Ahold Finance U.S.A., LLC

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

AFUSA's home Member State is The Netherlands, as referred to in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*). AFUSA has issued notes under a Euro Medium Term Note program out of which the 2012 notes and the 2017 notes are in part still outstanding and are admitted to trading at Euronext Amsterdam and at the Luxembourg Stock Exchange.

This annual report is a full-year report as referred to in section 5:25c of the Dutch Financial Markets Supervision Act and comprises regulated information within the meaning of section 1:1 of this act.

Highlights

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

In July 2010, KA performed an intra-group reorganization of a part of its finance and holding activities. KA purchased AFUSA's shares from its former parent, Ahold Finance Company N.V. ("AFC"). KA became AFUSA's sole member, holding a 100% interest in the capital and profit and loss of the Company. For Dutch corporate income tax purposes AFUSA joined the fiscal unity between KA and its main Dutch subsidiaries as of July 13, 2010.

As of July 30, 2010, AFUSA has become a shareholder in a newly established Swiss intermediary holding company (Ahold International SARL ("AIS")), owning all issued and outstanding preferred shares B in the share capital of AIS representing 25% of the total issued and outstanding share capital of AIS. AFUSA obtained this investment in exchange for a loan receivable from KA of $1,290 million and by assuming a liability to KA of $87 million.

Financial performance

($ million)	2010	2009	% Change
Net financial gains (expenses)	(2)	4	(150%)
Income taxes	(5)	-	n/m
Share in income of associate	86	-	n/m
Net income	79	4	(275%)

For more information on the net financial gains (expenses), see *Note 3*.

Governance, risks and uncertainties

As a wholly owned subsidiary of KA, AFUSA benefits from the Ahold Group's corporate governance structure. KA is committed to a corporate governance structure that best suits its business and stakeholders and that complies with the relevant rules and regulations. Ahold applies the relevant principles and best practices of the Dutch Corporate Governance Code in the manner set out in the "Governance" sections of Ahold's 2010 annual report.

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

Credit risk

AFUSA's counterparties are related parties within the Ahold Group and its current outstanding obligations to third parties are fully guaranteed by KA.

Financial risk

Refer to *Note 10* for the discussion on AFUSA's financial risk management.

Taxation risk

Considering its activities, AFUSA is exposed to a number of different tax risks including, but not limited to, changes in tax laws or the interpretation of tax laws. As part of the fiscal unity between KA and its main Dutch subsidiaries for Dutch corporate income tax, AFUSA may face unforeseen tax liabilities in the future for the whole fiscal unity, which could have a material adverse effect on AFUSA's financial position, financial results and liquidity.

Declarations

The managers of AFUSA hereby declare that, to the best of their knowledge:

- The financial statements included in this annual report give a true and fair view of the assets, liabilities, financial position and profit or loss of AFUSA
- The management report included in this annual report gives a true and fair view of the position of the Company as of January 2, 2011, and of the development and performance of the business for the financial year then ended
- The management report includes a description of the principal risks and uncertainties that the Company faces

Management
Eugene Bartman (President and CEO)
Guy Thomson (Treasurer and CFO)

Ahold Press Office: +31 20 509 5291

Ahold Investor Relations: +31 20 509 5216

Cautionary notice

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

Ahold Finance U.S.A., LLC - Financial statements

Income statement

($ million)	Note	2010	2009
Net financial gains (expenses)	*3*	(2)	4
Income (loss) before income taxes		**(2)**	**4**
Income taxes	*4*	(5)	-
Share in income of associate	*5*	86	-
Net income attributable to common shareholders		**79**	**4**

Statement of comprehensive income

($ million)	2010	2009
Net income	79	4
Currency translation differences in foreign interests (before and after taxes)	35	-
Cash flow hedges:		
Fair value gains (losses) in the year	(45)	24
Transfers to net income	36	(10)
Income taxes	4	(4)
Share of other comprehensive income of associate – net of income taxes	(84)	-
Other comprehensive income (loss)	(54)	10
Total comprehensive income attributable to common shareholders	**25**	**14**

Statement of changes in equity

			Legal reserves				
($ million)	Share capital	Additional paid-in capital	Currency translation reserve	Cash flow hedging reserve	Other reserves	Retained earnings	Equity attributable to common shareholders
Balance as of Dec. 28, 2008	**-**	**216**	**-**	**(3)**	**-**	**38**	**251**
Total comprehensive income	-	-	-	10	-	4	14
Balance as of Jan. 3, 2010	**-**	**216**	**-**	**7**	**-**	**42**	**265**
Capital contribution (Note 9)	-	140	-	-	-	-	140
Total comprehensive income	-	-	(53)	(5)	4	79	25
Balance as of Jan. 2, 2011	**-**	**356**	**(53)**	**2**	**4**	**121**	**430**

Balance sheet

($ million)	Note	January 2, 2011	January 3, 2010
Assets			
Investment in associate	*5, 7*	1,414	-
Loans to related parties	*6, 7*	-	2,413
Other non-current financial assets	*7, 10*	464	479
Total non-current assets		1,878	2,892
Loans to related parties	*6, 7*	30	20
Total current assets		30	20
Total assets		**1,908**	**2,912**
Equity and liabilities			
Share capital		-	-
Additional paid-in capital	*9*	356	216
Legal reserves	*9*	(51)	7
Other reserves		4	-
Retained earnings		42	38
Net income		79	4
Shareholder’s equity		430	265
Notes payable	*8*	1,403	1,450
Deferred tax liabilities	*4*	17	14
Total non-current liabilities		1,420	1,464
Notes payable	*8*	-	503
Loans from related parties	*6, 8*	-	604
Income tax payable		6	-
Interest payable	*8*	52	76
Total current liabilities		58	1,183
Total equity and liabilities		**1,908**	**2,912**

Statement of cash flows

($ million)	2010	2009
Interest received on loans to related parties	81	160
Interest paid on loans from related parties	(7)	(22)
Interest paid on notes	(116)	(156)
Changes in loans and receivables to and from related parties	60	51
Changes in derivatives	(26)	(33)
Income taxes received	8	-
Net cash from operating activities	**-**	**-**
Net increase (decrease) in cash and cash equivalents	**-**	**-**
Cash and cash equivalents at beginning of period	**-**	**-**
Cash and cash equivalents at end of period	**-**	**-**

Notes to the financial statements

1. AFUSA and its operations

Ahold Finance U.S.A., LLC ("AFUSA" or "the Company") is a limited liability company duly organized and validly existing under the laws of Delaware (in the United States), having its statutory seat in Delaware and managed and controlled in Amsterdam, The Netherlands. AFUSA was formed on December 18, 2001 and is governed by its operating agreement, which was lastly amended and restated on June 20, 2002. Until April 24, 2002, AFUSA was known as "Ahold Finance U.S.A., Inc.". On April 24, 2002, Ahold Finance U.S.A., Inc. merged into Ahold International Finance LLC and changed its name to Ahold Finance U.S.A., LLC.

The purpose of AFUSA is to engage in financing activities and any other lawful business activity in connection with the foregoing.

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

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. Furthermore, these financial statements and the management report comply with the requirements pursuant to subsection 9, article 362, Book 2, Part 9 of the Netherlands Civil Code.

Historical cost is used as the measurement basis unless otherwise indicated.

These financial statements are presented in U.S. dollars ($).

AFUSA's financial year is a 52- or 53- week period ending on the Sunday nearest to December 31. Financial year 2010 consisted of 52 weeks and ended on January 2, 2011. The comparative financial year 2009 consisted of 53 weeks and ended on January 3, 2010.

The preparation of financial statements requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses. All assumptions, expectations and forecasts used as a basis for certain estimates within these financial statements represent good-faith assessments of AFUSA's future performance for which management believes there is a reasonable basis. They involve risks, uncertainties and other factors that could cause the Company's actual future results, performance and achievements to differ materially from those forecasted. The estimates, assumptions and judgments that management considers most critical relate to income taxes (see *Note 4*).

Significant accounting policies

There have been no significant changes in accounting policies in 2010.

Foreign currency translation

The financial statements of AFUSA are prepared in its functional currency, U.S. dollar, which is determined based on the primary economic environment in which AFUSA operates. Transactions in currencies other than the U.S. dollar are recorded at the rates of exchange prevailing at the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are translated into U.S. dollars at the then prevailing rates. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in net income for the period.

Investments in associates with a functional currency other than the U.S. dollar are translated into U.S. dollar using exchange rates prevailing at the balance sheet date. Exchange rate differences arising upon the translation of investments in associates are included in equity, in the currency translation reserve. On the disposal resulting in the loss of significant influence of an associate, the related cumulative exchange rate difference that was included in equity is transferred to the income statement. On the partial disposal that does not result in loss of significant influence of an associate, the related cumulative exchange rate difference that was included in equity is proportionately transferred to the income statement.

Income taxes

Income tax expense represents the sum of current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity. Current tax expense is based on the best estimate of taxable income for the year, using tax rates that have been enacted or substantively enacted at the balance sheet date, and adjustments for current taxes payable (receivable) for prior years. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax basis used in the computation of taxable income. Deferred tax assets and liabilities are generally recognized for all temporary differences. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized.

Deferred tax assets, including deferred tax assets for tax loss carryforward positions and tax credit carryforward positions, are recognized to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are not discounted. Deferred income tax assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to income taxes levied by the same fiscal authority. Current income tax assets and liabilities are offset in the balance sheet when there is a legally enforceable right to offset and when the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The ultimate tax effects of some transactions can be uncertain for a considerable period of time, requiring management to estimate the related current and deferred tax positions. The Company recognizes liabilities for uncertain tax positions when it is more likely than not that additional tax will be due. These liabilities are presented as current income taxes payable, except in the event that prior tax losses are being carried forward to be used to offset future taxes that will be due; in that instance the liabilities are presented as a reduction to deferred tax assets.

Investments in associates

Associates are entities over which AFUSA has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control over those policies.

Associates are accounted for using the equity method. Under the equity method, investments in associates are measured at cost and adjusted for post-acquisition changes in AFUSA's share of the net assets of the investment (net of any accumulated impairment in the value of individual investments). Where necessary, adjustments are made to the financial statements of associates to ensure consistency with the accounting policies of the Company.

Unrealized gains on transactions between AFUSA and its associates are eliminated to the extent of AFUSA's stake in these investments. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

Financial assets and liabilities

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets expire, or if the Company transfers the financial asset to another party and does not retain control or substantially all risks and rewards of the asset. Financial liabilities are derecognized when the Company's obligations specified in the contract expire or are discharged or cancelled.

At initial recognition, management classifies its financial assets as either (i) at fair value through profit or loss or (ii) loans and receivables, depending on the purpose for which the financial assets were acquired. Financial assets are initially recognized at fair value. For instruments not classified as at fair value through profit or loss, any directly attributable transaction costs are initially recognized as part of the asset value. Directly attributable transaction costs related to financial assets at fair value through profit or loss are expensed when incurred.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method, less any impairment losses. They are included in current assets, except for loans and receivables with maturities greater than 12 months after the balance sheet date.

Loans and short-term borrowings
Loans and short-term borrowings are recognized initially at fair value, net of transaction costs incurred. Loans and short-term borrowings are subsequently stated at amortized cost. Any difference between the proceeds and redemption value is recognized in the income statement over the period of the loans and short-term borrowings using the effective interest method. Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Derivative financial instruments
All derivative financial instruments are recognized initially on a settlement date basis and subsequently remeasured at fair value. Gains and losses resulting from the fair value remeasurement are recognized in the income statement as fair value gains (losses) on financial instruments, unless the derivative qualifies and is effective as a hedging instrument in a designated hedging relationship. In order for a derivative financial instrument to qualify as a hedging instrument for accounting purposes, the Company must document (i) at the inception of the transaction the relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions and (ii) its assessment, both at hedge inception and on an ongoing basis, of whether the derivative that is used in the hedging transaction is highly effective in offsetting changes in fair values or cash flows of hedged items. Derivatives are classified as held for trading unless they are designated as hedges. Derivatives that are designated as hedges are accounted for as either cash flow hedges or fair value hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized initially in the cash flow hedging reserve, a separate component of equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts accumulated in equity are reclassified into the income statement in the same period in which the related exposure impacts the income statement. When a cash flow hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss existing in equity is immediately recognized in the income statement.

The Company does not have any derivative instruments that are designated as fair value hedges for accounting purposes.

Equity
Equity instruments issued by the Company are recorded at the value of proceeds received.

New accounting policies not yet effective for 2010
In 2010 and 2009, the International Accounting Standards Board (IASB) issued several Standards, or revisions thereto, and Interpretations that have been endorsed by the European Union, but are not yet effective for 2010. The Company does not expect that these will have a significant impact on its financial statements.

3. Net financial gains (expenses)

($ million)	2010	2009
Interest income	82	160
Interest expense	(99)	(166)
Gain (loss) on foreign exchange	17	(38)
Fair value gains (losses) on financial instruments	(2)	59
Other financial expense	-	(11)
Net financial gains (expenses)	**(2)**	**4**

Interest income and interest expense primarily relate to financial assets and financial liabilities measured at amortized cost (mainly loans to and from related parties and notes).

The decrease in interest income relates to the intra-group reorganization performed by KA as of July 30, 2010 (see *Note 5*).
The decrease in interest expense is due to the combination of the intra-group reorganization and the redemption of $503 million of notes in July 2010 (see *Note 5, 8*).

The gain (loss) on foreign exchange in both 2010 and 2009 mainly results from foreign exchange translation on the GBP 250 million notes and from a release of an unrealized gain of $2 million to the income statement related to an ineffective portion of the €407 million swap.

Fair value gains (losses) on financial instruments mainly include fair value changes in swaps related to the GBP 250 million notes. These swaps do not qualify for hedge accounting treatment. For more information on financial instruments, see *Note 10*.

Other financial expense in 2009 primarily included a loss of $10 million incurred on the buyback of certain notes. For more information, see *Note 8*.

4. Income taxes

Income taxes
For Dutch corporate income tax purposes AFUSA joined the fiscal unity between KA and its main Dutch subsidiaries as of July 13, 2010. As a consequence, AFUSA has become jointly and severally liable for the Dutch corporate income tax liabilities of the fiscal unity. The following table specifies the current and deferred tax components of income taxes in the income statement:

($ million)	2010	2009
Total current tax expense	2	-
Total deferred tax expense	(7)	-
Total income taxes	**(5)**	**-**

Effective income tax rate
AFUSA's management moved from the United States to the Netherlands on January 1, 2008 and, therefore, AFUSA became a Dutch resident tax payer as of that date. AFUSA's effective tax rates in the income statement differed from the statutory income tax rate of the Netherlands of 25.5% in both 2010 and 2009. The following table reconciles these statutory income tax rates with the effective tax rates in the income statement:

	2010		2009	
	$ million	%	$ million	%
Income before income taxes	(2)		4	
Income tax expense at statutory tax rates	1	25.5%	(1)	25.5%
Adjustments to arrive at effective income tax rates:				
Financing and related costs	(7)	n/m	1	n/m
Deferred tax income (expense) due to changes in tax rates	1	n/m	-	n/m
Total income taxes	**(5)**	**n/m**	**-**	**n/m**

Deferred income tax

The significant components and annual movements of deferred income tax assets and liabilities as of January 2, 2011 and January 3, 2010 are as follows:

($ million)	December 28, 2008	Recognized in income statement	Recognized directly in equity	January 3, 2010	Recognized in income statement	Recognized directly in equity	January 2, 2011
Tax losses and tax credits	1	4	-	5	(5)	-	-
Total net deferred tax asset position	1	4	-	5	(5)	-	-
Derivatives	(7)	(5)	(4)	(16)	(4)	4	(16)
Other	(4)	1	-	(3)	2	-	(1)
Total deferred tax liabilities	(11)	(4)	(4)	(19)	(2)	4	(17)
Net deferred tax assets / (liabilities)	**(10)**	**-**	**(4)**	**(14)**	**(7)**	**4**	**(17)**

Operating loss carryforwards available as per January 3, 2010 amounted to $20 million. As per January 2, 2011, AFUSA utilized all of its operating loss carryforwards.

5. Investment in associate

As of July 30, 2010, AFUSA became a shareholder in a newly established Swiss intermediary holding company (Ahold International SARL (“AIS”)). AFUSA owns all issued and outstanding preferred shares type B in the share capital of AIS representing 25% of the total issued and outstanding share capital of AIS. Preferred shares type B provide preferences in distribution of the first $72 million dividends.

AFUSA obtained this investment in exchange for a loan receivable from KA of $1,290 million and by assuming a liability to KA of $87 million. This acquisition was deemed to be a transaction between entities under common control, as part of the Ahold Group's reorganization. Consequently, AFUSA assumed the assets and liabilities transferred at their carrying amounts (excluding accumulated income for the year) without recognizing any goodwill. AFUSA has shared in the income of the subsidiaries of AIS as from January 3, 2010.

On December 31, 2010 KA made an additional contribution in kind to the non-stipulated share premium reserve A of AIS in the amount of €886 million. AFUSA is not entitled to the share premium reserve A of AIS.

The movements in the investment in AIS in 2010 are summarized as follows:

($ million)	2010
Beginning of the year	-
Acquisition of investment	1,377
Share in income	86
Other	4
Exchange rate differences	(53)
End of the year	**1,414**

The summarized financial information of AIS for 2010 is as follows:

($ million)	2010
Total revenues [1]	-
Net income[1]	344
Total assets [2]	9,389
Total liabilities[2]	(2,546)

[1] Converted from euro to U.S. dollar using an average exchange rate for 2010: 0.7602

[2] Year-end closing exchange rate of the euro against the U.S. dollar 2010: 0.7474

AFUSA has a 25% share of the contingent liabilities of AIS. AIS owns a substantial part of the Ahold Group's business, mainly its U.S. operations. For the full overview of the Ahold Group's contingent liabilities, refer to Ahold's 2010 annual report

6. Related parties

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

The following significant related party transactions occurred in 2010:

- $1,127 million receivable was settled.
- $604 million payable was settled.
- AFUSA used the proceeds to repay the maturing external notes (see *Note 8*).
- AFUSA obtained its investment in AIS in exchange for a loan receivable from KA of $1,290 million and by assuming a liability to KA of $87 million (see *Note 5*).

All AFUSA's transactions and positions with related parties in the relevant periods are disclosed in the tables below:

($ million)	Balance sheet - January 2, 2011		Income statement - 2010		
	Amounts owed by related parties	Amounts owed to related parties	Interest income	Interest expense	Fair value changes in derivatives
KA (ultimate parent company)[1]	494	-	81	(1)	3
AFC (former parent company)[1]	-	-	1	(6)	-
Total financial assets	**494**	**-**	**82**	**(7)**	**3**

($ million)	Balance sheet - January 3, 2010		Income statement - 2009		
	Amounts owed by related parties	Amounts owed to related parties	Interest income	Interest expense	Fair value changes in derivatives
KA (ultimate parent company)[1]	2,892	-	160	-	(86)
AFC (former parent company)[1]	20	(604)	-	(19)	-
Other related parties	-	-	-	(3)	-
Total financial assets	**2,912**	**(604)**	**160**	**(22)**	**(86)**

[1] See *Note 9* for more details regarding the change of the parent company.

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

7. Financial assets

($ million)	January 2, 2011 Current	Non-current	Total	January 3, 2010 Current	Non-current	Total
Loans to related parties	30	-	30	20	2,413	2,433
Investment in associate	-	1,414	1,414	-	-	-
Hedging derivatives[1]	-	202	202	-	248	248
Other derivatives[1]	-	262	262	-	231	231
Total financial assets	**30**	**1,878**	**1,908**	**20**	**2,892**	**2,912**

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

The decrease in the value of hedging derivatives relates to a cross-currency swap (a cash flow hedge) on the €600 million notes (with €407 million outstanding amount) and is mainly caused by the strengthening of the U.S. dollar against the euro (see *Note 10*).

For further information regarding related parties see *Note 6*.

8. Financial liabilities

	January 2, 2011				January 3, 2010			
	Current	Non-current			Current	Non-current		
Notional redemption amounts ($ million)	Within 1 year	From 1 to 5 years	After 5 years	Total	Within 1 year	From 1 to 5 years	After 5 years	Total
USD 700 notes 8.25%, due July 2010[1]	-	-	-	-	503	-	-	503
EUR 600 notes 5.875%, due March 2012[2]	-	544	-	544	-	583	-	583
GBP 500 notes 6.50%, due March 2017[3, 4]	-	-	359	359	-	-	367	367
USD 500 notes 6.875%, due May 2029	-	-	500	500	-	-	500	500
Total notes	**-**	**544**	**859**	**1,403**	**503**	**583**	**867**	**1,953**
Loans from related parties	-	-	-	-	604	-	-	604
Interest payable	52	-	-	52	76	-	-	76
Total financial liabilities	**52**	**544**	**859**	**1,455**	**1,183**	**583**	**867**	**2,633**

[1] $10 million was repaid early via an open market repurchase in October 2008. $187 million was repaid early in July 2009 as a result of a public tender for the notes, with the Company paying a repurchase price of $197 million. A loss of $10 million incurred on the buyback of these notes was reported in the income statement in 2009 as other financial expense (see *Note 3*). The remaining outstanding balance ($503 millions) of the notes was repaid on maturity.

[2] Notes were swapped to the U.S. dollar at an interest rate of 6.835%. During 2005, AFUSA bought back a part of the notes with a principal amount of €193 million and terminated a notional portion of the corresponding swap in the same amount.

[3] During 2005 Ahold bought back GBP 250 million of the notes. The remaining notional redemption amount of GBP 250 million ($391 million) has been reduced by $32 million (2009: $37 million) representing an unamortized adjustment related to a fair value hedge that no longer meets the criteria for hedge accounting.

[4] The remaining notional amount of GBP 250 million was, through two swap contracts, swapped to $356 million and carries a six-month floating U.S. dollar interest rate. Ahold is required under these swap contracts to redeem the U.S. dollar notional amount through semi-annual installments that commenced in September 2004. $178 million has been paid down as of January 2, 2011.

The fair values of financial instruments, corresponding derivatives, and the foreign exchange and interest rate risk management policies applied by KA are disclosed in *Note 10*.

The notes were issued by AFUSA and are guaranteed by KA. All related swap contracts have the same maturity as the underlying debt unless otherwise noted. The €600 million and GBP 500 million notes were issued under the Euro Medium Term Note Program ("EMTN Program"). These notes contain customary restrictive covenants. During 2010, AFUSA was in compliance with these covenants.

9. Equity attributable to common shareholders

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

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

Share capital and additional paid-in capital
The Company's share capital is ten U.S. dollars. During 2010, the additional paid in capital was increased in the amount of $140 million by means of capital contributions in kind (consisting of intercompany receivables) from KA, the holder of all Membership Interest in AFUSA at that time.

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

10. Financial risk management and financial instruments

Financial risk management

AFUSA is subject to the financial risk management of the Ahold Group. In accordance with Ahold treasury policy, AFUSA enters into derivative instruments solely for the purpose of hedging exposures, which correspond to managing interest rate and currency risks arising from the Ahold Group's operations and its sources of finance. AFUSA does not enter into derivative financial instruments for speculative purposes.

Currency translation risks and currency transaction risks
AFUSA is exposed to foreign currency translation risks and currency transaction risks relating to cash flows, including assets and liabilities denominated in foreign currencies (euro and British pounds). Currency exchange rate volatility and movement could, therefore, have an adverse effect on its financial position, financial results and liquidity. To protect the value of future foreign currency cash flows, including interest on notes and principal payments and the value of liabilities denominated in foreign currency, AFUSA mitigates its foreign currency exchange exposure by entering into various derivative financial instruments, including currency swaps.

Interest rate risk
AFUSA's interest rate risk arises from its debt. To manage interest rate risk, AFUSA complies with Ahold's interest rate management policy for reducing volatility in its interest expense and maintaining a target percentage of its debt in fixed rate instruments. AFUSA's financial position is fixed by long-term debt issues and the use of derivative financial instruments such as interest rate swaps and cross-currency interest rate swaps. As of January 2, 2011, after taking into account the effect of interest rate swaps and cross currency swaps, approximately 73 percent of AFUSA's borrowings were at fixed rates of interest (2009: 84 percent).

Interest rate sensitivity analysis
The total interest expense recognized in the 2010 income statement related to variable rates of long-term debt, net of swaps, amounts to $12 million (2009: $18 million). The Company estimates that with a possible increase (decrease) of euro and U.S. dollar market interest rates of 25 basis points with all other variables (including foreign exchange rates) held constant, this would result in a hypothetical effect on income before income taxes of a loss (gain) of nil (2009: $1 million). In addition, hypothetical results relating to fair value movements of derivative hedges that do not qualify for hedge accounting would have been a loss of $6 million or a gain of $6 million, respectively (2009: a loss of $6 million or a gain of $6 million, respectively). In performing this analysis, the effect was limited to a point where the absolute value of the reference interest would not decrease below 0 percent.

The above sensitivity analyses are for illustrative purposes only, as in practice market rates rarely change in isolation of other factors that also affect AFUSA's financial position and results.

Credit risk with respect to certain financial instruments
All financial assets of AFUSA are held from the related parties of the Ahold Group. Therefore, AFUSA does not have a direct exposure to a third party credit risk.

Liquidity risk
In connection with the acquisition of the preferred shares B in the share capital of AIS, KA guarantees to make directly or indirectly available to AFUSA sufficient cash in order for the Company to meet its financial obligations to third parties.

All other financial liabilities of AFUSA are held against the related parties from the Ahold Group.

The following tables summarize the expected maturity profile of AFUSA's derivative financial instruments and non-derivative financial liabilities as of January 2, 2011 and January 3, 2010, respectively, based on contractual undiscounted payments:

		Contractual cash flows			
January 2, 2011 ($ million)	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities					
Notes	(1,403)	(92)	(815)	(1,405)	(2,312)
Interests payable	(52)	(52)	-	-	(52)
Derivative financial assets					
Cross currency derivatives and interest flows	411	(19)	133	380	494
Interest derivatives and interest flows	53	13	27	15	55

		Contractual cash flows			
January 3, 2010 ($ million)	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities					
Notes	(1,953)	(640)	(894)	(1,482)	(3,016)
Loans from related parties	(604)	(604)	-	-	(604)
Interest payable	(76)	(76)	-	-	(76)
Derivative financial assets					
Cross currency derivatives and interest flows	442	(20)	186	394	560
Interest derivatives and interest flows	37	14	15	47	76

All financial instruments held at the reporting date, and for which payments are already contractually agreed, have been included. Amounts in foreign currency have been translated using the reporting date closing rate. Cash flows arising from financial instruments carrying variable interest payments have been calculated using the forward curve interest rates as of January 2, 2011 and January 3, 2010, respectively.

Financial instruments

Fair values of financial instruments

The following table presents the fair values of financial instruments, based on AFUSA's categories, including their current portions, compared to the carrying amounts at which these instruments are included in the balance sheet:

($ million)	January 2, 2011 Carrying amount	January 2, 2011 Fair value	January 3, 2010 Carrying amount	January 3, 2010 Fair value
Loans to related parties	30	30	2,433	2,769
Derivatives	464	464	479	479
Total financial assets	**494**	**494**	**2,912**	**3,248**
Notes	(1,403)	(1,551)	(1,953)	(2,063)
Loans from related parties	-	-	(604)	(608)
Interest payable	(52)	(52)	(76)	(76)
Total financial liabilities	**(1,455)**	**(1,603)**	**(2,633)**	**(2,747)**

Of the Company's categories of financial instruments, only derivatives are measured at fair value using the Level 2 inputs as defined in IFRS 7. These are inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of derivative instruments is estimated by discounting future cash flows with prevailing market rates or based on the rates and quotations obtained from third parties.

The carrying amount of interest payable and other current financial assets and liabilities approximate their fair values because of the short-term nature of these instruments. The fair values of quoted borrowings are based on year-end ask-market quoted prices. The fair values of other non-derivative financial assets and liabilities that are not traded in an active market are estimated using discounted cash flow analyses based on market rates prevailing at year-end. The accrued interest is included in other current financial assets and liabilities and not in the carrying amounts of non-derivative financial assets and liabilities.

Derivatives

The fair values, notional amounts, the maturities and the qualification of the derivative financial instruments for accounting purposes are presented in the table below:

($ million)	January 2, 2011 Fair Value Assets	January 2, 2011 Fair Value Liabilities	January 2, 2011 Notional amount	January 3, 2010 Fair Value Assets	January 3, 2010 Fair Value Liabilities	January 3, 2010 Notional amount
Cross currency swap – cash flow hedges[1]						
between one and five years	202	-	544	248	-	583
Derivative contracts – no hedge accounting treatment[2,3]						
after five years	262	-	390	231	-	404
Total derivative financial instruments	**464**	-	**934**	**479**	**-**	**987**

[1] Cross-currency swap accounted for as a cash flow hedge is used to hedge the currency exposure on the €600 million notes (with €407 million outstanding amounts).

[2] The valuation of the cross currency swap includes the impact of the mark-to-market of an embedded credit clause in a GBP 250 million cross currency swap of $14 million as of January 2, 2011. The volatility in the financial markets resulted in $3 million loss related to this credit clause in 2010 ($18 million gain 2009).

[3] Interest rate swap and cross-currency interest rate swap relate to the same notional amount of GBP 250 million.

Gains and losses recognized in cash flow hedging reserve in equity as of January 2, 2011 mainly relate to the swap on the €600 notes and will be released to the income statement over a period lasting until 2012.

11. Guarantee

In connection with the acquisition of shares of AIS, discussed in Note 5, KA provided AFUSA with a guarantee of the current outstanding obligations of AFUSA with a reference date July 30, 2010. KA guarantees to make directly or indirectly available to AFUSA sufficient cash in order for AFUSA to meet its financial obligations to third parties which were outstanding on July 30, 2010.

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

Management

Amsterdam, the Netherlands

March 2, 2011

Ahold Finance U.S.A., LLC - Other information

To Management of Ahold Finance U.S.A., LLC.

Independent auditor's report

Report on the financial statements

We have audited the accompanying financial statements for the year ended January 2, 2011 of Ahold Finance U.S.A., LLC, Delaware, United States of America, which comprise the balance sheet as at January 2, 2011, the income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Ahold Finance U.S.A., LLC as at January 2, 2011, and of its results and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further, we report that the management report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, March 2, 2011
Deloitte Accountants B.V.

P.J.M.A. van de Goor

Ahold Finance U.S.A., LLC distribution of profit

Formation provisions governing the distribution of profit
The full net profit and net loss of the Company shall be allocated to its member. The full distributable profit, if any, is at the disposition of its member at such times and in such amounts as determined by the managers.

Distribution of profit
The management proposes to add the net income of €79 million to retained earnings.

Subsequent events

There were no significant subsequent events.