



***1st Quarter Fiscal Year 2005
Conference Call
July 22, 2005***

1st Quarter and Year Fiscal 2005 Financial Review



This presentation may contain forward-looking statements about the future performance of the Company, which are based on Management's assumptions and beliefs in light of the information currently available to it. The Company assumes no obligation to update the information contained herein. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements including, but not limited to: competitive practices and pricing in the food industry generally and particularly in the Company's principal markets; the Company's relationships with its employees and the terms of future collective bargaining agreements; the costs and other effects of legal and administrative cases and proceedings; the nature and extent of continued consolidation in the food industry; changes in the financial markets which may affect the Company's cost of capital and the ability of the Company to access capital; supply or quality control problems with the Company's vendors; and changes in economic conditions which affect the buying patterns of the Company's customers.

Overview of Q1 Accomplishments



- Improved 1st Quarter results in both the US and Canada
- Highest quarterly EBITDA in 3 years and 4th consecutive quarter of year over year EBITDA improvement
- Successful roll-out of 19 new Fresh Store conversions
- Transfer of distribution business to C&S
- Delivered SG&A reductions
- Closed and disposed 30+ Midwest locations
- Favorable results in our real estate activities
- Announced transaction to unlock value of A&P Canada



- Announced transaction to unlock the value of A&P Canada
- Midwest divestiture remains on track
- Accelerated roll out of Fresh Conversions
- Achieved certain cost reduction opportunities and continue to pursue more
- Expect to align organization to fit the New A&P

EBITDA Results⁽¹⁾ - \$MM



	<u>1Q2005</u>	<u>1Q2004</u>
Reported EBITDA (Schedule 1 of Press Release)	<u>\$ 33</u>	<u>\$ 80</u>
Restructuring including sale of distribution operations	50	1
Midwest store exit costs	15	-
Canadian \$ Hedge Agreement	3	-
Total Non-operating items	<u>68</u>	<u>1</u>
Subtotal	<u>\$101</u>	<u>\$81</u>
Impact of FIN 46	<u>(4)</u>	<u>(8)</u>
Adjusted EBITDA	<u><u>\$ 97</u></u>	<u><u>\$ 73</u></u>
<i>Year over Year Increase</i>		<i>+ 33%</i>

Operating Results - \$MM



	<u>1Q2005</u>	<u>1Q2004</u>	<u>4Q2004</u>
Net Sales	\$3,384	\$3,280	\$2,560
<i>Total Comps</i>	-0.3%	+1.0%	+0.0%
<i>US</i>	-0.3%	+0.5%	-0.5%
<i>Canada</i>	-0.2%	+2.7%	+1.2%
Gross Margin %	27.76%	28.05%	28.48%
SG&A % ⁽¹⁾	27.22%	28.05%	28.00%

(1) Results shown are adjusted for items considered to be of a non-operating nature, including restructuring costs related to the outsourcing of supply & logistics, Midwest exit costs and costs of Canadian dollar hedging agreement. For purposes of this calculation, SG&A costs as reported for 2005 have been increased by approx \$10 million for Canadian depreciation expense that has not charged for GAAP purposes as assets are classified as held for sale.

Proforma Net Debt (US\$ Millions) - June 2005



	Actual June 2005 (1)	Proceeds - Sale Canada	Pro Forma June 2005
2007s	\$ 201		\$ 201
2011s	214		214
2039s	200		200
Cap Leases	68	(31)	37
Other Misc	6		6
Real Estate Liabilities	330	(53)	277
Invested Cash	(74)	(982)	(1,056)
NET DEBT	\$ 945	\$ (1,066)	\$ (121)
Investment in METRO Inc.		\$ (409)	\$ (409)
NET		\$ (1,475)	\$ (530)

Note 1 - This schedule includes Canadian Capital Lease Obligations and Real Estate Liabilities that are included in the caption "Liabilities Held for Sale" on Quarter end Balance Sheet

The New A&P⁽¹⁾ - \$MM



	Quarterly Sales			LTM Sales
	Q1 - 05	Q1 - 04	Vari	Q1 - 05
				Current Yr
New A&P	\$ 1,784	\$ 1,761	1.3%	\$ 5,804
Canada	1,154	1,051	9.8%	3,434
MidWest	446	469	-4.9%	1,561
Total	<u>\$ 3,384</u>	<u>\$ 3,280</u>	3.2%	<u>\$ 10,800</u>

	Quarterly EBITDA (2)			LTM EBITDA (2)
	Q1 - 05	Q1 - 04	Vari	Q1 -05
				Current Yr
New A&P	\$ 47	\$ 42	11.7%	\$ 134
Canada	53	36	46.4%	164
MidWest	(3)	(5)	50.1%	(17)
Total	<u>\$ 97</u>	<u>\$ 73</u>	33.5%	<u>\$ 281</u>

(1) 53 Week Fiscal Period

2) Excluding FIN 46R and items considered to be of a non-operating nature. Canadian and Midwest U.S. results exclude allocated administrative charges that the Company believes may continue after the divestitures.



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