

GREAT ATLANTIC & PACIFIC TEA CO INC
Form 11-K
June 28, 2007

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, 2006

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

(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, 2007

By /s/Melissa E. Sungela

Melissa E. Sungela
Vice President and Corporate Controller

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

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

Financial Statements as of December 31, 2006 and 2005
and for the Year Ended December 31, 2006

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

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM....	2
FINANCIAL STATEMENTS	
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS DECEMBER 31, 2006 AND 2005	3
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS FOR THE YEAR ENDED DECEMBER 31, 2006.....	4
NOTES TO FINANCIAL STATEMENTS.....	5
SUPPLEMENTAL SCHEDULE	
SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) As of December 31, 2006.....	13

Note: Other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

-1-

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 plan benefits and the related statement of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits of The Great Atlantic & Pacific Tea Company, Inc. Savings Plan (the "Plan") at December 31, 2006 and December 31, 2005, and the changes in net assets available for plan benefits for the year ended December 31, 2006 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 is 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 audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP
Florham Park, New Jersey
June 28, 2007

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.
 SAVINGS PLAN
 STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
 DECEMBER 31, 2006 AND 2005

	2006

Assets:	
Investments - at fair value (Note 3)	\$287,986,294
Receivables:	
Participant Contributions	297,461
Employer Contributions	87,902

Total receivables	385,363

Total Assets	288,371,657

Liabilities:	
Accrued expenses	260,467

Total Liabilities	260,467

Net assets reflecting investments at fair value	288,111,190

Adjustment from fair value to contract value for fully benefit responsive investment contracts (security-backed contracts)	290,186
Adjustment from fair value to contract value for fully benefit responsive investments for collective trust funds	211,640

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

Net assets available for plan benefits

\$288,613,016
=====

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

-3-

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.
SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2006

Additions:

Additions to net assets attributed to:

Investment income:

Net appreciation in fair value of investments (Note 3)
Interest income
Dividend income

Contributions:

Participants
Employer

Total additions

Deductions:

Deductions from net assets attributed to:

Benefits paid to participants
Administrative expenses

Total deductions

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

Net increase in net assets available for benefits

Net assets available for plan benefits:

Beginning of year

End of year

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

-4-

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. SAVINGS PLAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

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.

General

The Savings Plan is a voluntary defined contribution plan of the Company. The Savings Plan covers employees of the Company who are not covered by a collective bargaining agreement (CBA), as well as employees covered by a CBA where the CBA specifically provides for such coverage.

Participants are permitted to change their contribution rates once per month. In addition, they may change their investment options with regard to future contributions and reallocate existing investment balances on any business day.

Prior to May 4, 2004, the Savings Plan covered eligible employees of the Company who completed at least one year of service (1,000 hours in a 12-month period) if age 21 or older or the earlier of five years of

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

service or age 21, if under age 21 at time of employment. Effective May 4, 2004 the Plan was amended to (a) allow employees to contribute to the Plan on the first of the month based on the eligibility criteria described in the preceding sentence, and (b) state that each participant shall be 100% vested in the event of termination or partial termination of the Savings Plan (if Participant is affected by partial termination) or upon retirement, disability or death.

Contributions

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. Additionally, the Internal Revenue Service limits the maximum amount a participant may contribute, which was \$15,000 for fiscal 2006. The Company matches 50% of an employee's contributions up to 6% of their compensation.

Participants direct the investment of their contributions into various investment options offered by the Savings Plan. Employee contributions may not be allocated to the Employer Stock Fund.

-5-

Vesting

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:

Years of Service	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%

Payment of Benefits

Participants may 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 Savings Plan.

Forfeited Accounts

At December 31, 2006, and December 31, 2005, forfeited nonvested accounts totaled \$161,614 and \$122,856, respectively. These accounts will be used to decrease future employer contributions and can also be used to pay certain administrative expenses. During the year ended December 31, 2006, employer contributions were reduced by \$131,306 from forfeited nonvested accounts.

Participant Accounts

Each participant's account is credited with the participant's contribution

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

and (a) the matching Company contribution and (b) allocations of Savings Plan earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Participant Loans

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. The loans are collateralized by the balance in the participant's account and bear a fixed interest rate for the duration of the loan equal to Prime plus 1% as published in the Wall Street Journal on the last day of the preceding quarter. Principal and interest is paid ratably through payroll deductions.

-6-

During each of the years ended December 31, 2006 and December 31, 2005, the interest rates on participant loans ranged from 5.00% to 10.50%.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting -

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.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the FSP), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The plan invests in investment contracts through a collective trust. As required by the FSP, the Statement of Net Assets Available for Plan Benefits presents the fair value of the investment in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts. The Statement of Changes in Net Assets Available for Plan Benefits is prepared on a contract value basis.

Use of Estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Savings Plan management to make significant estimates and assumptions that affect the reported amounts of net assets available for Plan benefits at the date of the financial statements, changes in net assets available for Plan benefits during the reporting period and, where applicable, the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

-7-

Investment Valuation and Income Recognition -

The Savings Plan's investments are presented at fair value. Shares of Company Stock are valued at quoted market prices. Shares of mutual funds are valued at the net asset value of shares held by the Savings Plan at year end. The Savings Plan's interest in the common/collective trusts are valued based on information reported by the investment advisor using the audited financial statements of the common/collective trusts at year-end. Participant loans are valued at their outstanding balances, which approximate fair value.

Purchases and sales of securities are recorded on a trade date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded as earned.

Expenses -

All administrative expenses are being paid by the Savings Plan.

Payment of Benefits -

Benefit payments to participants are recorded upon distribution.

Risks and Uncertainties -

The Savings Plan provides for various investment options. The Savings 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 participant's account balances and the amounts reported in the statements of net assets available for Plan benefits.

Revision of Prior Year Amounts -

Prior year's presentation of the Statement of Net Assets Available for Plan Benefits has been revised to reflect the adoption of the FSP as discussed in Note 2.

-8-

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

The following table represents a breakdown of how the fair value of investments is determined:

	December 31, 2006
Quoted Market Value	\$ 815,316
Common Collective Trusts at Net Asset Value	90,587,357
Wrappers at Fair Value	49,613
Mutual Funds at Net Asset Value	192,543,156
Participant Loans	3,990,852

Total investments at fair value	\$ 287,986,294
	=====

The following table presents investments that represent 5 percent or more of the Savings Plan's net assets at December 31, 2006 and 2005.

	December 31, 2006
Wells Fargo Galliard Fixed Income Fund A	\$ 17,341,028
Wells Fargo Galliard Fixed Income Fund F	35,465,468
Wells Fargo Synthetic Stable Value Fund	36,279,546
Dryden Stock Index Fund I	58,417,176
PIMCO Total Return A	20,984,269
Amer Funds EuroPacific Growth A	20,051,117
MFS Massachusetts Investors Growth Stock A	20,217,010
Alliance Growth & Income A	22,860,098
American Balanced Fund	22,343,758

During 2006, the Savings Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$23,464,842 as follows:

Net (depreciation) appreciation in fair value of investments:		
Common stock	\$	
Common Collective Trusts		1
Mutual funds		-----
Net appreciation	\$	2
		=====

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

4. Synthetic Guaranteed Investment Contracts (GIC)

The Savings Plan has four investments in Synthetic Guaranteed Investment Contracts ("GIC") during the 2006 and 2005 Plan years. These are investments that simulate the performance of a traditional GIC through the use of financial instruments (referred to as "wrapper" contracts). For these investments, the Company invested in common / collective trusts which consist of government securities, private and public backed mortgaged-backed and other asset-backed securities as well as grouped investments. The benefit responsive "wrapper" contracts were all liquidity agreements. As of December 31, 2006 and 2005, the aggregate fair values of the "wrapper" contracts held by the Savings Plan were \$49,613 and (\$5,022), respectively. In addition to investments in the common/collective trusts that form part of the Synthetic GIC's as disclosed below, there were additional investments in other

-9-

common/collective trusts, mutual funds and stock amounted to \$235,130,185 and \$222,691,868, as of December 31, 2006 and 2005, respectively.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. The crediting interest rate is based on a formula agreed upon with the issuer, but it may not be less than zero percent. Such interest rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Savings Plan to transact at contract value with the issuer. Such events include the following: (1) amendments to the Savings Plan documents, (2) changes to Savings Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Savings Plan sponsor or other Savings Plan sponsor events that cause a significant withdrawal from the plan, or (4) the failure of the trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under the Employee Retirement Income Security Act of 1974. The Savings Plan administrator does not believe that the occurrence of any such value event, which would limit the Savings Plan's ability to transact at contract value with participants, is probable.

The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

Plan Year 2006

 AIG Financial Products, 5.78% due 9/23/10
 Union Bank Switzerland, 5.59% due 9/23/10
 Fixed Income Fund A
 Contract value liquidity agreement
 Adjustment to contract value

Total Contract Value

Recon
 Value

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

Crediting rate: 5.78%, 5.59%
 Yield Rates: 5.70%, 5.51%

Monumental Life, 5.27% due 3/17/09
 Bank of America, 5.27% due 3/17/09
 Fixed Income Fund F
 Contract value liquidity agreement
 Adjustment to contract value

Total Contract Value
 Crediting rate: 5.27%

Yield Rates: 5.17% Total Plan Year 2006

-10-

Plan Year 2005

AIG Financial Products, 5.52% due 7/31/09
 Fixed Income Fund A
 Contract value liquidity agreement
 Adjustment to contract value

Total Contract Value
 Crediting rate: 5.52%
 Yield Rates: 5.44%

Union Bank Switzerland, 5.33% due 7/31/10
 Galliard Fixed Income Fund E
 Contract value liquidity agreement
 Adjustment to contract value

Total Contract Value
 Crediting rate: 5.33%
 Yield Rates: 5.25%

Bank of America, 5.07% due 3/31/08
 Galliard Fixed Income Fund F
 Contract value liquidity agreement
 Adjustment to contract value

Total Contract Value
 Crediting rate: 5.07%
 Yield Rates: 4.97%

Monumental Life, 5.07% due 3/31/08
 Galliard Fixed Income Fund F
 Contract value liquidity agreement

Recon
 Value

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

Adjustment to contract value

	Total Contract Value	
Crediting rate:	5.07%	
Yield Rates:	4.97%	Total Plan Year 2005

In addition to the four investments in GIC's discussed above, the Savings Plan invests in two collective trust funds that primarily invest in security-backed contracts. As of December 31, 2006 and 2005, the adjustment from fair value to contract value for fully benefit responsive investments for these collective trust funds were \$211,640 and \$3,571, respectively.

The average yield rates based on actual earnings for fully benefit responsive investment contracts as of December 31, 2006 and 2005 were 5.37% and 5.34%, respectively. The average yield rates based on interest rate credited to participants for fully benefit responsive investment contracts as of December 31, 2006 and 2005 were 5.36% and 5.18%, respectively.

5. RELATED PARTY TRANSACTIONS

Certain Savings Plan investments are shares of a common collective trust and mutual funds managed by Prudential Trust Company.

-11-

Prudential Trust Company is the trustee as defined by the Savings Plan and, therefore, these transactions qualify as party-in-interest transactions. The Savings Plan has investments in A&P Stock that were made in prior years. Employees may no longer select this investment option.

Certain administrative functions are performed by the officers and employees of the Company (who may be participants in the Savings Plan) at no cost to the Savings 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.

6. SAVINGS PLAN TERMINATION

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

7. FEDERAL INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated April 19, 2004 that the Savings Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (the "Code"). The Savings Plan has been amended since receiving the

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

determination letter. The Savings Plan Administrator believes that the Savings 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 Savings Plan's financial statements.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500:

	December 31, 2006

Net assets available for plan benefits per the financial statements	\$ 288,613,016
Adjustment from fair value to contract value for fully benefit responsive investment contracts (security-backed contracts)	290,186
Adjustment from fair value to book value for fully benefit responsive investments for collective trust funds Wrappers at Fair Value	211,640

Net assets available for plan benefits per the Form 5500	\$ 288,111,190 =====

-12-

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC. SAVINGS

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

AS OF DECEMBER 31, 2006

Identity of Issue, Borrower, Lessor, or Similar Party	Description of Investment including maturity date, rate of interest, collateral, par or maturity value
-----	-----

Edgar Filing: GREAT ATLANTIC & PACIFIC TEA CO INC - Form 11-K

Wells Fargo Stable Value Fund A	Collective Trust Fund
Wells Fargo Synthetic Stable Value Fund	Collective Trust Fund
Wells Fargo Galliard Fixed Income Fund A	Collective Trust Fund
Wells Fargo Galliard Fixed Income Fund F	Collective Trust Fund
AIG Financial Products Corp	Wrapper Contract, Maturity 9/23/10, Rate of interest 5.78%
Union Bank of Switzerland AG	Wrapper Contract, Maturity 9/23/10, Rate of interest 5.59%
Bank of America N A	Wrapper Contract, Maturity 3/17/09, Rate of interest 5.27%
Monumental Life Insurance Company	Wrapper Contract, Maturity 3/17/09, Rate of interest 5.27%
Dryden Stock Index Fund I (*)	Mutual fund
American Balanced Fund	Mutual fund
PIMCO Total Return A	Mutual fund
MFS Massachusetts Investors Growth Stock A	Mutual fund
Alliance Growth and Income A	Mutual fund
Amer Funds Euro Pacific Growth A	Mutual fund
John Hancock Small Cap Value A	Mutual fund
Lord Abbett Mid Cap Value A Fund	Mutual fund
A&P Stock (*)	A&P Stock
Participant loans	Mature from 2007 to 2025, 5.00% - 10.50%
	Total

(*) Party-in-interest

-13-

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Nos. 333-119045, 333-78805, and 033-54863) of The Great Atlantic & Pacific Tea Company, Inc. of our report dated June 28, 2007 relating to the financial statements of The Great Atlantic & Pacific Tea Company, Inc. Savings Plan, which appears in this Form 11-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Florham Park, New Jersey
June 28, 2007

-14-

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, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Leonard B. Comberiate, Senior Director of Benefits and Collectively Bargained Funds, of The Great Atlantic & Pacific Tea Company, Inc., certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 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, 2007

/s/ Leonard B. Comberiate

Leonard B. Comberiate
Senior Director of Benefits &
Collectively Bargained Funds

