Executed Copy

FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Quarterly Report Under Section 13 or 15(d)

of the Securities Exchange Act of 1934

For Quarter Ended September 10, 1994 Commission File Number 1-4141

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

(Exact name of registrant as specified in charter)

Maryland	13-1890974
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2 Paragon Drive, Montvale, New Jersey	07645
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 201-573-9700

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES XXX NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class Outstanding at September 10, 1994

-----	--------------------------------
Common stock - $1 par value	38,220,333 shares

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STATEMENTS OF CONSOLIDATED OPERATIONS & RETAINED EARNINGS
(Dollars in thousands, except per share figures)
(Unaudited)

	12 Weeks Ended		28 Weeks Ended	
	September 10, 1994	September 11, 1993	September 10, 1994	September 11, 1993
Sales	$2,390,914	$2,399,368	$5,616,273	$5,678,632
Cost of merchandise sold	(1,710,003)	(1,708,875)	(4,022,718)	(4,046,985)
Gross margin	680,911	690,493	1,593,555	1,631,647
Store operating, general and administrative expense	(655,043)	(666,715)	(1,535,909)	(1,559,864)
Income from operations	25,868	23,778	57,646	71,783
Interest expense	(16,418)	(14,371)	(36,894)	(33,476)
Income before income taxes and cumulative effect	9,450	9,407	20,752	38,307
Provision for income taxes	(3,393)	(3,450)	(7,450)	(15,300)
Income before cumulative effect	6,057	5,957	13,302	23,007
Cumulative effect on prior years of change in accounting principle-				
Postemployment benefits	-	-	(4,950)	-
Net income	6,057	5,957	8,352	23,007
Retained earnings at beginning of period	523,830	565,202	529,179	555,796
Cash dividends	(7,644)	(7,644)	(15,288)	(15,288)
Retained earnings at				

end of period	$ 522,243	$ 563,515	$ 522,243	$ 563,515
Earnings per share:				
Income before cumulative effect	$ .16	$ .15	$ .35	$ .60
Cumulative effect on prior years of change in accounting principle-				
Postemployment benefits	-	-	(.13)	-
Net income	$ .16	$ .15	$ .22	$ .60
Cash dividends	$ .20	$ .20	$ .40	$ .40
Weighted average number of shares outstanding	38,220,000	38,220,000	38,220,000	38,220,000

See Notes to Quarterly Report on Page 5.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	September 10, 1994 (Unaudited)	February 26, 1994
ASSETS		
Current assets:		
Cash and short-term investments	$ 132,683	$ 124,236
Accounts receivable	197,616	190,954
Inventories	849,769	850,077
Prepaid expenses and other assets	63,869	65,072
Total current assets	1,243,937	1,230,339
Property:		
Property owned	1,553,270	1,564,745
Property leased	114,728	122,788

Property-net	1,667,998	1,687,533
Other assets	177,540	180,823
Total Assets	$3,089,475	$3,098,695

See Notes to Quarterly Report on Page 5.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	September 10, 1994 (Unaudited)	February 26, 1994
LIABILITIES & SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 56,746	$ 77,755
Current portion of obligations under capital leases	15,277	16,097
Accounts payable	468,352	458,875
Book overdrafts	167,947	196,818
Accrued salaries, wages and benefits	148,936	173,366
Accrued taxes	38,882	35,879
Other accruals	165,293	192,342
Total current liabilities	1,061,433	1,151,132

Long-term debt	662,340	544,399
Obligations under capital leases	154,206	162,866
Deferred income taxes	89,009	100,405
Other non-current liabilities	137,516	145,476
Shareholders' equity:		
Preferred stock--no par value; authorized--3,000,000 shares; issued--none	-	-
Common stock--$1 par value; authorized--80,000,000 shares; issued--38,229,490 shares	38,229	38,229
Capital surplus	453,475	453,475
Cumulative translation adjustment	(28,613)	(26,103)
Retained earnings	522,243	529,179
Treasury stock, at cost, 9,157 shares	(363)	(363)
Total shareholders' equity	984,971	994,417
Total liabilities and shareholders' equity	$3,089,475	$3,098,695

See Notes to Quarterly Report on Page 5.

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	28 Weeks Ended	
	September 10, 1994	September 11, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 8,352	$ 23,007
Adjustments to reconcile net income to cash provided by operating activities:		
Cumulative effect on prior years of change in accounting principle:		
Postemployment benefits	4,950	-
Depreciation and amortization	132,082	129,503
Deferred income tax provision on income before cumulative effect	6,511	1,837
(Gain) loss on disposal of owned property	(1,815)	1,589
Increase in receivables	(6,894)	(4,741)

(Increase)decrease in inventories	(1,509)	13,835
Increase in other current assets	(11,851)	(11,810)
Increase in accounts payable	10,166	27,765
Increase (decrease) in accrued salaries, wages and benefits	(23,397)	3,475
Increase in accrued taxes	2,608	13,417
Decrease in store closing reserves	(9,128)	(22,069)
Decrease in acquisition reserves	(13,901)	(10,787)
Decrease in insurance reserves	(17,371)	(12,363)
Other	(2,420)	5,579
Net cash provided by operating activities	76,383	158,237
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for property	(117,009)	(138,139)
Proceeds from disposal of property	6,253	7,584
Acquisition of business, net of cash acquired	-	(42,948)
Net cash used in investing activities	(110,756)	(173,503)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	98,651	77,294
Payment of long-term debt	(3,579)	(2,999)
Decrease in book overdrafts	(28,108)	(22,461)
Principal payments on capital leases	(8,468)	(9,629)
Cash dividends	(15,288)	(15,288)
Purchase of treasury stock	-	(2)
Net cash provided by financing activities	43,208	26,915
Effect of exchange rate changes on cash and short-term investments	(388)	(1,313)
NET INCREASE IN CASH AND SHORT-TERM INVESTMENTS	8,447	10,336
Cash and Short-Term Investments at Beginning of Period	124,236	110,120
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	$ 132,683	$ 120,456

See Notes to Quarterly Report on Page 5.

NOTES TO QUARTERLY REPORT

1) BASIS OF PRESENTATION

The consolidated financial statements for the 28 weeks ended September 10, 1994 and September 11, 1993 are unaudited, and in the opinion of management, all adjustments necessary for a fair presentation of such financial statements have been included. Such adjustments consisted only of normal recurring items, except for the cumulative effect adjustment associated with the adoption of Statement of Financial Accounting Standards ("SFAS") No. 112 "Employers' Accounting for Postemployment Benefits". Interim results are not necessarily indicative of results for a full year.

The consolidated financial statements include the accounts of the Company and all majority-owned subsidiaries.

This Form 10-Q should be read in conjunction with the Company's consolidated financial statements and notes incorporated by reference in the 1993 Annual Report on Form 10-K.

Certain reclassifications have been made to the prior interim periods' financial statements in order to conform to the current period presentation.

2) ACCOUNTING CHANGE

Effective February 27, 1994, the Company adopted SFAS No. 112 "Employers' Accounting for Postemployment Benefits". SFAS No. 112 requires the accrual of costs for preretirement, postemployment benefits provided to former or inactive employees and the recognition of an obligation for these benefits.

The Company's previous accounting policy had been to accrue for workers' compensation and a principal portion of long-term disability benefits and to expense other postemployment benefits, such as short-term disability, as incurred. As a result, the Company recorded a charge of $5.0 million, net of applicable income taxes of $3.9 million, as the cumulative effect of recording the obligation as of the beginning of the year. The effect of adopting the Statement will have an immaterial effect on the financial results before the cumulative effect of accounting change for the fiscal year.

3) CONTINGENCY

During the second quarter of fiscal 1994, the Company entered into certain labor agreements in Canada which allow the union employees the option of participating in a termination/reassignment program affecting current A&P store employees. While the cost of the program could be substantial, until implementation occurs or is at least substantially underway (which is anticipated to be by the end of the Company's third quarter) no reasonably accurate estimate of the cost of this program can be determined.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION AND ANALYSIS
12 WEEKS ENDED SEPTEMBER 10, 1994

OPERATING RESULTS

Sales for the second quarter ended September 10, 1994 of $2.4 billion decreased $8 million or 0.4% from last year. A lower Canadian exchange rate adversely affected sales by $26 million or 1.1%. Excluding the effect of the change in exchange rates, sales increased 0.7%. Contributing to this increase were the opening of 8 new stores during the first two quarters of fiscal 1994. New store openings since the beginning of fiscal 1993 added approximately 3.1% to sales in the second quarter of fiscal 1994. The Company, in its continuing program to eliminate unproductive stores, closed 58 stores during the first two quarters of fiscal 1994. The closure of stores since the beginning of fiscal 1993 reduced comparative sales by 3.3%. Same store sales for the second quarter were 0.7% ahead of prior year. Average weekly sales per store were approximately $174,700 versus $165,200 for the corresponding period of the prior year for a 5.8% increase.

Second quarter sales for U.S. operations have improved, with same store sales up 2.6% and comparable store sales, which include replacement stores, up 3.4% over the prior year. In Canada, same store sales declined 7.0%, largely reflecting the slow return of sales for the Miracle Food Mart stores since the settlement of a 14-week labor strike in 70 Miracle Food Mart stores which ended February 25, 1994.

Gross margin as a percent of sales decreased 0.3% to 28.5% in the second quarter of 1994 from 28.8% for the second quarter of the prior year resulting primarily from increased special price reductions partly offset by increased margins in the U.S.. The gross margin dollar decrease of $10 million is a result of a lower Canadian exchange rate ($7 million) and a decrease in gross margin rates of $8 million, partly offset by an increase in volume of $5 million. The U.S. gross margin increased $18 million principally as a result of increased volume of $15 million. In Canada, gross margin declined $28 million, consisting of volume declines of $11 million, a decrease in gross margin rates of $10 million and the exchange rate decline of $7 million.

Store operating, general and administrative expense as a percent of sales decreased to 27.4% from 27.8% for the corresponding period in the prior year resulting primarily from reduced labor costs and decreased general liability and workmen's compensation costs, principally in the U.S., partly offset by increased advertising and store occupancy costs.

Interest expense increased from the previous year primarily due to increased U.S. borrowings of $100 million in Long-term Notes and an increase in interest rates on short-term borrowings partly offset by a decrease in the interest rate on Long-term Notes.

Income before income taxes for the second quarter ended September 10, 1994 is $9.5 million compared to $9.4 million for the comparable period in the prior year. As a result of the Canadian sales decline mentioned above, the Company has not been able to fully realize the benefits of the labor settlement. The Company continues to believe that the benefits of the promotional programs and the labor settlement will have a positive impact on the future Canadian operating results. The future profitability of the Canadian business has a direct impact on the Company's ability to recover the goodwill associated with such operations and realize deferred tax assets previously recorded. The Company continues to evaluate the recoverability of the goodwill associated with its Canadian operations and the likelihood of realizing its deferred tax assets.

The income tax provision recorded in the second quarter of fiscal years 1994 and 1993 reflects the Company's estimated expected annual tax rates applied to their respective domestic and foreign financial results.

MANAGEMENT'S DISCUSSION AND ANALYSIS
28 WEEKS ENDED SEPTEMBER 10, 1994

OPERATING RESULTS

Sales for the 28 weeks ended September 10, 1994 of $5.6 billion decreased $62 million or 1.1% from last year. A lower Canadian exchange rate adversely affected sales by $77 million or 1.4%. In addition, a competitors' strike in the New York metropolitan market last year resulted in an estimated current year comparable sales decline of 0.5%. Excluding the effects of the change in exchange rates and the effect of last year's competitors' strike, sales increased 0.8%. New store openings since the beginning of fiscal 1993 and the acquisition of Big Star stores in the prior year first quarter added approximately 3.3% to sales in the first two quarters of fiscal 1994. The closure of stores since the beginning of fiscal 1993 reduced comparative sales by approximately 2.7%. Same store sales for the first 28 weeks of fiscal 1994 increased 0.1% over prior year. Average weekly sales per store were approximately $173,700 versus $166,900 for the same period of the prior year for a 4.1% increase.

Same store sales for U.S. operations were 1.7% ahead of prior year, after excluding the effect of last year's competitors' strike. Canadian same store sales were down 6.2% mainly due to the slow recovery of sales for the Miracle Food Mart stores since the settlement of the Canadian labor strike on the last day of fiscal 1993.

Gross margin as a percent of sales decreased 0.3% to 28.4% for the current year from 28.7% for the prior year resulting primarily from increased special price reductions partly offset by increased buying allowances in the U.S.. The gross margin dollar decrease of $38 million is a result of the decline in the Canadian exchange rate of $20 million and a decrease in gross margin rates of $22 million, principally Canadian, partly offset by an increase in volume of $4 million. The U.S. gross margin increased $35 million of which $25 million is attributable to volume increases. In Canada, gross margin decreased $73 million, consisting of a decrease in gross margin rates of $31 million, a volume decline of $22 million and the exchange rate decline of $20 million.

Store operating, general and administrative expense as a percent of sales decreased to 27.3% from 27.5% for the prior year primarily resulting from decreased store labor partly offset by increased advertising and store occupancy costs.

Interest expense increased from the previous year mainly as a result of increased US. borrowings of $100 million in Long-term Notes and an increase in interest rates on short-term borrowings partly offset by a decrease in the interest rate on Long-term Notes.

Income before income taxes and cumulative effect for the 28 weeks ended September 10, 1994 is $20.8 million compared to $38.3 million for the same period of the prior year. As a result of the Canadian sales decline mentioned above, the Company has not been able to fully realize the benefits of the labor settlement. The Company continues to believe that the benefits of the promotional programs and the labor settlement will have a positive impact on the future Canadian operating results. The future profitability of the Canadian business has a direct impact on the Company's ability to recover the goodwill associated with such operations and realize deferred tax assets previously recorded. The Company continues to evaluate the recoverability of the goodwill associated with its Canadian operations and the likelihood of realizing its deferred tax assets.

The income tax provision for the first 28 weeks of fiscal years 1994 and 1993 reflects the Company's estimated expected annual tax rates applied to their respective domestic and foreign financial results.

Effective February 27, 1994, the Company adopted SFAS No. 112 "Employers' Accounting for Postemployment Benefits". As a result, the Company recorded a charge of $5.0 million or $0.13 per share (net of tax) as the cumulative effect of this change on prior years.

LIQUIDITY AND CAPITAL RESOURCES

The Company ended the second quarter with working capital of $183 million compared to $79 million at the beginning of the fiscal year. The Company had cash and short-term investments aggregating $133 million at the end of the second quarter of fiscal 1994 compared to $124 million at the end of fiscal 1993. The Company has in excess of $300 million in various available credit facilities.

These available cash resources, together with income from operations, are sufficient for the Company's capital expenditure program, mandatory scheduled debt repayments and dividend payments for fiscal 1994.

For fiscal 1994, the Company had planned capital expenditures of approximately $340 million for 35 new stores and approximately 120 remodels and expansions. Certain store openings and remodels and expansions have been delayed mainly to permit compliance with applicable regulatory requirements. Accordingly, the Company has adjusted its planned 1994 capital expenditures to approximately $250 million including 20 new stores and approximately 75 remodels and expansions. For the 28 weeks ended September 10, 1994, capital expenditures totaled $117 million, which included 8 new stores and 33 remodels and enlargements.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

At its Annual Meeting of Shareholders, held July 12, 1994, its proposals for the 1994 Stock Option Plan and the 1994 Stock Option Plan for Non-Employee Directors were approved, with 33,778,996 affirmative votes and 833,290 negative votes cast on the former, and 33,551,403 affirmative votes and 1,025,179 negative votes cast on the latter.

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

None

SIGNATURES

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

THE GREAT ATLANTIC & PACIFIC TEA COMPANY, INC.

Date: October 24, 1994 By: /s/ Kenneth A. Uhl

Kenneth A. Uhl, Vice President and
Controller (Chief Accounting Officer)

<TABLE> <S> <C>

<ARTICLE> 5
<MULTIPLIER> 1000

<S>	<C>
<PERIOD-TYPE>	QTR-2
<FISCAL-YEAR-END>	FEB-25-1995
<PERIOD-END>	SEP-10-1994
<CASH>	132683
<SECURITIES>	0
<RECEIVABLES>	197616
<ALLOWANCES>	0
<INVENTORY>	849769
<CURRENT-ASSETS>	1243937
<PP&E>	1667998
<DEPRECIATION>	0
<TOTAL-ASSETS>	3089475
<CURRENT-LIABILITIES>	1061433
<BONDS>	816546
<COMMON>	38229
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	946742
<TOTAL-LIABILITY-AND-EQUITY>	3089475
<SALES>	5616273
<TOTAL-REVENUES>	5616273
<CGS>	4022718
<TOTAL-COSTS>	4022718
<OTHER-EXPENSES>	1535909
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	36894
<INCOME-PRETAX>	20752
<INCOME-TAX>	7450
<INCOME-CONTINUING>	13302
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	4950
<NET-INCOME>	8352
<EPS-PRIMARY>	.22
<EPS-DILUTED>	.22

</TABLE>