

Ahold Finance USA, LLC

Ahold Finance U.S.A., LLC ("AFUSA") is a wholly owned subsidiary of Koninklijke Ahold N.V. ("Ahold" or "KA"). As such, AFUSA is part of an international group of leading supermarket companies based in the United States and Europe. The purpose of AFUSA is to engage in financing activities.

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 2012 notes and the 2017 notes are in part still outstanding and are admitted to trading at Euronext Amsterdam and at the Luxembourg Stock Exchange.

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

In July 2010, the remaining \$503 million of notes with the original amount of \$700 million were redeemed on maturity.

In July 2010, prior to the July 18, 2010 balance sheet date, Ahold performed the first part of an intra-group reorganization of a part of its finance and holding activities. KA purchased AFUSA's shares from its former parent, Ahold Finance Company N.V. ("AFC"). KA became AFUSA's sole member, holding a 100% interest in the capital and profit and loss of the Company. For Dutch corporate income tax purposes AFUSA joined the fiscal unity between KA and its major Dutch subsidiaries.

Financial performance

(\$ million)	HY 2010	HY 2009
Net financial gain (expense)	31	(1)
Income taxes	(13)	(2)
Net income (loss)	18	(3)

Related party transactions

Related party transactions are described in Note 6 of the financial statements.

Risks and uncertainties

As a wholly owned subsidiary of Ahold, 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 a structured and consistent approach is taken to risk management and internal control in order to provide reasonable assurance that business objectives are achieved.

Counterparty risk

As a wholly owned finance subsidiary of Ahold, AFUSA's counterparties are related parties within the Ahold Group and its current outstanding obligations are fully guaranteed by AFC and Ahold. Were AFUSA's counterparties to default on their obligations to AFUSA this could have a material adverse effect on AFUSA's financial position and its ability to service the Notes and its obligations.

Financial risk

This risk was described in AFUSA's annual report 2009 and has not changed since then.

Taxation risk

As part of the fiscal unity between KA and its major Dutch subsidiaries, AFUSA may face unforeseen tax liabilities in the future for the whole fiscal unity, which could have a material adverse effect on AFUSA's financial position, financial results and liquidity.

Refer to the risk management section disclosed in Ahold annual report 2009 for more information on the risks related to unforeseen tax liabilities.

Management does not presently anticipate any material changes to the nature of the risks affecting AFUSA's business over the second half of 2010.

Auditors' 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.

Management

Eugene Bartman (President and CEO)

Guy Thomson (Treasurer and CFO)

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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 Ahold Finance U.S.A., LLC from the Ahold Group risk management and control systems and taxation 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 Ahold Finance U.S.A., LLC's or its parent company Koninklijke Ahold N.V.'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 their respective 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 Ahold Finance U.S.A., LLC's and Koninklijke Ahold N.V.'s respective 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 Ahold Finance U.S.A., LLC nor Koninklijke Ahold N.V. 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 securities laws.

Interim income statement

(unaudited)

	Note	HY 2010	HY 2009
(\$ million)			
Net financial gain (expense)	3	31	(1)
Income before income taxes		31	(1)
Income taxes	4	(13)	(2)
Net income (loss) attributable to common shareholders		18	(3)

Interim statement of comprehensive income

(unaudited)

	HY 2010	HY 2009
(\$ million)		
Net income (loss)	18	(3)
Cash flow hedges:		
Cash flow hedges before taxes	(5)	13
Income taxes	3	(3)
Other comprehensive income (loss)	(2)	10
Total comprehensive income attributable to common shareholders	16	7

Interim statement of changes in equity

(unaudited)

	Share capital	Additional paid-in capital	Cash flow hedging reserve	Retained earnings	Equity attributable to common shareholders
(\$ million)					
Balance as of December 28, 2008	-	216	(4)	38	250
Total comprehensive income	-	-	10	(3)	7
Balance as of July 12, 2009	-	216	6	35	257
Balance as of January 3, 2010	-	216	7	42	265
Total comprehensive income	-	-	(2)	18	16
Balance as of July 18, 2010	-	216	5	60	281

Interim balance sheet

(unaudited)

(\$ million)	Note	July 18, 2010	January 3, 2010
Assets			
Loans to related parties	6	1,286	2,413
Other non-current financial assets (related parties)	6, 7	399	479
Total non-current assets		1,685	2,892
Loans to related parties	6	19	20
Interest receivable from related parties	6	2	-
Total current assets		21	20
Total assets		1,706	2,912
Equity and liabilities			
Equity attributable to common shareholders	5	281	265
Notes payable		1,375	1,450
Deferred tax liabilities		24	14
Total non-current liabilities		1,399	1,464
Notes payable	8	-	503
Loans from related parties	6	-	604
Interest payable		26	76
Total current liabilities		26	1,183
Total equity and liabilities		1,706	2,912

Interim statement of cash flows

(unaudited)

(\$ million)	Note	HY 2010	HY 2009
Interest received on loans to related parties		77	84
Interest paid on loans from related parties		(6)	(12)
Interest paid on notes		(108)	(128)
Changes in loans and receivables to and from related parties		523	730
Changes in derivatives		17	12
Income taxes (paid) received - net		-	1
Net cash from operating activities		503	687
Repayments of notes	8	(503)	(687)
Net cash from financing activities		(503)	(687)
Net increase (decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period		-	-

Notes to the interim financial statements

1. AFUSA and its operations

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 is managed and controlled in Amsterdam, The Netherlands. AFUSA was formed on December 18, 2001 and is governed by its operating agreement, which was lastly amended and restated on June 20, 2002. 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 lawful business activity in connection with the foregoing.

The parent company of AFUSA is 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 2009 financial statements.

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 2010 comprising 28 weeks, and ending on July 18, 2010 (HY 2009: 28 weeks ending on July 12, 2009).

Segment reporting

Based on the nature of its business activities, AFUSA's operations are presented as a single reportable segment.

3. Net financial result

(\$ million)	HY 2010	HY 2009
Interest income from related parties	79	89
Interest expense	(65)	(96)
Gain (loss) on foreign exchange	22	(39)
Fair value gains (losses) on financial instruments	(5)	55
Other financial expense	-	(10)
Net financial gain (expense)	31	(1)

Interest income and interest expense primarily relate to financial assets and financial liabilities measured at amortized cost (mainly loans to and from related parties and notes). The gains (losses) on foreign exchange mainly result from the foreign exchange retranslation of the GBP 250 million notes. Fair value gains (losses) on financial instruments in both 2010 and 2009 mainly include fair value changes in swaps related to the GBP 250 million notes. These swaps do not qualify for hedge accounting treatment.

4. Income taxes

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

5. Equity attributable to common shareholders

Member Interest

KA purchased AFUSA's membership interests from its former parent, AFC, as part of the Ahold's partial intra-group reorganization in July 2010. KA became AFUSA's sole member, holding a 100% interest in the capital and profit and loss of the Company.

6. Related parties

AFUSA has entered into arrangements with related parties within the Ahold Group. The following intercompany transactions have been concluded:

- \$1,126 million was repaid to AFUSA of which \$427 million was repaid early.
- \$604 million was repaid by AFUSA of which \$400 million was repaid early.

AFUSA used the proceeds to repay the maturing external notes. (see Note 8).

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

(\$ million)	Income statement - HY 2010			Balance sheet - July 18, 2010	
	Interest income	Interest expense	Fair value changes in derivatives	Amounts owed by related parties	Amounts owed to related parties
KA (parent company)	79	-	(2)	1,687	-
AFC (former parent company)	-	(6)	-	19	-
Total	79	(6)	(2)	1,706	-

(\$ million)	Income statement - HY 2009			Balance sheet - January 3, 2010	
	Interest income	Interest expense	Fair value changes in derivatives	Amounts owed by related parties	Amounts owed to related parties
KA (ultimate parent company)	89	-	69	2,892	-
AFC (former parent company)	-	(10)	-	20	(604)
Other related parties	-	(2)	-	-	-
Total	89	(12)	69	2,912	(604)

In accordance with the Articles of Association, no remuneration is paid to the management.

7. Other non-current financial assets

(\$ million)	July 18, 2010	January 3, 2010
Hedging derivatives ¹	169	248
Other derivatives ¹	230	231
Total other non-current financial assets	399	479

¹ In situations where a derivative contract qualifies for hedge accounting treatment in the financial statements, it is presented as 'Hedging derivatives'. Otherwise, the derivative contracts are presented as 'Other derivatives'.

The decrease in the value of hedging derivatives relates to a cross-currency swap (a cash flow hedge) on the €600 million notes (with €407 million outstanding amount) and is mainly caused by strengthening of the U.S. dollar against the euro.

8. Notes payable

On July 15, 2010, AFUSA redeemed on maturity \$503 million of notes which was the remaining outstanding balance of \$700 million notes 8.25%.

9. Subsequent events

After the balance sheet date additional steps have been taken as part of Ahold's intra-group reorganization:

- AFUSA has become a shareholder in a newly established Swiss intermediary holding company (Ahold International SARL ("AIS")), owning all issued and outstanding preferred shares B in the share capital of AIS representing 25% of the total issued and outstanding share capital of AIS. AFUSA obtained this investment in exchange for the loan previously receivable from KA.
- In connection with the acquisition of shares discussed above, AFC provided AFUSA with a guarantee of the current outstanding obligations of AFUSA with reference date July 30, 2010. AFC guarantees to make directly or indirectly available to AFUSA sufficient cash in order for AFUSA to meet its financial obligations outstanding on July 30, 2010.

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