Interim Report

Highlights

- Sales up 10.8% to € 7.1 billion (up 4.4% at constant exchange rates)
- Operating income up 17.6% to € 347 million
- Net income € 202 million
- Underlying retail operating margin 5.2%

Amsterdam, the Netherlands – Ahold today published its interim report for the second quarter and half year 2010. CEO John Rishton said: "We continued to grow sales, volumes and market share in the Netherlands and the United States while delivering solid financial results. Market conditions remained challenging with high levels of competitive promotional activity. We are confident in our ability to continue to balance sales and margins while providing improved value to our customers. "

Group performance

(€ million)	Q2 2010	Q2 2009*	% change	HY 2010	HY 2009*	% change
Net sales	7,126	6,430	10.8%**	15,863	15,084	5.2%**
Operating income	347	295	17.6%	756	691	9.4%
Income from continuing operations	203	196	3.6%	455	453	0.4%
Net income	202	196	3.1%	476	384	24.0%

* Comparative figures reflect the retrospective amendments as disclosed in Note 2 to the interim financial statements.

** At constant exchange rates, net sales increased by 4.4% in Q2 2010 (HY 2010: 3.9%).

Second quarter 2010 (compared to second quarter 2009)

Net sales were € 7.1 billion, up 10.8%. At constant exchange rates, net sales increased by 4.4%, positively impacted by business acquisitions in the first quarter.

Operating income was € 347 million, up 17.6%. Retail operating income was € 376 million, up € 70 million. Retail operating margin was 5.3% compared to 4.8% in Q2 2009. Underlying retail operating margin was 5.2% compared to 4.9% last year. Corporate Center costs were € 29 million for the quarter, up € 18 million over Q2 2009. Excluding the impact of the Company's insurance activities, Corporate Center costs were € 17 million, € 1 million higher.

Income from continuing operations increased by 3.6% to € 203 million, reflecting a higher operating income and lower net financial expense partly offset by higher income taxes and lower share in income of joint ventures.

Net income was € 202 million, up € 6 million compared to last year.

Free cash flow was € 260 million, € 104 million lower than last year, mainly due to higher capital expenditures of € 61 million and lower dividends from joint ventures of € 43 million. Dividends from ICA were received in the first quarter of this year, whereas last year dividends were received in the second quarter.

Net debt increased by € 48 million during the quarter to € 938 million. The positive free cash flow of € 260 million and cash from the sale of the loans of BI-LO of € 204 million (these were acquired in the first quarter) were more than offset by dividends paid on common shares of € 272 million, the share buyback of € 123 million and a currency impact of € 89 million.

In the second quarter € 405 million of debt was repaid.

Half year 2010 (compared to half year 2009)

Net sales were € 15.9 billion, up 5.2%. At constant exchange rates, net sales increased by 3.9%.

Operating income was € 756 million, up 9.4%. Retail operating income was € 805 million and retail operating margin was 5.1% compared to 4.8% last year. Underlying retail operating margin was 5.1% compared to 4.9% last year. Corporate Center costs were € 49 million, up € 20 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were € 41 million, € 2 million higher.

Income from continuing operations increased by 0.4% to € 455 million, reflecting a higher operating income and lower net financial expense partly offset by higher income taxes and lower share in income of joint ventures.

Net income was € 476 million, up € 92 million, primarily due to year-over-year changes in Ahold's estimate of its net provision for losses under lease guarantees related to its former subsidiaries BI-LO and Bruno's. During the first half of 2010, income from discontinued operations reflected a decrease in the estimate of these losses of € 23 million in contrast to the same period last year, when Ahold's initial estimate of losses under these guarantees resulted in a net charge of € 65 million.

Free cash flow was € 616 million, € 114 million better than last year, mainly due to higher operating cash flows from continuing operations of € 113 million and higher dividends from joint ventures of € 41 million partly offset by higher capital expenditures of € 54 million.

Net debt increased by € 221 million during the first half year. The positive free cash flow of € 616 million was more than offset by business acquisitions of € 158 million, additional finance lease liabilities of € 80 million (mainly resulting from business acquisitions), dividends paid on common shares of € 272 million, the share buyback of € 139 million and a currency impact of € 170 million.

Performance by segment

Ahold USA

For the second quarter, net sales were $ 5.5 billion, up 5.5%, partly due to business acquisitions, mainly Ukrop's ($ 120 million). Identical sales were up 1.4% (up 0.5% excluding gasoline). Operating income was $ 270 million (or

4.9% of net sales), up $ 22 million. Higher operating costs related to acquisitions, reorganization and restructuring activities negatively impacted the operating margin. Specifically, operating income included losses in the quarter of $ 20 million relating to the newly acquired Ukrop's stores, $ 9 million of reorganization and IT integration costs and $ 6 million of restructuring and related charges. These were largely offset by a $ 20 million release of insurance provisions, impairment reversals of $ 4 million and gains on sale of assets of $ 6 million. Operating income last year included impairments of $ 7 million. Underlying operating margin was 4.8%, unchanged from last year.

For the first half, net sales were $ 12.6 billion, up 4.8%, partly due to business acquisitions, mainly Ukrop's ($ 219 million). Identical sales were up 1.5% (up 0.1% excluding gasoline). Operating income was $ 565 million (or 4.5% of net sales), up $ 4 million. Operating income included losses in the first half of $ 32 million relating to the newly acquired Ukrop's stores, a $ 12 million charge resulting from the alignment of inventory valuation across the newly formed U.S. divisions, $ 14 million of reorganization and IT integration costs and $ 4 million of restructuring and related charges. The release of insurance provisions of $ 20 million, impairment reversals of $ 3 million and gains on sale of assets of $ 6 million were partial offsets. Operating income last year included a non-recurring rent charge of $ 15 million and impairments of $ 8 million. Underlying operating margin was 4.4% compared to 4.7% last year.

The Netherlands
For the second quarter, net sales increased 4.4% to € 2.3 billion. Identical sales were up 3.5%. Operating income of € 159 million (or 6.8% of net sales) was up € 9 million compared to last year. Operating income included a benefit of € 6 million arising from the settlement of a non-recurring wage tax liability and a € 5 million benefit from cost recoveries. Underlying operating margin was 6.8%, unchanged from last year.

For the first half, net sales increased 4.0% to € 5.4 billion. Identical sales were up 3.1%. Operating income of € 373 million (or 6.9% of net sales) was up € 34 million compared to last year. Operating income included an € 8 million benefit arising from accrual reversals, a benefit of € 6 million arising from the settlement of a non-recurring wage tax liability and a € 5 million benefit from cost recoveries. Underlying operating margin was 6.9% compared to 6.5% last year.

Other Europe (Czech Republic and Slovakia)
For the second quarter, net sales decreased 3.4% to € 370 million. At constant exchange rates, net sales were down 6.3% partly due to store closures and downsizings as part of the restructuring program implemented in 2009. Identical sales decreased 1.2% (1.5% excluding gasoline). Operating income for the quarter was nil compared to a loss of € 25 million in Q2 2009. Included in Q2 2010 operating income were further restructuring charges of € 2 million. Included in Q2 2009 operating income were restructuring and related charges of € 5 million, mainly for the closure of underperforming stores in the Czech Republic. Furthermore, Q2 2009 operating income was impacted by one-off net costs of € 8 million related to the rebranding of Hypernova hypermarkets to the Albert brand. Underlying operating margin was 0.3% compared to 5.0% negative last year.

For the first half, net sales decreased 1.6% (5.9% at constant exchange rates) to € 860 million. Identical sales decreased 0.9% (1.6% excluding gasoline). Operating income was nil compared to a loss of € 39 million last year. Restructuring charges for the first half of the year were € 4 million. Included in HY 2009 operating income were impairments of € 8 million, restructuring and related charges of € 10 million and one-off net costs of € 8 million related to the rebranding of Hypernova hypermarkets to the Albert brand. Underlying operating margin was 0.3% compared to 2.4% negative last year.

Other retail (Unconsolidated joint ventures)
For the second quarter, Ahold's share in income of joint ventures was a loss of € 20 million compared to an income of € 18 million in Q2 2009. For the first half, Ahold's share in income of joint ventures was down € 19 million to € 8 million. The decrease resulted from ICA, where in Q2 2010 a tax provision of € 78 million (Ahold's share € 47 million) was recorded following an adverse court ruling. Excluding the impact of this provision, Ahold's net share of income in its ICA joint venture was € 26 million in Q2 2010 compared to € 17 million in Q2 2009.

Other financial and operating information

Identical[1]/comparable[2] sales growth (% year over year)

	Q2 2010 identical	Q2 2010 identical excluding gasoline	Q2 2010 comparable	HY 2010 identical	HY 2010 identical excluding gasoline	HY 2010 comparable
Ahold USA	1.4%	0.5%	1.9%	1.5%	0.1%	2.1%
The Netherlands	3.5%	3.5%		3.1%	3.1%	
Other Europe	(1.2)%	(1.5)%		(0.9)%	(1.6)%	

1. Net sales from exactly the same stores in local currency.
2. Identical sales plus net sales from replacement stores in local currency. Comparable sales are only reported for Ahold USA.

Retail operating margin

Operating margin is defined as operating income as a percentage of net sales. For a discussion of operating income, see Note 3 to the interim financial statements.

	Q2 2010	Q2 2009	HY 2010	HY 2009
Ahold USA	4.9%	4.7%	4.5%	4.7%
The Netherlands	6.8%	6.7%	6.9%	6.5%
Other Europe	0.0%	(6.5)%	0.0%	(4.5)%
Ahold Europe	5.9%	4.8%	5.9%	4.9%
Total retail	**5.3%**	**4.8%**	**5.1%**	**4.8%**

Underlying retail operating income[1]

	Q2 2010	Q2 2009	% change	HY 2010	HY 2009	% change
$ million						
Ahold USA	266	252	5.6%	560	565	(0.9)%
Average U.S. dollar exchange rate (euro per U.S. dollar)	*0.8003*	*0.7277*	*10.0%*	*0.7587*	*0.7474*	*1.5%*
€ million						
Ahold USA	213	183	16.4%	427	422	1.2%
The Netherlands	158	152	3.9%	373	339	10.0%
Other Europe	1	(19)	n/m	3	(21)	n/m
Ahold Europe	159	133	19.5%	376	318	18.2%
Total retail	**372**	**316**	**17.7%**	**803**	**740**	**8.5%**

1. For the definition of underlying retail operating income see section ''Other information'' – ''Use of non-GAAP financial measures''.

Underlying retail operating margin

Underlying operating margin is defined as underlying operating income as a percentage of net sales.

	Q2 2010	Q2 2009*	HY 2010	HY 2009*
Ahold USA	4.8%	4.8%	4.4%	4.7%
The Netherlands	6.8%	6.8%	6.9%	6.5%
Other Europe	0.3%	(5.0)%	0.3%	(2.4)%
Ahold Europe	5.9%	5.1%	6.0%	5.2%
Total retail	**5.2%**	**4.9%**	**5.1%**	**4.9%**

Store portfolio[1]

	End of 2009	Opened/ acquired	Closed/ sold	End of Q2 2010	End of Q2 2009
Ahold USA	713	34	(1)	746	713
The Netherlands[2]	1,892	23	(7)	1,908	1,873
Other Europe	304	-	(2)	302	307
Ahold Europe	2,196	23	(9)	2,210	2,180
Total retail	**2,909**	**57**	**(10)**	**2,956**	**2,893**

1. Including franchise stores.
2. The number of stores at the end of Q2 2010 includes 1,069 specialty stores (Etos and Gall & Gall).

EBITDA[1]

(€ million)	Q2 2010	Q2 2009*	% change	HY 2010	HY 2009*	% change
Ahold USA	345	295	16.9%	712	692	2.9%
The Netherlands	209	194	7.7%	485	441	10.0%
Other Europe	12	(13)	n/m	27	(12)	n/m
Ahold Europe	221	181	22.1%	512	429	19.3%
Corporate Center	(29)	(11)	(163.6)%	(49)	(29)	(69.0)%
	537	465	15.5%	1,175	1,092	7.6%
Share in income of joint ventures	(20)	18	n/m	8	27	(70.4)%
Income (loss) from discontinued operations	(1)	-	n/m	21	(69)	n/m
Total EBITDA	**516**	**483**	**6.8%**	**1,204**	**1,050**	**14.7%**

1. For the definition of EBITDA see section ''Other information'' – ''Use of non-GAAP financial measures''.

* Comparative figures reflect the retrospective amendments as disclosed in Note 2 to the interim financial statements.

Free cash flow[1]

(€ million)	Q2 2010	Q2 2009*	HY 2010	HY 2009*
Operating cash flows from continuing operations	550	563	1,103	990
Purchase of non-current assets	(212)	(151)	(441)	(387)
Divestments of assets/disposal groups held for sale	21	1	25	8
Dividends from joint ventures	10	53	107	66
Interest received	3	11	9	25
Interest paid	(112)	(113)	(187)	(200)
Free cash flow	**260**	**364**	**616**	**502**

1. For the definition of free cash flow see section "Other information" – "Use of non-GAAP financial measures".

* Comparative figures reflect the retrospective amendments as disclosed in Note 2 to the interim financial statements.

Net debt

(€ million)	July 18, 2010	April 25, 2010	January 3, 2010
Loans	1,883	1,818	1,753
Finance lease liabilities	1,130	1,099	992
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	3,510	3,414	3,242
Short-term borrowings and current portion of long-term debt	127	618	458
Gross debt	3,637	4,032	3,700
Less: cash and cash equivalents and short term deposits[1]	2,699	3,142	2,983
Net debt	**938**	**890**	**717**

1. Book overdrafts, representing the excess of total issued checks over available cash balances within the Group cash concentration structure, are classified in accounts payable and do not form part of net debt. These balances amounted to € 142 million, € 129 million and € 159 million as of July 18, 2010, April 25, 2010 and January 3, 2010, respectively.

Related party transactions

Ahold has entered into arrangements with a number of its subsidiaries and affiliated companies in the course of its business. These arrangements relate to service transactions and financing agreements. There have been no significant changes in the related party transactions described in the last annual report.

Risks and uncertainties

Ahold's enterprise risk management program provides executive management with a periodic and holistic understanding of Ahold's key business risks and the management practices in place to mitigate these risks. Ahold recognizes strategic, operational, financial and compliance and regulatory risk categories. The principal risks faced by the Company during the first half of the financial year were the same as those identified at year end 2009 and management does not presently anticipate any material changes to the nature of the risks affecting Ahold's business over the second half of the financial year. A description of Ahold's risk management practices, our principal risks and how they impact Ahold's business is provided in our 2009 Annual Report.

Auditors' involvement

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

Declarations

The members of the Corporate Executive Board of Ahold 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 Ahold, and the undertakings included in the consolidation taken as a whole, and the half-year management report included in this interim report includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*).

Corporate Executive Board

John Rishton (CEO)

Kimberly Ross (CFO)

Lawrence Benjamin

Dick Boer

Lodewijk Hijmans van den Bergh

Consolidated interim income statement

(unaudited)

(€ million, except per share data)	Note	Q2 2010	Q2 2009*	HY 2010	HY 2009*
Net sales	*3*	**7,126**	**6,430**	**15,863**	**15,084**
Cost of sales	*4*	(5,202)	(4,682)	(11,594)	(10,973)
Gross profit		1,924	1,748	4,269	4,111
Selling expenses		(1,377)	(1,267)	(3,064)	(2,983)
General and administrative expenses		(200)	(186)	(449)	(437)
Total operating expenses	*4*	(1,577)	(1,453)	(3,513)	(3,420)
Operating income	*3*	**347**	**295**	**756**	**691**
Interest income		5	5	11	19
Interest expense		(69)	(72)	(163)	(180)
Other financial income (expense)		8	(5)	13	6
Net financial expense		(56)	(72)	(139)	(155)
Income before income taxes		**291**	**223**	**617**	**536**
Income taxes	*5*	(68)	(45)	(170)	(110)
Share in income (loss) of joint ventures	*6*	(20)	18	8	27
Income from continuing operations		**203**	**196**	**455**	**453**
Income (loss) from discontinued operations	*7*	(1)	-	21	(69)
Net income attributable to common shareholders		**202**	**196**	**476**	**384**
Net income per share attributable to common shareholders:					
basic		0.17	0.17	0.40	0.33
diluted		0.17	0.16	0.40	0.32
Income from continuing operations per share attributable to common shareholders:					
basic		0.17	0.17	0.39	0.38
diluted		0.17	0.16	0.38	0.38
Weighted average number of common shares outstanding (in millions):					
basic		1,175	1,180	1,179	1,179
diluted		1,236	1,249	1,240	1,249
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8003	0.7277	0.7587	0.7474

* Comparative figures reflect the retrospective amendments as disclosed in Note 2.

Consolidated interim statement of comprehensive income

(unaudited)

(€ million)	Q2 2010	Q2 2009*	HY 2010	HY 2009*
Net income	**202**	**196**	**476**	**384**
Currency translation differences in foreign interests:				
Currency translation differences before tax	115	(145)	357	25
Income taxes	-	-	(1)	-
Cash flow hedges:				
Cash flow hedges before tax	(23)	6	(37)	20
Income taxes	4	(2)	9	(5)
Share of other comprehensive income of joint ventures, net of income tax	(10)	(9)	(35)	16
Other comprehensive income (loss)	86	(150)	293	56
Total comprehensive income attributable to common shareholders	**288**	**46**	**769**	**440**

* Comparative figures reflect the retrospective amendments as disclosed in Note 2.

Consolidated interim balance sheet

(unaudited)

(€ million)	Note	July 18, 2010	January 3, 2010
Assets			
Property, plant and equipment		5,967	5,407
Investment property		562	531
Intangible assets		771	619
Investments in joint ventures		1,005	1,066
Other non-current financial assets		732	750
Deferred tax assets		434	429
Other non-current assets		26	26
Total non-current assets		9,497	8,828
Assets held for sale		11	10
Inventories		1,331	1,209
Receivables		696	700
Other current financial assets		193	310
Income taxes receivable		11	13
Other current assets		149	175
Cash and cash equivalents	*11*	2,523	2,688
Total current assets		4,914	5,105
Total assets		**14,411**	**13,933**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7732	0.6980

Consolidated interim balance sheet – *continued*

(unaudited)

(€ million)	Note	July 18, 2010	January 3, 2010
Equity and liabilities			
Equity attributable to common shareholders	*9*	5,821	5,440
Loans	*10*	1,883	1,753
Other non-current financial liabilities		1,798	1,660
Pensions and other post-employment benefits		95	96
Deferred tax liabilities		192	173
Provisions		594	584
Other non-current liabilities		224	202
Total non-current liabilities		4,786	4,468
Accounts payable		2,218	2,137
Other current financial liabilities	*10*	187	564
Income taxes payable		206	141
Provisions		171	152
Other current liabilities		1,022	1,031
Total current liabilities		3,804	4,025
Total equity and liabilities		**14,411**	**13,933**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7732	0.6980

Consolidated interim statement of changes in equity

(unaudited)

(€ million)	Share capital	Additional paid-in capital	Legal reserves: Currency translation reserve	Legal reserves: Cash flow hedging reserve	Legal reserves: Other legal reserves	Accumulated deficit	Equity attributable to common shareholders
Balance as of December 28, 2008*	**358**	**9,916**	**(651)**	**(62)**	**402**	**(5,276)**	**4,687**
Dividends	-	-	-	-	-	(212)	(212)
Total comprehensive income	-	-	46	11	(1)	384	440
Share-based payments	-	-	-	-	-	17	17
Change in other legal reserves	-	-	-	-	(41)	41	-
Balance as of July 12, 2009*	**358**	**9,916**	**(605)**	**(51)**	**360**	**(5,046)**	**4,932**
Balance as of January 3, 2010	**358**	**9,916**	**(632)**	**(48)**	**444**	**(4,598)**	**5,440**
Dividends	-	-	-	-	-	(272)	(272)
Total comprehensive income	-	-	324	(30)	(1)	476	769
Share buyback	-	-	-	-	-	(139)	(139)
Share-based payments	-	-	-	-	-	23	23
Change in other legal reserves	-	-	-	-	(93)	93	-
Balance as of July 18, 2010	**358**	**9,916**	**(308)**	**(78)**	**350**	**(4,417)**	**5,821**

* Comparative figures reflect the retrospective amendments as disclosed in Note 2.

Consolidated interim statement of cash flows

(unaudited)

(€ million)	Note	Q2 2010	Q2 2009*	HY 2010	HY 2009*
Operating income		347	295	756	691
Adjustments for:					
Depreciation, amortization and impairments		188	178	419	419
Gains on the sale of assets/disposal groups held for sale		(7)	-	(8)	(4)
Share-based compensation expenses		7	6	16	14
Operating cash flows before changes in operating assets and liabilities		535	479	1,183	1,120
Changes in working capital:					
Changes in inventories		(5)	43	(18)	100
Changes in receivables and other current assets		30	40	135	63
Changes in payables and other current liabilities		46	38	(76)	(284)
Changes in non-current assets and liabilities		(21)	(14)	(52)	(23)
Cash generated from operations		585	586	1,172	976
Income taxes (paid) received - net		(35)	(23)	(69)	14
Operating cash flows from continuing operations		550	563	1,103	990
Operating cash flows from discontinued operations		(3)	(2)	(7)	(6)
Net cash from operating activities		***547***	***561***	***1,096***	***984***
Purchase of non-current assets		(212)	(151)	(441)	(387)
Divestments of assets/disposal groups held for sale		21	1	25	8
Acquisition of businesses, net of cash acquired		-	(2)	(158)	(4)
Divestment of businesses, net of cash divested		(3)	(4)	(5)	(4)
Changes in short-term deposits		-	-	133	-
Dividends from joint ventures		10	53	107	66
Interest received		3	11	9	25
Issuance of loans receivable		(5)	(1)	(196)	(3)
Repayments of loans receivable		204	1	205	1
Other		(2)	1	(2)	-
Investing cash flows from continuing operations		16	(91)	(323)	(298)
Investing cash flows from discontinued operations		-	1	-	1
Net cash from investing activities		***16***	***(90)***	***(323)***	***(297)***
Interest paid		(112)	(113)	(187)	(200)
Repayments of loans	*10*	(405)	(513)	(413)	(519)
Repayments of finance lease liabilities		(14)	(11)	(29)	(25)
Changes in short-term loans		(122)	(31)	2	22
Dividends paid on common shares	*9*	(272)	(212)	(272)	(212)
Share buyback		(123)	-	(139)	-
Other		1	6	(4)	(2)
Financing cash flows from continuing operations		(1,047)	(874)	(1,042)	(936)
Financing cash flows from discontinued operations		(1)	(1)	(2)	(2)
Net cash from financing activities		***(1,048)***	***(875)***	***(1,044)***	***(938)***
Net cash from operating, investing and financing activities	*11*	**(485)**	**(404)**	**(271)**	**(251)**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.8003	0.7277	0.7587	0.7474

* Comparative figures reflect the retrospective amendments as disclosed in Note 2.

For the reconciliation between net cash from operating, investing and financing activities and cash and cash equivalents as presented in the balance sheet see Note 11.

Notes to the condensed consolidated interim financial statements

1. The Company and its operations

The principal activity of Koninklijke Ahold N.V. ("Ahold" or the "Company"), a public limited liability company with its registered seat in Zaandam, the Netherlands, and its head office in Amsterdam, the Netherlands, is the operation of retail food stores in the United States and Europe through subsidiaries and joint ventures.

The information in these condensed consolidated interim financial statements ("interim financial statements") is unaudited.

2. Accounting policies

Basis of preparation
These interim financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies applied in these interim financial statements are consistent with those applied in Ahold's 2009 consolidated financial statements, except as described below under "changes in accounting policies".

Ahold's reporting calendar is based on 13 periods of four weeks, with 2010 comprising 52 weeks and 2009 comprising 53 weeks. The second quarter and first half of 2010 and 2009 each comprise 12 weeks and 28 weeks, respectively. The financial year of Ahold's unconsolidated joint ventures, ICA AB ("ICA") and JMR - Gestão de Empresas de Retalho, SGPS. S.A. ("JMR"), corresponds to the calendar year. Any significant transactions and/or events between ICA's and JMR's quarter-end and Ahold's quarter-end are taken into account in the preparation of Ahold's interim financial statements.

Changes in accounting policies
In 2008, the IASB issued a revised IFRS 3 "Business Combinations" and amended IAS 27 "Consolidated and Separate Financial Statements". These standards were changed to address guidance for applying the acquisition method of accounting for business combinations by stressing the "economic entity" view of the reporting entity and greater use of fair value through the income statement. These standards are applicable to Ahold prospectively for business combinations occurring as from 2010.

The 2008 amendment of IAS 27 included an amendment to IAS 21 "The Effects of Changes in Foreign Exchange Rates." The amendment to IAS 21 changed the methodology Ahold applies in recycling its currency translation reserve to income upon the disposal of a foreign operation and in certain intercompany financing transactions. This amendment to IAS 21 is applicable to Ahold prospectively as from 2010. No recycling out of the currency translation reserve has taken place in the first half of 2010.

Retrospective amendments
As of 2009, Ahold's 49% stake in its joint venture JMR was reclassified from assets held for sale to investments in joint ventures because the sale of JMR is no longer considered to be highly probable as defined in IFRS 5. As a result of this reclassification, JMR is accounted for using the equity method. This change has been applied retrospectively and resulted in a cumulative increase in equity of € 11 million as of December 28, 2008. In the income statement for Q2 2009, this amendment has resulted in an increase in net income of € 1 million (HY 2009: a decrease of € 7 million); this was due to an increase in interest income of € 1 million (HY 2009: € 1 million), a decrease in income taxes of € 1 million (HY 2009: € 2 million), an increase in share in income of joint ventures of € 2 million (HY 2009: € 5 million), and a decrease in income from discontinued operations of € 3 million (HY 2009: € 15 million). The relevant cash flow statement amounts for 2009 have been reclassified accordingly.

Furthermore, comparative information in the consolidated statement of changes in equity as of December 28, 2008 has been changed to properly present certain components of equity. The net equity position did not change.

Segment reporting presentation
On November 5, 2009, Ahold announced a series of changes in its European and U.S. businesses. Ahold's U.S. operations contain four newly organized divisions: Stop & Shop Metro New York, Stop & Shop New England, Giant-Landover and Giant-Carlisle. As of Q1 2010, Ahold has changed its segment reporting presentation by aggregating

its U.S. operating segments into one reportable segment, Ahold USA.

3. Segment reporting

Ahold's retail operations are presented in three reportable segments. In addition, Other retail, consisting of Ahold's unconsolidated joint ventures ICA and JMR, and Ahold's Corporate Center are presented separately.

Reportable segment	Significant brands in the segment
Ahold USA	Stop & Shop, Giant-Landover, Giant-Carlisle, Martin's and Peapod.com
The Netherlands	Albert Heijn, Etos, Gall & Gall and Albert.nl
Other Europe	Albert (Czech Republic and Slovakia) and Hypernova (Slovakia)
Other	**Included in other**
Other retail	Unconsolidated joint ventures ICA (60%) and JMR (49%)
Corporate Center	Corporate staff (the Netherlands, Switzerland and the United States)

Net sales
Net sales per segment are as follows:

	Q2 2010	Q2 2009	% change	HY 2010	HY 2009	% change
$ million						
Ahold USA	5,520	5,233	5.5%	12,589	12,018	4.8%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.8003*	*0.7277*	*10.0%*	*0.7587*	*0.7474*	*1.5%*
€ million						
Ahold USA	4,418	3,808	16.0%	9,562	8,978	6.5%
The Netherlands	2,338	2,239	4.4%	5,441	5,232	4.0%
Other Europe	370	383	(3.4)%	860	874	(1.6)%
Ahold Europe	2,708	2,622	3.3%	6,301	6,106	3.2%
Ahold Group	**7,126**	**6,430**	**10.8%**	**15,863**	**15,084**	**5.2%**

The combined net sales of Ahold's unconsolidated joint ventures ICA and JMR amounted to € 3,141 million and € 2,904 million for Q2 2010 and Q2 2009, respectively (HY 2010: € 6,105 million and HY 2009: € 5,587 million).

Operating income
Operating income (loss) per segment is as follows:

	Q2 2010	Q2 2009	% change	HY 2010	HY 2009	% change
$ million						
Ahold USA	270	248	8.9%	565	561	0.7%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.8003*	*0.7277*	*10.0%*	*0.7587*	*0.7474*	*1.5%*
€ million						
Ahold USA	217	181	19.9%	432	420	2.9%
The Netherlands	159	150	6.0%	373	339	10.0%
Other Europe	-	(25)	n/m	-	(39)	n/m
Ahold Europe	159	125	27.2%	373	300	24.3%
Corporate Center	(29)	(11)	(163.6)%	(49)	(29)	(69.0)%
Ahold Group	**347**	**295**	**17.6%**	**756**	**691**	**9.4%**

Ahold USA
Operating income in Q2 2010 included losses of $ 20 million (€ 16 million) relating to the newly acquired Ukrop's stores, $ 9 million (€ 7 million) of reorganization and IT integration costs and $ 6 million (€ 4 million) of restructuring and related charges. A $ 20 million (€ 16 million) release of insurance provisions, impairment reversals of $ 4 million (€ 3 million) and gains on sale of assets of $ 6 million (€ 5 million) were partial offsets. Included in the Q1 2010 operating income were a $ 12 million (€ 9 million) charge resulting from the alignment of inventory valuation across the newly formed U.S. divisions and $ 5 million (€ 4 million) of IT integration costs. Furthermore losses in the first quarter from the acquired Ukrop's stores were $ 12 million (€ 9 million).

Operating income in Q2 2009 included impairments of $ 7 million (€ 5 million). Operating income in Q1 2009 included expenses of $ 15 million (€ 11 million) resulting from an adjustment of step rents on operating leases related to the years 2006 to 2008.

The Netherlands
Operating income in Q2 2010 included a benefit of € 6 million arising from the settlement of a non-recurring wage tax liability and a € 5 million benefit from cost recoveries. Operating income in Q1 2010 included an € 8 million benefit arising from accrual reversals.

Other Europe
Included in the Q2 2010 operating income were further restructuring charges of € 2 million. Q1 2010 operating income included restructuring and related charges of € 2 million.

Operating income in Q2 2009 included restructuring and related charges of € 5 million (HY: € 10 million), mainly for the closure of underperforming stores in the Czech Republic. Furthermore, Q2 2009 included one-off net rebranding costs of € 8 million. Impairment losses of € 8 million for half year 2009 included impairments of € 3 million related to stores closed under the restructuring program.

Corporate Center
Compared to the same period last year, Corporate Center costs for Q2 2010 were up € 18 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were € 17 million, € 1 million higher.

Corporate Center costs for half year 2010 were up € 20 million compared to same period last year. Excluding the impact of the Company's insurance activities, Corporate Center costs were € 41 million, € 2 million higher.

4. Expenses by nature

The aggregate of cost of sales and operating expenses is specified by nature as follows:

(€ million)	Q2 2010	Q2 2009	HY 2010	HY 2009
Cost of product	4,944	4,464	11,005	10,459
Employee benefit expenses	989	878	2,189	2,060
Other store expenses	386	391	890	909
Depreciation and amortization	190	170	419	401
Rent (income) expenses - net	115	106	256	266
Impairment losses and reversals - net	(2)	8	-	18
Gains on the sale of assets - net	(7)	-	(8)	(4)
Other expenses	164	118	356	284
Total	**6,779**	**6,135**	**15,107**	**14,393**

5. Income taxes

In Q2 2010, income taxes included € 9 million of release of contingency reserves. In Q1 2010, income taxes included € 15 million of one-time tax charges, mainly arising from true-ups of deferred tax balances.

In the first half of 2009, income taxes included one-time tax benefits of € 27 million arising mainly from the release of contingency reserves and the recognition of deferred tax assets.

6. Share in income (loss) of joint ventures

The Company's share in income (loss) of joint ventures is net of income taxes and is specified as follows:

(€ million)	Q2 2010	Q2 2009*	HY 2010	HY 2009*
ICA	(21)	17	2	22
JMR	1	2	5	5
Other	-	(1)	1	-
Total	**(20)**	**18**	**8**	**27**

* Comparative figures reflect the retrospective amendments as disclosed in Note 2.

In Q2 2010, ICA's net income was negatively impacted by a tax expense of € 78 million (Ahold's share € 47 million) related to certain interest deductions in previous years. For more details on ICA's tax claim, see Note 12.

7. Assets held for sale and discontinued operations

As of 2009, Ahold's 49% stake in JMR was reclassified from assets held for sale to investments in joint ventures. Comparative amounts in this note have been adjusted from amounts previously reported to reflect the effect of the retrospective amendments, as disclosed in Note 2.

Income (loss) from discontinued operations is specified as follows:

Segments	Discontinued operations	Q2 2010	Q2 2009	HY 2010	HY 2009
(€ million)					
BI-LO/Bruno's	BI-LO and Bruno's	(2)	1	23	(65)
Various*	Various	1	(1)	(2)	(4)
Results on divestments		(1)	-	21	(69)
Income (loss) from discontinued operations, net of income taxes		**(1)**	**-**	**21**	**(69)**

* Includes adjustments to the result on various past divestments.

BI-LO and Bruno's

As disclosed in Note 34 to Ahold's 2009 consolidated financial statements, Ahold remains contingently liable under various lease guarantees extending to 2026 related to leases assigned to third parties. Two former subsidiaries of Ahold, Bruno's Supermarkets, LLC and BI-LO, LLC (Bruno's and BI-LO) filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the filings) on February 5, 2009 and March 23, 2009, respectively. As a result of the filings, Ahold made an assessment of its potential obligations under the lease guarantees based upon the remaining initial term of each lease, an assessment of the possibility that Ahold would have to pay under a guarantee and any potential remedies that Ahold may have to limit future lease payments. Consequently, in Q1 2009 Ahold recognized a net provision of € 66 million, including tax benefit offsets, within results on divestments. At year-end 2009, the remaining balance of the net provision was € 62 million.

In connection with the filings, on December 18, 2009, certain Ahold affiliates entered into a Settlement and Term Loan Acquisition Agreement ("Settlement Agreement") with Lone Star Fund V, LLC ("Lone Star Fund") and certain other Lone Star entities. Pursuant to the Settlement Agreement, Ahold acquired $ 260 million (€ 190 million) of the existing term loans of BI-LO during February 2010. Lone Star Fund and certain other Lone Star entities ("Lone Star") have provided Ahold with funding of $ 130 million (€ 95 million) and security relating to the repayment of the acquired term loans.

On May 12, 2010, the re-organized BI-LO exited bankruptcy protection and subsequently the existing $ 260 million (€ 204 million) of term loans held by Ahold were repaid in full and Ahold repaid to Lone Star the funding of $ 130 million (€ 102 million). BI-LO assumed 149 operating locations that are guaranteed by Ahold. During the BI-LO bankruptcy, BI-LO rejected a total of 16 leases which are guaranteed by Ahold and Ahold also took assignment of 12 other BI-LO leases with Ahold guarantees.

Based on the foregoing developments, Ahold has recognized a reduction of € 23 million in its remaining provision within results on divestments, resulting in a net provision of € 39 million at the end of Q2 2010. This amount represents Ahold's best estimate of the discounted aggregate amount of the remaining lease obligations and associated charges, net of known mitigation offsets, which could result in cash outflows for Ahold under the various lease guarantees. Ahold continues to pursue its mitigation efforts with respect to these lease guarantee liabilities and to closely monitor any developments with respect to Bruno's and BI-LO.

8. Business combinations

Acquisition of stores from Ukrop's Super Markets

On February 8, 2010, Ahold announced that Giant-Carlisle successfully completed the acquisition of 25 stores from Ukrop's Super Markets. The purchase consideration was € 102 million ($ 140 million) for 25 stores, equipment, lease agreements and one new store location, plus inventory and the cancellation of a supplier contract for an additional consideration of € 29 million ($ 38 million). The stores, located in the Greater Richmond and Williamsburg areas of Virginia have been converted to and are operating under the Martin's name.

The allocation of the net assets acquired and the goodwill arising at the acquisition date is as follows:

(€ million)	Fair value
Non-current assets	76
Current assets	16
Non-current liabilities	(51)
Current liabilities	(6)
Net assets acquired	35
Goodwill	96
Total purchase consideration	**131**
Cash acquired	(1)
Acquisition of business, net of cash	**130**

The acquired stores contributed € 166 million ($ 219 million) to net sales, had a € 25 million ($ 32 million) negative impact on operating income and a € 14 million ($ 19 million) negative impact on net income in the period from February 8 to July 18, 2010.

Acquisition of Shaw's supermarket stores
In April 2010, Stop & Shop acquired five Shaw's supermarket stores from Supervalu. The stores acquired are located in Connecticut. The total purchase consideration was € 26 million ($ 36 million). Goodwill recognized amounted to € 12 million ($ 16 million).

The amounts recognized in the financial statements for these business combinations have been determined on a provisional basis.

9. Equity attributable to common shareholders

Dividend on common shares

On April 13, 2010, the General Meeting of Shareholders determined the dividend over 2009 at € 0.23 per common share (€ 272 million in the aggregate). The dividend was paid on May 4, 2010.

Share buyback

On March 4, 2010, Ahold announced its decision to return € 500 million to its shareholders by way of a share buyback program, to be completed over a 12-month period. Under this program, 13,632,357 of the Company's own common shares were repurchased and delivered in the first half of 2010. Shares were repurchased at an average price of € 10.23 per share for a total amount of € 139 million (Q2 2010: € 123 million).

10. Loans

Repayments of loans amounted to € 405 million for Q2 2010 (HY 2010: € 413 million). On July 15, 2010, Ahold redeemed on maturity $ 503 million (€ 402 million) of notes, which was the remaining outstanding balance of the $ 700 million notes 8.25%. The loans were repaid from the Company's cash balances.

11. Cash flow

The following table presents the changes in cash and cash equivalent balances for HY 2010 and HY 2009:

(€ million)	HY 2010	HY 2009
Cash and cash equivalents of continuing operations at the beginning of the year	2,688	2,863
Restricted cash	(22)	(19)
Cash and cash equivalents beginning of the year, excluding restricted cash	2,666	2,844
Net cash from operating, investing and financing activities	(271)	(251)
Effect of exchange rate differences on cash and cash equivalents	106	29
Restricted cash	22	20
Cash and cash equivalents of continuing operations at the end of the quarter	**2,523**	**2,642**

12. Commitments and contingencies

ICA tax claims

In 2007, the Swedish Tax Agency disallowed interest deductions by ICA Finans AB of SEK 1,795 million (€ 189 million) for the period 2001-2003. ICA appealed the decision to the County Administrative Court, which in December 2008 ruled in favor of the Tax Agency. ICA appealed the County Administrative Court's decision to the Administrative Court of Appeal, which in June 2010 published its ruling in favor of the Tax Agency. ICA has reported a tax charge of SEK 747 million (€ 78 million) in the second quarter of 2010 in accordance with the decision of the Administrative Court of Appeal. ICA has filed an appeal and request for leave to appeal to the Supreme Administrative Court on June 29, 2010. The corresponding motivation is expected to be filed on August 27, 2010.

In a separate case, the Swedish Tax Agency denied interest deductions of SEK 4,064 million (€ 428 million) made in 2004-2008 to a Dutch ICA Group company. The Tax Agency's claim amounts to SEK 1,333 million (€ 140 million) (including penalties and interest). ICA is convinced that the deductions it made complied with applicable tax laws and has appealed the Tax Agency's decision for the years 2004 – 2008 to the Swedish County Administrative Court. The claim is reported as a contingent liability.

BI-LO/Bruno's

In connection with the sale of BI-LO and Bruno's, Ahold may be contingently liable to landlords under guarantees of some 200 BI-LO or Bruno's operating or finance leases. As further described under Note 7, BI-LO exited bankruptcy in May 2010 and the Company has re-evaluated its estimate of liability.

A comprehensive overview of commitments and contingencies as of January 3, 2010 is included in Note 34 to Ahold's 2009 consolidated financial statements, which were published as part of Ahold's Annual Report on March 11, 2010.

Use of non-GAAP financial measures

This interim report includes the following non-GAAP financial measures:

- Net sales at constant exchange rates. Net sales at constant exchange rates exclude the impact of using different currency exchange rates to translate the financial information of Ahold subsidiaries or joint ventures to euros. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries or joint ventures.
- Net sales in local currency. In certain instances, net sales are presented in local currency. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries.
- Identical sales, excluding gasoline net sales. Because gasoline prices have experienced greater volatility than food prices, Ahold's management believes that by excluding gasoline net sales, this measure provides a better insight into the growth of its identical store sales.
- Underlying retail operating income. Total retail operating income, adjusted for impairment of non-current assets, gains and losses on the sale of assets and restructuring and related charges. Ahold's management believes this measure provides better insight into underlying operating performance of Ahold's retail operations.

The reconciliation from the underlying retail operating income per segment to the retail operating income per segment is as follows for Q2 2010 and Q2 2009 and for the first half of 2010 and 2009, respectively:

(€ million)	Underlying operating income Q2 2010	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income Q2 2010
Ahold USA	213	3	5	(4)	217
The Netherlands	158	-	1	-	159
Other Europe	1	-	1	(2)	-
Ahold Europe	159	-	2	(2)	159
Total retail	**372**	**3**	**7**	**(6)**	**376**

(€ million)	Underlying operating income Q2 2009	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income Q2 2009
Ahold USA	183	(5)	-	3	181
The Netherlands	152	(2)	-	-	150
Other Europe	(19)	(1)	-	(5)	(25)
Ahold Europe	133	(3)	-	(5)	125
Total retail	**316**	**(8)**	**-**	**(2)**	**306**

(€ million)	Underlying operating income HY 2010	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income HY 2010
Ahold USA	427	3	5	(3)	432
The Netherlands	373	(1)	1	-	373
Other Europe	3	(1)	2	(4)	-
Ahold Europe	376	(2)	3	(4)	373
Total retail	**803**	**1**	**8**	**(7)**	**805**

(€ million)	Underlying operating income HY 2009	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income HY 2009
Ahold USA	422	(6)	-	4	420
The Netherlands	339	(4)	4	-	339
Other Europe	(21)	(8)	-	(10)	(39)
Ahold Europe	318	(12)	4	(10)	300
Total retail	**740**	**(18)**	**4**	**(6)**	**720**

- Operating income in local currency. In certain instances operating income is presented in local currency. Ahold's management believes this measure provides better insight into the operating performance of Ahold's foreign subsidiaries.

- Earnings before interest, taxes, depreciation and amortization. EBITDA is net income before net financial expense, income taxes, depreciation and amortization. EBITDA is commonly used by investors to analyze profitability between companies and industries by eliminating the effects of financing (i.e., net financial expense) and capital investments (i.e., depreciation and amortization).

The reconciliation from EBITDA per segment to operating income per segment is as follows for Q2 2010 and Q2 2009 and for the first half of 2010 and 2009, respectively:

(€ million)	EBITDA Q2 2010	Depreciation and amortization	Operating income Q2 2010	EBITDA Q2 2009	Depreciation and amortization	Operating income Q2 2009
Ahold USA	345	(128)	217	295	(114)	181
The Netherlands	209	(50)	159	194	(44)	150
Other Europe	12	(12)	-	(13)	(12)	(25)
Ahold Europe	221	(62)	159	181	(56)	125
Corporate Center	(29)	-	(29)	(11)	-	(11)
Total	**537**	**(190)**	**347**	**465**	**(170)**	**295**

(€ million)	EBITDA HY 2010	Depreciation and amortization	Operating income HY 2010	EBITDA HY 2009	Depreciation and amortization	Operating income HY 2009
Ahold USA	712	(280)	432	692	(272)	420
The Netherlands	485	(112)	373	441	(102)	339
Other Europe	27	(27)	-	(12)	(27)	(39)
Ahold Europe	512	(139)	373	429	(129)	300
Corporate Center	(49)	-	(49)	(29)	-	(29)
Total	**1,175**	**(419)**	**756**	**1,092**	**(401)**	**691**

- Free cash flow. Operating cash flows from continuing operations minus net capital expenditures minus net interest paid plus dividends received. Ahold's management believes this measure is useful because it provides insight into the cash flow available to, among other things, reduce debt and pay dividends.

- Net debt. Net debt is the difference between (i) the sum of long-term debt and short-term debt (i.e., gross debt) and (ii) cash, cash equivalents and short-term deposits. In management's view, because cash, cash equivalents and short-term deposits can be used, among other things, to repay indebtedness, netting this against gross debt is a useful measure for investors to judge Ahold's leverage. Net debt may include certain cash items that are not readily available for repaying debt.

Management believes that these non-GAAP financial measures allow for a better understanding of Ahold's operating and financial performance. These non-GAAP financial measures should be considered in addition to, but not as substitutes for, the most directly comparable IFRS measures.

Financial calendar

Ahold's financial year consists of 52 or 53 weeks and ends on the Sunday nearest to December 31.

Ahold's 2010 financial year consists of 52 weeks and ends on January 2, 2011. The quarters in 2010 are:

First Quarter (16 weeks)	January 4 through April 25, 2010
Second Quarter (12 weeks)	April 26 through July 18, 2010
Third Quarter (12 weeks)	July 19 through October 10, 2010
Fourth Quarter (12 weeks)	October 11, 2010 through January 2, 2011

Ahold Finance U.S.A., LLC

The interim report half year 2010 of Ahold's wholly owned subsidiary Ahold Finance U.S.A., LLC is available at www.ahold.com.

Ahold Interim Report

This Ahold 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.

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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 Ahold's market share and volumes and Ahold's contingent liability related to ICA tax claims and BI-LO and Bruno´s leases. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Ahold'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, Ahold's ability to implement and complete successfully its plans and strategies, the benefits from and resources generated by Ahold's plans and strategies being less than or different from those anticipated, changes in Ahold's liquidity needs, the actions of competitors and third parties and other factors discussed in Ahold's public filings and other 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. Ahold does not assume any obligation to update any public information or forward-looking statements in this interim report to reflect subsequent events or circumstances, except as may be required by securities laws. Outside the Netherlands, Koninklijke Ahold N.V., being its registered name, presents itself under the name of "Royal Ahold" or simply "Ahold".