August 21, 2014

Interim Report

Ahold Finance U.S.A., LLC – Half year 2014
Management report

Ahold Finance U.S.A., LLC ("AFUSA" or "the Company") is a wholly owned subsidiary of Koninklijke Ahold N.V. ("Ahold" or "KA"). As such, AFUSA is part of an international retailing group, defined as Ahold and its subsidiaries, based in the Netherlands with consumer brands in Europe and the United States. The purpose of AFUSA is to engage in financing activities, with its financial indebtedness and obligations, current and future, guaranteed by KA.

AFUSA's home Member State is the Netherlands, as referred to in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). AFUSA has issued notes under a Euro Medium Term Note program, out of which the 2017 notes are in part still outstanding and are admitted to trading at Euronext Amsterdam and at the Luxembourg Stock Exchange. AFUSA also has notes that are due May 2029, which are not listed.

This interim report is a half year report as referred to in section 5:25d sub section 1 of the Dutch Financial Markets Supervision Act and comprises regulated information within the meaning of section 1:1 of this act.

Highlights

During the first half year of 2014, AFUSA's interest income on the $2,575 million loan to AFC was €112 million. In addition, AFUSA settled an $83 million dividend declaration with KA.

Financial performance

($ million)	HY 2014	HY 2013 (restated)[1]
Net financial income	84	27
Income taxes	7	9
Share in income of associate - net	—	588
Net income	**91**	**624**

1. See Note 2 for a further explanation of the restatements.

Related party transactions

Related party transactions are described in Note 10 to the financial statements.

Governance, risks and uncertainties

As a wholly owned subsidiary of KA, AFUSA benefits from the Ahold Group's corporate governance structure. KA is committed to a corporate governance structure that best suits its business and stakeholders and that complies with relevant rules and regulations. Ahold applies the relevant principles and best practices of the Dutch Corporate Governance Code in the manner set out in the "governance" sections of Ahold's 2013 annual report.

As a wholly owned subsidiary of KA, AFUSA benefits from the Ahold Group's risk management and control systems, including its enterprise risk management program. These risk management and control systems are designed to ensure that the Company takes a structured and consistent approach to risk management and internal control in order to provide reasonable assurance that business objectives are achieved.

Auditor involvement

The content of this interim report has not been audited or reviewed by an external auditor.

Declarations

The managers of AFUSA hereby declare that, to the best of their knowledge, the half year financial statements included in this interim report, which have been prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities, financial position and profit or loss of AFUSA, and the half year management report included in this interim report includes a fair review of the information required pursuant to section 5:25d, subsection 8 of the Dutch Financial Markets Supervision Act.

Amsterdam, the Netherlands
August 15, 2014

Management
Eugène Bartman (President and CEO)
Guy Thomson (CFO)
Gavin Jones (Treasurer)

Income statement
(unaudited)

($ million)	Note	HY 2014	HY 2013 (restated)[1]
Interest expense	3	(22)	(23)
Interest income	3	112	16
Other financial income (expense)	3	(6)	34
Net financial income		84	27
Income before income taxes		**84**	**27**
Income taxes	4	7	9
Share in income of associate - net	5	—	588
Net income attributable to member		**91**	**624**

1. See Note 2 for a further explanation of the restatements.

Statement of comprehensive income
(unaudited)

($ million)	HY 2014	HY 2013 (restated)[1]
Net income	**91**	**624**
Currency translation differences in foreign interests	—	17
Cumulative translation differences transferred to net income	—	(49)
Share of other comprehensive income of associate	—	44
Other comprehensive income (loss) reclassifiable to profit or loss	—	12
Total comprehensive income attributable to member	**91**	**636**

1. See Note 2 for a further explanation of the restatements.

Balance sheet

(unaudited)

($ million)	Note		July 13, 2014	December 29, 2013
Assets				
Other non-current financial assets (related parties)	6,10		2,971	2,957
Total non-current assets			**2,971**	**2,957**
Receivables from related parties	6,10		3	2
Total current assets			**3**	**2**
Total assets			**2,974**	**2,959**
Equity and liabilities				
Member's equity	9		**2,028**	**2,020**
Notes payable	7		915	896
Deferred tax liabilities			15	17
Total non-current liabilities			**930**	**913**
Interest payable	7		16	26
Total current liabilities			**16**	**26**
Total equity and liabilities			**2,974**	**2,959**

Statement of changes in equity
(unaudited)

	Note	Share capital	Additional paid-in capital	Legal reserves: Currency translation reserve	Legal reserves: Cash flow hedging reserve	Legal reserves: Legal reserves participations	Retained earnings including result for the year	Member's equity
Balance as of December 30, 2012		**—**	**797**	**32**	**2**	**12**	**101**	**944**
Net income (restated)[1]		—	—	—	—	—	624	624
Other comprehensive income (loss) (restated)[1]		—	—	(32)	—	—	44	12
Total comprehensive income (restated)[1]		—	—	(32)	—	—	668	636
Capital contribution (restated)		—	444	—	—	—	—	444
Dividends		—	(10)	—	—	—	—	(10)
Share in direct equity changes of investments in associate		—	—	—	—	—	1	1
Other changes in reserves		—	—	—	—	(12)	12	—
Balance as of July 14, 2013 (restated)	*9*	**—**	**1,231**	**—**	**2**	**—**	**782**	**2,015**
Balance as of December 29, 2013		**—**	**1,166**	**—**	**1**	—	**853**	**2,020**
Net income		—	—	—	—	—	91	91
Other comprehensive income (loss)		—	—	—	—	—	—	—
Total comprehensive income (loss)		—	—	—	—	—	91	91
Dividends	*9*	—	—	—	—	—	(83)	(83)
Balance as of July 13, 2014	*9*	**—**	**1,166**	**—**	**1**	**—**	**861**	**2,028**

1. See Note 2 for a further explanation of the restatements.

Statement of cash flows
(unaudited)

($ million)	HY 2014	HY 2013
Operating income	—	—
Interest settled on loans to related parties	111	15
Interest settled on notes	(32)	(34)
Other changes in loans, derivatives and receivables to and from related parties	(85)	13
Income taxes settled with related parties	6	6
Net cash from operating activities	—	—
Repayments of notes	—	—
Net cash from financing activities	—	—
Net increase (decrease) in cash and cash equivalents	—	—
Cash and cash equivalents at beginning of period	—	—
Cash and cash equivalents at end of period	—	—

As the Company does not maintain its own bank account, cash settlements are paid or received on its behalf by other Ahold Group companies and the corresponding balance is reflected in loans, derivatives, and receivables to and from related parties.

Notes to the financial statements

1. AFUSA and its operations
Ahold Finance U.S.A., LLC ("AFUSA" or "the Company") is a limited liability company duly organized and validly existing under the laws of Delaware (in the United States), having its statutory seat in Delaware and managed and controlled in Zaandam, the Netherlands. AFUSA was formed on December 18, 2001 and is governed by its operating agreement, which was last amended and restated on July 2, 2012. Until April 24, 2002, AFUSA was known as "Ahold Finance U.S.A., Inc." On April 24, 2002, Ahold Finance U.S.A., Inc. merged into Ahold International Finance LLC and changed its name to Ahold Finance U.S.A., LLC.

The purpose of AFUSA is to engage in financing activities and any other business activity in connection with the foregoing. AFUSA's operation falls under the Dodd-Frank regulation. The Company is eligible for and utilizes an exemption to the Dodd-Frank regulation.

The parent company of AFUSA is Koninklijke Ahold N.V. ("Ahold" or "KA").

2. Accounting policies
Basis of preparation
These condensed interim financial statements ("interim financial statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting." The accounting policies applied by AFUSA are consistent with those applied in AFUSA's 2013 financial statements, except for the new standards and amendments to existing standards effective for 2014, as described further below.

AFUSA's reporting calendar is based on Ahold's reporting calendar and consists of 13 periods of four weeks, with the first half ("HY") of 2014 comprising 28 weeks, and ending on July 13, 2014 (HY 2013: 28 weeks ending on July 14, 2013).

New and revised IFRSs effective in 2014

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32
These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact on the Company as the Company has not novated its derivatives during the current or prior periods.

Change in presentation
As of December 29, 2013, AFUSA changed the presentation of the release of the currency translation reserve. On a disposal resulting in the loss of significant influence of an associate, the related cumulative exchange rate difference that was included in equity is transferred to the income statement. In AFUSA's 2013 Interim Report, $63 million was released against additional paid-in capital. This amount has been restated to $49 million to reflect the exchange rate differences arising upon the translation of income of investments in associates. The $49 million has been transferred to net income.

The restatements to AFUSA's comparative amounts for the changes in presentation are as follows:

($ million)	HY 2013 as reported	Changes in presentation	HY 2013 as restated
Interest expense	(23)	—	(23)
Interest income	16	—	16
Other financial income (expense)	(15)	49	34
Net financial income	(22)	49	27
Income before income taxes	**(22)**	**49**	**27**
Income taxes	9	—	9
Share in income of associate - net	588	—	588
Net income attributable to member	**575**	**49**	**624**

($ million)	HY 2013 as reported	Changes in presentation	HY 2013 as restated
Net income	**575**	**49**	**624**
Currency translation differences in foreign interests	31	(14)	17
Cumulative translation differences transferred to net income	—	(49)	(49)
Share of other comprehensive income of associate	30	14	44
Other comprehensive income (loss) reclassifiable to profit or loss	61	(49)	12
Total comprehensive income attributable to member	**636**	**—**	**636**

3. Net financial result

($ million)	HY 2014	HY 2013 (restated)[1]
Interest expense	(22)	(23)
Interest income	112	16
Gain (loss) on foreign exchange	(16)	75
Fair value gains (losses) on financial instruments	10	(41)
Net financial income	**84**	**27**

1. See Note 2 for a further explanation of the restatements.

Interest expense primarily relates to financial liabilities measured at amortized cost (mainly notes).

Interest income relates to the loan to AFC ($2,575 million). For additional information, see Note 5.

The gain (loss) on foreign exchange includes a $16 million loss from foreign exchange translation on the GBP 500 million notes (with GBP 250 million outstanding amount). The first half of 2013, included a $26 million gain on foreign exchange on the GBP 500 million notes and a $49 million gain as a result of the release of the currency translation reserve related to the intra-group reorganization in 2013, see Note 2.

Fair value gains (losses) on financial instruments mainly include fair value changes in swaps related to the GBP 500 million notes. These swaps do not qualify for hedge accounting treatment.

4. Income taxes

For Dutch corporate income tax purposes, AFUSA is part of the fiscal unity between KA and its major Dutch subsidiaries. As a consequence, AFUSA is jointly and severally liable for the Dutch corporate income tax liabilities of the fiscal unity.

5. Investments in associate

On December 31, 2012, KA commenced an intra-group reorganization. As part of this intra-group reorganization, Ahold International SARL ("AIS") distributed its shareholding in Ahold Finance Company N.V. ("AFC") as a dividend in kind to KA (75 percent) and AFUSA (25 percent). AFUSA became a shareholder in AFC (value $1,482 million) owning all issued and outstanding preferred shares B in the share capital of AFC, representing 25 percent of the total issued and outstanding share capital of AFC.

On June 17, 2013, KA completed the intra-group reorganization. KA assigned to AFUSA its subordinated loan facility with AFC and in consideration for the assignment AFUSA transferred its 25 percent shareholding in AIS and AFC to KA. The excess of the value of the receivable under the loan ($2,575 million) which was transferred and assigned in exchange for the 25 percent shareholding ($2,147 million) was settled via a net capital contribution from KA into AFUSA ($428 million) as share premium.

The movements in 2014 and 2013 in the investments are summarized as follows:

($ million)	HY 2014	HY 2013 (restated)[1]
Beginning of the year	—	1,505
Acquisition / contributions of investments	—	1,482
Divestment of investments	—	(2,147)
Share in income	—	588
Dividends	—	(1,482)
Share of other comprehensive income (loss) and other equity changes of associate	—	37
Exchange rate differences	—	17
Balance as of period-end	**—**	**—**

1. See Note 2 for a further explanation of the restatements.

In 2013, share in income of $588 million included a gain of $547 million on the divestment of ICA and $41 million other income from investments in associates.

6. Other current and non-current financial assets

	July 13, 2014			December 29, 2013		
($ million)	Current	Non-current	Total	Current	Non-current	Total
Loans receivable from related parties	—	2,575	2,575	—	2,575	2,575
Other receivables from related parties	3	—	3	2	—	2
Related party other derivatives	–	396	396	–	382	382
Total other financial assets	**3**	**2,971**	**2,974**	**2**	**2,957**	**2,959**

The increase in the value of the other derivatives relates to a cross-currency swap and an interest rate swap on the GBP 500 million notes (with GBP 250 million outstanding amount, see Note 7).

On June 17, 2013, KA assigned to AFUSA its subordinated loan facility for a total amount of $5 billion of which $2,575 million was withdrawn by means of a loan to AFC (see Note 5). The amount of interest due under the loan facility in respect of each interest period shall not exceed the net income of the borrower in the financial reporting year to which the respective interest period relates. The interest rate is 7.97%.To the extent the interest in respect of any interest period is not due, that (part of the) interest is added to the interest accrued in the next interest period.

7. Financial liabilities

Notional redemption amounts ($ million)	July 13, 2014				December 29, 2013			
	Current	Non-current			Current	Non-current		
	Within 1 year	From 1 to 5 years	After 5 years	Total	Within 1 year	From 1 to 5 years	After 5 years	Total
GBP 500 notes 6.50%, due March 2017[1]	—	415	—	415	—	396	—	396
USD 500 notes 6.875%, due May 2029	—	—	500	500	—	—	500	500
Total notes	—	415	500	915	—	396	500	896
Interest payable	16	—	—	16	26	—	—	26
Total financial liabilities	**16**	**415**	**500**	**931**	**26**	**396**	**500**	**922**

[1] During 2005 AFUSA bought back GBP 250 million of the notes. The remaining notional redemption amount of GBP 250 million ($428 million) has been reduced by $13 million representing an amount which is amortized until the remaining terms of the notes, that relates to a hedging instrument that stopped qualifying for fair value hedge accounting. The remaining notional amount of GBP 250 million was, through two intra-group swap contracts, swapped to $356 million and carries a six-month floating U.S. dollar interest rate. AFUSA is required under these swap contracts to redeem the U.S. dollar notional amount through semi-annual installments that commenced in September 2004.

8. Financial risk management and financial instruments

Fair values of financial instruments

The following table presents the fair values of financial instruments, including current portions, compared to the carrying amounts at which these instruments are included on the balance sheet:

($ million)	July 13, 2014		December 29, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable from related parties	2,575	2,575	2,575	2,575
Other receivables from related parties	3	3	2	2
Derivatives	396	396	382	382
Total	**2,974**	**2,974**	**2,959**	**2,959**
Notes	915	1,114	896	1,068
Interest payable	16	16	26	26
Total	**931**	**1,130**	**922**	**1,094**

Of AFUSA's categories of financial instruments, only derivatives are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The fair value of derivative instruments is calculated based on discounted expected future cash flows. Interest rate swaps and cross currency swaps are measured at the present value of expected future cash flows and discounted based on the applicable yield curves derived from quoted interest rates.

The valuation of AFUSA's derivatives instruments is adjusted for the credit risk of the counterparty (counterparty credit risk) and of the reporting entity (own credit risk) in accordance with IFRS 13. The valuation adjustment for counterparty credit risk requires a Credit Valuation Adjustment ("CVA") and a Debit Valuation Adjustment ("DVA") for an adjustment to own credit risk. The CVA / DVA calculations have been added to the risk-free fair value of AFUSA's interest and cross currency swaps. The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

The carrying amount of interest payable and other receivables from related parties approximate their fair values, because of the short-term nature of these instruments. The fair values of quoted borrowings are based on period-end ask-market quoted prices. The fair values of loans receivable from related parties that are not traded in an active market are estimated using a benchmark of financial instruments with comparable duration taking into account the Company's credit status. Given the nature of the subordinated loan facility with AFC, the Company determined a range of interest rates to approximate the fair value of this financial instrument. Changes in fair value are disclosed when the median of the current year determined range of interest rates, falls outside the prior year range.

9. Member's equity

Member interest
The capital of the Company is composed of uncertificated membership interests, which are not divided into classes or numbers. Members of the Company have an interest in the capital and profit and loss of AFUSA, relative to their respective capital contributions to the Company (the "Member Interest").

KA is AFUSA's sole member since July 13, 2010, holding a 100 percent interest in the capital and profit and loss of the Company.

Share capital and additional paid-in capital
The Company's share capital is ten U.S. dollars.

Legal reserves
In accordance with the Dutch Civil Code, legal reserves have to be established in certain circumstances. The currency translation reserve, cash flow hedging reserve and legal reserve participation are legal reserves. Legal reserves are not available for distribution to the Company's shareholders. If the currency translation reserve or the cash flow hedging reserve has a negative balance, distributions to the Company's shareholders are restricted to the extent of the negative balance.

On June 17, 2013, KA completed the intra-group reorganization, whereby KA assigned to AFUSA its subordinated loan facility with AFC and in exchange for the assignment AFUSA transferred its 25 percent shareholding in AIS and AFC. As a consequence of the transfer of shareholdings, the related cumulative exchange result was transferred to net income. The participation reserve balances were re-allocated with the Ahold group. Therefore, $12 million of legal reserves participations were transferred to retained earnings via other changes in equity and $49 million of currency translation reserves were transferred to net income.

Dividend
During 2014, AFUSA settled an $83 million dividend declaration with KA.

10. Related parties

AFUSA has entered into arrangements with related parties within the Ahold Group in the ordinary course of business. These arrangements relate to financing agreements.

For the periods shown below, AFUSA had the following transactions and positions with its related parties:

	Income statement			Balance sheet	
	HY 2014			July 13, 2014	
($ million)	Interest income	Interest expense	Fair value changes in derivatives	Amount owed by	Amount owed to
KA (parent company)	—	(1)	14	399	—
AFC	112	—	—	2,575	—
Total	**112**	**(1)**	**14**	**2,974**	**—**

	Income statement			Balance sheet	
	HY 2013			December 29, 2013	
($ million)	Interest income	Interest expense	Fair value changes in derivatives	Amount owed by	Amount owed to
KA (parent company)	—	(1)	(39)	384	—
AFC	16	—	—	2,575	—
Total	**16**	**(1)**	**(39)**	**2,959**	**—**

On June 17, 2013, KA completed the intra-group reorganization as further disclosed in Note 5 and Note 9.

AFUSA has no employees. In accordance with the AFUSA's operating agreement, no remuneration is paid to the management.

11. Guarantee

KA provided AFUSA with a guarantee of the current outstanding obligations to third parties of AFUSA as of July 30, 2010.

AFUSA is part of a fiscal unity with KA and its main Dutch subsidiaries for Dutch corporate income tax purposes. For that reason, it is jointly and severally liable for the Dutch corporate income tax liabilities of the whole fiscal unity.

12. Subsequent events

There were no significant subsequent events.

Amsterdam, the Netherlands
August 15, 2014

Management
Eugène Bartman
Guy Thomson
Gavin Jones

Cautionary notice

This interim report includes forward-looking statements, which do not refer to historical facts but refer to expectations based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those included in such statements. These forward-looking statements include, but are not limited to, statements as to benefits to AFUSA from the Ahold Group's corporate governance structure and the Ahold Group's risk management and control systems, including its enterprise risk management program, taxation risks, guarantees issued by KA and AFUSA's currency and interest rate risks. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond AFUSA's or its parent company KA's ability to control or estimate precisely, such as the effect of general economic or political conditions, fluctuations in exchange rates or interest rates, increases or changes in competition, the ability to implement and complete successfully its plans and strategies, the benefits from and resources generated by plans and strategies being less than or different from those anticipated, changes in liquidity needs, the actions of competitors and third parties and other factors discussed in respective AFUSA's and KA's public filings and disclosures. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this interim report. Neither AFUSA nor KA assumes any obligation to update any public information or forward-looking statements (referred to) in this report to reflect subsequent events or circumstances, except as may be required by applicable laws.