

A&P has filed for bankruptcy protection... let's see what the history shows!

The Great Atlantic & Pacific Tea Company

Phone: (201) 573-9700

2 Paragon Drive
Montvale, NJ 07645 United States

Ticker: [GAP](#)

Filed for Bankruptcy on 12/12/2010
Case #10-24549, filed in the U.S. Bankruptcy Court for the Southern District of New York

Latest Financial Statements as of 9/11/2010

Business Summary

The Great Atlantic & Pacific Tea Company, Inc. (A&P) is engaged in the retail food business. The Company operated 429 stores averaging approximately 42,200 square feet per store as of February 27, 2010. Operating under the trade names A&P, Super Fresh, Waldbaum's, Super Foodmart, Food Basics, The Food Emporium, Best Cellars, Best Cellars at A&P, Pathmark and Pathmark Sav-A-Center, the Company sells groceries, meats, fresh produce and other items commonly offered in supermarkets. In addition, many of the Company's stores offers bakeries, delicatessens, pharmacies, floral departments, fresh seafood and cheese departments and on-site banking. In support of its retail operations, the Company sells private label products in its stores under other brand names of the Company, which include, without limitation, America's Choice, America's Choice Gold, Hartford Reserve, Smart Price, Green Way, Via Roma, Master Choice and Live Better Wellness.

(Source: 10-K)

Employees: 13,950 (as of 2/27/2010)

Federal Tax Id: 131890974

Credit Scores

FRISKSM Score	1	12/12/2010
Probability of bankruptcy 10.34% - range: 50.00%		
Z" Score	-4.24 (Fiscal danger)	9/11/2010

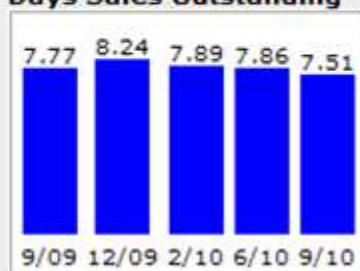
Auditor Information

Last Audit: 2/27/2010
Auditors: PricewaterhouseCoopers LLP
Opinion: **Unqualified**

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
Moody's	Caa2	Negative	SGL-4	OFF
S&P	CC	NEGATIVE	NR	NM

Days Sales Outstanding



Second Quarter and Year-to-Date Results

Sales for the 12 weeks ended 9/11/2010 decreased 7.11% to \$1.92 billion from last year's comparable period amount of \$2.07 billion. Sales for the 28 weeks ended 9/11/2010 decreased 7.66% to \$4.48 billion from \$4.86 billion for the same period last year.

Gross profit margin decreased 9.73% for the period to \$562.71 million (29.33% of revenues) from \$623.36 million (30.19% of revenues) for the same period last year. Gross profit margin decreased 9.65% for the year-to-date period to \$1.33 billion (29.59% of revenues) from \$1.47 billion (30.24% of revenues) for the comparable 28 week period last year.

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The Altman Z" was signaling trouble back in 2008...

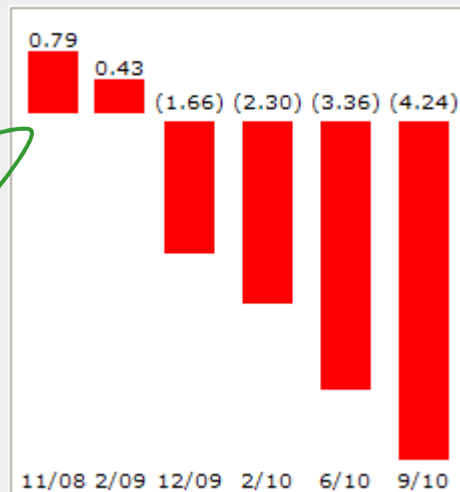
LEGEND:

Financially sound: 2.60 or higher

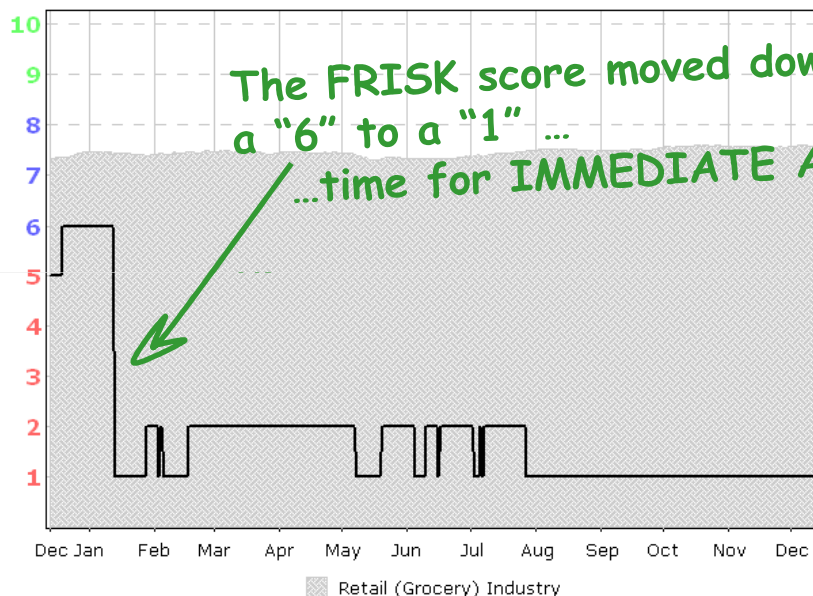
Neutral: 1.10 to 2.60

Fiscal danger: less than 1.10

Z" Score



The current FRISK® score is 1 (probability of bankruptcy* 10.34% - 50%), below its 13-month average and below its industry average.



2009

2010

	FRISK®	Probability of bankruptcy within 12 months	
		From	To
Best	10	0.00%	0.11%
	9	0.11%	0.23%
	8	0.23%	0.38%
	7	0.38%	0.54%
	6	0.54%	1.05%
	5	1.05%	1.74%
	4	1.74%	3.15%
	3	3.15%	5.05%
	2	5.05%	10.34%
	1	10.34%	50.00%
Worst			

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...plus, looking at our News Alerts you would have seen...

#	Date	Source	Headline	
1	12/12/2010	Business Wire	A&P Files for Chapter 11 Reorganization to Facilitate Financial and Operational Restructuring	Files Chapter 11...
2	12/10/2010	CRMZ News Service	A&P on Brink of Chapter 11	Rumors of Ch.11
3	12/10/2010	CRMZ News Service	Shares of A&P Plunge on Bankruptcy Talk	
4	12/2/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Change in Directors or Principal Officers	Director resigns...
6	11/9/2010	Business Wire	The Great Atlantic & Pacific Tea Company, Inc. Announces \$89.8 Million Sale-Leaseback Transaction	Selling assets to raise cash...
7	11/2/2010	Business Wire	The Great Atlantic & Pacific Tea Company, Inc. Completes the Sale of Seven Connecticut Stores	
8	10/28/2010	CRMZ News Service	The Great Atlantic & Pacific Tea Company -- updated S&P ratings available	
9	10/26/2010	CRMZ News Service	A&P To Seal Loan In Coming Weeks, Buying Time For Turnaround	Hopes for a new loan...
10	10/21/2010	Business Wire	The Great Atlantic & Pacific Tea Company, Inc. Provides Update on Turnaround Plan and Announces Second Quarter 2010 Results:	
14	10/4/2010	CRMZ News Service	A&P Races Against The Clock As Debt Maturity Looms In 2011	
17	9/2/2010	CRMZ News Service	A&P Mulls Selling Food Emporium Chain	Hopes to sell assets... or merge the company
18	8/27/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Change in Directors or Principal Officers	Turnover in senior management...
19	8/26/2010	CRMZ News Service	A&P Shareholder Tengelmann: Long Term Aim For A&P Is Merger	
20	8/20/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Change in Directors or Principal Officers	
21	8/13/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Other Events	
23	7/29/2010	Moody's Investors Service	Moody's Downgrades A&P's Liquidity Rating to SGL-4, Affirms Other Ratings with Negative Outlook	Closes 25 stores...
25	7/28/2010	CRMZ News Service	The Great Atlantic & Pacific Tea Company -- updated S&P ratings available	
26	7/27/2010	CRMZ News Service	The Great Atlantic & Pacific Tea Company -- updated financials available	
27	7/23/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC: a Form 8-K has been Filed with the SEC	Another new CEO!...
28	7/20/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC: a Form 8-K has been Filed with the SEC	
29	6/18/2010	CRMZ News Service	The Great Atlantic & Pacific Tea Company -- updated S&P ratings available	
31	5/6/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Results of Operations and Financial Condition	
32	5/6/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC: a Form 10-K has been Filed with the SEC	
33	4/21/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Change in Directors or Principal Officers, Financial Statements and Exhibits	
35	4/9/2010	Moody's Investors Service	Moody's Downgrades A&P's CFR to Caa2, PDR to Caa3, Outlook Negative.	
36	3/22/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Change in Directors or Principal Officers	
37	1/28/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC FILES (8-K) Disclosing Change in Directors or Principal Officers	New CEO!...
40	1/12/2010	Moody's Investors Service	Moody's Downgrades A&P Corporate Family Rating to Caa1, Ratings On Review for Possible Further Downgrade	
42	1/12/2010	CRMZ News Service	GREAT ATLANTIC & PACIFIC TEA CO INC: a Form 10-Q has been Filed with the SEC	

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...need more depth? Look at the Performance Ratios

Performance Ratios - Sequential Quarters					
(Thousands of U.S. Dollars)					
Period Ended	12 weeks 9/11/2010	16 weeks 6/19/2010	12 weeks 2/27/2010	12 weeks 12/5/2009	12 weeks 9/12/2009
Sales \$	\$1,918,279	\$2,564,930	\$1,995,572	\$1,962,692	\$2,065,061
% change	n/a	n/a	1.68%	4.96%	n/a
Gross Margin \$	\$562,707	\$763,812	\$607,949	\$590,584	\$623,358
% change	n/a	n/a	2.94%	-5.26%	n/a
% of sales	29.33%	29.78%	30.46%	30.09%	30.19%
change as % of incremental sales	n/a	n/a	52.81%	n/m	n/a
SG&A \$	\$631,224	\$821,016	\$680,350	\$631,175	\$631,924
% change	n/a	n/a	7.79%	-0.12%	n/a
% of sales	32.91%	32.01%	34.09%	32.16%	30.60%
change as % of incremental sales	n/a	n/a	149.56%	n/m	n/a
Operating margin \$	(\$98,767)	(\$62,602)	(\$137,021)	(\$453,151)	(\$8,566)
% change	n/a	n/a	69.76%	-5,190.11%	n/a
% of sales	-5.15%	-2.44%	-6.87%	-23.09%	-0.41%
change as % of incremental sales	n/a	n/a	961.47%	n/m	n/a
EBITDA \$	(\$45,072)	\$16,054	(\$67,229)	(\$413,282)	\$42,139
% change	n/a	n/a	83.73%	-1,080.76%	n/a
% of sales	-2.35%	0.63%	-3.37%	-21.06%	2.04%
change as % of incremental sales	n/a	n/a	1,052.47%	n/m	n/a
Pre-tax income \$	(\$142,716)	(\$115,467)	(\$165,760)	(\$514,813)	(\$64,153)
% change	n/a	n/a	67.80%	-702.48%	n/a
% of sales	-7.44%	-4.50%	-8.31%	-26.23%	-3.11%
change as % of incremental sales	n/a	n/a	1,061.60%	n/m	n/a
Net income (loss) \$	(\$153,674)	(\$122,643)	(\$171,443)	(\$559,586)	(\$80,309)
% change	n/a	n/a	69.36%	-596.79%	n/a
% of sales	-8.01%	-4.78%	-8.59%	-28.51%	-3.89%
change as % of incremental sales	n/a	n/a	1,180.48%	n/m	n/a
Tax expense \$	\$105	\$140	(\$8,011)	(\$12,375)	(\$1,994)
Effective tax rate	-0.07%	-0.12%	4.83%	2.40%	3.11%
Depreciation expense \$	\$49,018	\$70,379	\$43,575	\$55,813	\$55,284
% of sales	2.56%	2.74%	2.18%	2.84%	2.68%
% of capital expenses	206.14%	357.84%	301.37%	254.69%	240.41%
% of PP&E, net (annualized)	14.02%	14.46%	11.40%	13.89%	13.32%
Capital expenditures \$	\$23,779	\$19,668	\$14,459	\$21,914	\$22,996
% change	n/a	n/a	-34.02%	-4.71%	n/a
% of PP&E, net (annualized)	6.80%	4.04%	3.78%	5.45%	5.54%
% of working capital (annualized)	-98.82%	78.50%	25.70%	30.61%	40.89%
Interest coverage ratio	(0.98)	0.26	(1.51)	(9.03)	0.87
% change	n/a	n/a	83.26%	1,140.53%	n/a
Free cash flow \$	(\$59,937)	(\$77,933)	(\$4,480)	(\$95,036)	\$1,188
% change	n/a	n/a	95.29%	-8,099.66%	n/a
Source:	10-Q 10/21/2010	10-Q 7/29/2010	10-K 5/6/2010	10-Q 1/12/2010	10-Q 10/20/2009

Negative cash flow...

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...need more depth? Look at the Leverage Ratios

Huge and increasingly negative tangible net worth...

Leverage Ratios - Sequential Quarters (Thousands of U.S. Dollars)					
Period Ended	12 weeks 9/11/2010	16 weeks 6/19/2010	12 weeks 2/27/2010	12 weeks 12/5/2009	12 weeks 9/12/2009
Total debt \$	\$1,189,557	\$1,215,737	\$1,219,763	\$1,377,852	\$1,322,929
% change	n/a	n/a	-11.47%	4.15%	n/a
Stockholders' equity \$	(\$679,933)	(\$523,982)	(\$396,446)	(\$358,471)	\$203,013
% change	n/a	n/a	-10.59%	-276.58%	n/a
Total debt to equity ratio	n/a	n/a	n/a	n/a	6.52
Tangible net worth \$	(\$932,283)	(\$783,592)	(\$659,356)	(\$664,060)	(\$476,791)
% change	n/a	n/a	0.71%	-30.28%	n/a
Total assets \$	\$2,531,032	\$2,677,071	\$2,827,217	\$3,025,429	\$3,657,626
% change	n/a	n/a	-6.55%	-17.28%	n/a
Total debt to assets ratio	0.47	0.45	0.43	0.46	0.36
% change	n/a	n/a	-5.27%	25.91%	n/a
Net tangible assets \$	\$2,278,682	\$2,417,461	\$2,564,307	\$2,719,840	\$2,977,822
% change	n/a	n/a	-5.72%	-8.66%	n/a
Short-term debt \$	\$226,284	\$240,856	\$78,578	\$104,559	\$65,978
% change	n/a	n/a	-24.85%	58.48%	n/a
Short-term debt % of total debt	19.02%	19.81%	6.44%	7.59%	4.99%
% change	n/a	n/a	-15.11%	52.16%	n/a
Short-term debt % of working capital	-159.90%	-472.36%	39.03%	42.05%	20.36%
% change	n/a	n/a	-7.17%	106.54%	n/a
Total liabilities \$	\$3,210,965	\$3,201,053	\$3,223,663	\$3,383,900	\$3,454,613
% change	n/a	n/a	-4.74%	-2.05%	n/a
Total liabilities to equity ratio	n/a	n/a	n/a	n/a	17.02
Source:	10-Q 10/21/2010	10-Q 7/29/2010	10-K 5/6/2010	10-Q 1/12/2010	10-Q 10/20/2009

Classic to see a bankruptcy occur right after a big increase in Short-term debt.

...need more depth? Look at the Liquidity Ratios

Working capital - in a grocery store - goes negative...

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12 weeks 9/11/2010	16 weeks 6/19/2010	12 weeks 2/27/2010	12 weeks 12/5/2009	12 weeks 9/12/2009
Current assets \$	\$779,186	\$845,613	\$931,163	\$1,016,780	\$1,097,932
% change	n/a	n/a	-8.42%	-7.39%	n/a
% of short-term debt	344.34%	351.09%	1,185.02%	972.45%	1,664.09%
Current liabilities \$	\$920,701	\$896,603	\$729,845	\$768,099	\$773,833
% change	n/a	n/a	-4.98%	-0.74%	n/a
Working capital \$	(\$141,515)	(\$50,990)	\$201,318	\$248,681	\$324,099
% change	n/a	n/a	-19.05%	-23.27%	n/a
% of sales (annualized)	-1.84%	-0.66%	2.52%	3.17%	3.92%
Cash \$	\$94,343	\$170,762	\$252,426	\$282,765	\$350,681
% change	n/a	n/a	-10.73%	-19.37%	n/a
% of short-term debt	41.69%	70.90%	321.24%	270.44%	531.51%
Cash ratio	0.10	0.19	0.35	0.37	0.45
% change	n/a	n/a	-6.03%	-18.78%	n/a
Quick assets \$	\$244,866	\$335,879	\$418,569	\$461,800	\$525,908
% change	n/a	n/a	-9.36%	-12.19%	n/a
% of short-term debt	108.21%	139.45%	532.68%	441.66%	797.10%
Quick ratio	0.27	0.37	0.57	0.60	0.68
% change	n/a	n/a	-4.61%	-11.54%	n/a
Current ratio	0.85	0.94	1.28	1.32	1.42
% change	n/a	n/a	-3.63%	-6.70%	n/a
Source:	10-Q 10/21/2010	10-Q 7/29/2010	10-K 5/6/2010	10-Q 1/12/2010	10-Q 10/20/2009

Cash ratio a 0.10 !...

...In the MD&A section, the CEO and CFO tell us that ...

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From 10-Q, period 9/11/2010, filed 10/21/2010, ITEM 1A – Risk Factors

... During the first half of fiscal 2010, our operating results were significantly below those for the prior year and our expectations. Therefore, to improve our performance and to meet our liquidity needs over the next twelve months, including the debt maturity of \$165.0 million on June 15, 2011, our Company has completed the initial steps of a comprehensive turnaround plan designed to strengthen liquidity and improve operations. As part of our liquidity initiatives, we signed an agreement on September 3, 2010 for the sale of seven non-core stores in Connecticut for \$22.8 million expected to close in early November. We are also pursuing additional financing through a new term loan, sale-leaseback transactions and sales of additional non-core assets, as well as reviewing our store portfolio for additional opportunities. However, there is uncertainty regarding whether our Company can complete all or a portion of these efforts and, if these do not occur, there is substantial doubt about our Company's ability to continue as a going concern.

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