

Highlights

- Sales up 10.8% to €6.7 billion (up 4.6% at constant exchange rates)
- Operating income up 7.5% to €285 million
- Net income €223 million
- Underlying retail operating margin 4.7%

Amsterdam, the Netherlands – Ahold today published its interim report for the third quarter of 2010. CEO John Rishton said: “In an environment that remains challenging, we delivered another quarter of solid results. Sales were up 10.8%, we delivered positive identical sales growth in the United States and in Europe, operating income increased by 7.5% and we grew volumes and market share in the United States and the Netherlands. We will continue to invest to deliver value to our customers while balancing sales and margins.”

Group performance

(€ million)	Q3 2010	Q3 2009*	% change	Q3 YTD 2010	Q3 YTD 2009*	% change
Net sales	6,692	6,040	10.8%	22,555	21,124	6.8%
Operating income	285	265	7.5%	1,041	956	8.9%
Income from continuing operations	239	246	(2.8)%	694	699	(0.7)%
Net income	223	244	(8.6)%	699	628	11.3%

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

** At constant exchange rates, net sales increased by 4.6% in Q3 2010 (Q3 YTD 2010: 4.1%).

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GIANT FOOD HYPERNOVA ICA MARTIN'S PEAPOD STOP&SHOP
BETTER CHOICE. BETTER VALUE. BETTER LIFE. EVERY DAY.

Third quarter 2010 (compared to third quarter 2009)

Net sales were €6.7 billion, up 10.8%. At constant exchange rates, net sales increased by 4.6%, positively impacted by business acquisitions in the first quarter of 2010.

Operating income was €285 million, up 7.5%. Retail operating income increased by €18 million (6.2%) to €307 million. Underlying retail operating margin was 4.7%, impacted by Ukrop's as well as reorganization and IT integration costs in the United States. Corporate Center costs were €22 million for the quarter, down €2 million from Q3 2009. Excluding the impact of the Company's insurance activities, Corporate Center costs were €17 million, €2 million lower.

Income from continuing operations decreased by 2.8% to €239 million. A higher operating income, lower net financial expense and higher share in income of joint ventures were more than offset by higher income taxes. Income taxes in Q3 2009 were positively impacted by the recognition of €36 million of U.S. deferred tax assets arising from net operating losses carried over from previous years.

Net income of €223 million, which includes €16 million of charges related to past divestments, was down €21 million compared to last year.

Free cash flow was €159 million, €190 million better than last year, mainly due to higher operating cash flows from continuing operations of €195 million.

Net debt decreased by €92 million during the quarter to €846 million mainly due to the positive free cash flow of €159 million and a beneficial currency impact of €72 million, which were partly offset by the share buyback of €123 million.

First three quarters 2010 (compared to first three quarters 2009)

Net sales were €22.6 billion, up 6.8%. At constant exchange rates, net sales increased by 4.1%.

Operating income was €1.0 billion, up 8.9%. Retail operating income increased by €103 million (10.2%) to €1.1 billion. Underlying retail operating margin was 5.0%. Corporate Center costs were €71 million, up €18 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were €58 million, unchanged from last year.

Income from continuing operations decreased by 0.7% to €694 million. A higher operating income and lower net financial expense were more than offset by higher income taxes and lower share in income of joint ventures.

Net income was €699 million, up €71 million. The change in the result from discontinued operations is primarily due to year-over-year changes in Ahold's net provision for losses under lease guarantees related to its former subsidiaries BI-LO and Bruno's. During the first three quarters of 2010, income from discontinued operations reflected a decrease in this provision 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 €775 million, €304 million better than last year, mainly due to higher operating cash flows from continuing operations of €308 million, higher dividends from joint ventures of €41 million and lower interest payments of €27 million partly offset by higher capital expenditures of €74 million.

Net debt increased by €129 million during the first three quarters of the year. The positive free cash flow of €775 million was more than offset by net cash paid on business acquisitions of €158 million, additional finance lease liabilities of €78 million (mainly resulting from business acquisitions), dividends paid on common shares of €272 million, the share buyback of €262 million and a currency impact of €98 million.

Performance by segment

Ahold USA

For the third quarter, net sales were \$5.3 billion, up 4.8%, partly due to business acquisitions, mainly Ukrop's stores (\$114 million). Identical sales were up 1.0% (up 0.6% excluding gasoline). Operating income was \$196 million (or 3.7% of net sales), down \$38 million. Included in operating income were \$10 million of restructuring and related charges, losses of \$11 million relating to the newly acquired Ukrop's stores and \$9 million of reorganization and IT integration costs. Operating income last year included real estate impairments of \$10 million, a \$32 million release of insurance provisions and a multi-employer pension plan withdrawal charge of \$9 million.

Year-to-date, net sales were \$17.9 billion, up 4.8%, partly due to business acquisitions, mainly Ukrop's stores (\$333 million). Identical sales were up 1.4% (up 0.3% excluding gasoline). Operating income was \$761 million (or 4.2% of net sales), down \$34 million. Significant items affecting operating income, as discussed under Note 3 to the interim financial statements, totalled to a net charge of \$60 million versus a net charge of \$6 million a year ago.

The Netherlands

For the third quarter, net sales increased 5.8% to €2.2 billion. Identical sales were up 4.5%. Operating income of €156 million (or 7.0% of net sales) was up €9 million compared to last year.

Year-to-date, net sales increased 4.5% to €7.7 billion. Identical sales were up 3.5%. Operating income of €529 million (or 6.9% of net sales) was up €43 million compared to last year. Significant items affecting operating income, as discussed under Note 3 to the interim financial statements, totalled to a net benefit of €17 million in the first three quarters of 2010 (2009: nil).

Other Europe (Czech Republic and Slovakia)

For the third quarter, net sales decreased 1.6% to €372 million. At constant exchange rates, net sales were down 4.3%, impacted by store closures and downsizings as part of the restructuring program implemented in 2009. Identical sales increased 0.8% (1.6% excluding gasoline). Operating income for the quarter was €2 million compared to a loss of €21 million in Q3 2009. Included in Q3 2009 operating income were impairment and restructuring charges of €8 million, mainly for the closure of underperforming stores and downsizing of large hypermarkets in the Czech Republic, and one-off net costs of €3 million related to the rebranding of Hypernova hypermarkets to the Albert brand.

Year-to-date, net sales decreased 1.6% (5.4% at constant exchange rates) to €1.2 billion. Identical sales decreased 0.4% (0.6% excluding gasoline). Operating income was €2 million compared to a loss of €60 million last year. Significant items affecting operating income, as discussed under Note 3 to the interim financial statements, totalled to a net charge of €3 million versus a net charge of €37 million last year.

Other retail (Unconsolidated joint ventures)

For the third quarter, Ahold's share in income of joint ventures was €52 million, up €12 million compared to Q3 2009, due to better results of both ICA and JMR. Year-to-date, Ahold's share in income of joint ventures was down €7 million to €60 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 ICA was €89 million in the first three quarters of 2010 compared to €55 million in 2009.

Other financial and operating information

Identical¹/comparable² sales growth (% year over year)

	Q3 2010 identical	Q3 2010 identical excluding gasoline	Q3 2010 comparable	Q3 YTD 2010 identical	Q3 YTD 2010 identical excluding gasoline	Q3 YTD 2010 comparable
Ahold USA	1.0%	0.6%	1.3%	1.4%	0.3%	1.9%
The Netherlands	4.5%	4.5%		3.5%	3.5%	
Other Europe	0.8%	1.6%		(0.4)%	(0.6)%	

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.

	Q3 2010	Q3 2009	Q3 YTD 2010	Q3 YTD 2009
Ahold USA	3.7%	4.6%	4.2%	4.6%
The Netherlands	7.0%	6.9%	6.9%	6.6%
Other Europe	0.5%	(5.6)%	0.2%	(4.8)%
Ahold Europe	6.0%	5.0%	6.0%	5.0%
Total retail	4.6%	4.8%	4.9%	4.8%

Underlying retail operating income¹

	Q3 2010	Q3 2009	% change	Q3 YTD 2010	Q3 YTD 2009	% change
\$ million						
Ahold USA	203	244	(16.8)%	763	809	(5.7)%
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.7655	0.6969	9.8%	0.7607	0.7323	3.9%
€ million						
Ahold USA	156	171	(8.8)%	583	593	(1.7)%
The Netherlands	158	147	7.5%	531	486	9.3%
Other Europe	2	(13)	n/m	5	(34)	n/m
Ahold Europe	160	134	19.4%	536	452	18.6%
Total retail	316	305	3.6%	1,119	1,045	7.1%

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.

	Q3 2010	Q3 2009	Q3 YTD 2010	Q3 YTD 2009
Ahold USA	3.8%	4.8%	4.3%	4.7%
The Netherlands	7.0%	6.9%	6.9%	6.6%
Other Europe	0.5%	(3.4)%	0.4%	(2.7)%
Ahold Europe	6.1%	5.4%	6.0%	5.3%
Total retail	4.7%	5.0%	5.0%	4.9%

Store portfolio¹

	End of 2009	Opened/ acquired	Closed/ sold	End of Q3 2010	End of Q3 2009
Ahold USA	713	35	(2)	746	716
The Netherlands ²	1,892	30	(12)	1,910	1,872
Other Europe	304	1	(2)	303	305
Ahold Europe	2,196	31	(14)	2,213	2,177
Total retail	2,909	66	(16)	2,959	2,893

1. Including franchise stores.

2. The number of stores at the end of Q3 2010 includes 1,069 specialty stores (Etos and Gall & Gall).

EBITDA¹

(€ million)	Q3 2010	Q3 2009*	% change	Q3 YTD 2010	Q3 YTD 2009*	% change
Ahold USA	271	271	-	984	963	2.2%
The Netherlands	203	193	5.2%	688	634	8.5%
Other Europe	13	(9)	n/m	40	(21)	n/m
Ahold Europe	216	184	17.4%	728	613	18.8%
Corporate Center	(21)	(23)	8.7%	(70)	(52)	(34.6)%
	466	432	7.9%	1,642	1,524	7.7%
Share in income of joint ventures	52	40	30.0%	60	67	(10.4)%
Income (loss) from discontinued operations	(16)	(2)	n/m	5	(71)	n/m
Total EBITDA	502	470	6.8%	1,707	1,520	12.3%

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 flow¹

(€ million)	Q3 2010	Q3 2009*	Q3 YTD 2010	Q3 YTD 2009*
Operating cash flows from continuing operations	379	184	1,482	1,174
Purchase of non-current assets	(181)	(161)	(622)	(548)
Divestments of assets/disposal groups held for sale	2	-	27	8
Dividends from joint ventures	1	1	108	67
Interest received	3	4	12	29
Interest paid	(45)	(59)	(232)	(259)
Free cash flow	159	(31)	775	471

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)	October 10, 2010	July 18, 2010	January 3, 2010
Loans	1,790	1,883	1,753
Finance lease liabilities	1,048	1,130	992
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	3,335	3,510	3,242
Short-term borrowings and current portion of long-term debt	122	127	458
Gross debt	3,457	3,637	3,700
Less: cash and cash equivalents and short term deposits ¹	2,611	2,699	2,983
Net debt	846	938	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 €122 million, €142 million and €159 million as of October 10, 2010, July 18, 2010 and January 3, 2010, respectively.

Consolidated interim income statement

(unaudited)

(€ million, except per share data)	Note	Q3 2010	Q3 2009*	Q3 YTD 2010	Q3 YTD 2009*
Net sales	3	6,692	6,040	22,555	21,124
Cost of sales	4	(4,888)	(4,399)	(16,482)	(15,372)
Gross profit		1,804	1,641	6,073	5,752
Selling expenses		(1,317)	(1,203)	(4,381)	(4,186)
General and administrative expenses		(202)	(173)	(651)	(610)
Total operating expenses	4	(1,519)	(1,376)	(5,032)	(4,796)
Operating income	3	285	265	1,041	956
Interest income		3	4	14	23
Interest expense		(60)	(69)	(223)	(249)
Other financial income		9	7	22	13
Net financial expense		(48)	(58)	(187)	(213)
Income before income taxes		237	207	854	743
Income taxes	5	(50)	(1)	(220)	(111)
Share in income of joint ventures	6	52	40	60	67
Income from continuing operations		239	246	694	699
Income (loss) from discontinued operations	7	(16)	(2)	5	(71)
Net income attributable to common shareholders		223	244	699	628
Net income per share attributable to common shareholders:					
basic		0.19	0.21	0.60	0.53
diluted		0.19	0.20	0.58	0.52
Income from continuing operations per share attributable to common shareholders:					
basic		0.21	0.21	0.59	0.59
diluted		0.20	0.20	0.58	0.58
Weighted average number of common shares outstanding (in millions):					
basic		1,164	1,181	1,175	1,180
diluted		1,229	1,250	1,239	1,249
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7655	0.6969	0.7607	0.7323

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

Consolidated interim statement of comprehensive income

(unaudited)

(€ million)	Q3 2010	Q3 2009*	Q3 YTD 2010	Q3 YTD 2009*
Net income	223	244	699	628
Currency translation differences in foreign interests:				
Currency translation differences before tax	(181)	(55)	176	(30)
Income taxes	-	(1)	(1)	(1)
Cash flow hedges:				
Cash flow hedges before tax	(27)	(7)	(64)	13
Income taxes	6	2	15	(3)
Share of other comprehensive income of joint ventures, net of income tax	(23)	(14)	(58)	2
Other comprehensive income (loss)	(225)	(75)	68	(19)
Total comprehensive income attributable to common shareholders	(2)	169	767	609

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

Consolidated interim balance sheet

(unaudited)

(€ million)	Note	October 10, 2010	January 3, 2010
Assets			
Property, plant and equipment		5,654	5,407
Investment property		554	531
Intangible assets		739	619
Investments in joint ventures		1,063	1,066
Other non-current financial assets		810	750
Deferred tax assets		373	429
Other non-current assets		24	26
Total non-current assets		9,217	8,828
Assets held for sale		27	10
Inventories		1,264	1,209
Receivables		702	700
Other current financial assets		193	310
Income taxes receivable		12	13
Other current assets		144	175
Cash and cash equivalents	11	2,436	2,688
Total current assets		4,778	5,105
Total assets		13,995	13,933
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7172	0.6980

Consolidated interim balance sheet – continued

(unaudited)

(€million)	Note	October 10, 2010	January 3, 2010
Equity and liabilities			
Equity attributable to common shareholders	9	5,705	5,440
Loans	10	1,790	1,753
Other non-current financial liabilities		1,752	1,660
Pensions and other post-employment benefits		87	96
Deferred tax liabilities		192	173
Provisions		566	584
Other non-current liabilities		215	202
Total non-current liabilities		4,602	4,468
Liabilities related to assets held for sale		20	-
Accounts payable		2,139	2,137
Other current financial liabilities	10	208	564
Income taxes payable		185	141
Provisions		159	152
Other current liabilities		977	1,031
Total current liabilities		3,688	4,025
Total equity and liabilities		13,995	13,933
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7172	0.6980

Consolidated interim statement of changes in equity

(unaudited)

	Share capital	Additional paid-in capital	Legal reserves			Accumulated deficit	Equity attributable to common shareholders
			Currency translation reserve	Cash flow hedging reserve	Other legal reserves		
(€ million)							
Balance as of December 28, 2008*	358	9,916	(651)	(62)	402	(5,276)	4,687
Dividends	-	-	-	-	-	(212)	(212)
Total comprehensive income	-	-	(21)	3	(1)	628	609
Share-based payments	-	-	-	-	-	29	29
Change in other legal reserves	-	-	-	-	4	(4)	-
Balance as of October 5, 2009*	358	9,916	(672)	(59)	405	(4,835)	5,113
Balance as of January 3, 2010	358	9,916	(632)	(48)	444	(4,598)	5,440
Dividends	-	-	-	-	-	(272)	(272)
Total comprehensive income	-	-	123	(54)	(1)	699	767
Share buyback	-	-	-	-	-	(262)	(262)
Share-based payments	-	-	-	-	-	32	32
Change in other legal reserves	-	-	-	-	(44)	44	-
Balance as of October 10, 2010	358	9,916	(509)	(102)	399	(4,357)	5,705

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

Consolidated interim statement of cash flows

(unaudited)

(€ million)	Note	Q3 2010	Q3 2009*	Q3 YTD 2010	Q3 YTD 2009*
Operating income		285	265	1,041	956
Adjustments for:					
Depreciation, amortization and impairments		184	178	603	597
Gains on the sale of assets/disposal groups held for sale		(2)	-	(10)	(4)
Share-based compensation expenses		9	7	25	21
Operating cash flows before changes in operating assets and liabilities		476	450	1,659	1,570
Changes in working capital:					
Changes in inventories		10	-	(8)	100
Changes in receivables and other current assets		(28)	(39)	107	24
Changes in payables and other current liabilities		(56)	(86)	(132)	(370)
Changes in non-current assets and liabilities		(6)	(119)	(58)	(142)
Cash generated from operations		396	206	1,568	1,182
Income taxes (paid) received - net		(17)	(22)	(86)	(8)
Operating cash flows from continuing operations		379	184	1,482	1,174
Operating cash flows from discontinued operations		(1)	(8)	(8)	(14)
Net cash from operating activities		378	176	1,474	1,160
Purchase of non-current assets		(181)	(161)	(622)	(548)
Divestments of assets/disposal groups held for sale		2	-	27	8
Acquisition of businesses, net of cash acquired		-	-	(158)	(4)
Divestment of businesses, net of cash divested		(25)	(2)	(30)	(6)
Changes in short-term deposits		-	-	133	-
Dividends from joint ventures		1	1	108	67
Interest received		3	4	12	29
Issuance of loans receivable		(2)	-	(198)	(3)
Repayments of loans receivable		5	-	210	1
Other		2	-	-	-
Investing cash flows from continuing operations		(195)	(158)	(518)	(456)
Investing cash flows from discontinued operations		-	(2)	-	(1)
Net cash from investing activities		(195)	(160)	(518)	(457)
Interest paid		(45)	(59)	(232)	(259)
Repayments of loans	10	(3)	(2)	(416)	(521)
Repayments of finance lease liabilities		(13)	(10)	(42)	(35)
Changes in short-term loans		-	5	2	27
Dividends paid on common shares	9	-	-	(272)	(212)
Share buyback	9	(123)	-	(262)	-
Other		(9)	(9)	(13)	(11)
Financing cash flows from continuing operations		(193)	(75)	(1,235)	(1,011)
Financing cash flows from discontinued operations		(1)	(1)	(3)	(3)
Net cash from financing activities		(194)	(76)	(1,238)	(1,014)
Net cash from operating, investing and financing activities	11	(11)	(60)	(282)	(311)
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7655	0.6969	0.7607	0.7323

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

For the reconciliation between the statement of cash flows and the cash and cash equivalents as presented on 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 third quarter of 2010 and 2009 comprise 12 weeks and first three quarters of these years comprise 40 weeks. 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 starting 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 starting 2010. No recycling out of the currency translation reserve has taken place in the first three quarters 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 Q3 2009, this amendment has resulted in an increase in net income of €6 million (Q3 YTD 2009: a decrease of €1 million); this was due to an increase in share in income of joint ventures of €7 million (Q3 YTD 2009: €12 million), and a decrease in income from discontinued operations of €1 million (Q3 YTD 2009: €16 million). For Q3 YTD 2009 there was also an increase in interest income of €1 million (Q3 2009: nil) and a decrease in income taxes of €2 million (Q3 2009: nil). 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
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:

	Q3 2010	Q3 2009	% change	Q3 YTD 2010	Q3 YTD 2009	% change
<i>\$ million</i>						
Ahold USA	5,325	5,082	4.8%	17,914	17,100	4.8%
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.7655	0.6969	9.8%	0.7607	0.7323	3.9%
<i>€ million</i>						
Ahold USA	4,077	3,542	15.1%	13,639	12,520	8.9%
The Netherlands	2,243	2,120	5.8%	7,684	7,352	4.5%
Other Europe	372	378	(1.6)%	1,232	1,252	(1.6)%
Ahold Europe	2,615	2,498	4.7%	8,916	8,604	3.6%
Ahold Group	6,692	6,040	10.8%	22,555	21,124	6.8%

The combined net sales of Ahold's unconsolidated joint ventures ICA and JMR amounted to €3,307 million and €2,960 million for Q3 2010 and Q3 2009, respectively (Q3 YTD 2010: €9,412 million and Q3 YTD 2009: €8,547 million).

Operating income

Operating income (loss) per segment is as follows:

	Q3 2010	Q3 2009	% change	Q3 YTD 2010	Q3 YTD 2009	% change
\$ million						
Ahold USA	196	234	(16.2)%	761	795	(4.3)%
Average U.S. dollar exchange rate (euro per U.S. dollar)	0.7655	0.6969	9.8%	0.7607	0.7323	3.9%
€ million						
Ahold USA	149	163	(8.6)%	581	583	(0.3)%
The Netherlands	156	147	6.1%	529	486	8.8%
Other Europe	2	(21)	n/m	2	(60)	n/m
Ahold Europe	158	126	25.4%	531	426	24.6%
Corporate Center	(22)	(24)	8.3%	(71)	(53)	(34.0)%
Ahold Group	285	265	7.5%	1,041	956	8.9%

Ahold USA

Included in the Q3 2010 operating income were \$10 million (€8 million) of restructuring and related charges. Furthermore, losses of \$11 million (€8 million) relating to the newly acquired Ukrop's stores and \$9 million (€7 million) of reorganization and IT integration costs negatively impacted the operating income in the quarter.

Operating income in the first three quarters of 2010 included \$14 million (€11 million) of restructuring and related charges, which were almost offset by impairment reversals of \$3 million (€3 million) and gains on sale of assets of \$9 million (€6 million). Furthermore, other significant items impacting the operating income the first three quarters of 2010 were losses of \$43 million (€33 million) relating to the newly acquired Ukrop's stores, \$23 million (€18 million) of reorganization and IT integration costs and a \$12 million (€9 million) charge resulting from the alignment of inventory valuation across the newly formed U.S. divisions. A \$20 million (€16 million) release of insurance provisions was a partial offset.

Operating income in Q3 2009 included real estate impairments of \$10 million (€7 million). Furthermore, operating income was positively impacted by a \$32 million (€22 million) release of insurance provisions, partly offset by a \$9 million (€6 million) multi-employer pension plan withdrawal charge.

For the first three quarters of 2009, operating income included impairments of \$18 million (€13 million), mainly related to the Q3 2009 real estate impairments and the closing of a number of in-store Starbucks locations, and a \$4 million (€3 million) reversal of a restructuring and related expense. Furthermore, operating income included a non-recurring rent charge of \$15 million (€11 million) resulting from an adjustment of step rents on operating leases related to the years 2006 to 2008 and a \$9 million (€6 million) multi-employer pension plan withdrawal charge. These were largely offset by a \$32 million (€22 million) release of insurance provisions.

The Netherlands

Operating income in the first three quarters of 2010 included €4 million of impairments, partly offset by €2 million of gains on sale of assets. Furthermore, operating income was positively impacted by 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.

Operating income in the first three quarters of 2009 included €4 million of impairments, offset by €4 million of gains on sale of assets.

Other Europe

Included in the first three quarters of 2010 operating income were restructuring and related charges of €4 million (Q3 2010: nil), gains on sale of assets of €2 million and impairments of €1 million.

Operating income in Q3 2009 included restructuring charges of €4 million (Q3 YTD: €14 million), mainly for the closure of underperforming stores and downsizing of large hypermarkets in the Czech Republic. Out of €4 million impairment losses for Q3 2009 (Q3 YTD: €12 million), €2 million (Q3 YTD: €5 million) were related to stores closed and downsized under the restructuring program. Q3 2009 included one-off net rebranding costs of €3 million (Q3 YTD: €11 million).

Corporate Center

Compared to the same period last year, Corporate Center costs for Q3 2010 were down €2 million (Q3 YTD: up €18 million). Excluding the impact of the Company's insurance activities, Corporate Center costs were €17 million (Q3 YTD: €58 million), €2 million lower (Q3 YTD: unchanged).

4. Expenses by nature

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

(€ million)	Q3 2010	Q3 2009	Q3 YTD 2010	Q3 YTD 2009
Cost of product	4,639	4,188	15,644	14,647
Employee benefit expenses	938	810	3,127	2,870
Other store expenses	383	385	1,273	1,294
Depreciation and amortization	181	167	601	568
Rent (income) expenses - net	111	108	367	374
Impairment losses and reversals - net	3	11	2	29
Gains on the sale of assets - net	(2)	-	(10)	(4)
Other expenses	154	106	510	390
Total	6,407	5,775	21,514	20,168

5. Income taxes

Income taxes increased by €49 million in Q3 2010 compared to the same period last year. This is primarily driven by the recognition in 2009 of deferred tax assets arising from net operating losses carried over from previous years that lowered tax expense.

Year to date, income taxes increased by €109 million over last year. This increase is mainly due to one-time tax charges for true-ups of deferred tax balances in 2010 and one-time tax benefits in the 2009 tax expense arising from the release of contingency reserves and recognition of deferred tax assets arising from net operating losses carried over from previous years.

6. Share in income of joint ventures

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

(€ million)	Q3 2010	Q3 2009*	Q3 YTD 2010	Q3 YTD 2009*
ICA	40	33	42	55
JMR	12	7	17	12
Other	-	-	1	-
Total	52	40	60	67

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

In the first half of 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:

(€ million)		Q3 2010	Q3 2009*	Q3 YTD 2010	Q3 YTD 2009*
Segments	Discontinued operations				
BI-LO/Bruno's	BI-LO and Bruno's	-	-	23	(65)
Various	Various	(16)	(2)	(18)	(6)
Results on divestments		(16)	(2)	5	(71)
Income (loss) from discontinued operations, net of income taxes		(16)	(2)	5	(71)

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

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. The net provision included within results on divestments was €62 million for the year 2009.

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 recognized a reduction of €23 million in its provision within results on divestments in the first half of 2010.

Since the end of Q2 2010, Ahold has entered into settlements with a number of landlords relating to leases of former BI-LO or Bruno's stores that are guaranteed by Ahold. At the end of Q3 2010 the remaining net provision relating to BI-LO and Bruno's is €32 million. 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.

Various

Included in various are adjustments to the result on divestments of U.S. Foodservice of €10 million (Q3 YTD 2010: €10 million) and Tops of €5 million (Q3 YTD 2010: €7 million). These are primarily related to expenses incurred under the warranties provided upon the divestment of U.S. Foodservice and for lease costs under the lease obligations retained upon the divestment of Tops.

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 \$140 million (€102 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 \$38 million (€29 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 acquired	130

The acquired stores contributed \$333 million (€256 million) to net sales, had a \$43 million (€33 million) negative impact on operating income and a \$25 million (€19 million) negative impact on net income in the period from February 8 to October 10, 2010.

Acquisition of Shaw's supermarket stores

In April 2010, Stop & Shop acquired five Shaw's supermarket stores from Supervalu. The acquired stores are located in Connecticut. The total purchase consideration was \$36 million (€26 million). Goodwill recognized amounted to \$16 million (€12 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 25,904,106 of the Company's own common shares were repurchased and delivered in the first three quarters of 2010. Shares were repurchased at an average price of €10.11 per share for a total amount of €262 million (Q3 2010: €123 million).

10. Loans

Repayments of loans amounted to €416 million for the first three quarters of 2010. 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 reconciliation between the statement of cash flows and the cash and cash equivalents as presented on the balance sheet for the first three quarters of 2010 and 2009:

(€ million)	Q3 YTD 2010	Q3 YTD 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	(282)	(311)
Effect of exchange rate differences on cash and cash equivalents	32	(22)
Restricted cash	20	20
Cash and cash equivalents of continuing operations at the end of the quarter	2,436	2,531

12. Commitments and contingencies

ICA tax claims

In 2007, the Swedish Tax Agency disallowed interest deductions by ICA Finans AB of SEK1,795 million (€195 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 SEK747 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.

In a separate case, the Swedish Tax Agency denied interest deductions of SEK 4,064 million (€444 million) made in 2004-2008 to a Dutch ICA Group company. The Tax Agency's claim amounts to SEK 1,333 million (€145 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. No provision has been taken for this claim.

DoJ settlement

The Civil Division of the U.S. Department of Justice was conducting an investigation, which Ahold believes related to certain past pricing practices of U.S. Foodservice for sales made to the U.S. government prior to the date of completion of the disposal of U.S. Foodservice (July 3, 2007). In September 2010, a settlement was reached with the Department of Justice under which U.S. Foodservice was obliged to pay an amount of \$33 million (€24 million) to the U.S. government. Ahold paid under its indemnification agreement with U.S. Foodservice an amount of \$23 million (€17 million).

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's 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 Q3 2010 and Q3 2009 and for the first three quarters of 2010 and 2009, respectively:

(€ million)	Underlying operating income Q3 2010	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income Q3 2010
Ahold USA	156	-	1	(8)	149
The Netherlands	158	(3)	1	-	156
Other Europe	2	-	-	-	2
Ahold Europe	160	(3)	1	-	158
Total retail	316	(3)	2	(8)	307

(€ million)	Underlying operating income Q3 2009	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income Q3 2009
Ahold USA	171	(7)	-	(1)	163
The Netherlands	147	-	-	-	147
Other Europe	(13)	(4)	-	(4)	(21)
Ahold Europe	134	(4)	-	(4)	126
Total retail	305	(11)	-	(5)	289

(€ million)	Underlying operating income Q3 YTD 2010	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income Q3 YTD 2010
Ahold USA	583	3	6	(11)	581
The Netherlands	531	(4)	2	-	529
Other Europe	5	(1)	2	(4)	2
Ahold Europe	536	(5)	4	(4)	531
Total retail	1,119	(2)	10	(15)	1,112

(€ million)	Underlying operating income Q3 YTD 2009	Impairment (charges)/ reversals	Gains (losses) on the sale of assets	Restructuring and related (charges)/ reversals	Operating income Q3 YTD 2009
Ahold USA	593	(13)	-	3	583
The Netherlands	486	(4)	4	-	486
Other Europe	(34)	(12)	-	(14)	(60)
Ahold Europe	452	(16)	4	(14)	426
Total retail	1,045	(29)	4	(11)	1,009

- 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 Q3 2010 and Q3 2009 and for the first three quarters of 2010 and 2009, respectively:

(€ million)	EBITDA Q3 2010	Depreciation and amortization	Operating income Q3 2010	EBITDA Q3 2009	Depreciation and amortization	Operating income Q3 2009
Ahold USA	271	(122)	149	271	(108)	163
The Netherlands	203	(47)	156	193	(46)	147
Other Europe	13	(11)	2	(9)	(12)	(21)
Ahold Europe	216	(58)	158	184	(58)	126
Corporate Center	(21)	(1)	(22)	(23)	(1)	(24)
Total	466	(181)	285	432	(167)	265

(€ million)	EBITDA Q3 YTD 2010	Depreciation and amortization	Operating income Q3 YTD 2010	EBITDA Q3 YTD 2009	Depreciation and amortization	Operating income Q3 YTD 2009
Ahold USA	984	(403)	581	963	(380)	583
The Netherlands	688	(159)	529	634	(148)	486
Other Europe	40	(38)	2	(21)	(39)	(60)
Ahold Europe	728	(197)	531	613	(187)	426
Corporate Center	(70)	(1)	(71)	(52)	(1)	(53)
Total	1,642	(601)	1,041	1,524	(568)	956

- **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

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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".