

GREAT ATLANTIC & PACIFIC TEA CO INC
Form S-4/A
September 04, 2007

As filed with the Securities and Exchange Commission on August 31, 2007

Registration No. 333-143212

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2
TO

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

The Great Atlantic & Pacific Tea Company, Inc.
(Exact name of registrant as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	5411 (Primary Standard Industrial Classification Code Number)	13-1890974 (I.R.S. Employer Identification No.)
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Two Paragon Drive
Montvale, New Jersey 07645
(201) 573-9700
(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

Allan Richards
Senior Vice President, Human Resources, Labor Relations, Legal Services & Secretary
The Great Atlantic & Pacific Tea Company, Inc.
Two Paragon Drive
Montvale, New Jersey 07645
(201) 573-9700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

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San Francisco, California 94111-2562
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Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement is declared effective and upon completion of the merger described in the enclosed joint proxy statement/prospectus.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PRELIMINARY SUBJECT TO COMPLETION DATED AUGUST 31, 2007

**TO THE STOCKHOLDERS OF
THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. AND
PATHMARK STORES, INC.**

YOUR VOTE IS VERY IMPORTANT

On March 4, 2007, Pathmark Stores, Inc. (*Pathmark*), The Great Atlantic & Pacific Tea Company, Inc. (*A&P*) and Sand Merger Corp., a wholly owned subsidiary of A&P, entered into a merger agreement, pursuant to which A&P will acquire Pathmark and its subsidiaries through a merger. Upon completion of the merger, Pathmark stockholders will be entitled to receive, without interest, \$9.00 in cash and 0.12963 shares of A&P common stock for each share of Pathmark common stock that they own. Upon completion of the merger, we estimate that Pathmark's former stockholders will own approximately 14% of the then-outstanding common stock of A&P on a fully-diluted basis. A&P's stockholders will continue to own their existing shares, which will not be affected by the merger.

The merger cannot be completed unless (i) Pathmark stockholders approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, and (ii) A&P stockholders approve the issuance of A&P's common stock pursuant to the merger agreement. We are each holding a special meeting of stockholders in order to obtain the stockholder approvals necessary to complete the merger. The times, dates and places of the special meetings to consider and vote upon the proposals are as follows:

For A&P Stockholders:

[], 2007, 9:00 a.m., Eastern Daylight Time
The Woodcliff Lake Hilton
200 Tice Boulevard
Woodcliff Lake, New Jersey 07677

For Pathmark Stockholders:

[], 2007, [] a.m., Eastern Daylight Time
Pathmark Corporate Headquarters
200 Milik Street
Carteret, New Jersey 07008

After careful consideration, each of our boards of directors has determined that the merger agreement and the transactions contemplated thereby are fair to and in the best interests of our respective stockholders. **Accordingly, the A&P board of directors unanimously recommends that A&P stockholders vote FOR the proposal to approve the issuance of shares of A&P common stock pursuant to the merger agreement and FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. The Pathmark board of directors unanimously recommends that the Pathmark stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger and FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.**

The affirmative vote of a majority of the votes cast by holders of A&P common stock at the special meeting is required to approve the issuance of A&P common stock in connection with the merger, *provided* that the total votes cast must represent a majority of the outstanding shares of A&P common stock entitled to vote on the matter.

The affirmative vote of a majority of the outstanding shares of Pathmark common stock is required to adopt the merger agreement and approve the transactions contemplated thereby, including the merger.

The joint proxy statement/prospectus attached to this letter provides you with information about A&P, Pathmark, the proposed merger and the special meetings of each of our companies' stockholders. **In particular, please see the section titled Risk Factors of the accompanying joint proxy statement/prospectus which contains a description of the risks that you should consider in evaluating the proposals.** You may also obtain more information about

A&P and Pathmark from documents each party has filed with the Securities and Exchange Commission. Shares of A&P

common stock are listed on the New York Stock Exchange under the symbol GAP. Shares of Pathmark common stock are listed on the NASDAQ Global Market under the symbol PTMK.

Your vote is important. Whether or not you plan to attend your respective company's special meeting, please take the time to vote by completing, signing and dating the enclosed proxy card and returning it in the appropriate envelope provided, or in the case of A&P stockholders, use the Internet or telephone proxy authorization options detailed on the proxy card. If your shares are held in street name by a bank, brokerage firm or nominee you should follow the instructions of your bank, brokerage firm or nominee, regarding the voting of your shares.

Thank you for your cooperation and continued support.

Allan Richards	John T. Standley
Senior Vice President, Human Resources, Labor Relations, Legal Services & Secretary Great Atlantic & Pacific Tea Company, Inc.	Chief Executive Officer Pathmark Stores, Inc.

Neither the SEC nor any state securities commission has approved or disapproved the securities to be issued in connection with the merger or determined if the accompanying joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

Information contained in this document is subject to completion or amendment. A registration statement relating to these securities has been filed with the SEC. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under securities laws of such state.

THIS JOINT PROXY STATEMENT/PROSPECTUS IS DATED [], 2007, AND IS BEING FIRST MAILED TO STOCKHOLDERS OF A&P AND PATHMARK ON OR ABOUT [], 2007.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

2 Paragon Drive
Montvale, New Jersey 07645

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [], 2007**

To the stockholders of THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.:

We will hold a special meeting of stockholders of The Great Atlantic & Pacific Tea Company, Inc., a Maryland corporation (*A&P*), at The Woodcliff Lake Hilton, 200 Tice Boulevard, Woodcliff Lake, New Jersey, on [], [], 2007, at [] a.m., Eastern Daylight Time, for the following purposes:

1. to consider and vote on a proposal to approve the issuance of A&P common stock pursuant to the Agreement and Plan of Merger, dated as of March 4, 2007, by and among A&P, Sand Merger Corp. (*Merger Sub*) (a wholly owned subsidiary of A&P established for the purpose of effecting the merger) and Pathmark Stores, Inc. (*Pathmark*), as amended from time to time, which provides for the merger of Merger Sub with and into Pathmark, with Pathmark as the surviving

corporation;

2. to consider and vote on a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies; and
3. to transact any other business as may properly come before the meeting and any adjournments or postponements thereof.

The A&P board of directors has fixed [], 2007, as the record date for this meeting. Only stockholders of record at the close of business on that date are entitled to receive notice and to vote at the meeting or at any adjournment or postponement thereof.

The affirmative vote of a majority of the votes cast by holders of A&P common stock at the special meeting is required to approve Proposal 1, *provided* that the total votes cast must represent a majority of the outstanding shares of A&P common stock entitled to vote on the proposal. The adoption of Proposal 2 requires the affirmative vote of a majority of the votes cast by the holders of A&P common stock at the special meeting.

Whether or not you plan to attend the meeting, please either complete, sign and return the accompanying proxy card to A&P in the enclosed envelope, which requires no postage if mailed in the United States, or use the Internet or telephone proxy authorization options detailed on the proxy card. If you hold your shares through a bank, brokerage firm or nominee, you should follow the instructions of your bank, brokerage firm or nominee regarding voting your shares.

By Order of the Board of Directors

Allan Richards
*Senior Vice President, Human Resources,
Labor Relations, Legal Services & Secretary*

[], 2007

You are cordially invited to attend the meeting. Whether or not you plan to do so, your vote is important. Please promptly submit your proxy by mail, telephone or the Internet.

**PATHMARK STORES, INC.
200 MILIK STREET
CARTERET, NEW JERSEY 07008**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [], 2007**

To the stockholders of PATHMARK STORES, INC.:

A special meeting of stockholders of Pathmark Stores, Inc. (*Pathmark*), a Delaware corporation, will be held on [], 2007, at [] a.m., Eastern Daylight Time, at Pathmark's corporate headquarters, 200 Milik Street, Carteret, New Jersey 07008, for the following purposes:

1. to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated March 4, 2007, by and among Pathmark, The Great Atlantic & Pacific Tea Company, Inc. (*A&P*) and Sand Merger Corp. (*Merger Sub*), and the transactions contemplated by the merger agreement, as amended from time to time, including the merger, pursuant to which Merger Sub would merge with and into Pathmark and each outstanding share of Pathmark common stock would be converted into the right to receive, without interest, \$9.00 in cash and 0.12963 shares of A&P common stock;
2. to consider and vote upon a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies; and
3. to consider and vote on such other matters as may properly come before the special meeting or any adjournment or postponement thereof.

Only stockholders of record as of the close of business on [], 2007, are entitled to notice of and to vote at the special meeting and at any adjournment or postponement thereof. A list of these stockholders will be available for inspection by stockholders of record during regular business hours at Pathmark's corporate headquarters, 200 Milik Street, Carteret, New Jersey 07008, for ten days prior to the date of the special meeting. All stockholders of record are cordially invited to attend the special meeting in person. Your vote is important, regardless of the number of shares of Pathmark common stock that you own.

The adoption of the merger agreement requires the approval of the holders of a majority of the outstanding shares of our common stock entitled to vote on the matter. **The Pathmark board of directors unanimously recommends that the Pathmark stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger.**

The adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of shares of Pathmark common stock represented in person or by proxy at the special meeting and entitled to vote thereon. **The Pathmark board of directors unanimously recommends that the Pathmark stockholders vote FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.**

Even if you plan to attend the meeting in person, we request that you complete, sign, date and return the enclosed proxy card and thus ensure that your shares will be represented at the special meeting even if you become unable to attend. If you sign, date and return your proxy card without indicating how you wish to vote, the shares represented by your proxy will be voted FOR the approval and adoption of the merger agreement and transactions contemplated thereby, including the merger, and FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies and will be voted in accordance with the recommendations of our board of directors on any other matters properly brought before the meeting for a vote. If you hold your shares through a bank, brokerage firm

or

nominee, you should follow the instructions of your bank, brokerage firm or nominee regarding voting your shares.

Whether you attend the meeting or not, you may revoke a proxy at any time before it is voted at the meeting. You may do so by executing and returning a proxy card dated later than the previous one or by attending the special meeting and voting in person. Simply attending the meeting, however, will not revoke your proxy. If you hold your shares through a bank, brokerage firm or nominee, you should follow the instructions of your bank, brokerage firm or nominee regarding revocation of proxies. If your bank, brokerage firm or nominee allows you to submit a proxy by telephone or the Internet, you may be able to change your vote by submitting a subsequent proxy by telephone or the Internet.

By Order of the Board of Directors,

Marc A. Strassler
Senior Vice President, Secretary and General Counsel

References to Additional Information

The accompanying joint proxy statement/prospectus incorporates by reference important business and financial information about A&P and Pathmark from documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in the accompanying joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

The Great Atlantic & Pacific Tea Company, Inc.	Pathmark Stores, Inc.
Two Paragon Drive	200 Milik Street
Montvale, New Jersey 07645	Carteret, New Jersey 07008
Telephone: (201) 573-9700	Telephone: (732) 499-3000
Attention: Secretary	Attention: Secretary

If you would like to request documents, please do so by [], 2007 in order to receive them before the special meetings.

See Where You Can Find More Information.

About This Document

This document, which forms part of a registration statement on Form S-4 filed with the SEC by A&P, constitutes a prospectus of A&P under Section 5 of the Securities Act of 1933, as amended, and the rules thereunder, with respect to the shares of A&P common stock to be issued to the holders of Pathmark common stock in connection with the merger. This document also constitutes (i) a proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder; (ii) a notice of meeting with respect to A&P's special meeting of stockholders, at which A&P stockholders will consider and vote upon the issuance of shares of A&P common stock to Pathmark stockholders on the terms and conditions set forth in the merger agreement; and (iii) a notice of meeting with respect to Pathmark's special meeting of stockholders, at which Pathmark stockholders will consider and vote upon adoption of the merger agreement and the transactions contemplated thereby, including the merger.

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**QUESTIONS AND ANSWERS ABOUT VOTING PROCEDURES
FOR THE SPECIAL MEETINGS**

The questions and answers below highlight only selected procedural information from this document. They do not contain all of the information that may be important to you. You should read carefully the entire document and the additional documents incorporated by reference into this document because each contains important information.

Q: What are the proposals upon which I am being asked to vote?

A: *A&P Stockholders.* Stockholders of The Great Atlantic & Pacific Tea Company, Inc. (*A&P*) are being asked to vote (i) to approve the issuance of shares of A&P common stock pursuant to the Agreement and Plan of Merger, dated March 4, 2007, as amended (the *merger agreement*), by and among Pathmark Stores, Inc. (*Pathmark*), A&P and Sand Merger Corp. (*Merger Sub*), under which A&P will acquire Pathmark and its subsidiaries through the merger of Merger Sub with and into Pathmark (the *merger*), and (ii) to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Pathmark Stockholders. Stockholders of Pathmark are being asked to vote (i) to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, and (ii) to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Q: What vote of Pathmark stockholders is required for adoption of the merger agreement?

A: Adoption of the merger agreement and the transactions contemplated thereby, including the merger, requires the affirmative vote of a majority of the outstanding shares of Pathmark common stock entitled to vote. Therefore, if a Pathmark stockholder abstains or fails to vote, it will have the same effect as voting against the merger agreement. You are entitled to vote on the proposal to approve and adopt the merger agreement and the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies if you held Pathmark common stock at the close of business on the Pathmark record date, which is [], 2007. On that date, [] shares of Pathmark common stock were outstanding and entitled to vote.

The largest stockholders of Pathmark, Yucaipa Corporate Initiatives Fund I, LP; Yucaipa American Alliance (Parallel) Fund I, LP and Yucaipa American Alliance Fund I, LP, which we refer to collectively as the *Yucaipa Investors*, have agreed to vote the shares of Pathmark common stock that they own as of the Pathmark record date in favor of adoption of the merger agreement and the transactions contemplated thereby, including the merger, *provided* that these voting obligations do not apply to any shares owned by the Yucaipa Investors in excess of 33% of the outstanding Pathmark common stock. The remaining shares owned by the Yucaipa Investors may be voted in the Yucaipa Investors' discretion, although the Yucaipa Investors have expressed their present intention to vote all of the Pathmark shares they own (approximately 38% of the outstanding Pathmark common stock as of the Pathmark record date) in favor of the adoption of the merger agreement.

Q: What vote of Pathmark stockholders is required for approval of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies?

A: The adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of shares of Pathmark common stock represented in person or by proxy at the special meeting and entitled to vote thereon.

Q: What vote of A&P stockholders is required for approval of the proposal to issue shares of A&P common stock pursuant to the merger agreement?

A: The proposal to issue shares of A&P common stock pursuant to the merger agreement must be approved by a majority of the votes cast by the holders of A&P common stock, *provided* that the total votes cast on the proposal must represent at least a majority of the outstanding shares of A&P common stock entitled to vote on the proposal. Because approval is based on the affirmative vote of a majority of votes cast, *provided* that the total votes cast on the proposal represent at least a majority of all shares entitled to vote on the proposal, an A&P stockholder's failure to vote will not affect the outcome of the vote to approve the issuance of A&P common stock in connection with the merger, assuming more than a majority of the outstanding shares are voted on the proposal. Because the New York Stock Exchange (the *NYSE*) treats abstentions as votes cast with respect to the proposal to issue shares of A&P common stock pursuant to the merger agreement, an abstention will have the same effect as a vote *AGAINST* the proposal. A&P stockholders are entitled to vote on the proposal to approve the issuance of A&P common stock if they held A&P common stock at the close of business on the A&P record date, which is [], 2007. On the A&P record date, [] shares of A&P common stock were outstanding and entitled to vote.

Tengelmann Warenhandelsgesellschaft KG (*Tengelmann*) has agreed to vote all of its shares of A&P common stock, constituting approximately 53% of the outstanding A&P common stock as of the A&P record date, in favor of the issuance of A&P common stock in the merger. This means that the approval of the issuance of the A&P common stock pursuant to the merger agreement is assured.

Q: What vote of A&P stockholders is required for approval of the proposal to adjourn or postpone the meeting, if necessary, to solicit additional proxies?

A: The adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the votes cast by the holders of A&P common stock at the special meeting.

Q: When do you expect the merger to be completed?

A: We expect to complete the merger after (i) the Pathmark stockholders adopt the merger agreement and the transactions contemplated thereby, including the merger, at the special meeting, (ii) the A&P stockholders approve the proposal to issue shares of A&P common stock pursuant to the merger agreement at the A&P special meeting, and (iii) we receive all necessary regulatory approvals, including the expiration or termination of the waiting period under the HSR Act, including any extension of the waiting period. We currently anticipate completing the merger in the second half of A&P's 2007 fiscal year ending February 23, 2008.

Q: If my shares are held in street name by a bank, brokerage firm or nominee, will they vote my shares for me?

A: *A&P Stockholders*. You should instruct your bank, brokerage firm or nominee to vote your shares, following the directions they provide. If you do not instruct your bank, brokerage firm or nominee, they will generally not have the discretion to vote your shares. Because the approval of the proposal to issue A&P common stock in connection with the merger requires an affirmative vote of a majority of the votes cast by holders of A&P common stock at the special meeting, the failure to vote your shares will not affect the outcome of the vote on the proposal to approve the issuance of A&P common stock in connection with the merger, *provided* that the total votes cast on the proposal represent at least a majority of all shares entitled to vote on the proposal. Because the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the votes cast by the holders of A&P common stock at the special meeting, and because brokers do not have discretionary authority to vote on the proposal, the failure to instruct your broker how to vote your shares will have no effect on the approval of that proposal.

Pathmark Stockholders. You should instruct your bank, brokerage firm or nominee to vote your shares, following the directions they provide. If you do not instruct your bank, brokerage firm or nominee, they will generally not have the discretion to vote your shares. Because the adoption of the merger agreement requires an affirmative vote of a majority of the outstanding shares of Pathmark common stock for approval, the failure to vote your shares will have the same effect as votes cast AGAINST adoption of the merger agreement. Because the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the shares of common stock present or represented at the special meeting and entitled to vote thereon, and because brokers do not have discretionary authority to vote on the proposal, the failure to instruct your broker how to vote your shares will have no effect on the approval of that proposal.

Q: What do I need to do now?

A: *A&P Stockholders.* After carefully reading and considering the information contained in this joint proxy statement/prospectus, please fill out and sign the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the A&P special meeting. Your signed proxy card will instruct the persons named on the card to vote your shares at the special meeting as you direct on the card. If you sign and send in your proxy card and do not indicate how you want your shares to be voted, your proxy will be voted FOR the approval of each of (1) the A&P proposal to approve the issuance of A&P common stock in connection with the merger, and (2) the A&P proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. You may also authorize a proxy by telephone or through the Internet by following the instructions included with your proxy card. If you hold your shares through a bank, brokerage firm or nominee, you should follow the instructions of your bank, brokerage firm or nominee regarding voting your shares. **YOUR VOTE IS VERY IMPORTANT.**

Pathmark Stockholders. After carefully reading and considering the information contained in this joint proxy statement/prospectus, please fill out and sign the proxy card, and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the Pathmark special meeting. Your signed proxy card will instruct the persons named on the card to vote your shares at the Pathmark special meeting as you direct on the card. If you sign and send in your proxy card and do not indicate how you want your shares to be voted, your proxy will be voted FOR the approval of each of (1) the Pathmark proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger, and (2) the Pathmark proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. If you hold shares through a bank, brokerage firm or nominee, you should follow the instructions of your bank, brokerage firm or nominee regarding voting your shares. **YOUR VOTE IS VERY IMPORTANT.**

Q: May I change my vote after I have mailed my signed proxy card?

A: You may change your vote at any time before your proxy is voted at the A&P special meeting or the Pathmark special meeting, as the case may be. You can do this in one of the following ways. First, you can send a written notice stating that you want to revoke your proxy to:

In the case of A&P Stockholders:

Allan Richards
Senior Vice President, Human Resources, Labor Relations, Legal Services & Secretary
The Great Atlantic & Pacific Tea Company, Inc.
Two Paragon Drive
Montvale, New Jersey 07645

In the case of Pathmark Stockholders:

Marc A. Strassler
Senior Vice President, Secretary and General Counsel
Pathmark Stores, Inc.
200 Milik Street
Carteret, New Jersey 07008

Second, you can complete and submit a new, later-dated proxy card. Third, you can attend the A&P special meeting or the Pathmark special meeting, as the case may be, and vote in person. Simply attending the meeting, however, will not revoke your proxy; you must vote at the meeting. Fourth, A&P stockholders, but not Pathmark stockholders, can authorize a proxy by telephone or through the Internet at a later time, but not later than 11:59 p.m. (Eastern Daylight Time) on [], 2007 or the day before the meeting date if the special meeting is adjourned or postponed.

If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q: Should I send in my Pathmark or A&P stock certificates now?

A: No. After the merger is completed, Pathmark stockholders will receive written instructions for exchanging their stock certificates.

A&P stockholders will continue to hold their A&P stock certificates following the merger and are not required to take any action with respect to their A&P stock certificates.

Q: Who can help answer my questions?

A: *A&P Stockholders.* If you have any questions about the A&P special meeting or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, please contact:

Investor Relations
The Great Atlantic & Pacific Tea Company, Inc.
Two Paragon Drive
Montvale, New Jersey 07645
Telephone: (201) 573-9700

or:

Mackenzie Partners, Inc.
105 Madison Avenue
New York, New York 10016
Telephone: (800) 322-2885

Pathmark Stockholders. If you have any questions about the Pathmark special meeting or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, please contact:

Investor Relations
Pathmark Stores, Inc.
200 Milik Street
Carteret, New Jersey 07008
Telephone: (732) 499-3000

or:

Mellon Investor Services LLC
480 Washington Boulevard, 27th Floor
Jersey City, New Jersey 07310
Telephone: (800) 580-6412

SUMMARY

The following summary highlights selected information from this joint proxy statement/ prospectus and may not contain all of the information that may be important to you. Accordingly, stockholders are encouraged to carefully read this entire joint proxy statement/prospectus, its annexes and the documents referred to or incorporated by reference into this joint proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that item.

The Merger (Page 40)

On March 4, 2007, A&P, Merger Sub, a newly formed, wholly owned subsidiary of A&P, and Pathmark entered into the merger agreement, pursuant to which A&P will acquire Pathmark and its subsidiaries through the merger of Merger Sub with and into Pathmark. After the merger, Pathmark will be the surviving corporation and a wholly owned subsidiary of A&P. Shares of A&P common stock received by Pathmark stockholders in the merger will be listed on the NYSE under the symbol *GAP*. After completion of the merger, shares of A&P common stock will continue to be traded on the NYSE, but shares of Pathmark common stock will no longer be publicly listed or traded. Upon completion of the merger, approximately 86% of A&P common stock will be held by existing A&P stockholders and approximately 14% will be held by former Pathmark stockholders on a fully diluted basis.

Merger Consideration (Page 106)

Pathmark Common Stock

Pursuant to the merger, each share of Pathmark common stock will be converted into the right to receive (i) 0.12963, which we refer to as the *exchange ratio*, of a share of A&P common stock and (ii) \$9.00 in cash, which we refer to as the *per share cash consideration*, without interest. No fractional shares of A&P common stock will be issued in connection with the merger; holders of Pathmark common stock will receive cash in lieu of any fractional shares of A&P common stock they otherwise would have received in the merger.

The exchange ratio is a fixed ratio, which means that it will not change between now and the time the merger is completed. Therefore, the market value of the A&P common stock received by Pathmark stockholders in the merger will depend on the market price of A&P common stock at the time the merger is completed.

For example, a Pathmark stockholder owning 1,000 shares of Pathmark common stock would receive total consideration of \$9,000.00 in cash and 129 shares of A&P common stock, plus a cash payment, in lieu of the fractional interest of 0.63 shares of A&P common stock that would otherwise be receivable, determined by multiplying (i) the number of fractional shares of A&P common stock otherwise receivable by such holder, or 0.63 shares in this example, by (ii) the closing price of the A&P common stock on the NYSE on the trading day immediately prior to the closing date.

Treatment of Pathmark Stock Options, Warrants and Equity-Based Awards

Outstanding Pathmark stock options granted under Pathmark stock compensation plans will become fully vested and exercisable no less than fifteen days prior to the closing date of the merger. Outstanding Pathmark stock options at the closing date of the merger and granted under Pathmark stock compensation plans, other than certain options described in the next paragraph, will be canceled. Any stock options with exercise prices less than the per share closing price of Pathmark common stock on the last trading day immediately prior to the closing date will entitle their holders to receive a lump sum cash payment to be paid as soon as practicable after the completion of the merger, in an amount based on the Pathmark closing price, as described in more detail under Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Agreement Treatment of Pathmark Stock Options, Warrants and Other Equity-Based Awards. Any stock options with

exercise prices equal to or greater than the Pathmark closing price will be canceled for no consideration.

With respect to Pathmark stock options that were granted under Pathmark stock plans prior to June 9, 2005, Pathmark has agreed to use commercially reasonable efforts to obtain consents to cancel any such options with exercise prices less than the Pathmark closing price on the last trading day immediately prior to the closing date in exchange for a lump sum cash payment as described in the previous paragraph. Any such Pathmark stock options not canceled and cashed out, or with exercise prices equal to or greater than the Pathmark closing price, will be converted into an option to purchase, on the same terms and conditions, a number of shares of A&P common stock and at an exercise price determined as described under Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Agreement Treatment of Pathmark Stock Options, Warrants and Other Equity-Based Awards.

Outstanding awards of Pathmark restricted stock units or restricted stock will become fully vested and will be converted into the right to receive a lump sum cash payment equal to the product of (a) the number of shares of Pathmark common stock subject to the award immediately prior to the closing and (b) the closing price of Pathmark common stock on the last trading day before the closing date, as described in more detail under Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Agreement Treatment of Pathmark Stock Options, Warrants and Other Equity- Based Awards.

The Yucaipa Investors existing Series A and Series B Warrants to purchase Pathmark common stock will be exchanged for warrants to purchase A&P common stock. See Adoption of the Merger Agreement (Pathmark Proposal 1) Yucaipa Warrant Agreement.

A&P will assume the obligations of Pathmark under the Warrant Agreement dated as of September 19, 2000 between Pathmark and ChaseMellon Shareholder Services, LLC (the *2000 Warrant Agreement*), and the warrants issued thereunder, so that the holders of the assumed warrants will have the right to purchase A&P common stock on the terms and subject to the conditions set forth in the 2000 Warrant Agreement and the warrants thereunder.

Recommendations of the Boards of Directors

A&P (page 67). The A&P board of directors has determined that entering into the merger agreement is advisable and in the best interests of A&P and has unanimously approved the merger agreement and the transactions it contemplates, recommended that its stockholders approve the issuance of A&P common stock pursuant to the merger agreement, and declared entering into the merger agreement advisable. For the factors considered by the A&P board of directors in reaching its decision to approve, and declare the advisability of entering into, the merger agreement and the transactions it contemplates, see Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger A&P s Reasons for the Merger; Recommendation of the A&P Board of Directors. The A&P board of directors unanimously recommends that the A&P stockholders vote FOR the proposal to approve the issuance of shares of A&P common stock pursuant to the merger agreement, and FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Pathmark (page 63). The Pathmark board of directors has determined that the merger is fair to and in the best interests of Pathmark and its stockholders and has unanimously approved the merger agreement and the transactions it contemplates, including the merger, and has declared the merger agreement advisable. For the factors considered by the Pathmark board of directors in reaching its decision to approve, and declare the advisability of entering into, the merger agreement and the transactions it contemplates, see Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Pathmark s Reasons for the Merger; Recommendation of the Pathmark Board of Directors. The Pathmark board of directors unanimously recommends that the Pathmark stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, and FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Opinions of Financial Advisors

A&P (page 79). In deciding to approve the merger and advise that A&P stockholders approve the share issuance, the A&P board of directors considered the opinion of its financial advisor, J.P. Morgan Securities Inc., which we refer to as *JPMorgan*, provided to the A&P board of directors on March 4, 2007, that as of the date of the opinion, and based on and subject to the qualifications, assumptions and limitations set forth therein, the merger consideration to be paid by A&P was fair, from a financial point of view, to A&P. A copy of the opinion of JPMorgan is attached to this document as Annex G. A&P stockholders should read the opinion completely and carefully to understand, among other things, the assumptions made, procedures followed, matters considered and limits on the review undertaken by JPMorgan in providing its opinion. Additionally, A&P agreed to pay JPMorgan a transaction fee in connection with the merger, a significant portion of which is payable upon completion of the merger. The JPMorgan opinion is not a recommendation as to how any stockholder of A&P should vote with respect to the A&P share issuance or any other matter.

Pathmark (page 69). In deciding to approve the merger and advise that Pathmark stockholders approve and adopt the merger agreement, the Pathmark board of directors considered the opinion of its financial advisor, Citigroup Global Markets Inc., which we refer to as *Citigroup*, provided to the Pathmark board of directors on March 4, 2007, that as of the date of the written opinion and based upon and subject to the considerations and limitations set forth in its written opinion, its work described in the written opinion and other factors it deemed relevant, the merger consideration was fair, from a financial point of view, to the holders of Pathmark common stock (other than the Yucaipa Group, as defined below). A copy of the opinion of Citigroup is attached to this document as Annex H. Pathmark stockholders should read the opinion completely and carefully to understand, among other things, the assumptions made, procedures followed, matters considered and limits on the review undertaken by Citigroup in providing its opinion. Additionally, Pathmark agreed to pay Citigroup a transaction fee in connection with the merger, a significant portion of which is payable upon completion of the merger. The Citigroup opinion is not a recommendation as to how any stockholder should vote with respect to the proposal to approve and adopt the merger agreement or any other matter.

Interests of Certain Persons in the Merger (Page 85)

Some of the members of A&P's and Pathmark's management, certain members of their boards of directors and certain of their significant stockholders have interests in the merger that are different from, or in addition to, the interests of A&P and Pathmark stockholders generally.

These interests include the right of certain of Pathmark's executive officers to receive severance payments and benefits under the terms of existing severance agreements and the acceleration of vesting of Pathmark stock options and other equity-based awards as a result of the merger.

The Yucaipa Companies LLC (*Yucaipa Companies*), an affiliate of the Yucaipa Investors, will receive a fee in connection with termination of the Management Services Agreement dated March 23, 2005 with Pathmark (the *Management Services Agreement*) and Yucaipa Advisors, LLC (*Yucaipa Advisors*), also an affiliate of the Yucaipa Investors, will receive a transaction fee for services rendered in connection with the merger. In addition, warrants to purchase Pathmark common stock owned by the Yucaipa Investors will be converted into warrants to purchase A&P common stock and the Yucaipa Investors will receive certain registration rights for A&P shares acquired by the Yucaipa Investors in connection with the merger and those issuable upon conversion of the Yucaipa Investors warrants.

In addition, subject to certain conditions, in connection with the merger, Gregory Mays, a director of Pathmark, will be elected by the existing A&P directors to fill the existing vacant position on the A&P board of directors without stockholder action, as provided for under the director election provisions in accordance with the bylaws of A&P and Maryland law.

The Pathmark board of directors was aware of these interests and considered them, among other matters, in approving and declaring the advisability of the merger agreement.

The largest stockholder of A&P, Tengelmann, has entered into a stockholder agreement with A&P whereby Tengelmann will have certain approval, registration, preemptive and other rights after the merger as described in more detail under Adoption of the Merger Agreement (Pathmark Proposal 1) Tengelmann Stockholder Agreement. Tengelmann and A&P have also agreed to negotiate in good faith to enter into a services agreement for services rendered by Tengelmann to A&P from time to time in exchange for reasonable compensation as agreed by Tengelmann and A&P.

The A&P board of directors was aware of these interests and considered them, among other matters, in approving and declaring the advisability of the merger agreement and the A&P share issuance.

Directors and Officers Following Completion of the Merger (Page 108)

Following the merger, Christian Haub, Executive Chairman of A&P, will continue as Executive Chairman of A&P; Eric Claus, President and CEO of A&P, will also maintain those same positions at A&P. Four directors who were serving on A&P's board immediately prior to the closing of the merger and were not designated for nomination by Tengelmann will continue in their current positions and four directors will be designated for nomination to A&P's board by Tengelmann. Gregory Mays, a director of Pathmark, will be elected to the A&P board of directors by the existing A&P directors, subject to certain conditions, as provided for under the bylaws of A&P and Maryland law.

Financing (Page 95)

A&P estimates that the total amount of funds necessary to pay the cash portion of the merger consideration will be approximately \$485.5 million. A&P expects that this amount will be provided through a combination of (i) \$190.0 million of net cash proceeds from the sale of 6,350,000 of its shares of Metro, Inc. (*Metro*) common stock, which A&P received in connection with the August 2005 sale of its Canadian operations to Metro, a Canadian supermarket and pharmacy operator, and (ii) up to \$780.0 million in senior secured notes (or, if the offering of senior secured notes is not completed on or prior to the closing of the merger, up to \$780.0 million under a senior secured bridge credit facility). On March 13, 2007, A&P sold 6,350,000 shares of its holdings in Metro for net cash proceeds of approximately \$203.5 million. A&P continues to hold approximately 11.7 million Metro shares. The merger is not conditioned on receipt of financing by A&P. Bank of America, N.A. (*Bank of America*), Banc of America Bridge LLC (*Banc of America Bridge*), Banc of America Securities LLC (*BAS*), Lehman Brothers Commercial Bank (*LBCB*), Lehman Brothers Inc. (*Lehman*) and Lehman Commercial Paper Inc. (*LCPI*) have entered into a commitment letter with A&P whereby (i) Bank of America has committed to provide a \$615.0 million senior secured revolving credit facility (the *ABL Facility*) to finance the working capital of A&P and certain of its subsidiaries (including Pathmark) upon consummation of the merger and (ii) Banc of America Bridge and LBCB have severally committed to provide in the aggregate up to \$780.0 million of senior secured loans (the *Bridge Facility* and together with the ABL Facility, the *Facilities*) as bridge or interim financing to senior secured notes which may be issued by A&P and/or certain of its subsidiaries for the purpose of refinancing advances made under the Bridge Facility.

Governmental and Regulatory Approvals (Page 98)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder, which we refer to as the *HSR Act*, the merger may not be consummated unless a waiting period has expired or been terminated and there can be no assurances that such expiration or termination will be obtained. A&P and Pathmark filed the required notification and report forms with the Antitrust Division of the Department of Justice and the Federal Trade Commission regarding the merger on March 19, 2007. On April 18, 2007, A&P and Pathmark each received a request for additional information and documentary materials, which we refer to as the *Second Request*, from the Federal Trade Commission. As a result of the Second

Request, A&P cannot complete the merger under the HSR Act until the earlier of (i) 30 days after both parties substantially comply with the Second Request (or on the next regular business day if the 30th day falls on a Saturday, Sunday or legal public holiday), unless that waiting period is extended by agreement between A&P and the Federal Trade Commission, or (ii) when the Federal Trade Commission terminates its review of the merger. On May 21, 2007, A&P announced that it had entered into a timing agreement with the Federal Trade Commission, pursuant to which A&P agreed, subject to certain conditions, to not (i) certify that they have substantially complied with the Second Request prior to June 30, 2007, or (ii) consummate the merger for at least 60 days following the date that A&P and Pathmark substantially comply with the Second Request. On July 13, 2007, A&P and Pathmark each certified substantial compliance with the Federal Trade Commission in response to the Second Request. On August 7, 2007, A&P and Pathmark entered into an extension of the timing agreement with the Federal Trade Commission pursuant to which A&P and Pathmark agreed, subject to certain conditions, that they will not consummate A&P's acquisition of Pathmark before 11:59 p.m. on September 25, 2007.

Conditions to the Merger (Page 119)

The obligations of A&P and Pathmark to complete the merger are subject to the satisfaction or waiver of a number of conditions, including:

the receipt of the required approval of Pathmark stockholders to adopt the merger agreement and the required approvals of A&P stockholders to approve the issuance of A&P common stock in the merger and an amendment to A&P's charter to exempt the transactions contemplated by the merger agreement and the agreements entered into in connection therewith from the preemptive rights provisions of the A&P charter. (At A&P's annual meeting of stockholders on July 19, 2007, A&P stockholders approved an amendment to eliminate such provisions from

A&P's charter.);

the expiration or termination of the waiting period applicable to the merger under the HSR Act, including any extension of the waiting period;

the approval for listing of the shares of A&P common stock to be issued in connection with the merger on the NYSE;

the continued effectiveness of the registration statement on Form S-4, of which this joint proxy statement/prospectus forms a part; and

other customary conditions set forth in the merger agreement, including the accuracy of representations and warranties set forth in the merger agreement; the performance of obligations under the merger agreement; and the absence of orders, injunctions or other legal restraints or prohibitions preventing completion of the merger.

In addition, A&P's obligation to complete the merger is subject to the conditions that the aggregate number of shares of Pathmark stock held by Pathmark stockholders who are entitled to demand, and who properly demand, an appraisal of such holders' shares in accordance with Section 262 of the General Corporation Law of the State of Delaware, which we refer to as the *DGCL* (and who comply in all other respects with Section 262), does not exceed 10% of the shares of Pathmark common stock outstanding immediately prior to the completion of the merger; that there be no

pending or threatened legal action or similar proceeding seeking to restrain or prohibit the merger, impose certain limitations on implementing the merger or which has had or would reasonably be expected to have a material adverse effect with respect to Pathmark; that no material adverse effect has occurred or would reasonably be expected to occur with respect to Pathmark; and that the Management Services Agreement and related consulting agreement have been terminated pursuant to their terms.

Restrictions on Solicitation of Other Offers (Page 113)

Subject to certain exceptions, the merger agreement restricts Pathmark, its subsidiaries and their respective directors, officers and other representatives from soliciting or knowingly encouraging or facilitating third-party proposals to acquire Pathmark or from entering into, initiating or participating

in any discussions or negotiations, furnishing any nonpublic information or assisting or knowingly encouraging any third party with respect to such proposals. Under certain circumstances, however, if Pathmark receives an unsolicited acquisition proposal from a third party, Pathmark may furnish nonpublic information to, and engage in negotiations with, that third party, subject to specified conditions.

Termination of the Merger Agreement (Page 120)

A&P and Pathmark may terminate the merger agreement without completing the merger by agreement in writing at any time, even after the Pathmark stockholders have voted to adopt the merger agreement and the A&P stockholders have approved the issuance of A&P common stock and the A&P charter amendment. The merger agreement may also be terminated at any time prior to the effective time of the merger in other specified circumstances, including:

by either
A&P or
Pathmark
if:

the merger is
not completed
by the outside
date of March
4, 2008 (the
Outside Date),
which date
may be
extended once
for a period up
to ninety days
under certain
circumstances;

Pathmark
stockholders
fail to adopt
the merger
agreement at
the Pathmark
special meeting
or A&P
stockholders
fail to approve
both the
issuance of
A&P common
stock in the
merger and the
A&P charter
amendment at
the A&P
special

meeting. (At A&P's annual meeting of stockholders on July 19, 2007, A&P stockholders approved an amendment to eliminate such provisions from A&P's charter.);

a governmental entity issues an order, injunction or other legal restraint or prohibition preventing completion of the merger; or

the other party breaches or fails to perform any representation, warranty, covenant or agreement in the merger agreement which breach or failure to perform would cause the failure of a closing condition which is not curable or is not cured following notice; or

by
A&P
if:

prior to the Pathmark special meeting, the Pathmark board of directors withdraws, modifies or qualifies in a manner adverse to A&P its recommendation of the merger; or

on September 4, 2007 or on December 4, 2007, the A&P board of directors elects to terminate the merger agreement based on its good faith determination that completing the merger would be reasonably likely to require divesting stores, businesses or other assets of A&P and Pathmark in excess of an aggregate of \$36.0 million of scheduled store level cashflow, subject to requirements to discuss the determination with Pathmark and to pay certain fees and expenses, if applicable, as described under Termination fees and expenses ; or

by
Pathmark
if:

A&P fails to obtain \$190.0 million of net cash proceeds by June 2, 2007 from the sale of Metro common stock or A&P common stock and/or preferred stock (on March 13, 2007, A&P sold 6,350,000 shares of its holdings in Metro for proceeds of approximately \$203.5 million) or such amount fails to remain unencumbered and held separately to pay the merger consideration;
or

the marketing period provided under the merger agreement to arrange the debt financing for the merger has expired, the conditions to the completion of the merger have been satisfied or waived and

A&P does not have available funds to pay the aggregate cash consideration payable in the merger.

Termination Fees and Expenses (Page 122)

Pathmark will pay A&P a termination fee of \$25.0 million in connection with the termination of the merger agreement in certain circumstances involving a competing acquisition proposal by a third

party or a change in the Pathmark board of directors recommendation of the merger to Pathmark's stockholders.

In addition, A&P has agreed to pay Pathmark termination fees under the following circumstances:

a \$25.0 million termination fee, referred to as the *Nine-Month Termination Fee*, if (i) A&P terminates the merger agreement on December 4, 2007 because A&P has determined in good faith, subject to certain requirements, that required divestitures would be reasonably likely to exceed \$36.0 million of aggregate scheduled store level cashflow or (ii) A&P or Pathmark terminates the merger agreement after September 4, 2007 and on or before December 4, 2007 because any court or other governmental entity has restrained or prohibited completion of the merger at the request of any person

seeking relief
under antitrust
laws;

a \$50.0 million
termination fee,
referred to as
the *One-Year
Termination
Fee*, if (i) March
4, 2008 has
been reached
and (a) the
Outside Date for
completing the
merger has not
been extended,
(b) the
antitrust-related
conditions to
closing the
merger have not
been satisfied
and (c) A&P or
Pathmark
terminates the
merger
agreement
because of
failure to
complete the
merger by the
Outside Date or
(ii) A&P or
Pathmark
terminates the
merger
agreement after
December 4,
2007 and on or
before March 4,
2008 because
any court or
other
governmental
entity has
restrained or
prohibited
completion of
the merger at
the request of

any person
seeking relief
under antitrust
laws;

a \$75.0 million
termination fee,
referred to as
the *Extension
Termination
Fee*, if (i) the
Outside Date for
completing the
merger has been
extended and
A&P or
Pathmark
terminates the
merger
agreement
because of
failure to
complete the
merger by the
extended
Outside Date or
(ii) A&P or
Pathmark
terminates the
merger
agreement after
March 4, 2008
because any
court or other
governmental
entity has
restrained or
prohibited
completion of
the merger at
the request of
any person
seeking relief
under antitrust
laws;

a \$50.0 million
termination fee
if Pathmark
terminates the
merger

agreement because of A&P's failure to obtain \$190.0 million of net cash proceeds by June 2, 2007 from the sale of Metro common stock or A&P common stock and/or preferred stock (on March 13, 2007, A&P sold 6,350,000 shares of its holdings in Metro for proceeds of approximately \$203.5 million) or because such amount fails to remain unencumbered and held separately to pay the merger consideration; and

a \$50.0 million termination fee if Pathmark terminates the merger agreement on or prior to March 4, 2008 (or \$75.0 million if so terminated after March 4, 2008) because (i) A&P does not have available funds to pay the aggregate cash consideration payable in the merger, (ii) the

marketing
period provided
under the
merger
agreement to
arrange the debt
financing for the
merger has
expired and (iii)
the conditions to
the completion
of the merger
have been
satisfied or
waived.

If A&P or Pathmark terminates the merger agreement because of the failure of the Pathmark stockholders to adopt the merger agreement at the Pathmark special meeting, then Pathmark must pay A&P all filing fees paid by A&P under the HSR Act as well as legal fees and expenses incurred by A&P in connection with the merger agreement and the transactions contemplated thereby. This payment of fees and expenses will reduce the amount of any termination fees to be paid by Pathmark.

If A&P or Pathmark terminates the merger agreement because of the failure of the A&P stockholders to approve both the issuance of the A&P common stock pursuant to the merger agreement and the A&P charter amendment at the A&P special meeting or if A&P terminates the merger agreement on September 4, 2007, pursuant A&P's right to terminate the merger agreement under certain circumstances if A&P determines that it is reasonably likely that divestitures required to meet antitrust requirements would exceed \$36.0 million of aggregate scheduled store level cashflow, then A&P must pay Pathmark the legal fees and expenses incurred by Pathmark in connection with the merger agreement and the transactions contemplated thereby. (At A&P's annual

meeting of stockholders on July 19, 2007, A&P stockholders approved an amendment to eliminate such provisions from A&P's charter.)

Certain Material United States Federal Income Tax Consequences (Page 100)

The receipt of the merger consideration, or cash pursuant to the exercise of dissenters' rights, by Pathmark stockholders in exchange for Pathmark common stock will be a taxable transaction for United States federal income tax purposes.

You should read Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Certain Material United States Federal Income Tax Consequences for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters are complicated and the tax consequences of the merger to you will depend on the facts of your particular situation. Because individual circumstances may differ, we urge you to consult with your tax advisor as to the specific tax consequences of the merger to you, including the applicability of United States federal, state, local, foreign and other tax laws.

Comparison of Stockholders' Rights (Page 142)

As a result of the merger, the holders of Pathmark common stock will become holders of A&P common stock. Following the merger, Pathmark stockholders will have different rights as stockholders of A&P than as stockholders of Pathmark due to differences between the laws of the states of incorporation and the different provisions of the governing documents of A&P and Pathmark. See Adoption of the Merger Agreement (Pathmark Proposal 1) Comparison of Stockholders' Rights.

Comparative Stock Prices and Dividends (Page 23)

Shares of A&P common stock are listed on the NYSE under the symbol GAP. Shares of Pathmark common stock are listed on the NASDAQ Global Market (NASDAQ) under the symbol PTMK. The following table presents the last reported sale prices of A&P common stock and Pathmark common stock, as reported on:

February 26, 2007,
the last full trading
day before both A&P
and Pathmark issued
press releases
regarding a potential
business combination
involving the
companies;

March 2, 2007, the
last full trading day
prior to the public
announcement of the
merger agreement;
and

[], 2007, the last full
trading day prior to
the printing date of

this proxy
statement/prospectus.

The table also presents the equivalent value of the merger consideration per share of Pathmark common stock on those dates.

	A&P Common Stock	Pathmark Common Stock	Equivalent Price Per Share of Pathmark Common Stock(1)
February 26, 2007	\$ 30.87	\$ 12.05	\$ 13.00
March 2, 2007	\$ 30.86	\$ 11.25	\$ 13.00
[], 2007	\$ []	\$ []	\$ []

- (1) Calculated by adding (i) the cash portion of the merger consideration, or \$9.00, and (ii) the A&P closing per share stock price on February 26, 2007, March 2, 2007 or [], 2007 (as the case may be) multiplied by 0.12963.

Trading prices of A&P and Pathmark common stock and, consequently, the value of the merger consideration will fluctuate prior to the closing date of the merger, and A&P and Pathmark stockholders are urged to obtain current market quotations prior to making any decision with respect to how such stockholders will vote regarding the merger or the A&P share issuance proposal, as the case may be.

Although A&P declared and paid a special one-time dividend to its stockholders of record on April 17, 2006 equal to \$7.25 per share in April 2006, A&P's policy is to not pay dividends. As such, A&P has not paid any dividends, other than the special one-time dividend paid in 2006, during the

previous four years and does not intend to pay dividends in the normal course of business in fiscal 2007. A&P is permitted, however, under the terms of its credit agreements, to pay cash dividends on shares of common stock.

Pathmark did not pay any cash dividends to its stockholders during fiscal 2006 and does not currently anticipate paying cash dividends during fiscal 2007. Pathmark is prohibited from paying cash dividends to holders of Pathmark common stock under the terms of its amended and restated \$250 million senior secured credit facility dated as of October 1, 2004, as amended, with a group of lenders led by Fleet Retail Group. In addition, Pathmark is restricted from paying cash dividends to holders of Pathmark common stock under the indenture governing its \$350 million 8.75% Senior Subordinated Notes, due 2012.

Appraisal Rights (Page 101)

Under Delaware law, if the merger is completed, Pathmark stockholders of record who demand an appraisal of their shares, do not vote in favor of the merger and properly perfect their appraisal rights pursuant to, and in accordance with, Section 262 of the DGCL (and do not subsequently lose or withdraw such rights) will be entitled to receive payment in cash for the judicially determined fair value of their shares of Pathmark common stock plus a fair rate of interest, if any, on the amount determined to be the fair value of the shares. The relevant provisions of the DGCL relating to the rights of Pathmark stockholders to such appraisal are included as Annex J to this joint proxy statement/prospectus.

The A&P Special Meeting (Page 32)

The A&P special meeting will be held at The Woodcliff Lake Hilton, 200 Tice Boulevard, Woodcliff Lake, New Jersey, on [], [], 2007, at 9:00 a.m., Eastern Daylight Time, for the following purposes:

to consider and
vote on a
proposal to
approve the
issuance of
A&P common
stock pursuant
to the merger
agreement;

to consider and
vote on a
proposal to
adjourn or
postpone the
special
meeting, if
necessary, to
solicit
additional
proxies; and

to transact any
other business
that may

properly be
brought before
the A&P
special meeting
and any
adjournments
or
postponements
thereof.

Only record holders of A&P common stock at the close of business on [], 2007 will be entitled to vote at the A&P special meeting. Each share of A&P common stock is entitled to one vote for each matter presented at the meeting. As of the record date of [], 2007, there were [] shares of A&P common stock entitled to vote at the A&P special meeting.

The stock issuance proposal requires the affirmative vote of a majority of all votes cast by the holders of common stock at a meeting, *provided* that the total votes cast represent at least a majority of the outstanding shares entitled to vote on the proposal. Because approval is based on the affirmative vote of a majority of votes cast, an A&P stockholder's failure to vote will not affect the outcome of the vote to approve the issuance of A&P common stock in connection with the merger, assuming the total votes cast on the proposal represent at least a majority of all shares entitled to vote on the proposal. Because the NYSE treats abstentions as votes cast with respect to the proposal to issue shares of A&P common stock pursuant to the merger agreement, an abstention will have the same effect as a vote AGAINST this proposal. Abstentions will be counted for the purposes of determining whether a quorum exists at the A&P special meeting.

The proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the votes cast by the holders of A&P common stock at the special meeting. Therefore, an A&P stockholder's failure to vote or an abstention will have no effect on the outcome of the vote on such proposal.

As of the A&P record date, directors and executive officers of A&P and their affiliates had the right to vote [] shares of A&P common stock, or []% of the outstanding A&P common stock entitled to be voted at the A&P special meeting.

Tengelmann has agreed to vote all of its shares of A&P common stock, approximately 53% of the outstanding A&P common stock as of the A&P record date, in favor of the issuance of A&P common stock in the merger. This means that the approval of the issuance of the A&P common stock pursuant to the merger agreement is assured.

The Pathmark Special Meeting (Page 35)

The Pathmark special meeting will be held at Pathmark's corporate headquarters, 200 Milik Street, Carteret, New Jersey 07008, on [], [], 2007, at [] a.m., Eastern Daylight Time, for the following purposes:

to consider and vote upon a proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger;

to consider and vote upon a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies; and

to consider and vote on such other matters as may properly be brought before the Pathmark special meeting and any adjournments or postponements thereof.

Only record holders of Pathmark common stock at the close of business on [], 2007 will be entitled to vote at the Pathmark special meeting. Each share of Pathmark common stock is entitled to one vote for each matter presented at the meeting. As of the record date of [], 2007, there were [] shares of Pathmark common stock entitled to vote at the Pathmark special meeting.

The proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger, requires an affirmative vote of the holders of a majority of the outstanding shares of Pathmark common stock entitled to vote at the Pathmark special meeting. A Pathmark stockholder's failure to vote or an abstention will have the same effect as a vote AGAINST the proposal to adopt the merger agreement and the transactions contemplated thereby, including the merger, because approval is based on the affirmative vote of a majority of shares outstanding and entitled to vote. The proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of the holders of a majority of the shares of common stock present or represented at the special meeting and entitled to vote thereon. Accordingly, an abstention on the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies will have the same effect as a vote AGAINST that proposal, but the failure to attend the meeting and vote in person, to submit a proxy, or to provide voting instructions to your bank, brokerage firm or nominee will have no effect on the outcome of the proposal.

As of the Pathmark record date, directors and executive officers of Pathmark had the right to vote [] shares of Pathmark common stock, or []% of the outstanding Pathmark common stock entitled to be voted at the Pathmark special meeting.

The Yucaipa Investors have agreed to vote shares of Pathmark common stock that they own as of the Pathmark record date in favor of adoption of the merger agreement and the transactions contemplated thereby, including the merger, *provided* that these voting obligations do not apply to any other shares owned by the Yucaipa Investors in excess of 33% of the outstanding Pathmark common stock. The remaining shares owned by the Yucaipa Investors may be voted in the Yucaipa Investors' discretion, although the Yucaipa Investors have expressed their present intention to vote all of the Pathmark shares they own (approximately 38% of the outstanding Pathmark common stock as of the Pathmark record date) in favor of the adoption of the merger agreement.

Information about the companies

A&P

The address and telephone number of the executive offices are:

Two Paragon Drive
Montvale, New Jersey 07645
(201) 573-9700

A&P is a Maryland corporation and is engaged in the retail food business. A&P operated over 400 stores averaging over 40,000 square feet per store as of February 24, 2007.

Operating under the trade names A&P, Super Fresh, Sav-A-Center, Farmer Jack, Waldbaum's, Super Foodmart, Food Basics and The Food Emporium, A&P sells groceries, meats, fresh produce and other items commonly offered in supermarkets. In addition, many stores have bakery, delicatessen, pharmacy, floral, fresh fish and cheese departments and on-site banking. National, regional and local brands are sold, as well as private label merchandise. In support of A&P's retail operations, A&P sells other private-label products in its stores under other brand names of A&P which include, without limitation, America's Choice, Master Choice, Health Pride and Savings Plus.

Merger Sub

The address and telephone number of the executive offices are:

Two Paragon Drive
Montvale, New Jersey 07645
(201) 573-9700

Merger Sub is a Delaware corporation and a wholly owned subsidiary of A&P. Merger Sub was organized on February 22, 2007 solely for the purpose of effecting the merger with Pathmark. It has not carried on any activities other than in connection with the merger agreement.

Pathmark

The address and telephone number of the executive offices are:

200 Milik Street
Carteret, New Jersey 07008
(732) 499-3000

Pathmark is a Delaware corporation and is a leading supermarket chain in the densely populated New York-New Jersey and Philadelphia metropolitan areas, operating as a single segment with 141 stores. All of its stores are located within 100 miles of its corporate office in Carteret, New Jersey, and of its company-operated and outsourced distribution facilities. Pathmark was incorporated in Delaware in 1987 and is the successor by merger to a business established in 1966.

SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF A&P

The following table sets forth selected historical consolidated financial information and other data of A&P for the periods presented. The selected financial information as of February 22, 2003, February 28, 2004, February 26, 2005, February 25, 2006 and February 24, 2007, and for each of the five fiscal years then ended, has been derived from A&P's consolidated financial statements audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The selected historical financial and other data of A&P for the first quarters ended June 16, 2007 and June 17, 2006 presented below has been derived from A&P's unaudited consolidated financial statements, which, in the opinion of management, reflect all adjustments, consisting of only normal, recurring adjustments, necessary for a fair presentation of such data and which have been prepared in accordance with the same accounting principles followed in the presentation of the A&P audited financial statements for the year ended February 24, 2007. The operating results for the quarter ended June 16, 2007 are not necessarily indicative for the results that may be expected for the fiscal year. This financial information and other data should be read in conjunction with the audited and unaudited consolidated financial statements of A&P, including the notes thereto, incorporated in this joint proxy statement/prospectus by reference. See [Where You Can Find More Information](#).

	Fiscal Quarter Ended		Fiscal Year Ended			Other
	June 16, 2007	June 17, 2006	February 24, 2007(a)(b)	February 25, 2006(a)(b)	February 26, 2005	
	(In millions, except per share and Other amounts)					
Operating Results						
Sales	\$ 1,986.9	\$ 1,994.4	\$ 6,437.7	\$ 8,345.9	\$ 10,456.1	\$
(Loss) income from operations	(114.2)	(10.8)	(40.0)	(306.2)	(63.8)	
Depreciation and amortization	56.3	54.9	(167.7)	(196.2)	(255.7)	
(Loss) gain on sale of Canadian operations	(0.3)	(0.3)	1.3	912.1		
Interest expense(c)	(21.4)	(21.3)	(71.3)	(89.7)	(112.0)	
Income (loss) from continuing operations	(26.1)	(8.6)	4.0	404.8	(172.7)	
Income (loss) from discontinued operations	(17.0)	2.5	22.9	(12.2)	(15.4)	
Income (loss) before cumulative effect of change in accounting principle	(43.1)	(6.1)	26.9	392.6	(188.1)	
Cumulative effect of a change in						

accounting
principle
FIN 46-R(d)

Net income (loss)	(43.1)	(6.1)	26.9	392.6	(188.1)
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Per Share Data

Income (loss) from continuing operations basic	(0.62)	(0.21)	0.10	10.04	(4.48)
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Income (loss) from discontinued operations basic	(0.41)	(0.06)	0.55	(0.30)	(0.40)
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Cumulative effect
of a change in
accounting
principle
FIN 46-R(d)

Net income (loss) basic	(1.03)	(0.15)	0.65	9.74	(4.88)
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Income (loss) from continuing operations diluted	(0.62)	(0.21)	0.10	9.94	(4.48)
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Income (loss) from discontinued operations diluted	(0.41)	(0.06)	0.54	(0.30)	(0.40)
---	---------	---------	------	---------	---------

Cumulative effect
of a change in
accounting
principle
FIN 46-R(d)

Net income (loss) diluted	(1.03)	(0.15)	0.64	9.64	(4.88)
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Cash dividends(e)			7.25		
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Book value per share(e)	13.35	9.30	10.36	16.32	6.03
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See notes to selected financial data.

	Fiscal Quarter Ended				Other
	June 16, 2007	June 17, 2006	February 24, 2007(a)(b)	February 25, 2006(a)(b)	
(In millions, except per share and Other)					
Financial Position					
Current assets	\$ 949.3	\$ 880.7	\$ 748.9	\$ 1,210.0	\$
Current liabilities	513.7	584.9	558.4	610.3	
Working capital(e)	430.6	295.7	190.5	599.7	
Current ratio(e)	1.94	1.51	1.34	1.98	
Expenditures for property	(50.9)	(68.1)	208.2	191.1	
Total assets	2,307.8	2,196.4	2,111.6	2,498.9	
Current portion of long-term debt(f)	0.0	32.4	32.1	0.6	
Current portion of capital lease obligations	1.6	2.0	1.6	2.3	
Long-term debt(c)	254.2	284.8	284.2	246.3	
Long-term portion of capital lease obligations	29.5	31.8	29.9	32.3	
Total debt	285.3	351.0	347.8	281.4	
Debt to total capitalization(i)	34 %	48 %	45 %	30 %	
Equity					
Stockholders equity(g)	559.5	385.9	430.7	671.7	
Weighted average shares outstanding basic	41,801.4	41,280.6	41,430.6	40,301.1	
Weighted average shares outstanding diluted	42,259.8	41,839.3	41,902.3	40,725.9	
Number of registered stockholders(e)(h)	4,698	4,479	4,649	4,916	
Other(e)					
Number of employees	[]	[]	38,000	38,000	
New store openings	2	1	10	3	
Number of stores at year end	403	405	406	405	

Total store area (square feet)	16,466,870	16,494,793	16,538,410	16,508,969
Number of franchised stores served at year end				
Total franchised store area (square feet)				

- (a) At the close of business on August 13, 2005, A&P completed the sale of its Canadian business to Metro.
- (b) On February 27, 2005 the first day of A&P's 2005 fiscal year, A&P adopted the Financial Accounting Standards Board Statement of Financial Accounting Standards (SFAS) No. 123(R) and recorded share-based compensation expense of \$8.2 million and \$9.0 million in fiscal 2006 and fiscal 2005, respectively.

- (c) In fiscal 2005, A&P repurchased the majority of its 7.75% Notes due April 15, 2007 and its 9.125% Senior Notes due December 15, 2011.
- (d) In fiscal 2003, the Financial Accounting Standards Board (*FASB*) issued revised interpretation No. 46, Consolidation of Variable Interest Entities an interpretation of Accounting Research Bulletin No. 51. As of February 23, 2003, A&P adopted its guidance as A&P was deemed the primary beneficiary and included the franchise operations in A&P s consolidated financial statements for fiscal 2003, fiscal 2004 and fiscal 2005.
- (e)

Not derived
from audited
financial
information.

- (f) In April 2007, A&P's 7.75% Notes become due and payable in full.
- (g) On April 25, 2006, A&P paid a special one-time dividend to its stockholders of record on April 17, 2006 equal to \$7.25 per share. This dividend payout totaling \$299.1 million was recorded as a reduction of Additional paid in capital in A&P's Consolidated Balance Sheets at February 24, 2007.
- (h) Actual number, not millions.
- (i) Calculated as total debt divided by the sum of total debt and stockholders equity.

SELECTED HISTORICAL FINANCIAL AND OTHER DATA OF PATHMARK

The following table sets forth selected historical consolidated financial information and other data of Pathmark for the periods presented. The selected consolidated statements of income data for the fiscal years ended February 3, 2007, January 28, 2006 and January 29, 2005 and the selected consolidated balance sheet data as of February 3, 2007 and January 28, 2006 have been derived from Pathmark's audited consolidated financial statements, incorporated by reference in this joint proxy statement/prospectus. The selected consolidated statements of income data for the fiscal years ended January 31, 2004 and February 1, 2003 and the selected consolidated balance sheet data as of January 29, 2005, January 31, 2004 and February 1, 2003 are derived from audited consolidated financial statements not included or incorporated by reference in this joint proxy statement/prospectus. The selected historical financial and other data of Pathmark for the first quarters ended May 5, 2007 and April 29, 2006 presented below was derived from Pathmark's unaudited consolidated financial statements, which, in the opinion of management, reflect all adjustments, consisting of only normal, recurring adjustments, necessary for a fair presentation of such data and which have been prepared in accordance with the same accounting principles followed in the presentation of Pathmark's audited financial statements for the year ended February 3, 2007. The operating results for the quarter ended May 5, 2007 is not necessarily indicative for the results that may be expected for the fiscal year. This consolidated financial information and other data should be read in conjunction with the audited and unaudited consolidated financial statements of Pathmark, including the notes thereto, incorporated in this joint proxy statement/prospectus by reference. See [Where You Can Find More Information](#).

	Fiscal Quarter				Fiscal Year
	13 Weeks Ended May 5, 2007	13 Weeks Ended April 29, 2006	53 Weeks Ended February 3, 2007	52 Weeks Ended January 28, 2006	52 Weeks Ended January 29, 2005
	(In millions, except per share amounts)				
Operating Results:					
Sales	\$ 999.0	\$ 998.5	\$ 4058.0	\$ 3977.0	\$ 3978.5
Cost of goods sold	(702.7)	(709.0)	(2,875.2)	(2,846.3)	(2,846.1)
Gross profit	296.3	289.5	1,182.8	1,130.7	1,132.4
Selling, general and administrative expenses(a)	267.3	(259.8)	(1,056.8)	(1,040.9)	(984.9)
Depreciation and amortization(b)	(23.5)	(23.0)	(92.6)	(90.8)	(89.4)
Impairment of goodwill and long-lived assets(c)					(309.0)
Operating earnings (loss)	5.5	6.7	33.4	(1.0)	(250.9)
Interest expense, net(d)	(15.9)	(15.5)	(62.3)	(64.7)	(67.0)

Earnings (loss) before income taxes and cumulative effect of an accounting change	(10.4)	(8.8)	(28.9)	(65.7)	(317.9)
Income tax benefit (provision)	1.9	3.4	10.6	25.6	9.3
Earnings (loss) before cumulative effect of an accounting change	(8.5)	(5.4)	(18.3)	(40.1)	(308.6)
Cumulative effect of an accounting change, net of tax(e)					
Net earnings (loss)	\$ (8.5)	\$ (5.4)	\$ (18.3)	\$ (40.1)	\$ (308.6)
Weighted-average number of shares outstanding basic	52.3	52.0	52.1	43.5	30.1
Weighted-average number of shares outstanding diluted	52.3	52.0	52.1	43.5	30.1
Net earnings (loss) per share basic	(0.16)	(0.10)	\$ (0.35)	\$ (0.92)	\$ (10.26)
Net earnings (loss) per share diluted	(0.16)	(0.10)	\$ (0.35)	\$ (0.92)	\$ (10.26)
Same-store sales increase (decrease)	(0.3)%	(0.1)%	0.4 %	(0.8)%	(0.8)%
Capital expenditures, including property acquired under capital leases and technology investments	\$ 14.7	\$ 12.1	\$ 71.8	\$ 64.5	\$ 119.0

See notes to selected historical financial and other data of Pathmark.

	At						
	May 5, 2007	April 29, 2006	February 3, 2007	January 28, 2006	January 29, 2005	January 31, 2004	Feb
Financial Position:							
Total assets(f)	\$ 1,128.8	\$ 1,240.8	\$ 1,132.4	\$ 1,254.6	\$ 1,253.4	\$ 1,520.9	\$
Cash, cash equivalents and marketable securities	31.8	68.0	28.1	77.4	42.6	8.9	
Debt (excluding capital lease obligations)	446.2	424.9	448.2	425.9	481.2	428.4	
Capital lease obligations	167.5	176.4	169.8	179.6	193.4	196.5	
Total debt, including capital lease obligations	613.7	601.3	618.0	605.5	674.6	624.9	
Stockholders equity(f)	118.0	168.0	128.4	171.3	65.2	375.0	

See notes to selected historical financial and other data of Pathmark.

Notes to Selected Historical Financial and Other Data of Pathmark

- (a) Selling, general and administrative expenses (*SG&A*) in the first quarter ended May 5, 2007 included a \$4.2 million charge for early retirement and benefits-related expenses related to a voluntary retirement incentive program Pathmark offered to certain of its store associates covered by collective bargaining agreements (*Store Labor Buyout*) in which 152 store associates accepted the *Store Labor Buyout* and agreed to retire no later than May 5, 2007. *SG&A* in fiscal 2006 included a \$9.7 million non-cash charge related to stock-based compensation in accordance with SFAS No. 123(R), *Share-Based Payment* and \$2.9 million in expenses related to the proposed merger with A&P, partially offset by gift card breakage income of \$3.5 million. *SG&A* in fiscal 2005

included a \$14.6 million charge related to employee-related separation costs, comprised of (i) an \$8.4 million charge related to a corporate headcount reduction program, (ii) a \$3.6 million charge related to a store labor buyout initiative, and (iii) a \$2.6 million charge related to separation agreements with two former executives. In addition, SG&A in fiscal 2005 included a \$4.7 million charge related to the merchandising and store initiative. SG&A in fiscal 2004 is net of a \$1.4 million credit to correct, on a cumulative basis, the accounting related to straight-line rent expense and long-term disability and a \$1.5 million gain from the sale of real estate. Fiscal 2003 included a \$13.7 million gain from the sale of real estate related to the assignment of two real estate leases and an \$8.1

million charge related to a store labor buyout initiative and a corporate headcount reduction program. Fiscal 2002 included a \$2.0 million charge related to a store labor buyout program.

- (b) Depreciation and amortization in fiscal 2004 included a charge of \$2.0 million to correct, on a cumulative basis, the amortization of certain leasehold improvements.
- (c) In accordance with SFAS No. 142, Goodwill and Other Intangible Assets, Pathmark's goodwill balance is evaluated for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Based on an evaluation of its fair value in fiscal 2002, fiscal 2003, fiscal 2005 and fiscal 2006, Pathmark concluded that there was no impairment of its

goodwill.

Based on Pathmark's evaluation of its goodwill and long-lived assets performed in fiscal 2004, Pathmark recorded a non-cash impairment charge of \$309.0 million. The goodwill impairment of \$293.8 million, which is not deductible for income tax purposes, represented the write-down of the carrying value of Pathmark's goodwill to its implied fair value and was due to Pathmark's declining operating performance in fiscal 2004 and the reduced valuation multiples in the retail grocery industry, which were reflected in Pathmark's stock price and market capitalization. The long-lived assets impairment of \$15.2 million represents the write-down of under-performing stores to their fair market values.

- (d) Interest expense in fiscal 2005 included a charge of \$2.8 million as a result of the defeasance of Pathmark's mortgage borrowings utilizing a portion of the proceeds of certain purchased securities. Fiscal 2004 included a write-off of deferred financing costs of \$1.7 million related to the refinancing and pay down of Pathmark's previous credit agreement. Fiscal 2003 included a derivative settlement charge of \$3.7 million related to the termination and settlement of Pathmark's \$150 million interest rate zero-cost collar and the writeoff of deferred financing costs of \$2.1 million as a result of the repayment of \$153 million of Pathmark's term loan primarily from proceeds from the issuance of an additional \$150 million (\$100 million on September 19, 2003 and \$50 million on

December 18, 2003) aggregate principal amount of Senior Subordinated Notes. Fiscal 2002 included the reversal of an accrued interest liability of \$2.2 million related to the favorable resolution of certain tax issues.

- (e) In fiscal 2002, Pathmark adopted Emerging Issues Task Force (*EITF*) Issue No. 02-16, Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor. In adopting EITF Issue No. 02-16, vendor payments related to advertising reimbursements are recorded as a reduction of cost of goods sold when both the required advertising is performed and the inventory is sold; prior to this change, these reimbursements were recorded as a reduction of advertising expense when the required

advertising was

performed. As a result, Pathmark recorded a charge in fiscal 2002 of \$0.6 million, net of an income tax benefit of \$0.4 million, for the cumulative effect of an accounting change.

- (f) In fiscal 2006, Pathmark adopted SFAS No. 158, Employers Accounting for Defined Benefit Pension and Other Postretirement Plans an amendment of SFAS Nos. 87, 88, 106 and 132(R). As a result, Pathmark recognized the funded status of its defined benefit postretirement plans as an asset or a liability, with changes resulting from adoption reducing stockholders equity by \$36.0 million as of February 3, 2007. SFAS No. 158 did

not change the
existing
criteria for
measurement
of periodic
benefit costs,
plan assets or
benefit
obligations.

COMPARATIVE PER SHARE DATA

The following table sets forth certain historical, pro forma combined and pro forma-equivalent per share financial information for A&P common stock and Pathmark common stock. The pro forma and pro forma-equivalent per share information gives effect to the merger as if the merger had been effective on February 24, 2007 and June 16, 2007 (as the case may be), in the case of the book value data presented, and as if the merger had become effective at the beginning of the fiscal year ended February 24, 2007 and the end of the fiscal quarter ended June 16, 2007 (as the case may be), in the case of the net income and dividends declared data presented.

The following information should be read in conjunction with the audited consolidated financial statements of A&P and Pathmark, which are incorporated by reference into this joint proxy statement/prospectus, and the unaudited pro forma condensed combined financial data beginning on page 124. The pro forma information below assumes that the merger will be accounted for using the purchase method of accounting, represents a current estimate based on available information and is subject to change as additional information becomes available. It is presented for informational purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company.

Fiscal Year Ended February 24, 2007	A&P Historical	Pathmark Historical(1)	Unaudited Pro Forma Combined(1)	Unaudited Pro Forma Pathmark Equivalent(1)(2)
Diluted per common share:				
Net (loss) income per share	\$ 0.64	\$ (0.35)	\$ (2.09)	\$ (0.27)
Dividends declared per common share	\$ 7.25	\$	\$	\$
Book value per share at period end	\$ 10.36	\$ 2.46	n/a	n/a

(1) Pathmark information is presented as of and for the period ended February 3, 2007.

(2) Pathmark equivalent per share amounts are calculated by multiplying pro forma

amounts by
the
exchange
ratio of
0.12963.

Fiscal Quarter Ended June 16, 2007	A&P Historical	Pathmark Historical(1)	Unaudited Pro Forma Combined(1)	Unaudited Pro Forma Pathmark Equivalent(1)(2)
Diluted per common share:				
Net (loss) income per share	\$ (1.03)	\$ (0.16)	\$ 0.43	\$ 0.06
Dividends declared per common share	\$	\$	\$	\$
Book value per share at period end	\$ 13.35	\$ 2.25	\$ 14.26	\$ 1.85

(1) Pathmark information is presented as of and for the period ended May 5, 2007.

(2) Pathmark equivalent per share amounts are calculated by multiplying pro forma amounts by the exchange ratio of 0.12963.

COMPARATIVE STOCK PRICES AND DIVIDENDS

A&P common stock is listed and traded on the NYSE under the symbol GAP. Pathmark common stock is listed and traded on NASDAQ under the symbol PTMK. The following table sets forth, for the calendar quarters indicated, the high and low sales prices per share of A&P common stock and Pathmark common stock. The table also sets forth the cash dividends per share declared by A&P and Pathmark with respect to its common stock.

Calendar Quarters	A&P Common Stock			Pathmark Common Stock		
	High	Low	Dividends	High	Low	Dividends
2005						
First Quarter	\$ 15.50	\$ 8.09		\$ 6.74	\$ 4.43	
Second Quarter	\$ 29.70	\$ 14.57		\$ 9.52	\$ 5.94	
Third Quarter	\$ 35.20	\$ 23.80		\$ 12.30	\$ 8.63	
Fourth Quarter	\$ 32.30	\$ 24.89		\$ 11.38	\$ 8.65	
2006						
First Quarter	\$ 35.90	\$ 28.04		\$ 11.54	\$ 9.59	
Second Quarter	\$ 37.02	\$ 20.93	\$ 7.25	\$ 11.48	\$ 8.43	
Third Quarter	\$ 24.54	\$ 20.67		\$ 10.49	\$ 7.60	
Fourth Quarter	\$ 28.64	\$ 23.95		\$ 11.43	\$ 9.75	
2007						
First Quarter	\$ 34.39	\$ 25.27		\$ 12.89	\$ 10.70	
Second Quarter	\$ 35.70	\$ 29.81		\$ 13.18	\$ 12.21	
Third Quarter*	\$ 35.77	\$ 29.15		\$ 13.22	\$ 12.38	

* Through
August
28,
2007

On February 26, 2007, the last trading day before A&P and Pathmark issued press releases regarding a potential business combination involving the companies, the last sale price of Pathmark common stock was \$12.05 per share and the last sale price of A&P common stock was \$30.87 per share. On March 2, 2007, the last trading day prior to the announcement of the execution of the merger agreement, the last sale price of Pathmark common stock was \$11.25 per share and the last sale price of A&P common stock was \$30.86 per share. On [], 2007, the most recent practicable trading day prior to the printing of this joint proxy statement/prospectus, the last sale price of Pathmark common stock was \$[] per share and the last sale price of A&P common stock was \$[] per share. The market prices of shares of Pathmark common stock and A&P common stock are subject to fluctuation. As a result, Pathmark stockholders are urged to obtain current market quotations. On [], 2007, the record date for the Pathmark special meeting, there were approximately [] shares of Pathmark common stock outstanding. On [], the record date for the A&P special meeting, there were approximately [] shares of A&P common stock outstanding.

Although A&P declared and paid a special one-time dividend to its stockholders of record on April 17, 2006 equal to \$7.25 per share in April 2006, A&P's policy is to not pay dividends. As such, A&P has not made dividend payments, other than the special one-time dividend just described, in the previous five years and does not intend to pay dividends in the normal course of business in fiscal 2007. A&P is permitted, however, under the terms of its credit agreements, to pay cash dividends on shares of common stock.

Pathmark did not pay any cash dividends to its stockholders during fiscal 2006 and does not currently anticipate paying cash dividends during fiscal 2007. Pathmark is prohibited from paying cash dividends to holders of Pathmark common stock under the terms of its amended and restated \$250 million senior secured credit facility dated as of October 1, 2004, as amended, with a group of lenders led by Fleet Retail Group. In addition, Pathmark is restricted from paying cash dividends to holders of Pathmark common stock under the indenture governing its \$350 million 8.75% Senior Subordinated Notes, due 2012.

RISK FACTORS

In addition to general investment risks and the other information included or incorporated by reference into this joint proxy statement/prospectus, you should carefully consider the risk factors described below in evaluating whether to adopt the merger agreement and the transactions contemplated thereby, in the case of Pathmark stockholders, or to approve the A&P share issuance proposal, in the case of A&P stockholders.

Risk Factors Relating to A&P and Pathmark

A&P's and Pathmark's businesses are and will be subject to the risks described below relating to the merger. In addition, A&P and Pathmark are, and will continue to be, subject to the risks described in Part I, Item 1A in each of A&P's Annual Report on Form 10-K for the year ended February 24, 2007 and Quarterly Report on Form 10-Q for the quarter ended June 16, 2007 and Pathmark's Annual Report on Form 10-K, as amended, for the year ended February 3, 2007 and Quarterly Report on Form 10-Q for the quarter ended May 5, 2007, in each case as filed with the Securities and Exchange Committee (SEC) and incorporated by reference into this joint proxy statement/prospectus. See "Where You Can Find More Information" beginning on page 174 for the location of information incorporated by reference into this joint proxy statement/prospectus.

Risk Factors Relating to the Merger

Because the market price of A&P common stock will fluctuate, Pathmark stockholders cannot be sure of the market value of the shares of A&P common stock that they will receive.

The number of shares of A&P common stock to be received by holders of Pathmark common stock in the merger as part of the merger consideration is fixed at 0.12963 of a share of A&P common stock for each share of Pathmark common stock. That number will not be adjusted in the event of any increase or decrease in the price of either A&P common stock or Pathmark common stock. The price of A&P common stock may vary at the effective time of the merger from its price at the date of this joint proxy statement/prospectus and at the date of the special meeting. That variation may be the result of changes in the business, operations or prospects of A&P or Pathmark, market assessments of the likelihood that the merger will be completed and the timing of the merger, regulatory considerations, general market and economic conditions and other factors. In addition to the approval of Pathmark stockholders, completion of the merger is subject to the expiration or termination of the applicable waiting period and any extension of the waiting period under the HSR Act, and the satisfaction of other conditions that may not occur until some time after the special meeting. Therefore, at the time of the Pathmark special meeting, Pathmark stockholders will not know the precise dollar value of the merger consideration they will be entitled to receive upon completion of the merger. Pathmark stockholders are urged to obtain current market quotations for A&P common stock and Pathmark common stock.

Obtaining required approvals and satisfying closing conditions may delay or prevent completion of the merger or reduce the anticipated benefits of the merger.

Completion of the merger is conditioned upon the receipt of certain governmental authorizations, consents, orders and approvals, including the expiration or termination of the applicable waiting period (and any extension of the waiting period) under the HSR Act. These consents, orders and approvals may impose conditions on, or require divestitures relating to, the divisions, operations or assets of A&P or Pathmark. These conditions or divestitures may jeopardize or delay completion of the merger or may reduce the anticipated benefits of the merger. Further, no assurance can be given that the required consents and approvals will be obtained or that the required conditions to closing will be satisfied, and, if all required consents and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the consents and approvals.

Pursuant to the merger agreement, A&P may be required to dispose of significant assets if required by governmental entities in order to resolve potential antitrust objections to the merger. A&P and Pathmark have agreed to use their respective best efforts to cause the expiration or

termination of the waiting period under the HSR Act. Subject to A&P's right to terminate the merger agreement prior to December 5, 2007 in the event that A&P has determined in good faith, subject to certain requirements, that required divestitures would be reasonably likely to exceed \$36.0 million of aggregate scheduled store level cashflow, A&P has agreed to use best efforts to take all actions necessary to, among other things, resolve any objections to the merger asserted by governmental authorities under antitrust laws and to prevent or have lifted any court order preventing or delaying the merger. This obligation includes, without limitation, executing settlements, undertakings, consent decrees, stipulations or other agreements and proposing to sell, divest, or otherwise convey any of its assets or the assets to be acquired in the merger, as necessary. Additionally, if the merger agreement is not terminated by December 5, 2007, the limitations on required asset dispositions set forth above will cease to apply, and A&P will remain obligated to use its best efforts to resolve any objections to the merger asserted by governmental authorities under antitrust laws and to prevent or have lifted any court order preventing or delaying the merger. The extent to which asset dispositions will be required and in what amount, and whether A&P will be able to dispose of such assets or, if those assets are sold, at which price they may be sold and the impact that such dispositions may have on A&P's profitability, is uncertain.

The failure to successfully integrate Pathmark's business and operations in the expected time frame may adversely affect A&P's future results.

The success of the merger will depend, in part, on the combined company's ability to realize the anticipated benefits from combining the businesses of A&P and Pathmark, including, as A&P has announced, anticipated annual integration synergies of approximately \$150 million within two years, through cost reductions in overhead, greater efficiencies, increased utilization of support facilities and the adoption of mutual best practices between the two companies. To realize these anticipated benefits, however, the businesses of A&P and Pathmark must be successfully combined. If the combined company is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

A&P and Pathmark have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could result in the loss of key employees, as well as the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies, any or all of which could adversely affect A&P's ability to maintain relationships with customers and employees after the merger or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on each of A&P and Pathmark.

The market price for A&P common stock may be affected by factors different from those affecting the shares of Pathmark.

Upon completion of the merger, holders of Pathmark common stock will become holders of A&P common stock. A&P's businesses differ from those of Pathmark, and accordingly the results of operations of the combined company will be affected by factors different from those currently affecting the results of operations of Pathmark. For a discussion of the businesses of A&P and Pathmark and of certain factors to consider in connection with those businesses, see the documents incorporated by reference into this joint proxy statement/prospectus and referred to under [Where You Can Find More Information](#).

Some directors, executive officers and significant stockholders of A&P and Pathmark have interests in the merger that may differ from the interests of the A&P and Pathmark stockholders.

When considering the Pathmark board of directors' unanimous recommendation that the Pathmark stockholders vote **FOR** the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, and the A&P board of directors' unanimous recommendation that A&P stockholders vote **FOR** the proposal to approve the issuance of shares of A&P common stock pursuant to the merger agreement, you should be

aware that certain directors and executive officers of Pathmark and A&P, the Yucaipa Investors, Pathmark's largest stockholder, and Tengelmann, A&P's largest stockholder, each have interests in the merger agreement and the merger that are different from, and may conflict with, your interests.

In addition, subject to certain conditions, in connection with the merger, Gregory Mays, a director of Pathmark, will be elected by the existing A&P directors to fill the existing vacant position on the A&P board of directors without stockholder action, as provided for under the bylaws of A&P and in accordance with Maryland law. The directors and executive officers of Pathmark will receive certain benefits in connection with the merger, including accelerated vesting of stock options and restricted stock. Additionally, certain executive officers may be entitled to receive severance payments in connection with the merger. A&P has agreed to continue certain indemnification arrangements for directors and executive officers of Pathmark. Affiliates of the Yucaipa Investors will receive certain fees in connection with the merger. Additionally, warrants to purchase Pathmark common stock owned by the Yucaipa Investors will be converted into warrants to acquire A&P common stock and the Yucaipa Investors will receive certain registration rights for shares of A&P common stock acquired by the Yucaipa Investors in connection with the merger and those issuable upon conversion of the Yucaipa Investors' warrants. Tengelmann has entered into a stockholder agreement with A&P whereby Tengelmann will have certain approval, registration, preemptive and other rights after the merger. The A&P and Pathmark boards of directors were aware of these interests and considered them, among other matters, in authorizing and advising stockholder approval of the merger agreement and the A&P share issuance. See Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Interests of Certain Persons in the Merger.

The shares of A&P common stock to be received by Pathmark stockholders as a result of the merger will have different rights than shares of Pathmark common stock.

Following completion of the merger, Pathmark stockholders will no longer be stockholders of Pathmark, a Delaware corporation, but will instead be stockholders of A&P, a Maryland corporation. There will be important differences between Pathmark stockholders' current rights and the rights to which they will be entitled as stockholders of A&P as a result of differences between Delaware law and Maryland law and the governing documents of Pathmark and A&P. See Adoption of the Merger Agreement (Pathmark Proposal 1) Comparison of Stockholders' Rights for a discussion of the different rights associated with A&P and Pathmark common stock.

Two putative class action complaints were filed and subsequently consolidated and amended in connection with the transactions and, if decided adversely to the defendants, could result in the entry of an injunction against the completion of the merger and an order for other relief.

Two putative class action complaints were filed in New Jersey State court, on March 6 and March 12, 2007, and were subsequently consolidated on June 15, 2007 and amended on July 16, 2007 (Superior Court of the State of New Jersey, Middlesex County, Civil Action No. C-111-07), alleging breach of fiduciary duty of the directors of Pathmark, as well as aiding and abetting the breach of that duty by Pathmark and A&P. The consolidated amended complaint seeks to enjoin the merger. While this case is now in the early stages, A&P and Pathmark believe that the case is without merit. Any judgments, however, in respect of this lawsuit adverse to A&P and Pathmark may adversely affect A&P and Pathmark's ability to consummate the merger.

Risks Relating to A&P's Operations (Including Pathmark) After Completion of the Merger

General economic conditions affecting the food industry may affect A&P's business and may adversely affect A&P's operating results.

The retail food and food distribution industries are sensitive to a number of economic conditions such as (i) food price deflation or inflation, (ii) softness in local and national economies, (iii) increases in commodity prices, (iv) the availability of favorable credit and trade terms, and (v) other economic conditions that may affect consumer buying habits. Any one or more of these economic conditions can affect A&P's retail sales, the demand for products A&P distributes to its retailer customers, its operating costs and other aspects of its business.

Threats or potential threats to food safety may adversely affect A&P's business.

Acts of war, threats of terror, acts of terror or other criminal activity directed at the grocery or drug store industry, the transportation industry, or computer or communications systems, could increase security costs, adversely affect A&P's operations, or impact consumer behavior and

spending as well as customer orders. Other events that give rise to actual or potential food contamination, drug contamination, or food-borne illness could have an adverse effect on A&P's operating results.

A&P faces a high level of competition in the retail food and food distribution businesses from several retail formats, which may adversely affect A&P's profitability.

The industries in which A&P competes are extremely competitive. Both the retail food and food distribution businesses are subject to competitive practices that may affect (i) the prices at which A&P is able to sell products at its retail locations; (ii) sales volume; (iii) the ability of A&P's distribution customers to sell products it supplies, which may affect future orders; and (iv) A&P's ability to attract and retain customers. In addition, the nature and extent of consolidation in the retail food and food distribution industries could affect A&P's competitive position or that of its distribution customers in the markets it serves.

A&P's retail food business faces competition from other retail chains, supercenters, nontraditional competitors and emerging alternative formats in the markets where it has retail operations. In the food distribution business, A&P's success depends in part on the ability of its independent retailer customers to compete effectively, its ability to attract new customers, and its ability to supply products in a cost-effective manner. Declines in the level of retail sales activity of distribution customers due to competition, consolidations of retailers or competitors, increased self-distribution by A&P's customers, or the entry of new or nontraditional distribution systems into the industry may adversely affect A&P's revenues.

Risks Relating to Financing

A&P will take on substantial additional indebtedness to finance the merger, which will decrease A&P's business flexibility and increase its borrowing costs.

Upon completion of the merger, A&P will have consolidated indebtedness that will be substantially greater than its indebtedness prior to the merger. The increased indebtedness and higher debt-to-equity ratio of A&P in comparison to that of A&P on a historical basis will have the effect, among other things, of reducing the flexibility of A&P to respond to changing business and economic conditions and increasing borrowing costs. See Unaudited Pro Forma Condensed Combined Financial Information.

The financing arrangements that A&P expects to enter into in connection with the merger will contain restrictions and limitations that could significantly impact A&P's ability to operate its business.

A&P is incurring significant debt in connection with the merger. It is expected that A&P will utilize much of the financing to be made available pursuant to the financing commitments discussed in Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Financing to fund a portion of the cash consideration payable to the Pathmark stockholders in the merger. A&P, on a pro forma basis, will have approximately \$615 million of debt under its new senior secured revolving credit facility, and either \$780 million in aggregate principal amount of new senior secured notes or a \$780 million bridge facility. In addition, approximately \$[] billion of existing debt of A&P and Pathmark will remain outstanding following the merger.

This debt could limit A&P's financial and operating flexibility, including by requiring A&P to dedicate a substantial portion of its cash flow from operations and the proceeds of equity issuances to the repayment of its debt and the interest on its debt, making it more difficult for the combined company to obtain additional financing on favorable terms, limiting the combined company's ability to capitalize on significant business opportunities and making the combined company more vulnerable to economic downturns.

A&P expects that the agreements governing the indebtedness that it will incur in connection with the merger will contain covenants that, among other things, will limit the ability of A&P and certain of its subsidiaries to:

make
payments in
respect of, or
redeem or
acquire, debt
or equity
issued by A&P
or its
subsidiaries,
including the
payment of
dividends on
A&P common
stock;

incur
additional
indebtedness;

incur
guarantee
obligations;

pay dividends;

create liens on
assets;

enter into sale
and leaseback
transactions;

make
investments,
loans or
advances;

enter into
hedging
transactions;

engage in
mergers,
consolidations
or sales of all
or
substantially
all of their
respective
assets; and

engage in
certain
transactions
with affiliates.

In addition, A&P will be required to comply with certain financial covenants set forth in these agreements. Certain of these agreements will require A&P to make an offer to purchase the related debt if A&P experiences specified changes of control or sells certain assets, and A&P's failure to purchase such debt agreements in accordance with the terms would result in a default under such agreements.

In addition, if A&P fails to maintain a specified minimum level of borrowing capacity under the senior secured revolving credit facility, which we refer to as the *ABL Facility*, which is more fully described in Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Financing, A&P will then be subject to a financial covenant under the ABL Facility that will obligate A&P to make mandatory prepayments under the ABL Facility to the extent the minimum level of borrowing capacity is exceeded.

A&P's ability to comply with this covenant in future periods will depend on its ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond A&P's control. The ability to comply with this covenant in future periods will also depend on A&P's ability to successfully implement A&P's overall business strategy and realize contemplated merger synergies.

Various risks, uncertainties and events beyond A&P's control could affect its ability to comply with the covenants contained in its debt agreements. Failure to comply with any of the covenants in its existing or future financing agreements could result in a default under those agreements and under other agreements containing cross-default provisions. A default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, A&P might not have sufficient funds or other resources to satisfy all of its obligations. In addition, the limitations imposed by financing agreements on A&P's ability to incur additional debt and to take other actions might significantly impair its ability to obtain other financing. A&P cannot assure you that it will be granted waivers or amendments to these agreements if for any reason it is unable to comply with these agreements, or that it will be able to refinance its debt on terms acceptable to it, or at all.

The terms of A&P's debt financing arrangements have not been finalized and are subject to market risk, which could result in less favorable borrowing costs and financial conditions than anticipated.

The terms of the various credit facilities and debt financing arrangements described under Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Financing reflect the current state of discussions with respect to financing and have not yet been finalized. As such, those terms may materially change depending on market conditions at the time of the incurrence or offering of such indebtedness. The economic terms of the indebtedness, including interest rates and redemption prices, will be determined as part of the offering process and will vary depending on market conditions. Adverse market conditions could result in higher than expected redemption prices or subject A&P to restrictive covenants that impose restrictions and limitations that are in

addition to, or more restrictive than, those currently expected. The funding of the bridge facility, if it occurs, would exacerbate these risks and could adversely affect the ability of A&P and/or its subsidiaries to obtain other debt financing on favorable terms. In addition, if the bridge facility is funded in lieu of issuing the notes, the interest expense payable by the borrower could increase. See Unaudited Pro Forma Condensed Combined Financial Information.

A&P cannot assure you that it will be able to generate sufficient cash flow needed to service its indebtedness, and its inability to do so would adversely affect A&P's financial condition.

A&P's ability to make scheduled payments on its indebtedness and to fund planned capital expenditures will depend on the ability of A&P and its subsidiaries to generate cash flow in the future. A&P's future performance is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. In addition, A&P's ability to borrow funds in the future will depend on the satisfaction of the covenants in A&P's credit facilities and its other debt agreements and other financing arrangements it may enter into in the future. In the event that the credit facilities need to be refinanced, A&P cannot assure you that it will be able to do so or obtain additional financing, particularly because of its anticipated high levels of debt and the debt incurrence restrictions imposed by its debt agreements, as well as prevailing market conditions. A&P cannot assure you that its business will generate sufficient cash flow from operations or that future borrowings will be available in an amount sufficient to enable A&P to service its debt and fund its other liquidity needs.

If A&P's cash flow and capital resources are insufficient to fund its debt service obligations, A&P may be forced to reduce or delay capital expenditures, sell assets or seek to obtain additional equity capital, or refinance its indebtedness or obtain additional financing. In the future, A&P's cash flow and capital resources may not be sufficient for payments of interest on and principal of its debt and there can be no assurance that any of, or a combination of, such alternative measures would provide A&P with sufficient cash flows. In addition, such alternative measures could have an adverse effect on A&P's business, financial condition and results of operations.

In the absence of sufficient operating results and resources, A&P could face substantial liquidity problems and might be required to dispose of material assets or operations to meet its debt service and other obligations or otherwise risk default under the agreements governing its indebtedness. These agreements are expected to restrict A&P's ability to dispose of assets and restrict the use of proceeds from any such dispositions. If required, A&P cannot be sure as to the timing of such sales or adequacy of the proceeds that it could realize therefrom.

An increase in interest rates would increase the cost of servicing A&P's debt and could reduce A&P's profitability.

A significant portion of the debt that A&P will incur in connection with the merger will bear interest at variable rates. As a result, an increase in interest rates, whether because of an increase in market interest rates or a decrease in A&P's credit worthiness, would increase the cost of servicing A&P's debt and could materially reduce A&P's profitability and cash flows. The impact of such an increase would be more significant for A&P than it would be for less leveraged companies because of A&P's substantial debt.

A&P's bridge facility and ABL Facility agreement may contain conditions that may not be satisfied, in which case A&P would need to arrange for alternative sources of financing, which could result in a less favorable financial condition than anticipated.

A&P has entered into a debt financing commitment letter with respect to a bridge facility and the ABL Facility under which it may borrow up to \$1.395 billion. The commitment letter contemplates credit facilities containing various conditions to A&P's ability to borrow loans thereunder, including conditions that:

there has
been no
change, event
or
circumstance
that has
occurred that
has had a
material
adverse effect
on Pathmark
that is
continuing, or
would
reasonably be
expected to
have a
material
adverse effect
on Pathmark
since the date
of the merger
agreement;
and

no agreement, order or decree has been entered into, or issued, requiring A&P, Pathmark or their respective subsidiaries to divest, dispose of or sell off any businesses or assets representing more than \$36.0 million of aggregate scheduled store level cashflow.

If these conditions are not satisfied, or any of the other conditions contained in the commitment letter are not satisfied or the proceeds of the financing are unavailable for any reason, A&P may have to arrange for alternative sources of financing, which may be more expensive for A&P, may have an adverse impact on A&P's post-merger capital structure, or may be unavailable.

Despite current indebtedness levels, A&P and its subsidiaries may still be able to incur substantially more debt. This could further exacerbate the risks associated with A&P's substantial leverage.

A&P and its subsidiaries may be able to incur substantial additional indebtedness in the future. Although the contemplated facilities contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and any indebtedness incurred in compliance with these restrictions could be substantial. For example, A&P will have the right under the ABL Facility to request up to \$100 million of additional commitments under this facility, although the lenders under this facility will not be under any obligation to provide any such additional commitments. Any increase in commitments under this facility will be subject to customary conditions precedent, and A&P's ability to borrow under this facility as so increased would remain limited by the amount of the borrowing base. The bridge facilities would allow A&P to incur this additional indebtedness under the ABL Facility without any restriction.

A&P's ability to borrow under its revolving credit facility will be limited based on the value of a borrowing base that may fluctuate, which may diminish A&P's ability to use the revolving credit facility to meet its financing needs as anticipated.

The contemplated ABL Facility will provide A&P with revolving loans, the amounts of which are based upon the estimated value of the borrowing base. The borrowing base will be comprised of A&P assets such as inventory, credit

card receivables, prescription lists, prescription receivables, Coinstar receivables, real estate and leaseholds. If any estimates of the value of these assets are diminished, the borrowing base may be reduced, which may affect the amounts available under the ABL Facility. Furthermore, A&P's ability to borrow under the ABL Facility is subject to borrowing base limitations, including an excess availability reserve.

SPECIAL NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference into this joint proxy statement/prospectus, including those relating to A&P's and Pathmark's strategies and other statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as will, should, may, expects, anticipates, intends, plans, believes, estimates and similar expressions, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the *Exchange Act*). Forward-looking statements include the information concerning possible or assumed future results of operations of A&P and Pathmark as set forth under Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger A&P's Reasons for the Merger; Recommendation of the A&P Board of Directors, Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Pathmark's Reasons for the Merger; Recommendation of the Pathmark Board of Directors, Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Opinion of A&P's Financial Advisor and Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Opinion of Pathmark's Financial Advisor. These statements are not historical facts but instead represent only A&P's and Pathmark's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict, which may include the risk factors set forth above and other market, business, legal and operational uncertainties discussed elsewhere in this document and the documents that are incorporated herein by reference. Those uncertainties include, but are not limited to:

the ability to obtain requisite governmental approvals for the merger on the proposed terms and schedule, including the expiration or termination of the waiting period under the HSR Act, including any extension of the waiting period;

the failure of the Pathmark stockholders to adopt the merger agreement and the transactions contemplated thereby, including the merger;

the failure of
the A&P
stockholders to
approve the
issuance of
A&P's common
stock pursuant
to the merger
agreement;

the risk that the
businesses of
A&P and
Pathmark will
not be
successfully
integrated
following the
consummation
of the merger;

disruption
from the
merger,
including lost
business
opportunities
and difficulty
maintaining
relationships
with
employees,
customers and
suppliers;

legal risks,
including
litigation,
whether or not
related to the
merger, and
legislative and
regulatory
developments;
and

changes in
general
economic and
market

conditions.

A&P's and Pathmark's actual results and financial conditions may differ, perhaps materially, from the anticipated results and financial conditions in any forward-looking statements, and, accordingly, readers are cautioned not to place undue reliance on such statements.

For more information concerning factors that could affect A&P's and Pathmark's future results and financial conditions, see, in addition to the factors discussed under "Risk Factors," of this joint proxy statement/prospectus, "Management's Discussion and Analysis" and "Risk Factors" in each of A&P's annual report on Form 10-K for the year ended February 24, 2007 and Pathmark's annual report on Form 10-K, as amended, for the year ended February 3, 2007, which are incorporated by reference into this joint proxy statement/prospectus. A&P and Pathmark undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

THE A&P SPECIAL MEETING

Date, Time and Place

The A&P special meeting will be held at The Woodcliff Lake Hilton, 200 Tice Boulevard, Woodcliff Lake, New Jersey, on [], [], 2007, at 9:00 a.m., Eastern Daylight Time.

Purpose of the Special Meeting

At the special meeting, A&P stockholders will be asked:

1. to consider and vote upon a proposal to approve the issuance of shares of A&P common stock pursuant to the merger agreement,
2. to consider and vote upon a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, and
3. to transact any other business that may properly be brought before the special meeting and any adjournments or postponements thereof.

The A&P Board's Recommendation

The A&P board of directors has unanimously determined that the merger agreement and the A&P proposals are advisable and in the best interests of A&P and its stockholders and unanimously recommends that A&P

stockholders vote FOR the proposal to approve the issuance of shares of A&P common stock pursuant to the merger agreement and FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Record Date; Required Vote; How to Vote; Quorum

The A&P board of directors has fixed the close of business on [], 2007 as the record date for determining the holders of A&P common stock entitled to notice of, and to vote at, the special meeting. Only holders of record of A&P common stock at the close of business on the record date will be entitled to notice of, and to vote at, the special meeting or any adjournment or postponement of the special meeting.

As of the record date, [] shares of A&P common stock were issued and outstanding and entitled to vote at the special meeting and there were approximately [] holders of record of A&P common stock. Each share of A&P common stock entitles the holder to one vote on each matter to be considered at the special meeting. If you are a record holder of A&P common stock, you may vote your shares of A&P common stock in person at the special meeting or by proxy as described below under Voting by Proxy; Revocation of Proxies.

The presence in person or by proxy at the special meeting of the holders of at least a majority of the outstanding shares of A&P common stock entitled to vote at the meeting will constitute a quorum for the special meeting. Properly signed proxies that are marked abstain are known as abstentions. Abstentions will be counted for the purposes of determining whether a quorum exists at the special meeting.

The stock issuance proposal requires the affirmative vote of a majority of all votes cast by the holders of common stock at a meeting at which a quorum is present, *provided* that the total votes cast on the proposal represent at least a majority of the outstanding shares of A&P common stock entitled to vote on the proposal. Because approval is based on the affirmative vote of a majority of votes cast, an A&P stockholder's failure to vote will not affect the outcome of the vote on the proposal, assuming more than a majority of the outstanding shares are voted on the proposal. Because the NYSE treats abstentions as votes cast with respect to the stock issuance proposal, an abstention will have the same effect as a vote AGAINST this proposal.

Tengelmann has agreed to vote all of its shares of A&P common stock, approximately 53% of the outstanding A&P common stock as of the A&P record date, in favor of the issuance of A&P

common stock in the merger and the amendment to the A&P charter. This means that the approval of the issuance of the A&P common stock pursuant to the merger agreement is assured.

The adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote of a majority of the votes cast by the holders of A&P common stock at the special meeting.

Acting upon any procedural matters incident to the conduct of the special meeting will require the affirmative vote of a majority of the votes cast by the holders of A&P common stock with respect to such proposal.

A&P does not expect that any matter other than the proposals listed above will be brought before the special meeting. If, however, other matters are properly brought before the special meeting, or any adjournment of the special meeting, the persons named as proxies will vote in accordance with their discretion.

Voting by Proxy; Revocation of Proxies

Each copy of this joint proxy statement/prospectus mailed to A&P stockholders is accompanied by a form of proxy and a self-addressed postage pre-paid envelope.

If you are a registered stockholder (that is, if you hold your A&P common stock in certificate form), you should either complete and return the proxy card accompanying this joint proxy statement/prospectus, or authorize a proxy by telephone, through the Internet or by any other electronic means by following the instructions included with your proxy card, in each case, to ensure that your vote is counted at the special meeting, or at any adjournment or postponement thereof, regardless of whether you plan to attend the special meeting.

If you hold your shares through a bank, brokerage firm or nominee, you should follow the separate voting instructions, if any, provided by the bank, brokerage or nominee with this joint proxy statement/prospectus. Your bank, brokerage firm or nominee may permit proxy authorization through the Internet or by telephone. Please contact your bank, brokerage firm or nominee to determine how to vote your proxy.

You can revoke your proxy at any time before the vote is taken at the special meeting. If you have not voted through your bank, brokerage firm or nominee, you may revoke your proxy before the proxy is voted by:

delivering
a written
notice of
revocation
of proxy,
which is
dated a
later date
than the
initial
proxy, to
A&P's
Secretary;

delivering
a duly
executed

proxy
bearing a
later date
than the
initial
proxy;

authorizing
a new
proxy by
telephone
or through
the Internet
at a later
time, but
not later
than 11:59
p.m.
(Eastern
Daylight
Time) on [
, 2007 or
the day
before the
meeting
date if the
special
meeting is
adjourned
or
postponed;
or

voting in
person at
the special
meeting;
however,
simply
attending
the special
meeting
without
voting will
not revoke
an earlier
proxy.

To submit a written notice of revocation or other communications about revoking your proxy with respect to your shares of A&P common stock, or to request a new proxy card, you should contact:

The Great Atlantic & Pacific Tea Company, Inc.
Two Paragon Drive
Montvale, New Jersey 07645
Telephone: (201) 573-9700
Attention: Secretary

If your shares of A&P common stock are held in street name, you should follow the instructions of your bank, brokerage firm or nominee regarding the revocation of proxies. If your bank, brokerage firm or nominee allows you to authorize a proxy by telephone or through the

Internet, you may be able to change your vote by submitting a proxy again by telephone or through the Internet.

All shares represented by valid proxies received through this solicitation, and not revoked, will be voted in accordance with your instructions on the proxy card. If you authorize a proxy by telephone or through the Internet, your shares will be voted at the special meeting as instructed.

If you sign and return your proxy card for your shares of A&P common stock without specifying on the proxy card, as to one or both proposals, how you want your shares of A&P common stock voted, your proxy will be voted (1) FOR the proposal to approve the issuance of A&P common stock in connection with the merger, if you do not specify a vote FOR or AGAINST that proposal; and (2) FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, if you do not specify a vote FOR or AGAINST that proposal. We intend, with respect to any procedural matters incident to the conduct of the special meeting, that the shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

A&P stockholders should NOT send stock certificates with their proxy cards. A&P stockholders will continue to hold their A&P stock certificates following the merger and are not required to take any action with respect to their A&P stock certificates.

Effects of Abstentions

Absent specific instructions from the beneficial owner of shares, brokers may not vote shares of A&P common stock with respect to the share issuance or the adjournment or postponement of the special meeting, any other matters that may properly come before the special meeting, or any adjournment of the special meeting. Because the NYSE treats abstentions as votes cast with respect to the stock issuance proposal, an abstention will have the same effect as a vote AGAINST this proposal. Because Maryland law does not treat abstentions as votes cast with respect to the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies, an abstention will have no effect on the outcome of the vote on such proposal.

Share Ownership of Management and Certain Stockholders

At the close of business on the A&P record date, A&P's directors and executive officers as a group owned and were entitled to vote [] shares of A&P common stock, representing approximately []% of the outstanding shares of A&P common stock entitled to vote (approximately []% if the shares held by Tengelmann are excluded). [All of the directors and executive officers of A&P that are entitled to vote at the A&P special meeting have indicated that they currently intend to vote their shares of A&P common stock in favor of the proposal to approve the issuance of A&P common stock in connection with the merger.]

Tengelmann has entered into a voting agreement with Pathmark pursuant to which Tengelmann has agreed to vote its shares of A&P common stock, approximately 53% of the shares of A&P common stock outstanding as of the A&P record date, in favor of the proposal to approve the issuance of A&P common stock in connection with the merger and against any proposal that would compete with or delay the merger, subject to specified exceptions. See Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Interests of Certain Persons in the Merger.

Solicitation of Proxies

A&P will bear the costs of soliciting proxies from its stockholders. Other than as described in more detail under Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Agreement Termination Fees and Expenses, each of A&P and Pathmark will generally bear its own costs and expenses in connection with the merger. In addition to soliciting proxies by mail, directors, officers and employees of A&P, without receiving additional compensation therefor, may solicit proxies by telephone, by facsimile or in person. Arrangements may also be made with brokerage

firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by those persons, and A&P will reimburse those

brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection with those actions. In addition, MacKenzie Partners, Inc. (*Mackenzie Partners*) has been retained by A&P to assist in the solicitation of proxies. MacKenzie Partners may contact holders of shares of A&P common stock by mail, telephone, facsimile, telegraph or personal interviews and may request brokers, dealers and other nominee stockholders to forward materials to beneficial owners of shares of A&P common stock. MacKenzie Partners will receive reasonable and customary compensation for its services (estimated at \$[]) and will be reimbursed for certain reasonable out-of-pocket expenses and other customary costs.

Adjournments

Although it is not expected, the A&P special meeting may be adjourned or postponed for the purpose of soliciting additional proxies or for any other reason. The Maryland General Corporation Law provides that if the special meeting is convened on the date for which it was called, any adjournment may be made from time to time to a date not more than 120 days after the original record date without further notice. The bylaws of A&P further state that if there is no quorum present at the A&P special meeting, the holders of a majority of the outstanding shares of voting stock present in person or represented by proxy at the A&P special meeting may adjourn the meeting from time to time, without notice other than an announcement made at the special meeting, until the requisite amount of voting stock shall be present. Any signed proxies received by A&P which are otherwise silent on the matter will be voted in favor of an adjournment in these circumstances. Any adjournment of the special meeting will allow A&P stockholders who have already sent in their revocable proxies to revoke them at any time prior to their use.

THE PATHMARK SPECIAL MEETING

Date, Time and Place

This joint proxy statement/prospectus is being furnished to Pathmark stockholders as part of the solicitation of proxies by the Pathmark board of directors for use at the special meeting to be held on [], 2007, at [] a.m., Eastern Daylight Time, at Pathmark's corporate headquarters, 200 Milik Street, Carteret, New Jersey 07008.

Purpose of the Special Meeting

At the special meeting, Pathmark stockholders will be asked:

1. to consider and vote upon a proposal to approve and adopt the Agreement and Plan of Merger, dated March 4, 2007, by and among Pathmark, A&P and Merger Sub, and the transactions contemplated

by the merger agreement, as amended from time to time, including the merger, pursuant to which Merger Sub would merge with and into Pathmark and each outstanding share of Pathmark common stock would be converted into the right to receive \$9.00 in cash and 0.12963 shares of A&P common stock;

2. to consider and vote upon a proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies; and
3. to consider and vote on such other matters as may properly come before the special meeting or any adjournment or postponement

thereof.

The Pathmark Board's Recommendation

The Pathmark board of directors has unanimously determined that that the merger is advisable, fair to and in the best interests of Pathmark and the Pathmark stockholders and has approved the merger agreement and the merger.

Accordingly, the Pathmark board of directors unanimously recommends that Pathmark stockholders vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger. See Adoption of the

Merger Agreement (Pathmark Proposal 1) The Merger Pathmark's Reasons for the Merger; Recommendation of the Pathmark Board of Directors.

Additionally, the Pathmark board of directors unanimously recommends that the Pathmark stockholders vote FOR the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies.

Record Date

The record holders of shares of Pathmark common stock as of the close of business on [], 2007, the record date for the Pathmark special meeting, are entitled to receive notice of, and to vote at, the special meeting. On the record date, there were [] outstanding shares of Pathmark common stock.

Required Vote; How to Vote

Each outstanding share of Pathmark common stock on [], 2007 entitles the holder to one vote at the special meeting. Adoption of the merger agreement and the transactions contemplated thereby, including the merger, requires the affirmative vote FOR the proposal to adopt the merger agreement by a majority of the shares of Pathmark common stock outstanding on the record date and entitled to vote on the matter. The adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies requires the affirmative vote FOR the proposal by a majority of shares of Pathmark common stock represented in person or by proxy at the special meeting and entitled to vote thereon. In the absence of a quorum, holders of a majority of the shares present in person or represented by proxy may adjourn the meeting until a quorum shall be attained. The approval of any other such other matters as may be properly presented incident to the conduct of the special meeting requires the affirmative vote FOR the approval of any such proposed transaction by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the matter. In order for your shares of Pathmark common stock to be included in the vote, you must submit a proxy to have your shares voted by completing, signing, dating and returning the enclosed proxy or by voting in person at the special meeting.

If your shares of Pathmark common stock are held in street name by your bank, brokerage firm or nominee, you should instruct them how to vote your shares of Pathmark common stock using the instructions provided by them. If you have not received such voting instructions or require further information regarding such voting instructions, contact your bank, brokerage firm or nominee and they can give you directions on how to vote your shares. Under NASDAQ rules, banks, brokerage firms or nominees who hold shares of common stock in street name for customers without investment discretion over a customer's account pursuant to an advisory contract and who have not been designated in writing by the customer to vote proxies may not exercise their voting discretion in respect of the proposal to adopt the merger agreement or the proposal to adjourn or postpone the meeting, if necessary, to solicit additional proxies. Accordingly, absent specific instructions from the beneficial owner of such shares, banks, brokerage firms or nominees are not empowered to vote such shares at the special meeting on the proposal to adopt the merger agreement or the proposal to adjourn or postpone the meeting, if necessary, to solicit additional proxies. If your shares are held in street name and you do not provide your bank, brokerage firm or nominee with instructions as to how such shares are to be voted, your shares will not be submitted in connection with the special meeting. Because adoption of the merger agreement and the transactions contemplated thereby, including the merger, requires the affirmative vote FOR the approval of the proposal to adopt the merger agreement by a majority of shares of Pathmark common stock outstanding on the record date and entitled to vote on the matter, abstentions and failures to vote by you will have the same effect as a vote AGAINST the proposal. Because approval of the proposal to adjourn or postpone the meeting, if necessary, to solicit additional proxies, and approval of any other such matters as may be properly presented incident to the conduct of the special meeting requires the affirmative vote FOR the approval of any such matters by a majority of the shares present in person or by proxy at the meeting and entitled to vote on the matter, abstentions will count as a vote AGAINST the proposed matters, and the failure to attend the meeting and vote in person, to

submit a proxy, or to instruct your bank, brokerage firm or nominee on how to vote your shares will not affect the outcome of the proposal.

Quorum

A quorum is necessary to hold the Pathmark special meeting. The holders of a majority of the outstanding shares of Pathmark common stock on [], 2007, represented in person or by proxy and entitled to vote at the Pathmark special meeting, will constitute a quorum for purposes of the Pathmark special meeting. For purposes of determining the presence of a quorum, abstentions will be included in determining the number of shares present and entitled to vote at the meeting; however, because brokers are not entitled to vote on the proposal to adopt the merger agreement absent specific instructions from the beneficial owner, shares held by brokers with respect to which instructions have not been provided will not be included in the number of shares present and entitled to vote at the meeting for purposes of establishing a quorum. Any shares of Pathmark common stock held in treasury by Pathmark or by any of its subsidiaries are not considered to be outstanding for purposes of determining a quorum. In the absence of a quorum, holders of a majority of the shares present or represented by proxy at the special meeting may adjourn the meeting until a quorum is present. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment or postponement of the special meeting. If a new record date is set for the adjourned special meeting, however, then a new quorum will have to be established.

Proxies; Revocation

Each copy of this joint proxy statement/prospectus mailed to Pathmark stockholders is accompanied by a form of proxy and a self-addressed postage pre-paid envelope. If you are a registered stockholder (that is, if you hold your Pathmark common stock in certificate form), you should either complete and return the proxy card accompanying this joint proxy statement/prospectus to ensure that your vote is counted at the special meeting, or at any adjournment or postponement thereof, regardless of whether you plan to attend the special meeting.

If you vote your shares of Pathmark common stock by properly completing, signing and dating the enclosed proxy card, your shares will be voted at the Pathmark special meeting as you indicate on your proxy card. If no instructions are indicated on your signed and dated proxy card, your shares of common stock will be voted **FOR** the approval and adoption of the merger agreement and transactions contemplated thereby, including the merger, will be voted **FOR** the adoption of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies and will be counted in accordance with the recommendations of Pathmark's board of directors on any other matters properly brought before the Pathmark special meeting for a vote.

You may revoke your proxy at any time before the vote is taken at the Pathmark special meeting. To revoke your proxy, you must either properly advise Pathmark's Secretary in writing, deliver a proxy dated after the date of the proxy you wish to revoke or attend the Pathmark special meeting and vote your shares in person. Attendance at the Pathmark special meeting will not by itself constitute revocation of a proxy. If you have instructed your bank, brokerage firm or nominee to vote your Pathmark shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by them to revoke your proxy.

To submit a written notice of revocation or other communications about revoking your proxy with respect to your shares of Pathmark common stock, or to request a new proxy card, you should contact:

Pathmark Stores, Inc.
200 Milik Street
Carteret, New Jersey 07008
Telephone: (732) 499-3000
Attention: Secretary

Pathmark does not expect that any matter other than the proposal to adopt and approve the merger agreement and the transactions contemplated thereby, including the merger, will be brought before the Pathmark special meeting. If, however, such a matter is properly presented at the special meeting or any adjournment or postponement thereof, the persons appointed as proxies will have discretionary authority to vote the shares represented by duly executed proxies in accordance with their discretion and judgment.

Solicitation of Proxies

Pathmark will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of Pathmark may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. Arrangements may also be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held of record by those persons, and Pathmark will reimburse those brokerage firms, custodians, nominees and fiduciaries for reasonable out-of-pocket expenses incurred by them in connection with those actions. In addition, Mellon Investor Services LLC has been retained by Pathmark to assist in the solicitation of proxies. Mellon Investor Services LLC may contact holders of shares of Pathmark common stock by mail, telephone, facsimile, telegraph or personal interviews and may request brokers, dealers and other nominee stockholders to forward materials to beneficial owners of shares of Pathmark common stock. Mellon Investor Services LLC will receive reasonable and customary compensation for its services (estimated at \$5,000) and will be reimbursed for certain reasonable out-of-pocket expenses and other customary costs.

Adjournments

Although it is not expected, the Pathmark special meeting may be adjourned or postponed for the purpose of soliciting additional proxies or for any other reason. Any adjournment or postponement may be made without notice, other than by an announcement made at the Pathmark special meeting, by approval of the holders of a majority of the shares of Pathmark common stock present in person or represented by proxy at the special meeting. Any signed proxies received by Pathmark which are otherwise silent on the matter will be voted in favor of the proposal to adjourn or postpone the special meeting, if necessary, to solicit additional proxies. Any adjournment of the Pathmark special meeting for the purpose of soliciting additional proxies will allow Pathmark stockholders who have already sent in their proxies to revoke them at any time prior to their use.

Share Ownership of Management and Certain Stockholders

At the close of business on the record date, the directors and executive officers of Pathmark owned, in the aggregate, [] shares of Pathmark common stock, representing approximately []% of the outstanding shares of Pathmark common stock entitled to vote (approximately []% if the shares held by the Yucaipa Investors are excluded). The directors and executive officers have informed Pathmark that they intend to vote all of their shares of Pathmark common stock FOR the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger.

At the close of business on the record date, the Yucaipa Investors beneficially owned [] shares of Pathmark common stock (excluding shares of Pathmark common stock issuable upon the exercise of warrants owned by the Yucaipa Investors to purchase shares of Pathmark common stock). The Yucaipa Investors have entered into a voting agreement with A&P pursuant to which the Yucaipa Investors have agreed to vote shares of Pathmark common stock that they own as of the Pathmark record date in favor of adoption of the merger agreement and the transactions contemplated thereby, *provided* that these voting obligations do not apply to any other shares owned by the Yucaipa Investors in excess of 33% of the outstanding Pathmark common stock. The remaining shares owned by the Yucaipa Investors may be voted in the Yucaipa Investors' discretion, although the Yucaipa Investors have expressed their present intention to vote all of the Pathmark shares they own (approximately 38% of the outstanding Pathmark common stock) in favor of the adoption of

the merger agreement. See Adoption of the Merger Agreement (Pathmark Proposal 1) The Merger Interests of Certain Persons in the Merger.

Assistance

If you need assistance in completing your proxy card or have questions regarding the Pathmark special meeting, please contact:

Pathmark Stores, Inc.
200 Milik Street
Carteret, New Jersey 07008
Telephone: (732) 499-3000
Attn: Investor Relations

or

Mellon Investor Services
480 Washington Boulevard, 27th Floor
Jersey City, New Jersey 07310
Telephone: (800) 580-6412

ADOPTION OF THE MERGER AGREEMENT (PATHMARK PROPOSAL 1)

THE MERGER

General

On March 4, 2007, the Pathmark board of directors and the A&P board of directors each authorized and declared the advisability of the merger agreement, which provides for the acquisition by A&P of Pathmark through a merger of Merger Sub, a newly formed and wholly owned subsidiary of A&P, with and into Pathmark. After the merger, Pathmark will be the surviving corporation and will be a wholly owned subsidiary of A&P.

Upon completion of the merger, each share of Pathmark common stock (other than dissenting shares) will be converted into the right to receive (i) 0.12963 of a share of A&P common stock, par value \$1.00 per share, and (ii) \$9.00 in cash, without interest.

Background of the Transaction

In May 2004, Pathmark announced its preliminary first quarter results and revised downwards its earnings guidance for 2004. The first quarter results had been negatively affected by sales and gross profit pressures caused by steep inflation in certain product categories, unproductive sales promotions and increases in medical costs. Following this announcement, Pathmark's share price fell approximately 19% to close at \$6.91 on May 13, 2004. In light of these developments, Pathmark's board of directors determined that it should explore strategic alternatives for the company. During the remainder of 2004, Pathmark undertook a review of strategic alternatives, focusing in particular on a sale of Pathmark to a strategic buyer or private equity firm. During the course of that process, Pathmark hired an investment banker, Dresdner Kleinwort Wasserstein (*DrKW*), which solicited over fifty potentially interested parties. The list of potentially interested parties, which was compiled by DrKW based upon its familiarity with the supermarket industry and further input from Pathmark's board of directors and management team, was comprised of large strategic buyers, smaller strategic buyers with operations in geographic areas contiguous to those in which Pathmark operated, and financial buyers with a history of having made investments in the supermarket industry. DrKW was also retained to render a fairness opinion in the event that a sale of Pathmark was undertaken, and, as compensation for DrKW's services relating to its fairness evaluation, Pathmark agreed, among other things, to pay DrKW a customary fee (which was payable on the date on which DrKW rendered its opinion), to reimburse DrKW for its reasonable out-of-pocket expenses related to its engagement and to indemnify DrKW and specified related persons against specific liabilities relating to or arising out of its engagement.

Throughout the lengthy strategic review process, Pathmark received from a number of parties various proposals and indications of interest regarding potential strategic transactions, including change of control transactions. The Yucaipa Investors were among those parties who initially submitted an indication of interest in November of 2004, although they were not among the parties that were contacted by DrKW and, accordingly, had not signed a confidentiality agreement or received a confidential information memorandum prepared by DrKW and circulated to other potentially interested third parties. After considering the merits of these indications of interest, the Pathmark board arranged for management presentations to be given to certain parties in late November and early December of 2004. The Yucaipa Investors did not participate in these presentations and indicated that they were not prepared to move forward at that time unless the Yucaipa Investors were granted exclusivity or were reimbursed for certain expenses. On December 2, 2004 Pathmark publicly announced that it had retained DrKW to aid in reviewing strategic alternatives, which could result in a decision to sell the company.

On December 20, 2004, three parties submitted letters indicating varying degrees of interest in moving forward with a strategic transaction, but none submitted a definitive proposal. Although, the Yucaipa Investors did not submit a proposal at this time, the Yucaipa Investors entered into a confidentiality agreement with Pathmark on January 7, 2005 and submitted a proposal letter to Pathmark on January 20, 2005, which was accompanied by a term sheet and form of

exclusivity

agreement. During the weeks that followed, Pathmark continued to engage in negotiations with multiple parties who had submitted proposals and indications of interest, including the Yucaipa Investors, and, on March 9, 2005, the Pathmark board commenced exclusive negotiations with the Yucaipa Investors after considering, among other things, (i) the fact that two other potentially- interested parties indicated that they were several weeks away from being ready to sign a definitive acquisition agreement, (ii) the price-level signaled by the Yucaipa Investors (which represented a significant increase from its initial indication of interest) and the fact that the Yucaipa Investors were refusing to move forward without exclusivity, (iii) the execution risks associated with the other possible transactions, including the risk that employee departures in reaction to a possible break-up of the business would make it difficult to maintain Pathmark's business intact until closing; and (iv) the uncertainty of the financing needed to complete a number of the other remaining interested parties' proposals.

After evaluating the various strategic alternatives available to Pathmark, the Pathmark board decided that the sale of a substantial minority interest to the Yucaipa Investors, in the form of common stock and Series A and B Warrants for \$150 million in cash, was in the best interests of Pathmark and its stockholders and recommended its stockholders vote for the approval of the proposed transaction with the Yucaipa Investors. In the course of reaching its decision to approve the proposed transaction with the Yucaipa Investors, Pathmark's board of directors considered numerous factors, including, among others, (i) the fact that the consideration was all cash, so that Pathmark would be able to reduce its leverage and immediately use the invested funds in furtherance of its capital expenditure plans with the goal of improving its operating performance; (ii) the fact that a substantial portion of the Yucaipa Investors' upside was represented by the Series A and Series B Warrants giving the Yucaipa Investors an incentive to work to increase Pathmark's value and thereby helping to align their interests with those of the remaining stockholders; (iii) the generally successful record of the Yucaipa Group's investment performance; and (iv) the fact that Pathmark's stockholders would have the ability to share in any upside that might result from any future improved performance on the part of Pathmark. On May 6, 2005, Pathmark disseminated to its stockholders a proxy statement for a special meeting describing in detail the Yucaipa Investors transaction, the background of the transaction and the board's reasons for recommending the transaction. On June 9, 2005, the Pathmark stockholders approved the transaction with the Yucaipa Investors.

Pursuant to the Securities Purchase Agreement dated as of March 23, 2005 between Pathmark, the Yucaipa Investors and Yucaipa Companies (the *Yucaipa Purchase Agreement*), at the close of that transaction on June 9, 2005, Pathmark entered into the Stockholders Agreement with the Yucaipa Investors, which was subsequently amended and restated on August 23, 2005 and again on November 20, 2005, (the *Pathmark Stockholders Agreement*), relating to, among other matters, the governance of Pathmark after the closing, including the Yucaipa Investors' ability to designate representatives on Pathmark's board of directors, a requirement that Pathmark obtain written consent from the Yucaipa Investors prior to engaging in certain actions, and certain limitations on the Yucaipa Investors' ability to purchase or sell Pathmark securities. Four current members of the Pathmark board of directors were designated by the Yucaipa Investors to serve on the Pathmark board pursuant to the Pathmark Stockholders Agreement. These directors are: Michael Duckworth and Ira Tochner - both of whom are representatives of Yucaipa Companies - and David Jessick, the current Chairman of the Pathmark board, and Gregory Mays. Mr. Jessick and Mr. Mays had each previously held posts in companies in which the Yucaipa Group had invested and have each been determined by the Pathmark board of directors to be independent under the NASDAQ Marketplace Rules.

Concurrently with the execution of the Yucaipa Purchase Agreement, Pathmark also entered into the Management Services Agreement with Yucaipa Companies pursuant to which Yucaipa Companies would provide, in exchange for the payment of management fees and the reimbursement of expenses, general business and management consultation and advice regarding strategic planning and development, budgeting, capital expenditure strategy, store development plans, labor strategy, financing plans, general business and economic matters and such other similar management services as requested by Pathmark's board of directors or its chief executive officer.

Following the execution of the Yucaipa Purchase Agreement and the Management Services Agreement, Yucaipa Companies began exploration of strategic alternatives to enhance the value of the Yucaipa Investors' investment in Pathmark, including consideration of acquisitions of other businesses, stock-for-stock mergers with other companies, and a sale of control of Pathmark. Ronald Burkle, the chairman of Yucaipa Companies with many years of supermarket industry knowledge and substantial experience in negotiating strategic transactions, led this review of alternatives.

Mr. Burkle contacted Christian Haub, Executive Chairman of the Board of A&P and Co-Chief Executive Officer of Tengelmann, the owner of 53% of A&P's outstanding stock, as part of Yucaipa Companies' review of its alternatives and of ways to maximize the value of the Yucaipa Investors' investment in Pathmark. Mr. Burkle and Mr. Haub held several meetings during April, May and June of 2005 regarding a potential combination of Pathmark and A&P, including discussions regarding the potential benefits of a combination and operational synergies, as well as options for a pricing mechanism and exchange ratio that would be satisfactory to all parties. In addition, Mr. Burkle and Mr. Haub discussed the possibility of a merger of equals between A&P and Pathmark, the related options regarding pricing and governance, as well as A&P's goals with respect to the sale of its Canadian operations. These preliminary discussions, however, did not result in any specific acquisition proposals and Mr. Burkle and Mr. Haub decided not to proceed with further discussions because, in part, they believed at that time that the public market valuations of the companies did not adequately reflect, in the case of Pathmark, the Yucaipa Investors' purchase of a substantial minority interest in Pathmark, and in the case of A&P, the planned sale of its Canadian operations.

In August of 2005, John Standley was named by Pathmark to serve as its Chief Executive Officer and entered into an employment agreement with Pathmark pursuant to which he was retained to act in that capacity. Prior to his retention by Pathmark, Mr. Standley had held various executive posts in a number of companies engaged in the supermarket industry, including companies in which the Yucaipa Group had invested. Mr. Standley was also elected to the Pathmark board concurrently with his retention as Chief Executive Officer.

On October 25, 2005, the Pathmark board held a meeting at which the board discussed strategic alternatives for the company, including an acquisition of a supermarket chain with a significant number of stores in geographic areas that were contiguous to Pathmark's operating areas (*Company A*), and a merger of Pathmark with A&P.

Following the Pathmark board meeting, Mr. Haub, Mr. Burkle, Mr. Duckworth and Cameron Reilly, a representative of Yucaipa Companies, and representatives of JPMorgan, as financial advisor to A&P, held a meeting in New York City, at which the parties discussed the possibility of a stock-for-stock business combination between A&P and Pathmark. The parties discussed potential arrangements for the governance and management of the combined entity and transfer and standstill restrictions on Tengelmann and the Yucaipa Investors as well as options for an exchange ratio and pricing mechanism, alternatives for an extraordinary cash dividend by A&P, the exercise or conversion of the Yucaipa Investors' Series A and Series B Warrants and possible steps related to a merger of equals. Based on their discussion, Messrs. Haub and Burkle concluded that they could not reach common ground on a valuation that they could each recommend to their respective companies. Representatives of Yucaipa Companies also made preliminary inquiries regarding the acquisition of Company A; however, the pursuit of the acquisition was abandoned after Pathmark and Yucaipa Companies were informed that the owner of Company A had no interest in selling the stores in which Pathmark had expressed interest.

In early 2006, Mr. Burkle and Mr. Duckworth resumed discussions with Mr. Haub and Andreas Guldin, Co-Chief Financial Officer of Tengelmann, regarding a possible business combination of A&P and Pathmark. At the Pathmark board's direction, Mr. Burkle and Mr. Duckworth assumed an active role in these discussions because of, among other things, their interest, as representatives of Pathmark's largest stockholder, in ensuring that any transaction maximized stockholder value, the Yucaipa Group's extensive experience in supermarket industry acquisitions and because any strategic transaction of this nature would require the Yucaipa Investors' consent under the terms of the Pathmark Stockholders Agreement. In February 2006, Mr. Haub, Mr. Burkle, Mr. Duckworth and representatives of JPMorgan began discussions regarding a stock-for-stock merger of Pathmark and

A&P, structured as a merger of equals in which each company's stock would be valued based on then-current market prices, giving effect to an extraordinary cash dividend that A&P was otherwise planning to declare. Through an additional equity infusion, the Yucaipa Investors would have become significant stockholders of the combined company, with a stake approximately equal to that of Tengelmann, A&P's largest stockholder. As a result, Tengelmann and the Yucaipa Investors together would have owned more than 50% of the combined company and would have entered into agreements regarding board representation and governance and other stockholder rights. Under the potential transaction, the Yucaipa Investors' Series A Warrants would have been required by A&P to be exercised, but the exercise price would have been reduced in order to compensate the Yucaipa Investors for lost option value due to the forced early exercise. Under the potential transaction, the Series B Warrants would have been rolled over and exchanged for A&P warrants based on the transaction exchange ratio, which would have preserved the existing option value of the Series B Warrants.

At a regularly scheduled meeting of the Pathmark board of directors on March 13, 2006, Mr. Burkle advised the Pathmark board about the status of these discussions. In addition, Mr. Burkle advised the board that Yucaipa Companies had been approached by a third party regarding the possibility of Pathmark's partnering with such party in a major strategic acquisition of another company, whose operations included a supermarket chain with locations throughout the northeastern United States (*Company B*). The board concluded that Yucaipa Companies should continue to explore both of these potential transactions.

During March 2006, Mr. Burkle, Mr. Duckworth, Mr. Haub, Mr. Guldin and representatives of JPMorgan and Latham & Watkins LLP, counsel to Pathmark (*Latham & Watkins*), had numerous meetings and phone calls regarding the potential merger of equals between Pathmark and A&P outlined above, including with respect to valuation, form of consideration, board representation and governance and other stockholder rights in respect of the combined company. Although the parties made progress on some issues, valuation and other substantial issues were not resolved, including the relative valuations of the two companies as well as transfer restrictions, corporate governance and social issues relating to the operation of the consolidated company. Accordingly, the parties ceased further discussions.

Shortly thereafter and for the next several weeks, Yucaipa Companies continued to analyze the possibility of Pathmark's acquisition of Company B, as had been previously discussed with the Pathmark board on March 13, 2006. After a detailed review of valuation and multiple meetings with representatives of the third party that had expressed interest in partnering with Pathmark in the acquisition, Yucaipa Companies concluded that the potential third party partner and Pathmark would not be able to offer a sufficient premium price to make the proposal attractive to the owner of Company B.

In the summer of 2006, with rumors of a potential proposal by A&P to acquire Pathmark circulating publicly, Mr. Standley and Mr. Duckworth continued to review the possibility of a business combination between Pathmark and A&P, based on the strategic fit between the companies and the synergies that could be obtained. Since the earlier discussions involving a merger of equals between the two companies had not been successful and A&P did not make a proposal to acquire Pathmark, Mr. Standley and Mr. Duckworth began to explore the possibility of Pathmark acquiring A&P in a cash merger as part of their evaluation of available strategic alternatives for Pathmark. As part of this evaluation they developed a preliminary analysis of such a transaction for presentation to the Pathmark board at its next meeting.

Also during this period, Yucaipa Companies again had discussions with the owner of Company A regarding Pathmark acquiring a significant number of stores in contiguous markets as had previously been discussed at the October 25, 2005 Pathmark board meeting. Although these discussions proceeded further than they had in 2005, Yucaipa Companies ultimately determined that the owner of Company A planned to retain the stores in which Pathmark had expressed an interest and that further negotiations were unlikely to meet with any success.

On September 26, 2006, the Pathmark board of directors held a meeting at which Mr. Standley informed the board that he had been discussing with Yucaipa Companies the possibility of Pathmark

making a proposal to acquire A&P. Mr. Standley indicated that the companies would be a good strategic fit, and that there were substantial synergies to be obtained through elimination of duplicative administrative costs and efficiencies in the areas of distribution, transportation and marketing. Also, the combined companies would have increased economies of scale in purchasing. The board discussed some of the key issues in such a transaction. A&P had sold its Canadian operations and distributed a substantial portion of the sale consideration in the form of a special cash dividend to stockholders. A&P had significant liquid assets on its balance sheet, including a significant minority investment in Metro, the purchaser of A&P's Canadian operations. The board also discussed Pathmark's current market position, growth prospects, and liquidity needs within the next several years. The board acknowledged that, since Tengelmann held a majority of the stock of A&P, any transaction would require the support of Tengelmann. The board then authorized management and Yucaipa Companies to formulate a proposal for Pathmark to acquire A&P.

Following additional review and analysis by management and Yucaipa Companies, the Pathmark board held a special telephonic meeting on October 6, 2006. At this meeting, Mr. Standley and Frank Vitrano, the President and Chief Financial Officer of Pathmark, presented a proposed offer letter to acquire A&P and a highly confidential letter from Citigroup for the debt financing for the acquisition, and Mr. Duckworth presented a draft \$200 million equity commitment letter from Yucaipa Companies. Under this structure, the Series A and B Warrants would have remained in place. After discussion, the board authorized Mr. Standley to execute the proposed offer letter to A&P and instructed Mr. Burkle to deliver the proposal letter to A&P and to commence preliminary discussions regarding the proposed transaction.

Also at this meeting, the board noted the fact that Yucaipa Companies' existing Management Services Agreement with Pathmark provides that, if the board decides in its discretion to engage Yucaipa Companies for merger consultation on a matter such as a business combination with A&P, the fee for such services would be 1% of the transaction value. The board discussed Yucaipa Companies' extensive experience in supermarket industry acquisitions, Yucaipa Companies' familiarity with A&P's business based on its industry experience, and its deep knowledge of Pathmark's operations and finances. The board members in attendance, with Mr. Duckworth abstaining, unanimously authorized the retention of Yucaipa Companies as a consultant on Pathmark's acquisition of A&P, with the terms of the engagement to be subject to execution of a definitive engagement letter with Yucaipa Companies. Mr. Tochner was not in attendance at the meeting.

On October 9, 2006, Mr. Burkle and Mr. Duckworth had a meeting with Mr. Haub. They presented Mr. Haub with Pathmark's confidential, nonbinding letter setting forth an offer to acquire all outstanding shares of A&P for a purchase price of \$30.00 per share in cash. The letter included an equity commitment from Yucaipa Companies of up to \$200 million, and a highly confidential letter from Citigroup to raise the debt to finance the balance of the purchase price. Pathmark stated in the letter that it expected that the definitive acquisition agreement would not contain any financing condition. The letter indicated a two-week period for completion of confirmatory due diligence and stated that the proposal would expire on October 16, 2006.

At this meeting, Mr. Haub, speaking on behalf of Tengelmann, the majority stockholder of A&P, stated that Tengelmann would have no interest in the proposal. Mr. Haub also stated that he would inform the A&P board of the proposal at a meeting later that week.

Later on October 9, 2006, the Pathmark board held a telephonic meeting at which Messrs. Duckworth and Burkle updated the board on the meeting with Mr. Haub. During this meeting, the Pathmark board discussed its continued interest in acquiring A&P and expressed its disappointment with Mr. Haub's response.

On October 11, 2006, the A&P board of directors held a regularly scheduled meeting and, among other things, met with Mr. Claus, Mr. Guldin, Brenda Galgano, Allan Richards and Cahill Gordon & Reindel LLP (*Cahill*), its legal advisor, and JPMorgan, its financial advisor, to discuss and consider the terms of Pathmark's October 9 proposal as well as alternatives to such proposal. Mr. Haub reported that, speaking on behalf of Tengelmann, he had advised Pathmark's representatives that Tengelmann would have no interest in the proposal. The A&P board discussed

and considered Pathmark's October 9 proposal and unanimously determined that it had no interest in pursuing the proposal at this time and authorized Mr. Haub to communicate that conclusion to Pathmark.

On October 16, 2006, Mr. Haub sent a letter to Mr. Burkle, stating that the A&P board had reviewed the Pathmark proposal and unanimously concluded that A&P had no interest in pursuing the proposal at that time. Mr. Haub also reiterated in the letter that Tengelmann had no interest in the proposal.

On October 20, 2006, Mr. Burkle sent a letter to Mr. Haub, stating that Pathmark was prepared to improve its offer. Mr. Burkle requested a meeting with Mr. Haub to discuss an increase in the offer. Mr. Haub did not respond to this letter, and there were no further substantive discussions between Pathmark and A&P regarding Pathmark acquiring A&P.

From time to time after the discussions with Yucaipa Companies regarding a merger of equals which had ended in March 2006, A&P and Tengelmann also considered alternative structures for a combination of A&P and Pathmark. From July 2006 to November 2006, Tengelmann and A&P, together with JPMorgan and Cravath, Swaine & Moore LLP, counsel to Tengelmann (*Cravath*), explored a variety of ways to acquire Pathmark for consideration consisting entirely of cash and potential sources of financing for such a transaction. Beginning in August 2006, Tengelmann and JPMorgan, after consultation with the A&P board, approached a number of potential private equity investors on behalf of A&P to solicit interest in making a significant equity investment in A&P as part of the financing of the acquisition of Pathmark. Two separate investor groups indicated significant interest in making an investment in connection with an all-cash acquisition of Pathmark and, during October and November, Tengelmann, JPMorgan, Cravath and these investors continued discussions regarding valuation and other investment terms. In addition, the parties also discussed matters relating to board representation and governance and other stockholder rights as well as the possibility of Tengelmann selling some of its shares in A&P to the investors in order to equalize the levels of ownership of Tengelmann and the private equity investors. Beginning in November 2006, Tengelmann continued these discussions on an exclusive basis with one group that appeared to be prepared to offer terms which were more attractive to A&P and Tengelmann, but numerous significant issues could not be resolved, including with respect to the governance and management of the combined company, closing conditions to the investment, transfer restrictions and fees and expenses, and no final agreement was reached.

On November 15, 2006, A&P held a regularly scheduled telephonic executive committee meeting. Mr. Haub updated the other members of the executive committee of the A&P board on the status of an offer by A&P to acquire Pathmark for cash, including the status of discussions with potential debt financing sources. Mr. Haub also reviewed with the executive committee the possibility of a transaction involving a private equity investment. The consensus of the executive committee was to continue to pursue the Pathmark transaction and the financing alternatives and the executive committee authorized management to submit a proposal to Pathmark for an all-cash acquisition at \$12.00 per share.

On November 16, 2006, Mr. Haub sent to Mr. Jessick a confidential, nonbinding letter which set forth a proposal to acquire all outstanding shares of Pathmark common stock for \$12.00 per share in cash. The proposal stated that it was premised on Pathmark having at closing 56.1 million fully diluted shares of common stock (calculated based on the treasury stock method assuming all in-the-money options and warrants would be exercised), but did not specify how outstanding options and warrants would be treated in the proposed merger. The proposal stated that the definitive acquisition agreement would not be contingent on financing, and debt financing commitment letters were attached to the letter.

On November 21, 2006, the Pathmark board of directors held a special telephonic meeting. At this meeting, Mr. Standley reviewed with the board the November 16 letter that had been received from A&P. The board discussed the letter, as well as the possibility of exploring potential alternative transactions, including the acquisition of assets from either Company A or Company B. Mr. Burkle, on behalf of Yucaipa Companies, attended the board meeting. Mr. Burkle updated the Pathmark board on the status of discussions to acquire Company B and the obstacles to such

acquisition that had been encountered during Yucaipa Companies' preliminary discussions with the potential third party partner that had previously been discussed with the Pathmark board on March 13, 2006. Mr. Burkle also expressed the Yucaipa Investors' disappointment in the price offered by A&P. The board concluded that Mr. Burkle should discuss the proposal letter with A&P, indicating Pathmark's disappointment with the proposed terms, and attempt to obtain an alternative proposal from A&P that would offer greater value to Pathmark and its stockholders.

Also on November 21, 2006, Mr. Standley and Mr. Burkle delivered a letter to Mr. Haub indicating that Pathmark was not prepared at that time to pursue A&P's proposal on the terms proposed in the November 16 letter.

On November 28, 2006, the Pathmark board of directors held a regularly scheduled meeting. At this meeting, the board again discussed the proposal from A&P. The board discussed the fact that A&P apparently had no interest in being acquired by Pathmark and Tengelmann would not support it, and in any event, such a transaction would put a heavy debt burden on Pathmark. Mr. Duckworth stated that Yucaipa Companies believed that at this time A&P was no longer interested in a merger of equals transaction, as had been discussed in March 2006. In the discussion of A&P's financing for the proposed transaction, it was noted that \$180 million of the proceeds to finance the acquisition of Pathmark were to come from A&P's sale of a portion of its minority interest in Metro, a Canadian public company. The board also discussed the status of Pathmark's business, new strategic initiatives including the possibility of a new format for certain of its stores, and the significant capital that would be required to be raised in order to remodel existing stores and to implement new merchandising concepts. The board decided to delay implementation of the new format, based on the possible further discussions with A&P that were expected to take place after Mr. Burkle contacted Mr. Haub.

On November 28, 2006 and November 30, 2006, the four members of the A&P board who were considered to be independent of Tengelmann, Bobbie Gaunt, Dan Kourkoumelis, Edward Lewis and Maureen Tart-Bezer, who we also refer to as the independent members of the A&P board, held special telephonic meetings, with representatives of Cahill in attendance, to review the status of the Pathmark transaction and to discuss possible terms of the potential private equity investment. Representatives of Cahill reviewed the status of the potential private equity investment with the directors. The consensus of the independent directors was that they supported the business strategy of raising equity for an all-cash acquisition of Pathmark, but noted the reduced role that independent directors would have following the potential equity investment since they believed they would no longer constitute a majority of the board following the transaction. The directors determined to continue discussions at a later date depending upon the outcome of discussions with Pathmark.

On December 5, 2006, Messrs. Burkle and Haub met in New York City to discuss a possible transaction. After discussion, Mr. Burkle indicated that an all cash acquisition at \$12 per share of Pathmark common stock would not be acceptable to the Pathmark board and the Yucaipa Investors, but a transaction that consisted of \$8.00 in cash and \$5.00 in value of A&P common stock might be acceptable to the Yucaipa Investors because it represented an increase in value and included a substantial equity component in the type of consideration to be received by the Pathmark stockholders. In addition, Mr. Burkle noted the Yucaipa Investors would require that the option value of the Series A and B Warrants be preserved in any transaction, as would have occurred under both the March 2006 merger of equals discussions with A&P, as well as the September 2006 proposal by Pathmark to acquire A&P for cash. Mr. Haub noted that, in the proposed cash and stock merger structure, the Yucaipa Investors would have the potential to become significant stockholders of A&P. They discussed certain of the issues that Tengelmann and A&P would have with that structure and Mr. Haub outlined in principle some of the restrictions that would be required by A&P to limit the influence of the Yucaipa Investors on A&P operations and activities following the transaction.

On December 6, 2006 and December 7, 2006, the independent members of the A&P board held special meetings. Representatives of Cahill updated the independent directors on the status of

discussions with Tengelmans representatives and the terms of the proposed private equity investment.

From December 7 to December 15, 2006, Mr. Duckworth, Mr. Burkle, Mr. Haub and Mr. Guldin had several discussions via teleconference regarding various aspects of the potential transaction, including the disparities between the purchase prices proposed by A&P and Pathmark, the form of consideration, the treatment of the Yucaipa Investors Series A and B Warrants, and the post-closing restrictions on the rights of the Yucaipa Investors.

On December 14, 2006, Mr. Haub sent a draft term sheet to Mr. Burkle. The term sheet reflected a proposed purchase price per Pathmark share of \$9.50 in cash and \$2.50 in A&P common stock (the A&P stock to be valued based on the average closing price for the 5 trading days prior to execution of a definitive agreement). In addition, the term sheet included extensive restrictions related to the Yucaipa Investors ownership of A&P common stock and warrants after consummation of the proposed transaction, which restrictions would not be applicable to the other holders of Pathmark common stock and warrants, and required that the Management Services Agreement with Yucaipa Companies be terminated upon the consummation of the proposed transaction. The term sheet provided that the Yucaipa Investors Series A and B Warrants would be rolled over and exchanged for warrants to acquire A&P common stock. The term sheet provided that the rollover warrants could only be exercised on a cashless basis, which would have the effect of limiting the Yucaipa Investors ability to increase its share ownership in A&P, and, upon exercise, the rollover warrants could be settled, in the sole discretion of A&P, in cash, stock or a combination thereof. The term sheet also proposed prohibiting the Yucaipa Investors from exercising during any twelve month period more than 50% of the rollover warrants issued for the Series B Warrants, except during the one year period prior to expiration of the Series B Warrants or in connection with or following a change of control of A&P. In addition, the term sheet proposed various standstill restrictions on the Yucaipa Investors ability to acquire additional shares of A&P stock, commence a proxy solicitation, seek A&P board representation, make any public acquisition proposal, or seek to control or influence management of A&P. The standstill restrictions, as proposed, could have continued for as long as 8 years from the closing. The transferability of the A&P stock and rollover warrants proposed to be issued to the Yucaipa Investors in the transaction would also be subject to restrictions. The transferability restrictions as proposed could have continued for as long as 10 years from the closing.

Also on that day, the independent members of the A&P board held a special telephonic meeting to review the status of the Pathmark transaction and to discuss the term sheet relating to a revised proposal to acquire Pathmark. The directors discussed, among other things, Mr. Haubs indication, based upon conversations with Mr. Burkle, that, at these valuation levels, the Yucaipa Investors would not accept an all-cash transaction. The directors noted that having a greater portion of merger consideration consisting of A&P stock rather than cash would obviate the need for any third party equity investors and also address the Yucaipa Investors desire not to receive consideration consisting entirely of cash. Representatives of Cahill then reviewed with the directors the revised proposal for A&P to acquire Pathmark for a combination of cash and common stock.

On December 15, 2006, Mr. Haub and Mr. Burkle met in New York, at which time they discussed a number of principal terms of the proposed transaction, including the general mix of cash and stock consideration, the roll-over of the Pathmark warrants held by the Yucaipa Investors, and corporate governance matters related to the role of the Yucaipa Investors as an investor in the combined company.

On December 16, 2006, Cravath indicated to Cahill that because Tengelmans ownership of A&P stock following the proposed transaction would fall below 50%, Tengelmans would require A&P to enter into a stockholder agreement providing Tengelmans with board representation, governance and other stockholder rights appropriate for a significant stockholder. In that regard, Cravath delivered to Cahill a draft of a proposed stockholder agreement. Cravath also indicated that Tengelmans believed an advisory fee was appropriate for its role and efforts.

On December 18, 2006, Cahill delivered a proposed form of confidentiality agreement to Latham & Watkins. Also on that day, Cravath delivered to Latham & Watkins a revised draft term

sheet relating to the proposed acquisition of Pathmark, which indicated a proposed purchase price per Pathmark share of \$9.00 in cash and \$3.50 in A&P common stock. The A&P stock was to be valued for this purpose based on the average closing price of A&P's common stock for the twenty trading days preceding execution of a definitive agreement. In addition to restating the terms and restrictions relating to the warrants and common stock to be issued to the Yucaipa Investors, as set forth in the December 13 term sheet, the revised term sheet included a provision which allowed the Yucaipa Investors to exercise all, but not less than all, of the rollover warrants issued for the Series B Warrants at any time, but also permitted A&P to delay payment of 50% of the net value upon exercise of the Series B rollover warrants to be issued to the Yucaipa Investors, for a period of up to one year.

On December 19, 2006, the Pathmark board held a special meeting. Mr. Duckworth updated the board on discussions to date with A&P. The board authorized management to execute a confidentiality agreement with A&P and to continue further discussions. The board also discussed the fact that the board had previously decided, at the October 6, 2006 board meeting, to engage Yucaipa Companies as a consultant on the proposed acquisition of A&P by Pathmark. The board had at that meeting approved the engagement of Yucaipa Companies, subject to the execution of a definitive engagement letter, to act as a consultant to Pathmark in connection with its proposed acquisition of A&P; however, the parties had not proceeded with the negotiation of the engagement letter after it became clear that Pathmark would not be engaging in the acquisition of A&P. Now that the parties were moving forward with the negotiation of a transaction with A&P and because these negotiations had progressed far enough along to warrant Pathmark's entry into a contractual undertaking, the members of the board in attendance at the meeting, with Mr. Duckworth abstaining, unanimously approved the engagement of Yucaipa Companies as a consultant to Pathmark in connection with its potential acquisition by A&P, with the terms of such engagement subject to approval by the board of an engagement letter that would later be presented to the board for review. Mr. Tochner was not in attendance at the meeting.

Also that day, Yucaipa Companies transmitted to A&P certain comments on A&P's draft term sheet from December 18. Yucaipa Companies accepted many restrictions and limitations on the A&P common stock and warrants that would be issued to the Yucaipa Investors in the proposed transaction and their rights to exercise such warrants. Over the succeeding days, the parties held several conference calls to discuss open issues on the term sheet, including, among other things, the methodology of calculating the price per share to be used in determining the value of the A&P common stock to be received both in the merger and upon the exercise of the rollover warrants, the exercise features of the rollover warrants and the standstill, transfer restrictions and registration provisions that would apply to the Yucaipa Investors, without reaching resolution on these items. Ultimately, the parties decided to proceed directly to definitive documentation because they believed that they had reached substantial agreement on the framework of the transaction and that a protracted negotiation of the term sheet followed by the negotiation of definitive documentation would extend the total time to reach agreement. They discussed executing definitive agreements within thirty days.

On December 19, 2006, the A&P board held a special meeting at which Mr. Haub updated the board on the principal terms discussed between Mr. Haub and Mr. Burkle on December 15, 2006 and the implications of structuring the transaction in accordance with these terms rather than involving a new equity investor.

On December 20, 2006, A&P and Pathmark entered into a mutual confidentiality agreement covering the discussions between the companies and any information that might be exchanged by the parties.

On December 21, 2006, the independent members of the A&P board held a special telephonic meeting with representatives of Cahill and McGuireWoods LLP (*McGuireWoods*), its special Maryland counsel, also in attendance. Representatives of McGuireWoods discussed standards of conduct required of directors of a Maryland corporation and procedures applicable to the transaction generally, and in particular to the proposed stockholder agreement with Tengelmann and a potential

advisory fee, under Maryland law. The independent directors then discussed these matters, and determined to retain an independent financial advisory firm.

Later on December 21, 2006, the executive committee of the A&P board held a regularly scheduled meeting at which they reviewed and discussed the proposed terms and determined to continue to pursue the transaction with Pathmark.

In early January 2007, each of A&P and Pathmark commenced business and legal due diligence on the other.

On January 8, 2007, the independent members of the A&P board met. Representatives of Cahill and McGuireWoods updated the independent directors on the status of discussions with Pathmark's representatives regarding the proposed transaction and the retention of Peter J. Solomon Co., L.P. (*PJSC*) as financial advisor to the independent members of the A&P board with respect to the proposed stockholder agreement with Tengelmann and Tengelmann's request for an advisory fee. The independent members of the A&P board discussed the qualifications of PJSC and determined to engage them as financial advisor.

On January 11, 2007, Cahill distributed the first draft of a merger agreement for the proposed transaction. The draft merger agreement contemplated a cash and stock merger, based on a fixed exchange ratio equal to \$3.50 divided by the average closing price of A&P common stock for the twenty trading days immediately prior to execution of the merger agreement. Among other things, the draft merger agreement contained a nonsolicitation covenant which prohibited Pathmark from having discussions with any other party unless that party had submitted a bona fide proposal that the Pathmark board had determined to be superior to the terms of the A&P transaction. The merger agreement also contained a covenant that Pathmark would submit the merger to a vote of its stockholders even if a superior proposal had been received, and Pathmark would not be able to terminate the merger agreement in order to accept a superior proposal. Although the draft merger agreement provided that the Yucaipa Investors would enter into an agreement with A&P to vote their Pathmark shares in favor of the transaction, no terms of the voting agreement were provided. In the event of termination of the merger agreement under various circumstances (including where the Pathmark stockholders had voted against the merger agreement at a time when no competing transaction had been proposed), the draft merger agreement contained a termination fee of \$30 million. The draft merger agreement also included a provision that A&P would not be required to divest stores for antitrust reasons, above an unspecified store level cash flow threshold. The draft merger agreement also contemplated that the Yucaipa Investors' Series A and B Warrants would be assumed by A&P in the merger and converted into warrants to acquire A&P common stock in accordance with the term sheet.

On January 15, 2007, Cravath sent Cahill an initial draft stockholder agreement which reflected the term sheet provided in December and set forth Tengelmann's proposed board representation and governance and other stockholder rights which would apply after A&P's purchase of Pathmark.

On January 18, 2007, Latham & Watkins distributed comments to A&P's draft merger agreement. Among many other matters, in these comments, Pathmark objected to the failure to include an exception to the nonsolicitation covenant which would permit Pathmark to consider proposals that might reasonably be expected to lead to superior proposals. Pathmark also specified in the draft that it would be able to terminate the merger agreement in order to accept a superior proposal. Pathmark also objected to the provision requiring payment of a termination fee in the event that Pathmark stockholders failed to approve the merger at a time when no competing transaction had been proposed. In addition, Pathmark rejected the \$30 million termination fee as excessive, and proposed that if antitrust clearance required divestiture of stores, A&P would be required to make such divestitures without regard to amount.

Also on that day, the independent members of the A&P board held a special telephonic meeting with representatives of McGuireWoods, PJSC and Cahill to discuss the proposed terms of the Pathmark acquisition.

Also on January 18, 2007, the A&P board held a regularly scheduled meeting. Also in attendance were Mr. Claus, Mr. Guldin, Ms. Galgano and Mr. Richards, as well as representatives of

JPMorgan and Cahill. Mr. Haub, with the assistance of the executives in attendance, reviewed the status of the Pathmark acquisition, including updates on due diligence, synergies, financing and integration. The JPMorgan representatives then reviewed the status of negotiations and developments.

On January 19, 2007, Cahill contacted Latham & Watkins and stated that, in light of the many comments made by Pathmark on the draft merger agreement that were unacceptable to A&P, A&P had directed Cahill to cease further work on the draft until progress was made on the substantive issues.

On January 23, 2007, the Pathmark board of directors held a regularly scheduled meeting at which all directors were present in person or by telephone. At this meeting, the board discussed the status of negotiations with A&P, the draft merger agreement that had been presented by A&P, and the antitrust approval process that would be required in connection with the transaction, including the likely timing and uncertainties of obtaining approval.

The Pathmark board noted that the draft merger agreement proposed by A&P included a condition that the Yucaipa Companies' existing Management Services Agreement with Pathmark be terminated at or prior to closing. The board also noted that this termination would require a termination payment to Yucaipa Companies under that agreement in the amount of \$10 million. In addition, under the Pathmark Stockholders Agreement, a change of control transaction such as that proposed by A&P would require the affirmative vote of at least two Independent Directors (as defined below), as well as the affirmative consent of the Yucaipa Investors. These approvals would be in addition to any other approvals that would be required under applicable law or Pathmark's charter or bylaws.

Representatives of Citigroup joined the meeting and presented Citigroup's qualifications to act as financial advisor to the Pathmark board in connection with the proposed transaction with A&P.

The Pathmark board discussed the amendments that would be required to the existing warrant agreement with the Yucaipa Investors in order to provide for the rollover of the Series A and B Warrants into A&P warrants, as contemplated by the December 2006 term sheet. Under the existing warrant agreement, in the cash and stock merger proposed by A&P, the Series A and B Warrants would have been converted into the right to acquire, upon exercise, the merger consideration of \$9.00 in cash and a fixed number of shares of A&P stock. Under the warrant agreement amendment, in essence the right to acquire \$9.00 in cash would be converted into a right to acquire a fixed number of shares of A&P stock.

After further discussion and consideration of both the implications of the warrant agreement amendment and the fact that negotiations between Pathmark and A&P had advanced to the point where it seemed probable that the parties would engage in a strategic transaction, the Pathmark board determined to form a committee of independent, disinterested directors to review the terms of any amendments to the Yucaipa Investors' Series A and B Warrants to effect the warrant rollover. Sarah Nash, Daniel Fitzgerald, Larry Katzen, Bruce Hartman and John Zillmer, each directors of Pathmark who were considered to be independent of the Yucaipa Investors for the purpose of reviewing the proposed warrant agreement amendment (the *Independent Directors*), met separately with counsel from Shearman & Sterling LLP (*Shearman & Sterling*). The board then authorized the creation of a special committee, composed of the Independent Directors, which was empowered to review, in connection with any proposed business combination, any proposal that would provide for the treatment of the Yucaipa Investors' Series A and B Warrants in a manner that would be different from that provided under the existing warrant agreement. The special committee was given the power to evaluate any such warrant proposal, to negotiate directly with Yucaipa Companies, the Yucaipa Investors and their advisors, and to make a recommendation to the full Pathmark board as to what action, if any, Pathmark should take with respect to any such warrant proposal, as well as the power and resources to retain any advisors to the special committee that the special committee deemed necessary or desirable to conduct its review. Because the Yucaipa Investors were the only Pathmark stockholders that owned any of the Series A and Series B Warrants and the treatment of these warrants could potentially present a conflict of interest for the Yucaipa Investors as they evaluated the merits of an acquisition transaction, the board resolved that it would not recommend

any acquisition transaction that included a warrant proposal without the prior favorable recommendation of the special committee. In addition, because approval of the acquisition transaction would require the affirmative vote of at least two Independent Directors pursuant to the terms of the Pathmark Stockholders Agreement, the special committee was empowered to review any acquisition proposal, for the purpose of assisting the Independent Directors in their decisions under the existing stockholders agreement between Pathmark and the Yucaipa Investors as to whether they would vote in favor of an acquisition transaction.

The directors also were presented with a draft of an engagement letter between Pathmark and Yucaipa Advisors (an affiliate of Yucaipa Companies) that had been prepared in response to instructions given at the December 19, 2006 Pathmark board meeting, pursuant to which Yucaipa Advisors would be engaged to act as a consultant to Pathmark in connection with the negotiation of the A&P transaction. The board deferred a decision on the draft letter pending further review by the board and counsel. The directors then voted to retain Citigroup as financial advisor to Pathmark in connection with the proposed A&P transaction. In addition, the board requested that management, Yucaipa Advisors and Citigroup provide weekly updates to the board regarding the status of the transaction and negotiations.

Later that same day, a meeting of the Pathmark special committee was held to preliminarily discuss process and the issues the Pathmark special committee had been charged with by the board to consider. At the meeting, the Pathmark special committee also appointed Ms. Nash as its Chairperson and engaged Shearman & Sterling as its independent legal counsel.

On January 25, 2007, Latham & Watkins and Cahill held a conference call and discussed a number of the most significant outstanding items on the draft merger agreement.

On January 28, 2007, a special telephonic meeting of the Pathmark board of directors was held, at which the board considered the proposed engagement letter with Yucaipa Advisors to act as a consultant to Pathmark in connection with the proposed A&P transaction. After the full Pathmark board discussed the amount of the fees proposed to be paid to Yucaipa Advisors, the meeting was recessed, and a separate meeting of the Independent Directors took place. Thereafter, the meeting of the full Pathmark board resumed, and the Independent Directors indicated that they had determined to support the engagement of Yucaipa Advisors as a consultant to Pathmark on the terms specified in the existing Management Services Agreement. The board of directors took note of the Independent Director's determination and discussed the terms set forth in the engagement letter. The board members in attendance then unanimously approved the Yucaipa Advisors engagement letter. Neither Mr. Duckworth nor Mr. Tochner were in attendance for this portion of the meeting.

Also on that day, after considering a number of nationally recognized firms and their respective qualifications, the Pathmark special committee engaged Perella Weinberg Partners LP (*PWP*) as its independent financial advisor to assist the committee in its assessment of the value of the Series A and B Warrants and the impact of the proposed amendments to the warrant agreements, and to advise committee members in their role as Independent Directors under the Pathmark Stockholders Agreement. PWP was not engaged to provide any advice or opinion regarding the fairness of the proposed transaction with A&P. PWP received a fixed fee, a portion of which was paid concurrently with its engagement, and the balance when PWP first met with the Pathmark special committee.

On January 30, 2007, the parties held a meeting in New York City. In attendance were Mr. Duckworth, Mr. Standley, Mr. Vitano, Mr. Guldin, Ms. Galgano and Allan Richards as well as Pathmark's and A&P's respective counsel and financial advisors. At this meeting, the parties discussed at a general level the guiding principles for further negotiations, including the parties' sharing of any antitrust risk arising out of the proposed transaction, the relative level of reciprocity in the representations, covenants and conditions of Pathmark and A&P, certainty and speed of closing, and the treatment of outstanding employee stock options.

On January 30, 2007, the independent members of the A&P board held a special telephonic meeting. Also participating by telephone at the meeting were representatives of McGuireWoods and PJSC. The independent

directors discussed the status of the Pathmark transaction, including the proposed timeline. Representatives of PJSC then presented their analysis with respect to the Tengelmann advisory fee request based upon information they had considered in connection with

their analysis. Representatives of McGuireWoods then reviewed the December 2006 draft Tengelmans stockholder agreement term sheet with the independent directors. The independent directors then directed McGuireWoods to prepare a revised Tengelmans stockholder agreement term sheet reflecting the comments of the independent directors. The independent directors and McGuireWoods decided not to provide comments on the actual draft Tengelmans stockholder agreement distributed by Cravath on January 15, 2007 until progress had been made on the principal provisions reflected in the term sheet.

A telephonic meeting of the Pathmark special committee was held on February 1, 2007. At the meeting, a representative from PWP presented to the Pathmark special committee various financial issues relating to the proposed warrant agreement amendment to be entered into among the Yucaipa Investors and A&P in connection with the proposed transaction. The members of the Pathmark special committee discussed among themselves, as well as with representatives of PWP, various financial and other considerations relating to the proposed transaction, including that: (i) the current warrant agreement between the Yucaipa Investors and Pathmark already sets forth the manner in which the Series A and B Warrants were to be treated in a business combination transaction such as the proposed A&P transaction; (ii) additional value would accrue to the Yucaipa Investors as a result of the proposed warrant agreement amendment but not to the other stockholders of Pathmark; and (iii) the Yucaipa Investors would be able to participate to a greater degree than the other stockholders of Pathmark in any future appreciation in the A&P share price. The members of the Pathmark special committee also discussed certain additional considerations regarding the proposed transaction, including (i) the proposed transaction value represented a significant premium to the market price of Pathmarks common stock; (ii) there currently were no other transaction proposals offering the same or greater consideration; (iii) without the Yucaipa Investors support for the A&P transaction, Pathmark risked losing the proposed transaction and the value it could provide to Pathmarks stockholders; and (iv) it was unlikely that the Yucaipa Investors or A&P would be prepared to make additional value available to Pathmarks other stockholders.

On February 2, 2007, the Pathmark board held an update call in which Mr. Standley and Mr. Duckworth and Citigroup advised the directors of the status of the proposed transaction.

On February 5, 2007, the parties held a meeting in New York City. In attendance were representatives from Pathmark and A&P and their respective counsel, as well as representatives from Tengelmans, Yucaipa Companies and A&Ps financial advisor. The principal issue under discussion at this meeting related to a review of the risks raised by the proposed transaction from an antitrust standpoint, including both the risk of nonconsummation, and the risk that store divestitures would be required in order to obtain antitrust approval. The parties discussed in detail a number of alternatives to allocate these risks. A&P proposed that, in the event that divestitures were required over a certain store level cash flow threshold, a downward adjustment to the merger consideration would be made. Pathmark objected to this concept as overly complex and risky for the Pathmark stockholders. After discussion, the parties agreed in principle to the following terms. If, at a date that is six months after execution of the merger agreement, A&P reasonably determined that it was reasonably likely that it would be required to divest stores that have store level cash flow in excess of \$33 million, then A&P would have the right to terminate the merger agreement and reimburse Pathmark for its out-of-pocket legal expenses. If, at a date that is nine months after execution of the merger agreement, A&P reasonably determined that it was reasonably likely that it would be required to divest stores that have store level cash flow in excess of \$33 million, then A&P would have the right to terminate the merger agreement and pay Pathmark a termination fee of \$25 million. If, thereafter, the merger were to fail to close for reasons related to failure to obtain antitrust approval, A&P would pay Pathmark a termination fee of \$50 million.

Shortly thereafter, Messrs. Burkle and Haub had a telephone call regarding a disagreement over how store level cash flow would be calculated. After further discussion, they agreed that specific store level cash flow amounts for each A&P and Pathmark store would be set forth on a schedule to the merger agreement, and agreed to increase the divestiture threshold from \$33 million to \$36 million based upon the agreed calculation methodology.

Also that day, a telephonic meeting of the Pathmark special committee was held. At the meeting, a representative from PWP presented to the Pathmark special committee additional material that PWP had been asked by the Pathmark special committee to prepare on warrant valuation sensitivities relating to the proposed warrant agreement amendment.

Additionally on February 5, 2007, the independent members of the A&P board held a special telephonic meeting. Also participating by telephone at the meeting were representatives of McGuireWoods, Cahill and PJSC. The independent directors discussed the status of the Pathmark transaction. Representatives of PJSC reported on corporate governance rights typically granted to controlling or significant stockholders in the context of private equity and other investments. The independent directors then reviewed the December 2006 Tengelmann term sheet as proposed by Tengelmann and as revised by McGuireWoods. The independent directors directed representatives of McGuireWoods to propose certain revisions to the term sheet to Cravath.

On February 6, 2007, McGuireWoods sent to Cravath a revised version of the Tengelmann stockholder agreement term sheet which reflected the comments of A&P's independent directors. The revised version required that Tengelmann would vote all its shares in the same proportion as A&P's other stockholders in the election of directors that were not nominated by Tengelmann, which voting mechanism was referred to as mirror voting. In addition, among other things, the comments sought to modify and reduce the scope of Tengelmann's approval rights and eliminate Tengelmann's right to demand registration rights and addressed the termination of Tengelmann's various rights under the proposed Tengelmann stockholder agreement and the method of calculating Tengelmann's ownership percentage for that purpose.

On February 7, 2007, the Pathmark board held an update call in which Mr. Standley and Mr. Duckworth and Citigroup advised the directors of the status of the proposed transaction.

On February 9, 2007, Mr. Duckworth, on behalf of the Yucaipa Investors, met with the Pathmark special committee to review the warrant rollover proposal. He made a presentation that began with the history of the negotiation process and the treatment of the Series A and B Warrants under various transaction structures that had been considered. The presentation also illustrated the Yucaipa Investors' view that the A&P common stock that the Yucaipa Investors would receive in the proposed transaction would be worth significantly less than the A&P common stock received by other common stockholders of Pathmark, due to the transfer and standstill restrictions that A&P imposed upon the Yucaipa Investors that would result in diminished liquidity and limitations on the ability of the Yucaipa Investors to exercise the rights available to other holders of A&P common stock. In addition, he described the terms of the Series A and B Warrants, both as presently existing and as proposed to be amended, as well as the Yucaipa Investors' views as to the benefits to the Yucaipa Investors from the rollover of the warrants and detriments to the Yucaipa Investors resulting from the terms and restrictions that A&P would put on the rollover warrants, which terms and restrictions did not currently apply to the Series A and B Warrants.

During the period from February 9 through February 12, 2007, the parties held meetings in New York City. In attendance were Mr. Standley, Mr. Duckworth, Mr. Vitano, Mr. Guldin, Ms. Galgano and Mr. Richards, as well as Pathmark's and A&P's respective counsel and financial advisors. At these meetings the parties discussed many significant open issues on the draft merger agreement, including many of the items in dispute under A&P's original draft of the merger agreement from January 11. In addition, during this period Cahill transmitted a draft voting agreement to the Yucaipa Investors, which required the Yucaipa Investors to vote all shares owned or acquired by the Yucaipa Investors in favor of the proposed transaction with A&P and against all alternative transactions. The Yucaipa Investors owned approximately 40% of the outstanding Pathmark common stock at that time. In response, Pathmark proposed that the Yucaipa Investors would only be required to vote shares representing 33% of the outstanding stock in favor of the transaction, and that the remainder of their shares would be voted for or against the transaction in proportion to the votes cast by other stockholders. Pathmark also objected to A&P's proposal that a termination fee be payable in the event that the Pathmark stockholders failed to approve the merger at a time when no competing transaction had been proposed. A&P did agree to a nonsolicitation covenant which would allow Pathmark to have

discussions with another potential purchaser if that person were to

submit a bona fide proposal that the board determined to be reasonably likely to lead to a proposal that was superior to the terms of the A&P transaction.

On February 11, 2007, Cahill distributed a draft stockholders agreement relating to the Yucaipa Investors' ownership of A&P common stock after completion of the merger. The draft provided for a prohibition on purchases of shares of A&P common stock over 9.9%, and other standstill provisions that would restrict the Yucaipa Investors from taking any action to propose any extraordinary corporate transaction, participate in a proxy contest, form a group with other A&P stockholders or take any action (whether through communication with management or public statements) to seek to influence A&P. The draft also included restrictions on the transferability of the A&P common stock owned by the Yucaipa Investors, as well as a noncompetition agreement with respect to A&P.

On February 8 and 12, 2007, McGuireWoods and Cravath had telephone conferences to discuss and negotiate the February 6 comments to the Tengelmenn stockholder agreement term sheet. Cravath indicated in those discussions that Tengelmenn was not willing to support the proposed acquisition of Pathmark by A&P without proportional board representation and approval rights substantially as provided in the Tengelmenn stockholder agreement term sheet, but that Tengelmenn was willing to enter into a mirror vote provision, if Tengelmenn's obligation was conditioned upon A&P honoring Tengelmenn's proposed rights to proportional board representation, and to negotiate the other aspects of the term sheet. On February 13, 2007, McGuireWoods sent Cravath additional comments on the Tengelmenn stockholder agreement term sheet relating to the points described above as well as others.

On February 13, 2007, Mr. Guldin, Ms. Galgano, Mr. Richards, Mr. Standley, Mr. Vitrano and Mr. Duckworth discussed potential synergies and integration plans as well as the financing of the proposed transaction. Also on February 13, 2007, Cahill and Latham & Watkins held a teleconference. They discussed and agreed that in the event that Pathmark's stockholders failed to approve the merger at a time when no competing transaction had been proposed, no termination fee would be payable, but Pathmark would reimburse A&P for its out-of-pocket legal expenses. They also discussed the size of the termination fee, as well as the percentage of the Yucaipa Investors' stock to be subject to the proposed voting agreement.

On the same day, the independent members of the A&P board held a special telephonic meeting. Also participating by telephone at the meeting were representatives of McGuireWoods. The independent directors discussed several open issues on the Tengelmenn stockholder agreement term sheet. The independent members of the board were informed of Tengelmenn's unwillingness to support the proposed acquisition of Pathmark by A&P without proportional board representation and approval rights substantially as provided in the Tengelmenn term sheet but that Tengelmenn was willing to enter into a mirror vote provision and negotiate other aspects of the term sheet.

On February 14, 2007, Cahill and Latham & Watkins held a conference call to discuss the proposed voting agreement and the termination fees. Specifically, Cahill requested that, in addition to the Yucaipa Investors agreeing to vote their full ownership position (amounting to approximately 40% of the outstanding Pathmark common stock) in favor of the proposed transaction, the Yucaipa Investors agree that they would vote their shares against any other acquisition proposal within the two-year period following termination of the merger agreement.

A telephonic meeting of the Pathmark special committee was held that day. At the meeting, a representative of PWP discussed with members of the Pathmark special committee the differences PWP believed existed between the Yucaipa Investors' and PWP's analyses of the proposed warrant agreement amendment. The members of the Pathmark special committee discussed these differences, as well as the question of whether either the Yucaipa Investors or A&P would be prepared to share any of the value represented by the proposed warrant agreement amendment with Pathmark's other stockholders. Members of the Pathmark special committee decided that Ms. Nash should call Mr. Duckworth and voice the Pathmark special committee's concerns with the Yucaipa Investors' analysis of the proposed warrant agreement amendment. In addition, the Pathmark special committee considered a draft letter to Yucaipa Companies to such effect, which the Pathmark special committee agreed Ms. Nash should send following her call with Mr. Duckworth.

Later that day, Ms. Nash had a discussion with Mr. Duckworth during which she conveyed the special committee's concerns. Mr. Duckworth told Ms. Nash that he would like to have a discussion with PWP and provide the special committee with further information on these issues. Thereafter, on behalf of the special committee, Ms. Nash sent a letter to Yucaipa Companies in which she stated that, taking into account advice from the special committee's financial advisor regarding the additional value that would accrue to the Yucaipa Investors as a result of the proposed amendments to the terms of the Series A and B Warrants, as well as the special committee's fiduciary duties and its understanding of the situation, the special committee did not see how it could approve the proposed warrant agreement amendment in its then-current form. Ms. Nash also stated that the special committee would be happy to consider any alternatives Yucaipa Companies might wish to propose.

On February 14, 2007, the independent members of the A&P board held a special telephonic meeting. Also participating by telephone at the meeting were representatives of McGuireWoods and PJSC. Representatives of McGuireWoods reviewed with the A&P directors the status of negotiations with Cravath regarding the Tengelmann stockholder agreement term sheet as well as the proposed Tengelmann advisory fee. The directors discussed the proposed advisory fee and considered PJSC's related advice.

Also on February 14, 2007, McGuireWoods sent to Cravath a revised version of the Tengelmann stockholder agreement that Cravath had distributed on January 15, 2007, which reflected comments of the independent directors on the outstanding open issues on the term sheet and, in addition, deleted Tengelmann's right to require A&P to file a shelf registration statement for the sale of A&P shares owned by Tengelmann, as well as indicated that the provision relating to an advisory fee for Tengelmann remained an open issue.

On February 15, 2007, Mr. Duckworth, on behalf of Yucaipa Companies, sent a letter to the Pathmark special committee. In the letter, Mr. Duckworth stated that Yucaipa Companies believed that the concessions the Yucaipa Investors had agreed to in limiting their rights as A&P stockholders and significantly reducing the liquidity of their securities had the effect of greatly diminishing the value of any consideration to be received by them in the proposed transaction. He stated that Yucaipa Companies did not believe that a transaction without the proposed amendments to the Series A and B Warrants represented compelling enough value for them to support.

A telephonic meeting of the Pathmark special committee was held on February 16, 2007. At the meeting, representatives of Shearman & Sterling and PWP shared their views on the letter received by the Pathmark special committee from Mr. Duckworth. After discussing the letter, the Pathmark special committee discussed the message that Ms. Nash should convey to the full board at the board meeting to be held later that day.

Later that day, the Pathmark board of directors held a telephonic board meeting. Mr. Burkle, as a representative of the Yucaipa Investors, was in attendance on the call. At this meeting, Mr. Standley and Mr. Vitrano updated the board on the status of the due diligence process with A&P, and the status of A&P's financing for the transaction, particularly as it related to the sale of Metro stock to fund a portion of the cash merger consideration. Representatives of Citigroup provided the board with Citigroup's preliminary financial analysis of the proposed merger, including the proposed merger consideration.

Also at this meeting, Mr. Burkle, on behalf of the Yucaipa Investors, addressed the special committee's preliminary concerns about the treatment of the Series A and B Warrants in the proposed transaction. Mr. Burkle explained to the board that the Series A and B Warrants had been purchased by the Yucaipa Investors in 2005 as part of a package of securities of Pathmark, in exchange for \$150 million in cash. He also explained that, in the proposed transaction with A&P, A&P was requiring that the Yucaipa Investors agree to numerous standstill and transferability restrictions on the Yucaipa Investors' rights with regard to the A&P common stock and warrants that the Yucaipa Investors would own after the merger, which were significant detriments to the value of the Yucaipa Investors' rights, which the Yucaipa Investors were under no obligation to agree to, and which the other common stockholders of Pathmark would not be subject to. He also noted that the terms of the rollover warrants were significantly less advantageous to the Yucaipa

Investors than the terms of the Series A and B Warrants. Mr. Burkle indicated, however, that the Yucaipa Investors would agree to these various terms and restrictions as part of facilitating an overall transaction with A&P for the benefit of all stockholders which, at the same time, would preserve the option value of the Series A and B Warrants. He also noted that several other transactions with A&P had been previously discussed with the board, including a merger of equals and an acquisition of A&P by Pathmark, and in these transactions the option value of the Series A and B Warrants would have been preserved. Mr. Burkle indicated that, if the Series A and B Warrants could not be rolled over into A&P warrants and therefore the existing option value of the Series A and B Warrants could not be preserved, then the Yucaipa Investors would not be willing to agree to the standstill and transferability restrictions on the Yucaipa Investors' common stock and warrants, and the other amendments to the terms of the Series A and B Warrants, that had been demanded by A&P, and the Yucaipa Investors would not be willing to support the transaction as stockholders of Pathmark. The members of the special committee attached great significance to the position expressed by Mr. Burkle because consummation of the proposed transaction was subject to the Yucaipa Investors' consent under the terms of the Pathmark Stockholders Agreement; moreover, in order to proceed with the proposed transaction, A&P had made clear that it would require the Yucaipa Investors to enter into a voting agreement in which they would agree to vote in favor of the proposed transaction.

Ms. Nash, on behalf of the special committee, informed the board that the Pathmark special committee could not respond to Mr. Duckworth's February 15 letter until (i) Citigroup had presented its views to the board regarding the fairness, from a financial point of view, to the stockholders of Pathmark of the consideration to be received by such stockholders in the proposed transaction and (ii) the documentation relating to the proposed transaction, including the proposed warrant agreement amendment to be entered into among the Yucaipa Investors and A&P, had been substantially finalized. Ms. Nash also indicated that the special committee was open to receiving additional information from the Yucaipa Investors, so that the special committee could better understand the views and analyses of the Yucaipa Investors and the terms of the restrictions imposed by A&P.

Following the board meeting, the Pathmark special committee reconvened and the members discussed the information obtained at the board meeting and further discussed the proposed warrant agreement amendment. As part of this discussion, the members of the special committee considered, among other things, the value that the proposed transaction with A&P would provide to Pathmark's stockholders and the risk of losing this value if the special committee did not approve the terms of the warrant agreement amendment and the Yucaipa Investors ceased to support the proposed transaction with A&P.

From February 16 through March 3, 2007, McGuireWoods and Cravath continued to exchange drafts of and discuss and negotiate the terms of the Tengelmann stockholder agreement.

On February 18, 2007, the independent members of the A&P board, held a special telephonic meeting to review the status of negotiations between McGuireWoods and Cravath. Also participating by telephone at the meeting were representatives of Cahill and PJSC.

During the period from February 18 through February 26, Ms. Galgano, Mr. Richards, Mr. Guldin, Mr. Duckworth, Mr. Standley and Mr. Vitrano, as well as A&P's and Tengelmann's respective counsel and advisors held a number of meetings and teleconferences to discuss the terms of the proposed merger agreement. A&P agreed that the Yucaipa Investors would be required to vote their shares representing only 33% of the outstanding Pathmark common stock in favor of the merger and against alternative transactions, and that the voting agreement would expire upon termination of the merger agreement. The remainder of the Yucaipa Investors' shares in excess of 33% of the outstanding shares could be voted in the Yucaipa Investors' sole discretion. A&P also agreed to a reduced termination fee of \$25 million. The parties also agreed that, if the merger agreement were terminated after the nine-month anniversary, or the one-year anniversary, of execution of the merger agreement, due to failure to receive antitrust approval (regardless of the level of store level cash flow that is required to be divested), the termination fee payable by A&P to Pathmark would be \$50 million, and \$75 million, respectively.

Also during this period, A&P provided to Pathmark the drafts of its financing commitment letters. The financing commitment letters were expressly conditioned on the receipt by A&P of proceeds of \$190 million from the sale of Metro shares that it owned, and there was no commitment by any third party to ensure that those proceeds would be obtained. Even though the transaction was not conditioned on receipt of financing, Pathmark required that all the financing be fully committed at the time of signing of the merger agreement. Pathmark discussed with A&P the fact that, because the receipt of proceeds from the sale of Metro shares was not assured, it was possible that the transaction would not close because of A&P's failure to obtain financing.

Pathmark also proposed to A&P a retention pay plan, change of control severance plans for employees and transaction bonuses for four key executives in order to better provide stability in the workforce prior to closing, which would increase the likelihood that the transaction closed and facilitate the post-closing integration of the companies. The retention pay plan would be offered to certain office associates (excluding the Chief Executive Officer, Co-Presidents and Executive Vice Presidents of Pathmark) and, subject to certain conditions, would entitle each such associate to receive a retention payment equal to 20-30% of his/her respective base salary, paid in three equal installments as follows: (i) 180 days after execution of the merger agreement, (ii) two weeks after closing of the merger, and (iii) after the closing of the merger, the earlier of a termination of the associate or 180 days after closing of the merger. The change of control severance plans would be offered to certain office and field associates (excluding Pathmark's executive officers) and, subject to certain conditions, would entitle each such associate to receive a severance payment upon involuntary termination of employment, other than for cause, within 12 months of a change of control (such as completion of the merger). The transaction bonuses would be offered to four key executives and, subject to certain conditions, would entitle such executives to receive bonus payments of either \$50,000 or \$100,000 in the event such executive remained continuously employed by Pathmark through the close of the merger or under certain other circumstances. See *Interests of Certain Persons In the Merger Transaction Bonus Agreements* and *Retention Pay Plan*.

On February 18, 2007, Mr. Duckworth spoke by telephone with representatives of PWP in order to describe the Yucaipa Investors' warrant valuation methodology.

A telephonic meeting of the Pathmark special committee was held on February 20, 2007. At the meeting, Mr. Duckworth presented the Pathmark special committee with the Yucaipa Investors' views regarding the Yucaipa Investors' valuations (and the underlying assumptions used in those valuations) with respect to the consideration the Yucaipa Investors would be entitled to receive under the terms of the proposed transaction, including the proposed warrant agreement amendment. During the course of this presentation, Mr. Duckworth noted the Yucaipa Investors' views on, among other things, (i) the valuation of the option life of the rollover warrants; (ii) the volatility assumptions for both Pathmark and A&P common stock and the risk free rate to be utilized in valuing the rollover warrants; (iii) the impact of the standstill and transfer restrictions and stockholder rights limitations on the value of the A&P common stock underlying the rollover warrants and to be received by the Yucaipa Investors in the proposed transaction; and (iv) the impact of the ability of A&P to defer delivery of A&P common stock or payment of cash upon the exercise of the rollover warrants. Following Mr. Duckworth's presentation, the members of the Pathmark special committee discussed Mr. Duckworth's presentation among themselves, as well as with their advisors.

On February 20, 2007, the A&P board held a regularly scheduled meeting to review the status of the Pathmark transaction. Also in attendance were Mr. Claus and Ms. Galgano, as well as representatives of JPMorgan, Axinn Veltrop & Harkrider LLP (*Axinn*), special antitrust counsel to A&P, and Cahill. Representatives of Axinn reviewed for the board the antitrust clearance process, including anticipated timing, historical context, the current competitive market setting, possible issues to address, and the range of possible outcomes. Members of management then reviewed with the board the status of the diligence effort, including the status of obtaining information from Pathmark, the status of evaluating anticipated synergies from the transaction, financial and operational evaluations and integration matters. Management also reviewed with the board the status of the financing. The JPMorgan representatives then reviewed with the board their

views of the transactions and reviewed and discussed with the board various factors, analyses, projections and valuation methodologies which would be part of their fairness analysis.

Later on February 20, 2007, the independent members of the A&P board, together, for a portion of the meeting, with John Barline, an A&P director affiliated with Tengelmans, held a special telephonic meeting, at which representatives of McGuireWoods, PJSC and Cahill were present, to review the status of discussions with Cravath regarding Tengelmans' requested board representation and governance and other stockholder rights. Following the departure from the meeting of Mr. Barline, the independent directors discussed appropriate responses to the remaining open issues with Tengelmans. Following the discussion, the independent directors indicated that McGuireWoods should seek to resolve the issues.

On February 23, 2007, the Pathmark board held an update call in which Mr. Standley, Mr. Duckworth and Citigroup advised the directors of the status of the proposed transaction.

As discussed by the parties in mid-December 2006, the merger consideration offered by A&P was \$9.00 in cash and \$3.50 in A&P stock, with the exchange ratio for the stock portion expected to be calculated based upon \$3.50 divided by the average closing price of the A&P common stock for the twenty trading days prior to the date of execution of the merger agreement. In mid-December, the parties targeted signing a merger agreement by mid-January, 2007, but had not met that target.

As a result, on or about February 24, 2007, Mr. Burkle discussed with Mr. Haub the possibility of revising the exchange ratio, because during the course of the previous weeks the market trading price of A&P common stock had moved substantially higher, and the agreements had not been finalized by mid-January as had been initially anticipated. Pathmark believed that the exchange ratio calculated under the 20-trading-day average formula no longer accurately reflected the business understanding and was not acceptable. Messrs. Burkle and Haub agreed to continue discussion of the issue.

On February 25, 2007, the independent members of the A&P board held a special telephonic meeting. Cahill updated the independent directors on the status of discussions with Pathmarks' representatives regarding the proposed transaction.

On February 26, 2007, the compensation committee of the Pathmark board held a telephonic meeting at which the committee approved a retention bonus plan, change of control severance plans for employees, and transaction bonuses for four executives who would each play a key role in consummating the proposed transaction.

Later that day, A&P proposed to Pathmark a new merger consideration structure. Under this structure, A&P would agree to sell up to 7.1 million shares of Metro stock within ninety days after execution of the merger agreement. In the event that the sale yielded less than \$190 million, then the aggregate cash portion of the merger consideration would be adjusted downward by the difference between \$190 million and the sale proceeds, and the aggregate amount of the stock portion of the merger consideration would be adjusted upward by the same amount.

On February 27, the trading volumes for both A&P's and Pathmarks' publicly traded securities increased above their average volumes, and the trading prices of the securities of the two companies also increased. In response to this market activity, A&P and Pathmark were separately contacted by the NYSE and NASDAQ, respectively, with requests for public disclosure of the pending negotiations. In response to these requests, A&P and Pathmark each issued press releases disclosing the fact that the parties were engaged in negotiations for A&P to acquire Pathmark for a possible purchase price of \$12.50 in cash and A&P common stock.

Later that day, the Pathmark board of directors held a special telephonic meeting at which all directors were present. Mr. Standley described for the board the change that A&P had proposed regarding altering the cash/stock mix of the merger consideration based on the results of the sale of Metro stock by A&P. They noted that this was a change in a

fundamental term and required further discussion with A&P before any recommendation could be made to the board.

Citigroup then presented a detailed preliminary financial analysis of the proposed transaction, including financial analyses of Pathmark, A&P and the proposed merger consideration of \$12.50 per share in cash and A&P common stock. Citigroup noted that, as a result of A&P's proposal to

change the cash/stock mix of the merger consideration, Citigroup would need to conduct further analysis when the terms of that proposal were further defined.

The directors discussed whether there was any likelihood that another purchaser would be interested in acquiring Pathmark at a higher valuation. The directors noted the publicly announced auction process in 2004 and 2005, which had failed to generate any attractive offers to acquire Pathmark. In addition, publicly available analyst commentary about Pathmark had repeatedly referred to Pathmark as a likely and most advantageous merger partner with A&P. Notwithstanding this commentary, Pathmark had not received any credible acquisition proposals from any person other than A&P. In addition, the Pathmark board believed that the February 27 press releases issued by A&P and Pathmark would alert any third parties interested in acquiring Pathmark to the potential transaction with A&P, and interested purchasers would presumably contact Pathmark if they were willing to offer a valuation higher than \$12.50 per share of Pathmark common stock.

Also at this board meeting, the board reviewed in detail the draft transaction documents, including the terms of the merger consideration, treatment of employee stock options and warrants, nonsolicitation covenant, termination fees, voting agreements, and antitrust provisions. They also reviewed the proposed stockholders agreement between A&P and the Yucaipa Investors, noting the restrictions that the agreement placed on the Yucaipa Investors' ability to exercise many of the rights normally attendant to the ownership of stock in a public company, including the right to influence the management and control of A&P, make proposals to the board of A&P, solicit other stockholders, and freely acquire or dispose of A&P shares and warrants.

On February 28, 2007, the A&P board held a special telephonic meeting to review the status of the Pathmark transaction. Also in attendance were Mr. Claus, Ms. Galgano, Mr. Richards and Chris McGarry, an executive officer of A&P, as well as representatives of JPMorgan, Cahill, Cravath and McGuireWoods. Mr. Haub updated the board on the process regarding the Pathmark acquisition. He reported that, in response to a call from the NYSE, A&P had issued a February 28 press release acknowledging negotiations for A&P's acquisition of Pathmark. Mr. Haub stated the transaction agreements were essentially complete with the main open issues regarding financing terms, the A&P stock price to be used to determine the Pathmark equity conversion and antitrust-related matters. The A&P board then discussed these matters and authorized management to continue negotiations.

A meeting of Mr. Haub, Mr. Guldin, Mr. Burkle, Mr. Duckworth and Mr. Standley was held in New York City on March 1, 2007. By that time, A&P had abandoned its proposal to adjust the cash/stock mix of the merger consideration depending on the future results of its sale of Metro stock. At this meeting, A&P agreed to a termination right by Pathmark, and a \$50 million termination fee, in the event that A&P failed to generate at least \$190 million of proceeds from the sale of Metro stock within ninety days following the execution of the merger agreement. A&P also agreed that if the proposed transaction failed to close due to the failure to obtain financing for the cash portion of the merger consideration, then A&P would pay Pathmark a termination fee of \$50 million, which amount would increase to \$75 million if the closing were delayed beyond one year for antitrust reasons. This termination fee would be in addition to breach of contract damages that Pathmark might have against A&P, because the proposed transaction was not conditioned upon the receipt of financing. A&P also agreed to reimburse Pathmark for its legal fees and expenses if the transaction was not approved by the stockholders of A&P.

Also as part of these meetings, Mr. Burkle proposed that the exchange ratio for the stock portion of the merger consideration would be determined by valuing A&P common stock at \$27 per share rather than the then-current 20-trading-day average of \$29.56. Mr. Haub agreed to consider the proposal. This change would have the effect of increasing the exchange ratio from 0.11840 to 0.12963 A&P shares for each share of Pathmark stock.

On March 2, 2007, the A&P board held a special telephonic meeting, to review the status of the Pathmark transaction. Also in attendance were Mr. Claus, Ms. Galgano and Mr. Richards, as well as representatives of JPMorgan, Cahill, Cravath and McGuireWoods. Mr. Haub reviewed with the board the status of negotiations regarding the acquisition of Pathmark. He reported that he and Mr. Burkle had met the previous day. The open issues continued to be financing

certainty, exchange ratio and price. He reported that, as part of reaching agreement on such terms, they had also

tentatively agreed to a revision of exchange value of each Pathmark share from the twenty day formula earlier discussed to a fixed exchange ratio.

Representatives from JPMorgan then reviewed with the board the price activity of the stock of A&P and of Pathmark for various time periods, and various metrics relating to the adjusted A&P stock value to be utilized in the merger, as well as various strategic and governance issues. JPMorgan representatives reviewed the financial implications of the increase on the terms of the merger, including the potential value of the warrants.

The board then discussed these matters and Mr. Haub summarized the advantages and disadvantages of the transaction and indicated his belief that it was advisable to proceed with the transaction. The board also discussed financing options, including the sale of Metro stock. The board then determined that the value adjustment was acceptable, that the transaction continued to have the potential to deliver significant value to A&P stockholders and that management should seek to reach agreement on the remaining terms and present its recommendation to the board on Sunday, March 4, 2007.

On the evening of March 2, 2007, Mr. Haub and Mr. Burkle spoke by telephone and agreed to recommend a final fixed exchange ratio for the stock portion of the merger consideration based on a price of \$27 per share of A&P common stock instead of the 20-trading-day average. Based on the closing market price of A&P common stock on March 2, 2007 of approximately \$30.86, the change in the exchange ratio formulation resulted in an increase of approximately \$25 million in aggregate value to Pathmark stockholders, or an increase of approximately \$0.50 per share of Pathmark common stock.

On March 3 and 4, 2007, A&P, Pathmark, Latham & Watkins and Cahill exchanged numerous drafts and finalized the agreements.

By March 3, 2007, A&P and Tengelmann had reached agreement on the open issues on the Tengelmann stockholder agreement. As a result of this negotiation, Tengelmann agreed that, if A&P nominates and recommends the election of a number of Tengelmann nominees proportional to its ownership of A&P common stock, then Tengelmann will vote all its shares of A&P common stock in a manner identical to the manner in which the non-Tengelmann-affiliated stockholders vote their shares in the election of directors other than the Tengelmann nominees, unless a person other than Tengelmann has initiated a proxy contest. Tengelmann also agreed to certain modifications of its proposed approval rights as reflected in the Tengelmann stockholder agreement term sheet, including that certain significant transactions would be subject to the approval of a majority of the A&P directors nominated by Tengelmann, but a more limited group of significant transactions would require Tengelmann's approval. Tengelmann also agreed to more narrow approval rights in a number of instances, including by agreeing to apply a liquidity test to its approval rights over the settlement with A&P stock of warrants exercised by the Yucaipa Investors, Tengelmann also agreed that it would not require A&P to file a shelf registration statement for the sale of A&P shares owned by Tengelmann. The parties agreed that while the calculation of Tengelmann's ownership percentage of A&P would protect Tengelmann from dilution from most share issuances, Tengelmann would lose its board representation, approval and most other stockholder rights if its actual ownership percentage of A&P were to fall below 10%. Tengelmann also agreed to forgo an advisory fee in exchange for A&P's agreement that it would negotiate in good faith with Tengelmann to enter a services agreement under which Tengelmann would agree to provide transactional and other services to A&P for reasonable compensation.

On March 4, 2007, the independent members of the A&P board held a meeting to discuss and consider whether to recommend to the full board of directors that the board authorize A&P to enter into a stockholder agreement with Tengelmann in connection with the contemplated acquisition by A&P of Pathmark. Also participating by telephone at the meeting were representatives from Cahill, McGuireWoods and PJSC. At this meeting, representatives of McGuireWoods reviewed with the directors the terms of the Tengelmann stockholder agreement and the draft of that agreement.

The independent directors noted that the Tengelmann stockholder agreement requires A&P and Tengelmann to negotiate in good faith an advisory services agreement whereby Tengelmann would

provide certain services to A&P for compensation to be agreed upon. Representatives of PJSC noted that no fee would be paid to Tengelmänn in connection with the Pathmark acquisition and, in their view, the rights being granted to Tengelmänn under the Tengelmänn stockholder agreement were reasonable given the size of its ownership in A&P. Representatives of McGuireWoods then reviewed the standard of care required of directors of a Maryland corporation applicable to these decisions. The independent directors then deliberated on these matters and unanimously resolved to recommend to the A&P board of directors that it approve the Tengelmänn stockholder agreement and the transactions contemplated thereby.

Immediately thereafter, on March 4, 2007, the A&P board held a special meeting. Also in attendance were Mr. Claus, Ms. Galgano, Mr. Richards and Mr. McGarry, as well as representatives of JPMorgan, Cahill, Axinn, PJSC and McGuireWoods. Mr. Haub reported to the board that agreement had been reached on all terms regarding A&P's proposed acquisition of Pathmark. Representatives of Cahill then reviewed with the board the terms of the transaction, including the closing conditions, the terms and effect on the combined company of the financing arrangements, the fees payable to Yucaipa Companies in connection with the Management Services Agreement, the merger consideration and the treatment of outstanding options and warrants for Pathmark shares (including the Yucaipa Investors' warrants) and provisions for payment of cash for certain Pathmark stock options and conversion of others into A&P stock options.

Representatives of Cahill then reviewed with the board the requirements of seeking regulatory approval of the acquisition and the terms of the merger agreement permitting A&P to terminate the merger agreement for antitrust-related reasons and representatives of Axinn and Cahill described antitrust issues. Cahill representatives also reviewed with the board the circumstances under which Pathmark would be permitted under the merger agreement to consider alternative transactions to A&P's acquisition. The board also considered provisions for employment benefits for retained Pathmark employees, the termination fee provisions of the merger agreement, and the provisions for Mr. Mays to become a new director of A&P unless he is an employee or director of a competitor, in which case Pathmark would be able to nominate another director to the A&P board and the covenants in the merger agreement governing conduct of the parties' business prior to closing of the merger. Representatives of Cahill also reviewed with the board the proposed financing for the acquisition, including the debt commitment letters received by A&P, the timing of the shareholder meetings of A&P and Pathmark and the required votes, as well as the matters on which the shareholders would be requested to vote at such meetings. Cahill also described the provisions in the merger agreement permitting a change in board recommendation in connection with observance of fiduciary duties applicable to Pathmark. Cahill also described Yucaipa's and Tengelmänn's voting obligations under the voting agreements and their rights under the stockholder agreements. McGuireWoods reviewed with the board the required standard of conduct of directors of a Maryland corporation.

Representatives of JPMorgan then presented to the A&P board their analysis regarding the fairness of the transaction, from a financial point of view, to A&P and delivered JPMorgan's fairness opinion to the board, that as of the date of the opinion, and based on and subject to the qualifications, assumptions and limitations set forth therein, the merger consideration to be paid by A&P was fair, from a financial point of view, to A&P. After consideration, the A&P board resolved unanimously to approve the merger agreement and the transactions contemplated thereby and the independent members of the A&P board, with the non-independent members abstaining, unanimously approved the Tengelmänn stockholder agreement.

A telephonic meeting of the Pathmark special committee was held on March 4, 2007. At the meeting, a representative of PWP updated the Pathmark special committee on the potential value attributable to the proposed warrant agreement amendment in light of the increase in merger consideration payable to Pathmark's stockholders in connection with the proposed transaction. The members of the Pathmark special committee discussed this revised valuation. A representative from Shearman & Sterling reviewed with the Pathmark special committee a draft resolution for adoption should a majority of its members determine to give a favorable recommendation to the full board with respect to the proposed warrant agreement amendment.

Later that day, the Pathmark board of directors convened a special telephonic meeting at which all directors were present, as well as Mr. Burkle, Mr. Vitrano, Citigroup, Latham & Watkins, and Shearman & Sterling. Mr. Standley noted that, since the announcement five days earlier that Pathmark was considering a sale of Pathmark to A&P and the extensive media and analyst commentary on that announcement, Pathmark had not received any contacts or inquiries from any potential interested purchasers. Mr. Duckworth informed the board that Yucaipa Companies had received one contact from a potential interested party and explained to the board that the potential interested party was a financial buyer that lacked committed debt and equity financing. Mr. Duckworth also noted for the board that the party appeared to be in the initial stages of developing a larger business plan that focused on the grocery sales industry but did not have existing operations or appear to have significant experience in the industry. After considering the foregoing information, Yucaipa Companies and the board determined that the potential interested party was not credible. In addition, Mr. Standley and Mr. Duckworth indicated that they were not aware of any market rumors that any other person was interested in making a bid for Pathmark. Representatives of Citigroup also indicated that they were unaware of any such rumors and that, to their knowledge, no one at Citigroup had been contacted during the course of the strategic review process by any third party expressing interest in acquiring Pathmark. This absence of any such market rumors or credible inquiries from third parties during the five-day period following the A&P and Pathmark press releases was significant because it had been expected that any third party that was interested in acquiring Pathmark for a valuation higher than \$12.50 per share of Pathmark common stock would have contacted Pathmark or one of its representatives after the proposed transaction was publicized but prior to the execution of a definitive merger agreement.

The board reviewed the most recent changes in the terms of the proposed transaction since the previous board meeting, including the increase in the exchange ratio referenced above. Representatives of Citigroup reviewed its financial analysis of the proposed transaction, as revised in light of the increased exchange ratio of 0.12963. Citigroup then rendered its oral opinion, confirmed in writing on March 4, 2007, to the Pathmark board of directors that, as of the date of its written opinion and based upon and subject to the considerations and limitations described in the opinion, the merger consideration was fair, from a financial point of view, to the holders of Pathmark common stock (other than the Yucaipa Group). The special committee of the board then met in a separate session, where it determined to give a favorable recommendation to the board with respect to the proposed warrant amendment.

When the board meeting reconvened, Ms. Nash delivered the report and determination of the special committee to the full board with respect to the proposal to amend the terms of the Yucaipa Investors Series A and B Warrants as part of the proposed transaction. In a letter to the board, she stated that, following her letter to Mr. Duckworth on February 14, 2007, the special committee had received additional information with respect to the warrant agreement amendment proposal and related matters. Having considered that information as well as other factors, the special committee had adopted resolutions which constituted its favorable recommendation to the board with respect to the proposed warrant agreement amendment. In the special committee resolutions attached to the letter, the special committee noted that it recognized that: (i) the special committee had reviewed the terms and conditions of the proposed warrant agreement amendment, as well as the terms and conditions of the proposed transaction with A&P; (ii) the special committee had received advice from PWP, the special committee's independent financial advisor, and Shearman & Sterling, in connection with the special committee's review of the proposed warrant agreement amendment; (iii) additional value could potentially accrue to the Yucaipa Investors as a result of the warrant agreement amendment but not to the other stockholders of Pathmark; (iv) the Series A and B Warrants held by the Yucaipa Investors would, in the absence of the warrant agreement amendment, suffer a significant reduction in value upon consummation of the proposed transaction compared with their then-current value; (v) the warrants and shares of A&P which the Yucaipa Investors would be entitled to receive in the proposed transaction would be subject to various transfer and other restrictions that adversely affect the value of such warrants and shares; (vi) the Yucaipa Investors had agreed, as part of the proposed transaction, to not dispose of their Pathmark shares or warrants pending completion of the proposed transaction; (vii) it was possible that

alternative transaction structures to the proposed transaction existed that, if used, could have resulted in the same treatment of the Series A and B Warrants as the proposed warrant agreement amendments but without requiring any amendments to their terms; (viii) the Yucaipa Investors had informed the special committee that they were not prepared to support the proposed transaction unless it included the proposed warrant agreement amendment without modification; (ix) Citigroup had rendered an opinion to the board that, as of March 4, 2007, the merger consideration to be received by holders of Pathmark's common stock pursuant to the proposed transaction was fair, from a financial point of view, to such holders (other than the Yucaipa Group); (x) neither Pathmark nor Yucaipa Companies had received proposals for any transaction that would offer consideration for the Pathmark stockholders (other than the Yucaipa Investors) that would be greater than that contemplated by the proposed transaction; (xi) there was the risk that, in the absence of an announcement of a transaction such as the proposed transaction, the trading price of Pathmark's common stock would decline significantly; (xii) without the support of the Yucaipa Investors, Pathmark would be unable to proceed with the proposed transaction and the value it could provide to Pathmark's stockholders; and (xiii) the special committee believed that it was in the best interests of Pathmark's stockholders (other than the Yucaipa Investors) to facilitate consummation of the proposed transaction by giving a favorable recommendation with respect to the proposed warrant agreement amendment.

Thereafter, Mr. Duckworth confirmed that the Yucaipa Investors consented to the proposed transaction with A&P, and would enter into the proposed Yucaipa Voting Agreement (as defined below), the proposed Yucaipa Stockholder Agreement (as defined below), and the proposed warrant agreement amendment. The directors then voted unanimously to approve the proposed merger agreement with A&P and the related transaction documents, and authorized management to execute the agreements.

Thereafter, Pathmark, A&P, the Yucaipa Investors and Tengemann executed and delivered the transaction documents. The transaction was announced by press release on the morning of March 5, 2007.

Pathmark's Reasons for the Merger; Recommendation of the Pathmark Board of Directors

After careful consideration, the Pathmark board of directors has unanimously approved the merger agreement, has determined that the merger is fair to, advisable, and in the best interests of, Pathmark and Pathmark stockholders and has unanimously recommended that Pathmark stockholders vote **FOR** the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger.

In the course of reaching its decision to unanimously recommend that Pathmark stockholders vote **FOR** the proposal to approve and adopt the merger agreement and the transactions contemplated thereby, including the merger, the Pathmark board of directors consulted with its financial and legal advisors, and reviewed a significant amount of information and considered a number of factors, including the following:

- historical,
- current and
- projected
- information
- concerning
- Pathmark's
- business,
- financial
- performance
- and condition,
- capital
- requirements,
- operations

and competitive position, including the sensitivities and uncertainties related thereto, and current industry, economic and market conditions, including Pathmark's prospects if Pathmark were to remain an independent company and competitive conditions affecting Pathmark's stores;

Pathmark's board of directors' past consideration of the possible alternatives to the merger, including continuing to operate Pathmark on an independent basis and/or engaging in other acquisition transactions, and the risks associated with these alternatives,

each of which
the Pathmark
board of
directors
determined
not to pursue
in light of its
belief that the
entry into the
merger
agreement
was in the
best interest
of Pathmark
stockholders
and that the
merger was
more
favorable to
Pathmark
stockholders
than any other
alternative
reasonably
available to
Pathmark;

Pathmark's board of directors believe that, based on consultation with Pathmark's management team, the proposed merger with A&P would likely allow Pathmark to more effectively implement its long-term plan to grow its business, meet its cost challenges and make Pathmark's stores even more competitive and attractive to its customers;

the value of the consideration to be received by Pathmark stockholders pursuant to the merger agreement, as well as the fact that Pathmark stockholders will receive a portion of the consideration in cash, which provides certainty of value;

the fact that Pathmark stockholders will receive a portion of the consideration in A&P common stock, which will allow Pathmark stockholders to share in growth or other opportunities of A&P after the merger;

the fact that the fixed number of shares of A&P common stock that Pathmark stockholders will receive in the merger will allow Pathmark stockholders to benefit from any increase in the trading price of A&P common stock between the announcement of the merger agreement and the completion of the merger;

historical, current and projected information concerning A&P's business, financial performance and condition, capital requirements,

operations,
management
and
competitive
position,
including the
sensitivities
and
uncertainties
related thereto,
and current
industry,
economic and
market
conditions;

the per share
merger
consideration
of \$9.00 in cash
and \$4.00 in
A&P common
stock to be paid
to Pathmark
stockholders,
based upon an
exchange ratio
of 0.12963 and
A&P's closing
stock price of
\$30.86 on
March 2, 2007
(the last trading
day prior to the
announcement
of the
execution of
the merger
agreement),
represents a
premium of
approximately:

15.6%
over the
closing
price of
Pathmark
common
stock on
March 2,

2007,

12.5%
over the
average
closing
price of
Pathmark
common
stock for
the
30-day
period
ended
March 2,
2007,

11.8%
over the
highest
closing
price of
Pathmark
common
stock
during the
52-week
period
ended
February
16, 2007,
and

71.1%
over the
lowest
closing
price of
Pathmark
common
stock
during the
52-week
period
ended
February
16, 2007;

the fact that
financial
analysts and

others had commented for many years that Pathmark and A&P were likely merger partners;

the fact that, despite Pathmark's and A&P's announcement on February 26, 2007 that they were in merger negotiations, no bona fide acquisition proposals were received by Pathmark prior to announcement of the execution of a merger agreement on March 4, 2007;

the financial presentation of Citigroup (including the assumptions and methodologies underlying its analysis undertaken in connection therewith) and the written opinion of Citigroup, which is attached to this proxy statement as Annex H and

which you should read carefully in its entirety, to the effect that, as of March 4, 2007, and based upon and subject to the considerations and limitations set forth therein, the per share merger consideration to be received by the holders of Pathmark common stock was fair, from a financial point of view, to such stockholders (other than the Yucaipa Group);

the historical market prices of Pathmark common stock, including the possibility that if Pathmark remained as a publicly traded company, in the event of a decline in the market price of Pathmark common stock or the stock market in general, the price that might be received by holders of Pathmark

common stock
in the open
market or in a
future
transaction
might be less
than the
consideration
to be paid to
Pathmark
stockholders in
the merger;

the financial
and other terms
and conditions
of the merger
agreement, as
reviewed by
Pathmark's
board of
directors with
Pathmark's
financial and
legal advisors,
and the fact
that they were
the product of
arm's-length
negotiations
between the
parties;

Pathmark's board of directors' belief, in light of the provisions of the merger agreement requiring A&P to divest itself of certain assets in connection with obtaining antitrust approval and other factors, that the merger does not present an unacceptable level of nonconsummation risk and that the conditions to the merger are reasonable and can be reasonably expected to be satisfied;

the fact that, pursuant to the terms of the Tengemann Voting Agreement, Tengemann has agreed to vote shares of A&P common stock, representing approximately 53% of the outstanding shares of A&P common stock, in favor of the issuance of A&P common stock to Pathmark stockholders in connection with the merger;

the fact that Pathmark stockholders will be entitled to exercise dissenters' rights under Delaware law, as described under The Merger Agreement Dissenters Rights ;

the fact that the merger agreement affords Pathmark's board of directors flexibility to consider and evaluate alternative acquisition proposals in the period after signing and prior to adoption of the merger agreement by Pathmark stockholders, as follows:

subject to compliance with the merger agreement, Pathmark's board of directors is permitted to participate in negotiations or discussions with, and furnish nonpublic information to, any person or group in response to an acquisition proposal that is more favorable to Pathmark stockholders than the merger or that Pathmark's board of directors determines in good faith, after consultation with financial advisors and outside legal counsel, that such acquisition proposal would

reasonably be expected to result in an acquisition proposal that is more favorable to Pathmark stockholders than the merger and that Pathmark's board of directors determines in good faith, after consultation with outside legal counsel, that failure to do so would be inconsistent with the Pathmark board of directors fiduciary duties under applicable law;

subject to compliance with the merger agreement, Pathmark's board of directors is permitted to change its recommendation to stockholders with respect to an alternative transaction if the Pathmark board of directors determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with its fiduciary

duties under applicable law and has given A&P five business days prior notice of its intention to take such action, subject to A&P's right to terminate the merger agreement and require Pathmark to pay a termination fee of \$25 million; and

although they currently own approximately 38% of the outstanding Pathmark shares, the Yucaipa Investors are only obligated to vote 33% of the outstanding Pathmark shares for the adoption of the merger agreement and against alternative transactions, and the balance may be voted by the Yucaipa Investors in their sole discretion;

the fact that the Pathmark board of directors formed a special committee, composed entirely of independent directors, none of

whom were nominated by the Yucaipa Investors to serve on the Pathmark board of directors, to review any proposed amendment to the existing Yucaipa Investors warrant agreement (including the Yucaipa Warrant Agreement as defined below), and the fact that the special committee, after receiving advice from its own financial and legal advisors, unanimously delivered a favorable recommendation to Pathmark's board of directors with respect to the Yucaipa Warrant Agreement;

the fact that A&P's obligation to complete the merger is not subject to any financing condition;

the fact that A&P obtained and delivered a debt commitment letter from its lenders, pursuant to which A&P's

lenders
committed,
subject to the
conditions
provided therein,
to provide A&P
with a senior
secured
revolving credit
facility in the
amount of \$615
million and up to
\$780 million of
senior secured
loans in order to
complete the
merger and pay
the cash portion
of the
consideration to
be paid to
Pathmark
stockholders;

the fact that A&P
would be
obligated to pay
a termination fee
and/or expense
reimbursement,
up to a maximum
amount of \$75
million, to
Pathmark under
certain

circumstances
relating to
A&P's failure
to obtain
antitrust
approval or
financing for
the
transaction;
and

the provision
for one
member of the
Pathmark
board of
directors to be
appointed to
the A&P
board of
directors,
which the
Pathmark
board of
directors
believes will
provide a
degree of
continuity and
oversight in
the integration
of the two
companies.

In the course of its deliberations, the Pathmark board of directors also considered a variety of risks and other countervailing factors concerning the merger agreement and the merger, including the following:

the risks and
costs to
Pathmark if the
merger does not
close, including
the diversion of
management and
employee
attention,
employee
attrition and the
effect on
Pathmark's
business

relationships;

the fact that the fixed number of shares of A&P common stock that Pathmark stockholders will receive in the merger exposes Pathmark stockholders to the risk of a decrease in the trading price of A&P common stock between the announcement of the merger agreement and the completion of the merger, and the fact that the merger agreement does not provide Pathmark with a price- based termination right or similar protection in relation to such a decrease;

the fact that the completion of the merger is subject to a number of conditions, including antitrust approval;

the restrictions on the conduct of Pathmark's business prior to the completion of the merger, requiring

Pathmark to use commercially reasonable efforts to conduct its business in the ordinary course generally consistent with past practice and to refrain from taking certain actions, which may delay or prevent Pathmark from undertaking business opportunities that may arise pending completion of the merger;

the fact that Pathmark would no longer exist as an independent, publicly traded company and Pathmark stockholders would no longer participate in the future earnings or growth, and would not benefit from any appreciation in the value, of Pathmark as an independent company;

the restrictions that the merger agreement imposes on Pathmark's ability to actively solicit competing bids, and the fact that

Pathmark would be obligated to pay a termination fee and/or expense reimbursement, up to a maximum amount of \$25 million, to A&P under certain circumstances, which could raise the cost for a third party to make a competing bid for Pathmark;

the fact that the decision not to engage in an auction process or to actively solicit alternative acquisition proposals may have prevented Pathmark from receiving and evaluating such proposals;

Pathmark's obligation to call and hold a meeting of its stockholders to adopt the merger agreement regardless of whether Pathmark's board of directors has changed its recommendation to Pathmark stockholders with respect to the merger or Pathmark has received an

alternative
acquisition
proposal that is a
superior proposal
as defined in the
merger
agreement;

the fact that,
pursuant to the
terms of the
Yucaipa Voting
Agreement, the
Yucaipa
Investors have
agreed to vote
shares of
Pathmark
common stock
owned by the
Yucaipa
Investors,
representing up
to 33% of the
outstanding
shares of
Pathmark
common stock,
in favor of the
adoption of the
merger
agreement and
against any
action, proposal,
transaction or
agreement that
would constitute
an alternative
acquisition
proposal or that
would compete
with or would
delay,
discourage,
adversely affect
or inhibit the
timely
consummation of
the merger;

the fact that gains from the transaction would be taxable to Pathmark stockholders for U.S. federal income tax purposes; and

the interests of the Yucaipa Investors and Pathmark's directors and officers in the merger described under The Merger Interests of Certain Persons in the Merger.

The foregoing discussion of the factors considered by the Pathmark board of directors is not intended to be exhaustive, but does set forth the principal factors considered by them. The Pathmark board of directors collectively reached the unanimous conclusion to recommend that the stockholders adopt the merger agreement in light of the various factors described above and other factors that each member of the board of directors believed were appropriate. In view of the wide variety of factors considered by Pathmark's board of directors in connection with their respective evaluation of the merger and the complexity of these matters, the Pathmark board of directors did not consider it practical to, and did not attempt to, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching its decision, and the Pathmark board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to its ultimate determination. Rather, the Pathmark board of directors made its recommendations based on the totality of information presented to its members and the investigation conducted by them. In considering the factors discussed above, individual directors may have given different weights to different factors.

A&P's Reasons for the Merger; Recommendation of the A&P Board of Directors

The A&P board of directors has unanimously approved and declared the advisability of the merger agreement, has determined that the merger agreement is in the best interests of A&P and the holders of A&P common stock and unanimously recommends that A&P stockholders vote FOR the proposal to approve the issuance of shares of A&P common stock pursuant to the merger agreement.

In reaching its determination to authorize and declare the advisability of the merger agreement and unanimously recommend the A&P stockholders vote FOR the proposal to approve the share issuance of A&P common stock pursuant to the merger agreement, the A&P board of directors consulted with senior management and A&P's legal and financial advisors and considered various factors, including:

Pathmark's
financial
condition, results
of operations,
business,
competitive
position,
reputation and
business
prospects, as well
as current
industry,
economic,
government,
regulatory and
market conditions
and trends.

The
recommendations
and
determinations of
the A&P
independent
directors.

An assessment of the following:

The complementary strengths of each company.

A&P's integration capabilities.

The combined company's potential to better serve customers in the New York, New Jersey and Philadelphia metro areas.

Benefits that would accrue to customers through the breadth of offerings available from the combined entity, including the continuation of community outreach.

The convenience and reassurance of choice that retention of the Pathmark banner would provide.

Anticipated annual integration synergies of approximately \$150 million

within two years following the closing of the merger. In this regard, A&P expects the transaction to generate \$150 million of annual pretax cost savings within two years, over half of which are expected to be realized within six months, from reduced administrative expenses, including the consolidation of the combined companies headquarters and the integration of Pathmark stores with A&P s existing, state of the art information technology systems. The remainder of the synergies are expected to be achieved through reductions in costs of goods sold and are expected to be achieved within 18 to 24 months from the date of closing and are the result of larger scale in purchasing, sharing of best

practices within
merchandising,
merging of the
A&P and
Pathmark
private label
brands, and
logistical cost
savings as a
result of the
combined
companies.

Efficiencies
and
customer
knowledge
benefits
that the
integration
of A&P's
modern
systems
technology
platform
will
provide.

The regulatory risks
relating to the merger,
which the A&P board
of directors analyzed
with the assistance of
its outside antitrust
advisors.

The opinion dated as
of March 4, 2007
delivered to A&P by
JPMorgan to the
effect that, as of that
date, and subject to
and based on the
qualifications,
assumptions and
limitations set forth in
the opinion, the
merger consideration
was fair, from a
financial point of
view, to A&P, as
described under
Opinion of A&P's
Financial Advisor.

The judgment, advice
and analyses of A&P's
senior management,
including their
favorable
recommendation of
the merger and their
analyses of conditions

in the supermarket industry and the strategic options available to A&P.

Tengelmann's commitment to vote in favor of the merger after independently evaluating the merger's benefits and risks.

The fact that, because the exchange ratio under the merger agreement is fixed (i.e., will not be adjusted for fluctuations in the market price of A&P common stock or Pathmark common stock), the per share value of the merger consideration to be paid to Pathmark stockholders on completion of the merger could be significantly more or less than its implied value immediately prior to the announcement of the merger agreement.

The terms and conditions of A&P's debt financing commitment letters and the level of effort that A&P must use under the merger agreement to obtain the proceeds of the financing on the terms and conditions described in the commitment letters.

The terms and conditions of the merger agreement, the stockholder agreements and the voting agreements, including the form and amount of the consideration and the representations, warranties, covenants, conditions to closing and termination rights contained in those agreements.

That the Tengelmann Stockholder Agreement (as defined below) was negotiated by independent directors not affiliated with Tengelmann with the assistance of legal counsel and financial advisors.

The matters discussed under Risk Factors in this joint proxy statement/prospectus.

The A&P board of directors considered all of the foregoing factors as a whole and, on balance, concluded that they supported a favorable determination to authorize the merger agreement and declare its advisability.

The foregoing discussion of the information and factors considered by the A&P board of directors is not exhaustive, but A&P believes it includes all the material factors considered by the A&P board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the A&P board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative or specific weight or values to any of these factors. In addition, individual directors may have given different weights to different factors.

Opinion of Pathmark's Financial Advisor

Pathmark retained Citigroup as its financial advisor in connection with the merger. Pursuant to Citigroup's engagement letter with Pathmark, dated February 6, 2007, Citigroup rendered its oral opinion on March 4, 2007, confirmed in writing on March 4, 2007, to the Pathmark board of directors to the effect that, as of the date of its written opinion and based upon and subject to the considerations and limitations set forth in its written opinion, its work described below and other factors it deemed relevant, the merger consideration was fair, from a financial point of view, to the holders of Pathmark common stock (other than Yucaipa Companies and the Yucaipa Investors and their affiliates, which we refer to collectively as the *Yucaipa Group*).

The full text of Citigroup's written opinion dated March 4, 2007, which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is included as Annex H to this proxy statement/prospectus and is incorporated herein by reference. Citigroup's opinion was limited solely to the fairness of the merger consideration from a financial point of view as of the date of the opinion. Neither Citigroup's opinion nor the related analyses constituted a recommendation of the proposed merger to the Pathmark board of directors. Citigroup makes no recommendation to any stockholder regarding how such stockholder should vote or act with respect to the merger or any other matter described herein. Citigroup was not requested to consider, and its opinion does not address, the relative merits of the merger compared to any alternative business strategies that might exist for A&P or Pathmark or the effect of any other transaction in which A&P or Pathmark might engage. This summary of Citigroup's opinion is qualified in its entirety by reference to the full text of the opinion. Stockholders are urged to read Citigroup's opinion carefully and in its entirety.

In arriving at its opinion, Citigroup:

reviewed a
draft, dated
March 4, 2007,
of the merger
agreement;

held
discussions
with certain
senior officers,
directors and
other
representatives
and advisors of
Pathmark and
certain senior
officers and
other
representatives
and advisors of
A&P
concerning the
businesses,
operations and
prospects of

Pathmark and
A&P;

examined
certain publicly
available
business and
financial
information
relating to
Pathmark and
A&P;

examined
certain
financial
forecasts and
other
information
and data
relating to
Pathmark and
A&P, including
projections for
the fiscal years
2006 through
2011, which
were provided
to or discussed
with Citigroup
by the
management of
each of
Pathmark and
A&P, including
information
relating to the
potential
strategic
implications
and operational
benefits
(including the
amount, timing
and
achievability
thereof)
anticipated by
the
management of
each of

Pathmark and A&P to result from the merger;

reviewed the financial terms of the merger as set forth in the merger agreement in relation to, among other things: current and historical market prices of Pathmark common stock and A&P common stock; the historical and projected earnings and other operating data of Pathmark and A&P; and the capitalization and financial condition of Pathmark and A&P;

considered, to the extent publicly available, the financial terms of certain other transactions that Citigroup considered relevant in evaluating the merger and analyzed certain financial, stock market and other publicly available

information relating to the businesses of other companies whose operations Citigroup considered relevant in evaluating those of Pathmark and A&P;

evaluated certain potential pro forma financial effects of the merger on A&P; and

conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as it deemed appropriate in arriving at its opinion.

In rendering its opinion, Citigroup assumed and relied, without assuming any responsibility for independent verification, upon the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citigroup (including, without limitation, the projections referred to above) and upon the assurances of the

management of each of Pathmark and A&P that they were not aware of any relevant information that has been omitted or that remains undisclosed to Citigroup. With respect to financial forecasts (including, without limitation, the projections referred to above) and other information and data relating to Pathmark or A&P provided to or otherwise reviewed by or discussed with Citigroup, Citigroup was advised by the respective management of each of Pathmark and A&P that such forecasts and other information and data were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of each of Pathmark and A&P as to the future financial performance of Pathmark and A&P, the potential strategic implications and operational benefits anticipated to result from the merger, and the other matters covered thereby Citigroup assumed, with the Pathmark board of directors' consent, that the financial results (including the potential strategic implications and operational benefits anticipated to result from the merger) reflected in such forecasts and other information and data will be realized in the amounts and at the times projected.

Citigroup assumed, with the consent of the Pathmark board of directors, that the merger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Pathmark, A&P or the contemplated benefits of the merger. Representatives of Pathmark advised Citigroup, and Citigroup further assumed, that the final terms of the merger agreement will not vary materially from those set forth in the draft of the merger agreement dated March 4, 2007 reviewed by Citigroup. Citigroup did not express any opinion as to what the value of the A&P common stock actually will be when issued pursuant to the merger or the price at which the A&P common stock will trade at any time. Citigroup did not make and was not provided with an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Pathmark or A&P, nor did Citigroup make any physical inspection of the properties or assets of Pathmark or A&P.

Citigroup was not requested to, and it did not, solicit third party indications of interest in the possible acquisition of all or part of Pathmark, nor was Citigroup requested to consider, and Citigroup's opinion does not address, the relative merits of the merger as compared to any alternative business strategies that might exist for Pathmark or the effect of any other transaction in which Pathmark might engage. Further, Citigroup expressed no view as to, and its opinion does not address, the relative impact on the holders of Pathmark common stock of any payments (other than the payment of the merger consideration in respect of shares of Pathmark common stock) to be made by Pathmark or A&P in connection with the merger to, or any arrangements entered into by Pathmark or A&P in connection with the merger with, the Yucaipa Group or any affiliate of the Yucaipa Group (other than Pathmark), including the Yucaipa Warrant Agreement and the Yucaipa Stockholder Agreement. Citigroup's opinion was necessarily based upon information available to it, and financial, stock market and other conditions and circumstances existing, as of the date of the opinion. Except as described above, Pathmark imposed no other instructions or limitations on Citigroup with respect to the investigations made or procedures followed by Citigroup in rendering its opinion.

A description of the material financial analyses performed by Citigroup in connection with the preparation of its fairness opinion is set forth below. The following summary does not, however, purport to be a complete description of all the financial analyses performed by Citigroup in connection with its fairness opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and is not necessarily susceptible to partial analysis or summary description. In arriving at its fairness determination, Citigroup considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Citigroup made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. Accordingly, Citigroup believes that the analyses and factors described below must be considered as a whole and that selecting portions of such analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the

narrative description of its analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Citigroup made numerous assumptions with respect to industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Pathmark and A&P. No company, business or transaction used in Citigroup's analyses as a comparison is identical or directly comparable to Pathmark or A&P, and an evaluation of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading, or other values of the companies, business segments or transactions analyzed.

Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. The analyses do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Pathmark, A&P, Citigroup, their respective affiliates or any other person assumes responsibility if future results are materially different from those forecast.

The order of the analyses described does not represent relative importance or weight given to those analyses by Citigroup. Some of the summaries of the financial analyses include information presented in tabular format. To the extent the following quantitative information reflects market data, except as otherwise indicated, Citigroup based this information on market data existing on or before March 2, 2007, the last trading day before public announcement of the proposed merger. Accordingly, this information does not necessarily reflect current or future market conditions.

The merger consideration was determined by arms'-length negotiations between Pathmark and A&P, in consultation with their respective financial advisors and other representatives, and was not established by such financial advisors.

The following is a summary of the material financial analyses presented to the Pathmark board of directors in connection with Citigroup's opinion. **Citigroup believes that the analyses and factors described below must be considered as a whole and that selecting portions of such analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of its analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.**

Transaction Overview

Citigroup reviewed with the Pathmark board of directors the basic terms of the merger, including the following:

consideration
per share of
Pathmark
common stock
to consist of
\$9.00 in cash
and 0.12963
shares of A&P
common
stock;

implied value
for the merger

consideration
of \$13.00 per
share of
Pathmark
common stock
(based on the
closing price
of A&P
common stock
of \$30.86 on
March 2,
2007),
representing
total equity
value of \$742
million; and

pro forma
percentage
ownership by
current
Pathmark
stockholders
of
approximately
14% of the
combined
company,
based on basic
shares
outstanding;
and
approximately
16% on a fully
diluted basis
per the
treasury stock
method.

Citigroup calculated for the Pathmark board of directors the implied percentage premium of the merger consideration over the closing price of Pathmark common stock on March 2, 2007, the last trading day prior to announcement of the merger, the highest and lowest closing stock prices of the Pathmark common stock for the 52-week period ended on February 16, 2007 (which based on the increase in trading price from February 16, 2007 to February 20, 2007, Citigroup believed to be the last trading day unaffected by rumors of the proposed merger) and the average closing stock prices for the Pathmark common stock for the 30-day, 60-day, and 90-day periods ended on March 2, 2007.

These calculations were based on historical information and public filings. The results of this analysis are set forth in the following table:

Premium to:*

Share Price at March 2, 2007	15.6 %
52 Week High	11.8
52 Week Low	71.1
30 Day Average	12.5
60 Day Average	14.8
90 Day Average	15.8

* Based on merger consideration valued at \$13.00 per share, consisting of \$9.00 in cash and \$4.00 in shares of A&P common stock to be paid to Pathmark stockholders, based upon an exchange ratio of 0.12963 and A&P's closing stock price of \$30.86 on March 2, 2007.

Selected Companies Analysis Pathmark

Citigroup reviewed certain financial and stock market information and forecasted financial information of Pathmark and of seven selected publicly held companies that operate in the multiregional and regional supermarket retail sectors. The selected companies considered by Citigroup were:

Multiregional
The Kroger Co.

Regional
Ruddick Corporation

Safeway Inc. A&P
 SUPERVALU Inc. Weis Markets, Inc.
 Ingles Markets, Incorporated

For Pathmark and each of the selected companies for which information was available, Citigroup derived multiples of firm value to, among other things, estimated calendar year 2007 earnings before interest, taxes, depreciation and amortization, excluding extraordinary items and stock-based compensation expense, where applicable (*Adjusted EBITDA*). Citigroup calculated firm value as (a) equity value, based on the per share closing stock price on March 2, 2007 and fully diluted shares outstanding less any option proceeds, as reflected in each company s latest publicly available information, assuming exercise of all in-the-money options, warrants and convertible securities outstanding, less the proceeds from such exercise, plus (b) non-convertible indebtedness including capital leases, plus (c) minority interests, plus (d) non-convertible preferred stock, plus (e) all out-of-the-money convertible securities, plus (f) closed store reserves, minus (g) investments in unconsolidated affiliates (which, in the case of A&P, included A&P s interest in Metro at market value as of March 2, 2007) and cash and cash equivalents. Historical financial information for the selected companies was obtained from public filings. Estimated financial information for the selected companies and Pathmark, including estimated calendar year 2007 Adjusted EBITDA, was based on publicly available FirstCall consensus estimates, which are calculated as the mean of equity research analysts respective financial projections for each company, as maintained in the Thomson First Call database.

Company	Firm Value* / CY2007E Adjusted EBITDA
The Kroger Co.	7.1 x
Safeway Inc	7.6
SUPERVALU Inc	6.7
Ruddick Corporation	6.0
A&P	9.0
Weis Markets, Inc	8.0
Ingles Markets, Incorporated	NA **
Pathmark	8.6

* Firm values for Pathmark and the selected companies were based on closing stock prices on March 2, 2007 (which, in the case of

Pathmark,
was
\$11.25).

** CY2007E
EBITDA
estimates
not
available.

Based upon the selected companies analysis and taking into consideration other performance metrics, Citigroup selected a reference range of 6.5x to 8.0x, and applied this range to Pathmark's estimated fiscal year (*FY*) 2007 Adjusted EBITDA of \$152.8 million contained in the financial projections prepared by Pathmark's management, more fully described in *The Merger Pathmark Projected Financial Information*. Using Pathmark's estimated balance sheet data as of January 28, 2007 as provided by Pathmark's management, this analysis indicated the following approximate implied per share equity value reference range for Pathmark, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Range for Pathmark	Per Share Merger Consideration*
\$7.37 \$11.10	\$13.00

* Based on merger consideration valued at \$13.00 per share, consisting of \$9.00 in cash and \$4.00 in shares of A&P common stock to be paid to Pathmark stockholders, based upon an exchange ratio of 0.12963 and A&P's closing stock price of \$30.86 on March 2, 2007.

Selected Companies Analysis A&P

Citigroup reviewed certain financial and stock market information and forecasted financial information of A&P and of seven selected publicly held companies that operate in the multiregional and regional supermarket retail sectors. The selected companies considered by Citigroup were:

Multiregional	Regional
The Kroger Co.	Ruddick Corporation

Safeway Inc. Pathmark
 SUPERVALU Inc. Weis Markets, Inc.
 Ingles Markets, Incorporated

For A&P and each of the selected companies for which information was available, Citigroup derived multiples of firm value to, among other things, estimated calendar year 2007 Adjusted EBITDA. Historical financial information for the selected companies was obtained from public filings. Estimated financial information for the selected companies and A&P, including estimated calendar year 2007 Adjusted EBITDA, was based on publicly available FirstCall consensus estimates, which are calculated as the mean of equity research analysts' respective financial projections for each company, as maintained in the Thomson First Call database.

Company	Firm Value* / CY2007E Adjusted EBITDA
The Kroger Co.	7.1 x
Safeway Inc	7.6
SUPERVALU Inc	6.7
Ruddick Corporation	6.0
Pathmark	8.6
Weis Markets, Inc	8.0
Ingles Markets, Incorporated	NA **
A&P	9.0

* Firm values for A&P and the selected companies were based on closing stock prices on March 2, 2007 (which, in the case of A&P, was \$30.86).

** CY2007E EBITDA estimates not

available.

Based upon the selected companies analysis and taking into consideration other performance metrics, Citigroup selected a reference range of 6.5x to 8.0x, and applied this range to A&P's estimated FY 2007 Adjusted EBITDA contained in the financial projections prepared by A&P's management. Using A&P's estimated balance sheet data as of February 28, 2007 as provided by

A&P's management, this analysis indicated the following approximate implied per share equity value reference range for A&P, as compared to the closing price of the A&P common stock on March 2, 2007, the last trading day prior to announcement of the merger:

Implied Per Share Equity Value Reference Range for A&P	A&P Stock Closing Price on March 2, 2007
\$24.55 - \$31.06	\$30.86

Precedent Transactions Analysis Pathmark

Citigroup reviewed publicly available information for nine selected merger and acquisition transactions in the supermarket retail sector publicly announced from November 2000 through April 2006. For each selected precedent transaction, Citigroup derived the ratio of firm value of the acquired company, based on the consideration paid in the transaction, to Adjusted EBITDA for the last twelve-month period prior to the announcement of the transaction for which financial results were available (*LTM EBITDA*):

Date Announced	Acquiror	Target	Consideration Mix	Firm Value / LTM EBITDA
April 20, 2006	Sun Capital Partners, Inc.	Marsh Supermarkets, Inc.	Cash	8.5 x
January 23, 2006	SUPERVALU Inc.	Albertson's, Inc.	Cash/Stock	7.0 (1)
July 19, 2005	Metro Inc.	A&P Canada Co.	Cash/Stock	9.0
December 23, 2004	Lone Star Funds.	Bruno's Supermarkets Inc./ BI-LO, LLC	Cash	4.3 (2)
March 26, 2004	Albertson's, Inc.	JS USA Holdings, Inc. (Shaw's and Star Markets)	Cash	7.0
April 9, 2002	Willis Stein & Partners	Roundy's Inc.	Cash	6.2
September 4, 2001	Ahold USA, Inc.	Bruno's Supermarkets, Inc.	Cash	8.3
December 5, 2000	Safeway Inc.	Genuardi's Family Markets, Inc.	Cash	7.0 (3)
November 16, 2000	Delhaize Group	Delhaize America Inc.	Stock	7.2 (4)

(1) Albertson's was acquired by SUPERVALU Inc., CVS Corporation and an investor

group led by Cerberus Capital Management. LTM EBITDA was calculated for the portion of the business acquired by SUPERVALU Inc., which consisted of core grocery store assets.

(2) LTM EBITDA multiple based on FY 2004 (ended January 2, 2005).

(3) Value of Genuardi s is net of a \$100 million cash tax benefit received by Safeway as a result of deductible goodwill amortization created through the asset sale of Genuardi s.

(4) LTM EBITDA is pro forma for a full year of operations of Hannaford Brothers, which was acquired by Delhaize America in July of 2000.

With respect to the financial information, including LTM EBITDA, for the companies involved in the selected precedent transactions, Citigroup relied on information available in public documents, company press releases and information published by Wall Street research. For purposes of this analysis, firm value is based on the aggregate

consideration paid for the enterprise value of the target in the respective transaction and is otherwise calculated on the same basis as described above with respect to firm value under Selected Companies Analysis Pathmark, using latest balance sheet data as of the announcement date of the respective transaction, where available.

Based upon the precedent transactions analysis and taking into consideration other performance metrics, Citigroup selected a reference range of 7.0x to 9.0x LTM EBITDA and applied this range to Pathmark estimated FY 2006 Adjusted EBITDA of \$131.4 million contained in the financial projections prepared by Pathmark's management, more fully described in The Merger Pathmark Projected Financial Information. Using Pathmark's estimated balance sheet data as of January 28, 2007 as provided by Pathmark's management, this analysis indicated the following approximate implied per share equity value reference range for Pathmark, as compared to the per share merger consideration:

Implied Per Share Equity Value Reference Range for Pathmark	Implied Per Share Merger Consideration*
\$6.00 \$10.51	\$13.00

* Based on merger consideration valued at \$13.00 per share, consisting of \$9.00 in cash and \$4.00 in shares of A&P common stock to be paid to Pathmark stockholders, based upon an exchange ratio of 0.12963 and A&P's closing stock price of \$30.86 on March 2, 2007.

Discounted Cash Flow Analysis Pathmark

Citigroup performed a discounted cash flow analysis of Pathmark to calculate the estimated present value, as of the projected closing date of July 31, 2007, of the standalone unlevered, after-tax free cash flows that Pathmark could generate over Pathmark's projected fiscal years 2007 through 2011, based on the projections prepared by Pathmark management. For purposes of the discounted cash flow analysis, Citigroup assumed a closing date of July 31, 2007 and therefore calculated this estimated present value as of that date. Because Citigroup performed its discounted cash flow analysis with respect to Pathmark on a standalone basis and without giving effect to the merger, this discounted cash flow analysis excludes the value of any synergies that might result from the merger with A&P.

Citigroup calculated a range of estimated terminal values by applying a range of Adjusted EBITDA terminal value multiples of 6.4x to 8.0x to Pathmark's estimated FY 2011 Adjusted EBITDA contained in the financial projections prepared by Pathmark's management, more fully described in The Merger Pathmark Projected Financial Information. The unlevered, after-tax free cash flows and terminal values were discounted to present value as of July 31, 2007 using discount rates ranging from 8.0% to 9.0%. Citigroup assumed this range of discount rates after taking into consideration, among other things, (i) Citigroup's analysis of Pathmark's weighted average cost of capital (which resulted in a range of discount rates from 7.2% to 8.5%), (ii) market data for similar companies, including A&P, identified in the section entitled Selected Companies Analysis Pathmark, and (iii) Pathmark's cost of debt as of March 2, 2007. The terminal value multiples were determined based upon an assessment of public company trading values. Using Pathmark's estimated balance sheet data as of July 31, 2007 as provided by Pathmark's management, this

analysis indicated the following approximate implied per share equity value reference range for Pathmark, as compared to the implied per share merger consideration:

Implied Per Share Equity Value Reference Range for Pathmark	Implied Per Share Merger Consideration*
\$10.91 \$15.77	\$13.00

* Based on merger consideration valued at \$13.00 per share, consisting of \$9.00 in cash and \$4.00 in shares of A&P common stock to be paid to Pathmark stockholders, based upon an exchange ratio of 0.12963 and A&P's closing stock price of \$30.86 on March 2, 2007.

Discounted Cash Flow Analysis A&P

Citigroup performed a discounted cash flow analysis of A&P to calculate the estimated present value, as of February 28, 2007, of the standalone unlevered, after-tax free cash flows that A&P could generate over A&P's projected fiscal years 2007 through 2011, based on the projections prepared by A&P's management. Because Citigroup performed its discounted cash flow analysis with respect to A&P on a standalone basis and without giving effect to the merger, this discounted cash flow analysis excludes the value of any synergies that might result from the merger with Pathmark.

Citigroup calculated a range of estimated terminal values by applying a range of Adjusted EBITDA terminal value multiples of 6.4x to 8.0x to A&P's estimated FY 2011 Adjusted EBITDA. The unlevered, after-tax free cash flows and terminal values were discounted to present value as of February 28, 2007 using discount rates ranging from 8.0% to 9.0%, which range was derived taking into consideration, among other things, the estimated weighted average cost of capital for A&P using selected public company market data and A&P's cost of debt as of March 2, 2007. The

terminal value multiples were determined based upon an assessment of public company trading values. Citigroup used A&P's estimated balance sheet data as of February 28, 2007 (and not a date based on a projected closing date) because the implied per share merger consideration of \$13.00 used by Citigroup for its analysis was based on the exchange ratio of 0.12963 and A&P's closing stock price of \$30.86 on March 2, 2007. Using A&P's estimated balance sheet data as of February 28, 2007 as provided by A&P's management, this analysis indicated the following approximate implied per share equity value reference range for A&P, as compared to the closing price of the A&P common stock on March 2, 2007, the last trading day prior to announcement of the merger:

Implied Per Share Equity Value Reference Range for A&P	A&P Stock Closing Price on March 2, 2007
\$33.72 \$44.46	\$30.86

Other Factors

In rendering its opinion, Citigroup also reviewed and considered other factors, including:

the
relationship
between
movements
in Pathmark
common
stock,
movements
in A&P
common
stock, and
movements
in the
common
stock of
selected
companies
in the
supermarket
retail sector;
and

publicly
available
research
analysts
reports for
Pathmark
and A&P.

Miscellaneous

Citigroup acted as financial advisor to Pathmark in connection with the transaction. Pursuant to Citigroup's engagement letter, Pathmark agreed to pay Citigroup the following fees for its services: (i) \$1,000,000 upon delivery

of Citigroup's opinion; and (ii) an additional \$2,500,000, payable upon either the consummation of the merger with A&P or the consummation of an alternative transaction which allows Pathmark to terminate a definitive agreement for the merger with A&P and accept such alternative transaction. In the event that Citigroup's engagement letter is terminated or expires prior to the consummation of the merger, the foregoing fees will be payable by Pathmark if the merger with A&P or any such alternative transaction is consummated, or if a definitive agreement is entered into with respect to any of the foregoing, at any time prior to the twelve-month anniversary of the termination or expiration of Citigroup's engagement letter. In addition, the Citigroup engagement letter provided that, solely to the extent that Pathmark had elected to pursue an alternative transaction following the public announcement of discussions involving the merger with A&P but prior to the execution of the merger agreement, Pathmark would have been required to pay the same fees outlined above to Citigroup with respect to such an alternative transaction as Citigroup would have received in connection with the merger.

Pathmark also has agreed, subject to certain limitations, to reimburse Citigroup for its reasonable expenses incurred in connection with its engagement, including the reasonable fees and expenses of its counsel. Pathmark has also agreed to indemnify Citigroup and related persons against certain liabilities and expenses relating to or arising out of its engagement, including liabilities under the federal securities laws.

Citigroup and its affiliates in the past have provided, and in the future may provide, services unrelated to the merger to Pathmark, A&P, the Yucaipa Group, and their respective affiliates. Citigroup and such affiliates have received, and in the future may receive, customary compensation for such services. In 2006 and 2007, these services included rendering services to Wild Oats, Inc. and Source Interlink Companies, Inc., two entities in which members of the Yucaipa Group have made significant investments and which could be deemed to be affiliates of the Yucaipa Group. Citigroup rendered a fairness opinion to Wild Oats in connection with its pending tender offer and merger with Whole Foods Market. Citigroup received a fee of \$1,500,000 upon delivery of the fairness opinion and expects to receive additional compensation that is contingent upon the outcome of the Wild Oats transaction. In addition, Citigroup provided to Source Interlink a substantial portion of an aggregate of \$1.645 billion of senior secured and senior subordinated debt financing in connection with Source Interlink's completed acquisition of PRIMEDIA Inc.'s Enthusiast Media division.

Citigroup received customary financing fees in connection with the transaction. In the ordinary course of business, Citigroup and its affiliates may actively trade or hold the securities of Pathmark and A&P for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In that regard, as of March 2, 2007, the last trading day prior to the date Citigroup rendered its opinion to the board of directors of Pathmark, Citigroup and its affiliates held shares of Pathmark common stock representing approximately 1.0% of the outstanding Pathmark common stock (based on basic shares outstanding) and shares of A&P common stock representing approximately 0.7% of the outstanding A&P common stock (based on basic shares outstanding). In addition, Citigroup and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Pathmark, A&P and their respective affiliates, including providing financing and related services to A&P following the transaction.

Citigroup is an internationally recognized investment banking firm engaged in, among other things, the valuation of businesses and their securities in connection with mergers and acquisitions, restructurings, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Pathmark selected Citigroup to act as its financial advisor on the basis of Citigroup's international reputation and Citigroup's familiarity with Pathmark.

As described above, Citigroup's opinion to Pathmark's board of directors was one of many factors taken into consideration by Pathmark's board of directors in making its determination to approve the merger and the merger agreement and the merger consideration was determined by arms'-length negotiations between Pathmark and A&P, in consultation with their respective financial advisors and other representatives, and was not established by such financial advisors.

Pathmark Projected Financial Information

Pathmark does not as a matter of course make public projections as to future sales, earnings, or other results. However, Pathmark's senior management prepared certain financial forecasts for internal use and for the use of Pathmark's board of directors and its advisors, and A&P and its advisors, in connection with the potential transaction. The accompanying financial forecasts were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of Pathmark's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of Pathmark. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the prospective financial information.

Neither Pathmark's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The accompanying financial forecasts were made available to the board of directors of Pathmark, to A&P and to Citigroup. We have included a subset of these projections to give stockholders of Pathmark access to certain nonpublic information considered by the Pathmark board of directors for purposes of considering and evaluating the merger. The inclusion of this information should not be regarded as an indication that the Pathmark board of directors, Citigroup, A&P or any other person considered, or now considers, it to be predictive of actual future results.

Pathmark advised the recipients of the projections that its internal financial forecasts, upon which the projections were based, are subjective in many respects. The projections reflect numerous estimates and assumptions with respect to industry performance, general business, economic, regulatory, market and financial conditions, as well as matters

specific to Pathmark's business, all of which are difficult to predict and beyond Pathmark's or A&P's control. As a result, there can be no

assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected.

Since the projections cover multiple years, such information by its nature becomes less predictive with each successive year. The financial projections were prepared solely for internal use and for the use of Pathmark's board of directors and its advisors and A&P and its advisors in connection with the potential transaction and not with a view toward public disclosure or toward complying with generally accepted accounting principles (GAAP), the published guidelines of the SEC regarding projections. The projections included in this proxy statement/prospectus were prepared by, and are the responsibility of, Pathmark's management. Furthermore, the financial projections do not take into account any circumstances or events occurring after the date the projections were prepared and, in particular, do not take into account or give effect to the merger or the proposed financing of the merger.

Pathmark has made publicly available its actual results of operations for fiscal year 2006 and the first fiscal quarter of 2007. You should review Pathmark's Annual Report on Form 10-K, as amended, for the fiscal year ended February 3, 2007 and Quarterly Report on Form 10-Q for the quarter ended May 5, 2007, to obtain this information. See [Where You Can Find More Information](#). Readers of this proxy statement/prospectus are cautioned not to place undue reliance on the projections set forth below. No one has made or makes any representation to any stockholder regarding the information included in these projections.

For the foregoing reasons, as well as the bases and assumptions on which the financial projections were compiled, the inclusion of specific portions of the financial projections in this proxy statement/prospectus should not be regarded as an indication that such projections will be predictive of actual future events, and they should not be relied on as such. Except as required by applicable securities laws, Pathmark and A&P do not intend to update or otherwise revise the financial projections or the specific portions presented to reflect circumstances existing after the date when made or to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying the projections are shown to be in error.

Management Projections Pathmark

(Dollars in millions)	Fiscal Years					
	2006	2007	2008	2009	2010	2011
Total Revenues	\$ 3,982.2	\$ 4,022.7	\$ 4,102.5	\$ 4,270.6	\$ 4,484.6	\$ 4,793.3
Gross Profit	\$ 1,162.0	\$ 1,200.9	\$ 1,239.7	\$ 1,306.1	\$ 1,386.2	\$ 1,496.0
Adjusted EBITDA(1)(2)	\$ 131.4	\$ 152.8	\$ 175.5	\$ 202.8	\$ 229.4	\$ 258.5
EBIT	\$ 35.9	\$ 45.6	\$ 68.4	\$ 85.9	\$ 107.2	\$ 128.5
Stock Compensation Expense	\$ 9.6	\$ 11.0	\$ 10.4	\$ 10.5	\$ 10.5	\$ 10.5
Depreciation and Amortization	\$ 92.2	\$ 91.2	\$ 96.6	\$ 106.4	\$ 111.8	\$ 119.4
Capital Expenditures	\$ 70.4	\$ 90.0	\$ 167.2	\$ 160.6	\$ 145.0	\$ 145.0

- (1) Represents earnings before interest, taxes, depreciation, amortization, excluding extraordinary items and stock compensation expense. Adjusted EBITDA and EBIT are non-U.S. GAAP financial measures.

- (2) 2006 Adjusted EBITDA excludes fifty-third week earnings. 2007 Adjusted EBITDA was determined without giving effect to labor buyout charges.

Key Assumptions for the Projected Financial Information for Years 2006 Through 2011

The Total Revenues, Gross Profit, Adjusted EBITDA, EBIT and Capital Expenditures as reflected in the above table were prepared taking into account the following assumptions:

Revenue growth, through increased offerings and additional breadth of products, particularly as a result of new store

openings and
the
renovation of
existing
stores, at a
compounded
annual rate of
under 4.0%
from 2006
through
2011.

Gross profit margin of 29.2% in 2006, increasing to 31.2% in 2011, driven by an improvement in the sales mix with a greater emphasis on perishable departments and an emphasis on improving Private Label penetration.

Selling, general and administrative costs, as a percentage of sales, decreasing from 25.9% in 2006 to 25.8% in 2011 as a result of continued emphasis on labor management, online auctions and higher revenues driving improved economies of scale.

Effective aggregate tax rate averaging 40%.

Capital expenditures, the majority of

which relate to new stores and the renovation of existing stores, as well as additional expenditures on management information systems, in each case to help drive revenue and profits, with the expectation that depreciation and amortization will trend in line with capital expenditures.

The Yucaipa Investors Series A Warrants are exercised in 2008 resulting in proceeds of approximately \$85 million.

Opinion of A&P's Financial Advisor

Pursuant to an engagement letter dated November 16, 2006, A&P retained JPMorgan as its financial advisor in connection with the proposed merger.

At the meeting of the A&P board of directors on March 4, 2007, JPMorgan rendered its oral opinion, subsequently confirmed in writing, to the A&P board of directors that, as of such date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be paid by A&P in the proposed merger was fair, from a financial point of view, to A&P. No limitations were imposed by the A&P board of directors upon JPMorgan with respect to the investigations made or procedures followed by it in rendering its opinions.

The full text of the written opinion of JPMorgan, dated March 4, 2007, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limits on the review undertaken, is attached as Annex G to this joint proxy statement/prospectus and is incorporated herein by reference. A&P stockholders are urged to read the opinion in its entirety. JPMorgan's written opinion is addressed to the A&P board of directors, is directed only to the consideration to be paid in the merger and does not constitute a recommendation to any stockholder of A&P as to how such stockholder should vote with respect to the proposed merger or any other matter, including the share

issuance. The summary of the opinion of JPMorgan set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.

In arriving at its opinions, JPMorgan, among other things:

reviewed the
merger
agreement
and certain
other related
agreements
dated March
4, 2007;

reviewed
certain
publicly
available
business and
financial
information
concerning
A&P and
Pathmark and
the industries
in which they
operate;

compared the
proposed
financial
terms of the
merger with
the publicly
available
financial
terms of
certain
transactions
involving
companies
JPMorgan
deemed
relevant and
the
consideration
received for
such
companies;

compared the financial and operating performance of A&P and Pathmark with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of A&P common stock and Pathmark common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts prepared by the managements of A&P and Pathmark relating to their respective businesses, as well as the estimated amount and timing of cost

savings and
related
expenses and
synergies
expected to
result from
the merger
(the
Synergies);

reviewed
certain
forecasts
prepared by
management
of A&P
giving effect
to certain
divestitures
contemplated
by the merger
agreement
(the
*Divestiture
Case*); and

performed
such other
financial
studies and
analyses
and
considered
such other
information
as
JPMorgan
deemed
appropriate
for the
purposes of
its opinion.

JPMorgan also held discussions with certain members of the management of A&P and Pathmark with respect to certain aspects of the merger, and the past and current business operations of A&P and Pathmark, the financial condition and future prospects and operations of A&P and Pathmark, the effects of the merger on the financial condition and future prospects of A&P and Pathmark, and certain other matters JPMorgan believed necessary or appropriate to its inquiry.

In giving its opinion, JPMorgan relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with JPMorgan by A&P and Pathmark or otherwise reviewed by or for JPMorgan. JPMorgan did not conduct or was not provided with any valuation or appraisal of any assets or liabilities, nor did JPMorgan evaluate the solvency of A&P or Pathmark under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, JPMorgan was not provided with any forecasts or other nonpublic information with respect to Metro, a Canadian supermarket chain in which A&P owns an equity stake, and at A&P's direction valued such equity stake on an after-tax basis based upon publicly available information and assuming a liquid market for Metro's shares. In relying on analyses and forecasts provided to it, including the Synergies, JPMorgan assumed that such analyses and forecasts were reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of A&P and Pathmark to which such analyses or forecasts related. JPMorgan expressed no view as to such analyses or forecasts, including the Synergies and the Divestiture Case, or the assumptions on which they were based. JPMorgan also assumed that the representations and warranties made by A&P and Pathmark in the merger agreement and the related agreements were and will be true in all ways material to its analysis. JPMorgan also assumed that the merger will have the tax consequences described in discussions with, and materials furnished to JPMorgan by, representatives of A&P, and that the other transactions contemplated by the merger agreement will be consummated as described in the merger agreement. JPMorgan relied as to all legal matters relevant to the rendering of its opinion upon the advice of counsel. JPMorgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the closing of the merger would be obtained without any adverse effect on A&P or Pathmark or on the contemplated benefits of the merger, except as provided in JPMorgan's analysis of the Divestiture Case.

The projections furnished to JPMorgan for A&P and Pathmark were prepared by the respective management of each company. Neither A&P nor Pathmark publicly discloses internal management projections of the type provided to JPMorgan in connection with JPMorgan's analysis of the merger, and such projections were not prepared with a view toward public disclosure. These projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of management, including, without limitation, factors related to general economic and competitive conditions and prevailing interest rates. Accordingly, actual results could vary significantly

from those set forth in such projections.

JPMorgan's opinion and financial analyses were only one of the many factors considered by A&P in its evaluation of the proposed merger and should not be viewed as determinative of the views of the A&P board of directors or its management with respect to the proposed merger or the merger consideration. The consideration was determined through negotiation between A&P and Pathmark.

JPMorgan's opinion is based on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of, the date of such opinion. Subsequent developments may affect JPMorgan's opinion, and JPMorgan does not have any obligation to update, revise or reaffirm such opinion. JPMorgan's opinion is limited to the fairness, from a financial point of view, of the consideration to be paid by A&P in the proposed merger, and JPMorgan has expressed no opinion as to the fairness of the merger to, or any consideration of, the holders of any other class of securities, creditors or other constituencies of A&P or the underlying decision by A&P to engage in

the merger. JPMorgan expressed no opinion as to the price at which shares of A&P common stock or Pathmark common stock will trade at any future time, whether before or after the closing of the merger.

In accordance with customary investment banking practice, JPMorgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses utilized by JPMorgan in connection with providing its opinion.

Pathmark Analyses

Public Trading Multiples. Using publicly available information, JPMorgan compared selected financial data of Pathmark with similar data for selected publicly traded companies engaged in businesses which JPMorgan judged to be analogous to Pathmark. The companies selected by JPMorgan were A&P and the following seven publicly held companies, five of which are large food retailers with national scale and two of which are regionally focused food retailers operating primarily in the northeastern United States.

Large/National Food Retailers Regional Northeastern Food Retailers