

GREAT ATLANTIC & PACIFIC TEA CO INC  
Form 11-K  
June 28, 2004

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15 (d) of the  
Securities Exchange Act of 1934

For the Year Ended December 31, 2003

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.  
SAVINGS PLAN  
(Full title of the Plan)

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.  
2 PARAGON DRIVE, MONTVALE, NEW JERSEY 07645

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(Name of issuer of the securities held  
pursuant to the Plan and the address  
of its principal executive office)

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE GREAT ATLANTIC & PACIFIC  
TEA COMPANY, INC.

Date: June 28, 2004

By /s/Brenda M. Galgano  
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Brenda M. Galgano  
Vice President and Controller

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. SAVINGS PLAN

Financial Statements as of December 31, 2003 and 2002  
and for the Year Ended December 31, 2003

Prepared for filing as part of the Annual  
Return/Report of Employee Benefit Plan  
(Form 5500)

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of  
The Great Atlantic & Pacific Tea Company, Inc. Savings Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of The Great Atlantic & Pacific Tea Company, Inc. Savings Plan (the "Plan") at December 31, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP  
June 25, 2004  
Florham Park, NJ

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.  
 SAVINGS PLAN  
 STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
 DECEMBER 31, 2003 AND 2002

	2003	2002
	-----	-----
Assets:		
Investments-at fair value (Note 3)	\$276,388,108	\$247,487,857
Receivables:		
Participant Contributions	176,993	-
Employer Contributions	61,150	-
	-----	-----
Total Assets	276,626,251	247,487,857
	-----	-----
Liabilities:		
Accrued expenses	(500)	(1,125)
	-----	-----
Total Liabilities	(500)	(1,125)
	-----	-----
Net assets available for benefits	\$276,625,751	\$247,486,732
	=====	=====

The accompanying notes are an integral part of these financial statements.

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THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.  
 SAVINGS PLAN  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
 FOR THE YEAR ENDED DECEMBER 31, 2003

	2003
	-----
Investment income:	
Net appreciation in fair value of investments (Note 3)	\$ 29,012,384
Interest income	5,376,119
Dividend income	2,262,958
Other income	412,935
	-----
	37,064,396
Contributions:	
Participants	15,785,232
Employer	5,179,086
	-----
	20,964,318
 Total investment income and contributions	 58,028,714
	-----
Benefits paid to participants	28,867,239
Administrative expenses and other	22,456
	-----
 Total deductions	 28,889,695
	-----
 Net increase in net assets available for benefits	 29,139,019
Net assets available for benefits:	
Beginning of year	247,486,732
	-----
 End of year	 \$276,625,751
	=====

The accompanying notes are an integral part  
of these financial statements.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. SAVINGS PLAN  
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1. PLAN DESCRIPTION

The following description of The Great Atlantic & Pacific Tea Company, Inc. ("Company") Savings Plan ("Savings Plan") provides only general information. Participants should refer to the Savings Plan summary plan description for a more complete description of the Savings Plan's provisions.

The Savings Plan is a voluntary defined contribution plan of the Company. The Savings Plan was formed effective January 1, 1991 by the merger of the Savings Plans of the following affiliates of the Company:

The Borman's Employees' Savings Trust  
The Shopwell, Inc. Savings Plan for Non-Union Employees  
The Waldbaum's, Inc. Management Savings Plan, and  
The Waldbaum's Food Mart Management & Staff Deferred Salary Plan

The employee and Company matching contributions of The Great Atlantic & Pacific Tea Company, Inc. Retirement Savings Plan ("RSP") were transferred to the Savings Plan effective September 30, 1991.

Effective March 1, 1995, the Company merged The Great Atlantic & Pacific Tea Company, Inc. Employees' Thrift Plan (the "Thrift Plan") into the Savings Plan. As a result of the merger, Thrift Plan investment account balances were transferred to the existing Savings Plan investment accounts.

The Savings Plan was amended effective November 2000, resulting in changes in the investment of contributions and changes in investment options. Participants may now change their contribution rates once per month. In addition, they may change their investment options with regard to future contributions and reallocate the way existing balances are invested on any business day.

The Savings Plan covers employees of the Company who are not covered by a collective bargaining agreement and who were (a) participants in one of the prior merged plans, unless the collective bargaining agreement specifically states otherwise, as of December 31, 1990 (September 30, 1991 for the RSP and March 1, 1995 for the Thrift Plan), or (b) completed at least one year of service (1,000 hours in a 12-month period) if age 21 or older or five years of service if under age 21 at the time of employment.

Eligible employees have the option to contribute from 1% to 20% of their base compensation to the Savings Plan. This can be any combination of pre and post tax percentages, as long as the total of the percentages does not exceed 20% of base compensation. The Internal Revenue Service limits the maximum amount a participant may contribute, which was \$12,000 for fiscal 2003. The Company matches 50% of employees' contributions up to 6% of their compensation.

Participants direct the investment of their contributions into the plan, as discussed in Note 3, which includes various investment options offered by the Savings Plan. Employee contributions may not be allocated to the

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Employer Stock Fund. Participants are always 100% vested in their contributions and become fully vested in the Company's matching contributions after five years, in accordance with the following schedule:

	Vesting Percentage -----
Less than 2 years	0%
2 years but less than 3 years	25%
3 years but less than 4 years	50%
4 years but less than 5 years	75%
5 years or more	100%

Participants receive the value of the vested portion of their account balance when they leave the Company for any reason other than death, in which case a beneficiary would receive the benefit. Participants may generally withdraw unmatched after-tax contributions once during any 12 month period but may withdraw unmatched before-tax contributions only in the case of "financial hardship" as defined in the Plan.

For the year ended December 31, 2003, forfeited nonvested accounts totaled \$253,590. These accounts will be used to decrease future employer contributions.

Participants may borrow from their account balance a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance, whichever is less. The loans are secured by the balance in the participant's account and bear a fixed interest rate for the duration of the loan. The rate equals Prime plus 1% as published in the Wall Street Journal 15 days prior to the start of the calendar quarter. Principal and interest is paid ratably through payroll deductions.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Savings Plan are as follows:

- o The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting.
- o The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates.
- o The Plan's investments are presented at fair value using quoted market prices. In instances where quoted market prices are not available, the fair value of investments is estimated primarily by banks, independent investment brokerage firms and insurance companies.
- o Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date.
- o Expenses - Administrative expenses of the Plan are paid by either the Plan or the Plan's sponsor, as provided in the Plan document.

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- o Payment of Benefits - Benefit payments to participants are recorded upon distribution.
- o Risks and Uncertainties - The Plan provides for various investment options. The Plan's mutual funds invest in various securities including U.S. government securities, corporate debt instruments and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for Plan benefits.

### 3. INVESTMENTS

The following table presents investments, all of which are publicly traded, except for the A&P Stable Value Investment. Investments that represent 5 percent or more of the Plan's net assets are separately identified by (\*).

December 31, 2003

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A&P Stable Value Investment (*)	\$106,641,792
Dryden Stock Index Fund I (*)	62,314,583
PIMCO Total Return A (*)	21,771,481
AIM Balanced A Fund (*)	20,333,156
John Hancock Small Cap Value A Fund	10,874,208
Amer Funds EuroPacific Growth A	9,503,774
MFS Massachusetts Investors Growth Stock A (* for 2003 only)	15,313,588
Alliance Bern Growth & Income A (* for 2003 only)	16,142,770
Lord Abbett Mid Cap Value Fund	5,951,391
A&P Stock Fund	323,434
American Balanced Fund	2,825,596
Loan Fund	4,392,335
	-----
	\$276,388,108
	=====

During 2003, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) increased in value by \$37,064,396 as follows:

Interest income - A&P Stable Value Investment

\$5,086



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Interest income - other	289
Dividend income	2,262
Other income	412
	-----
Total income	8,052
	-----
Net appreciation in fair value of investments:	
Dryden Stock Index Fund I	13,222
PIMCO Total Return A	188
AIM Balanced A Fund	2,721
John Hancock Small Cap Value A Fund	3,536
Amer Funds EuroPacific Growth A	2,502
MFS Massachusetts Investors Growth Stock A	2,355
Alliance Bern Growth & Income A	3,269
Lord Abbett Mid Cap Value Fund	930
A&P Stock Fund	12
American Balanced Fund	272
	-----
Net appreciation	29,012
	-----
Net investment income	\$37,064
	=====

#### 4. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of a common collective trust and mutual funds managed by Prudential Trust Company. Prudential Trust Company is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Certain administrative functions are performed by the officers and employees of the Company (who may be participants in the Plan) at no cost to the Plan. These transactions are not deemed prohibited transactions because they are covered by the statutory administrative exemption from the Internal Revenue Code's and ERISA's rules on prohibited transactions.

#### 5. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company reserves the right to terminate the Plan subject to the provisions of ERISA. If the Plan is terminated, each participant would receive the value of his or her interest in the funds attributable to both participant and employer contributions for all years of participation.

#### 6. FEDERAL INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated June 19, 1995 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (the "Code"). The Plan has been amended to reflect the provisions required by the Small Business Job Protection Act ("SBJPA"), since receiving the determination letter. However, the Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial

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statements.

On April 19, 2004, the Internal Revenue Service issued a new letter informing the Company that the Plan and related trust are designed in accordance with applicable sections of the Code.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. SAVINGS PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment including maturity date, rate of interest, collateral, par or maturity value	Cost
Wells Fargo Bank Minnesota, N.A.	A&P Stable Value Investment	\$ 93,6
Prudential Mutual Funds (*)	Dryden Stock Index Fund I	70,4
AIM Balanced Fund A	AIM Balanced Fund A	24,0
PIMCO Total Return A	PIMCO Total Return A	21,6
MFS Massachusetts Investors Growth Stock A	MFS Massachusetts Investors Growth Stock A	17,1
Alliance Growth and Income A	Alliance Growth and Income A	15,6
Amer Funds Euro Pacific Growth A	Amer Funds Euro Pacific Growth A	8,7
John Hancock Small Cap Value A	John Hancock Small Cap Value A	10,2
Lord Abbett Mid Cap Value Fund	Lord Abbett Mid Cap Value Fund	5,0
American Balanced Fund	American Balanced Fund	2,5
A&P Stock Fund (*)	A&P Stock Fund	3
Participant loans	5.00% - 10.50%	

(\*) Party-in-interest

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 2-92428 on Form S-8, Post Effective Amendment No. 7 to Registration Statement No. 2-59290 on Form S-8 and Post Effective Amendment No. 3 to Registration Statement No. 2-73205 on Form S-8 of our report dated June 25, 2004, appearing in the Annual Report on Form 11-K of The Great Atlantic & Pacific Tea Company, Inc. Savings Plan for the year ended December 31, 2003.

/s/ PricewaterhouseCoopers LLP

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PricewaterhouseCoopers LLP  
Florham Park, NJ  
June 25, 2004

Exhibit 99.1

Certification Pursuant To 18 U.S.C. Section 1350,  
As Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of The Great Atlantic & Pacific Tea Company, Inc. Savings Plan (the "Plan") on Form 11-K for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ann Marie Phillips, Vice President, Benefits and HRIS (Plan Administrator), of The Great Atlantic & Pacific Tea Company, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906

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of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Plan.

June 28, 2004

/s/ Ann Marie Phillips

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Ann Marie Phillips  
Vice President,  
Benefits and HRIS  
(Plan Administrator)