loss from continuing operations | (72,751) | (72,823) | (178,760) | (150,545) |
| Discontinued operations: ⁽³⁾ | | | | |
| Income (loss) from operations of discontinued businesses, net of tax | 110 | (1,102) | (929) | (31,064) |
| (Loss) gain on disposal of discontinued operations, net of tax | (2,702) | 48,658 | (2,702) | 92,647 |
| (Loss) income from discontinued operations | (2,592) | 47,556 | (3,631) | 61,583 |
| Cumulative effect of change in accounting principle - FIN46R, net of tax | - | - | - | (8,047) |
| Net loss | <u>\$ (75,343)</u> | <u>\$ (25,267)</u> | <u>\$ (182,391)</u> | <u>\$ (97,009)</u> |
| Net (loss) income per share - basic and diluted: | | | | |
| Continuing operations | \$ (1.89) | \$ (1.89) | \$ (4.64) | \$ (3.90) |
| Discontinued operations | (0.07) | 1.23 | (0.10) | 1.60 |
| Cumulative effect of change in accounting principle - FIN46R | - | - | - | (0.21) |
| Net loss per share - basic and diluted | <u>\$ (1.96)</u> | <u>\$ (0.66)</u> | <u>\$ (4.74)</u> | <u>\$ (2.51)</u> |
| Weighted average common shares outstanding - basic | <u>38,553,356</u> | <u>38,517,218</u> | <u>38,530,519</u> | <u>38,516,489</u> |
| Weighted average common shares outstanding - diluted | <u>38,553,356</u> | <u>38,517,218</u> | <u>38,530,519</u> | <u>38,516,489</u> |
| Gross margin rate | 27.60% | 27.73% | 27.87% | 28.16% |
| Store operating, general and administrative expense rate | 29.66% | 31.05% | 29.14% | 29.55% |
| Depreciation and amortization | <u>\$ 62,854</u> | <u>\$ 64,622</u> | <u>\$ 206,373</u> | <u>\$ 213,402</u> |
| <i>Reconciliation of GAAP cash flow measure to EBITDA:</i> | | | | |
| Net cash provided by operating activities | \$ (67,439) | \$ (36,325) | \$ (15,500) | \$ (16,013) |
| Net interest expense | 18,733 | 18,303 | 66,052 | 59,778 |
| Deferred income taxes | (2,667) | (3,068) | (431) | (7,729) |
| Long lived asset / goodwill impairment charge | (34,688) | (60,082) | (34,688) | (60,082) |
| <u>Working capital changes</u> | | | | |
| Accounts receivable | (8,157) | (23,572) | (39,527) | (15,469) |
| Inventories | 69,519 | 47,267 | 98,337 | 31,944 |
| Prepaid expenses and other current assets | 2,876 | (2,207) | 26,523 | 29,571 |
| Accounts payable | (31,472) | 8,824 | (79,389) | (9,144) |
| Accrued salaries, wages, benefits and taxes | 17,282 | 19,731 | 19,257 | (5,263) |
| Other accruals | 33,004 | 6,655 | 25,835 | (2,114) |
| Other assets | 10,809 | (1,709) | 22,666 | (8,879) |
| Other non-current liabilities | 1,839 | (423) | 8,353 | 21,297 |
| Other, net | 1,306 | 8,786 | 3,848 | 82,411 |
| EBITDA | <u>\$ 10,945</u> | <u>\$ (17,820)</u> | <u>\$ 101,336</u> | <u>\$ 100,308</u> |
| Number of stores operated at end of quarter | <u>650</u> | <u>645</u> | <u>650</u> | <u>645</u> |
| Number of franchised stores served at end of quarter | <u>42</u> | <u>63</u> | <u>42</u> | <u>63</u> |

(1) Included in sales for the 12 and 40 weeks ended December 4, 2004 were franchisee sales of \$203.5 million and \$720.3 million, respectively, compared to \$216.0 million and \$714.7 million, for the 12 and 40 weeks ended November 29, 2003, respectively.

(2) During the 12 and 40 weeks ended December 4, 2004, and November 29, 2003, the Company recorded \$34.7 million and \$60.1 million, respectively, in impairment charges relating to the Midwest's long lived assets and goodwill. These amounts were determined through internal analysis and an external valuation performed by an independent third party appraiser, primarily using the discounted cash flow approach.

(3) In February and March 2003, the Company decided to sell its operations located in Northern New England, Madison and Milwaukee, Wisconsin as well as its Eight O'Clock Coffee business. In April 2003, the Company completed the sale of its stores in Northern New England and Madison, Wisconsin, generating proceeds of \$137.6 million and resulting in a gain of \$75.8 million (\$44.0 million after tax). In November 2003, the Company completed the sale of its Eight O'Clock Coffee business, generating proceeds of \$107.5 million and resulting in a gain of \$75.1 million (\$43.6 million after tax). In addition, during the third quarter of fiscal 2003, the Company sold several of the previously closed Kohl's stores, generating proceeds of \$10.4 million and a gain of \$6.4 million (\$3.7 million after tax).

(4) Prior year results have been restated for (i.) revised Financial Accounting Standards Board Interpretation No. 46, "Consolidation of Variable Interest Entities - an interpretation of Accounting Research Bulletin No. 51," which relates to variable interest entities and, as a result of the adoption of this standard, the Company has now consolidated the financial results of its franchisees in Canada; (ii.) EITF Issue 03-10, "Application of EITF Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor, by Resellers to Sales Incentives Offered to Consumers by Manufacturers," which relates to the accounting for vendor supported promotions that requires a reclassification between sales and cost of goods sold, but has no impact on net loss; and (iii.) a change from LIFO to FIFO accounting for certain inventories so that all inventory accounting in the Company is on a FIFO basis.

The Great Atlantic & Pacific Tea Company, Inc.
Schedule 2 - Condensed Balance Sheet Data
(Unaudited)
(In millions, except per share and store data)

| | <u>December 4, 2004</u> | <i>As Restated</i> <u>February 28, 2004</u> |
|--|--|---|
| Cash and short-term investments | \$177 | \$297 |
| Other current assets | 1,013 | 900 |
| Total current assets | 1,190 | 1,197 |
| Property-net | 1,429 | 1,472 |
| Other assets | 129 | 115 |
| Total assets | <u>\$2,748</u> | <u>\$2,784</u> |
| Total current liabilities | \$1,180 | \$1,083 |
| Total non-current liabilities | 1,316 | 1,308 |
| Stockholders' equity | 252 | 393 |
| Total liabilities and stockholders' equity | <u>\$2,748</u> | <u>\$2,784</u> |
| <u>Other Statistical Data</u> | | |
| Total Debt and Capital Leases | \$923 | \$916 |
| Temporary Investments | 27 | 158 |
| Net Debt | \$896 | \$758 |
| Total Retail Square Footage (in thousands) | 25,648 | 24,724 |
| Book Value Per Share | \$6.53 | \$10.20 |
| | <u>For the 40 weeks ended December 4, 2004</u> | <u>For the 40 weeks ended November 29, 2003</u> |
| Capital Expenditures | \$150 | \$109 |