November 17, 2011

Interim Report

Third quarter 2011

Highlights – third quarter 2011

- Sales of €6.9 billion (up 6.9 percent at constant exchange rates)
- Operating income €300 million
- Net income €257 million (€240 million after adjustment for unusual items)
- Underlying retail operating margin 4.7 percent

Amsterdam, the Netherlands – Ahold today published its interim report for the third quarter of 2011. CEO Dick Boer said: "We delivered another quarter of robust performance and gained market share in all of our major markets. Customers remain cautious in their spending and focus on value in an inflationary environment. We continue to adapt to the challenging market conditions, balancing sales and margins."

Group performance

(€ million)	Q3 2011	Q3 2010	% change	Q3 YTD 2011	Q3 YTD 2010	% change
Net sales	6,856	6,692	2.5% *	22,981	22,555	1.9%*
Operating income	300	285	5.3%	1,019	1,041	(2.1)%
Income from continuing operations	254	239	6.3%	758	694	9.2%
Net income	257**	223	15.2%	747	699	6.9%

** At constant exchange rates, net sales increased by 6.9 percent in Q3 2011 (Q3 YTD 2011: 5.8 percent).*
*** Net income was positively impacted by a tax provision release of €109 million, partially offset by a charge of €92 million related to the estimated impact of a legal judgment.*

Third quarter 2011 (compared to third quarter 2010)

Net sales were €6.9 billion, up 2.5 percent. At constant exchange rates, net sales increased by 6.9 percent.

Operating income was €300 million, up 5.3 percent. Retail operating income was €320 million, €13 million better than last year (€23 million better at constant exchange rates). The retail operating margin was 4.7 percent compared to 4.6 percent in Q3 2010. Underlying retail operating margin was 4.7 percent, the same as last year. Corporate Center costs were €20 million for the quarter, down

€2 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were €18 million, €1 million higher than last year.

Income from continuing operations was €254 million, €15 million higher than last year, arising primarily from higher operating income of €15 million and lower income taxes of €97 million, partly offset by a provision within net financial expense of €92 million, which is the estimated impact of a judgment rendered in the Stop & Shop Bradlees lease litigation with Vornado.

In the quarter an income tax benefit of €109 million was recognized. The benefit resulted from the release of an income tax contingency reserve related to financing transactions that occurred prior to 2004.

Net income was €257 million, up €34 million. The result from discontinued operations included income of €3 million related to past divestments compared to a €16 million loss in Q3 2010.

Free cash flow was €197 million, €38 million better than last year. The increase was mainly due to higher operating cash flows from continuing operations of €16 million and lower capital expenditures of €17 million.

Net debt increased by €124 million during the quarter to €1.1 billion. Contributing to the change in net debt were a positive free cash flow of €197 million, offset by the share buyback of €223 million, additional finance lease liabilities of €19 million and a negative currency impact of €56 million.

First three quarters 2011 (compared to first three quarters 2010)

Net sales were €23.0 billion, up 1.9 percent. At constant exchange rates, net sales increased by 5.8 percent.

Operating income was €1 billion, down 2.1 percent. Retail operating income was €1.1 billion, €33 million lower than last year (€7 million higher at constant exchange rates). The retail operating margin was 4.7 percent compared to 4.9 percent last year. Underlying retail operating margin was 4.8 percent (2010: 5.0 percent). Corporate Center costs were €60 million, down €11 million. Excluding the impact of the Company's insurance activities, Corporate Center costs were €53 million, €5 million lower than last year.

Income from continuing operations increased €64 million (9.2 percent) to €758 million. The lower operating income and higher net financial expenses were more than offset by lower income taxes and by an increase in income of joint ventures.

Net income was €747 million, up €48 million. The result from discontinued operations decreased €16 million, to a loss of €11 million in the first three quarters of 2011 from an income of €5 million last year. The change is primarily due to a €23 million release of a provision for lease guarantees in 2010 related to Ahold's former subsidiaries BI-LO and Bruno's.

Free cash flow was €641 million, €134 million lower than last year. The decrease was mainly due to lower operating cash flows from continuing operations of €280 million partly offset by lower capital expenditures of €83 million, lower interest payments of €42 million and higher dividends from joint ventures of €21 million. Lower operating cash flows from continuing operations were predominantly due to year-over-year increases in working capital of €125 million, higher tax payments of €79 million and lower operating income of €22 million.

Net debt increased by €337 million during the first three quarters of 2011. The free cash flows of €641 million were more than offset by dividends paid on common shares of €328 million, the share buyback of €578 million and additional finance lease liabilities of €48 million.

Performance by segment

Ahold USA
For the third quarter, net sales were $5.8 billion, up 8.5 percent. Identical sales were up 6.8 percent (4.5 percent excluding gasoline). Operating income was $237 million (or 4.1 percent of net sales), up $41 million. Operating income included a net $2 million release (Q3 2010: $10 million charges) of provisions for restructuring and related activities, $8 million of impairment charges (Q3 2010: nil) and $2 million (Q3 2010: $3 million) of gains on the sale of assets. Operating income last year included $9 million of reorganization and IT integration costs.

Year-to-date, net sales were $19.2 billion, up 7.1%. Identical sales were up 5.2 percent (2.9 percent excluding gasoline). Operating income was $796 million (or 4.1 percent of net sales), up $35 million. Significant items affecting operating income (as discussed under Note 3 to the financial statements) amounted to a net charge of $47 million versus a net charge of $17 million a year ago.

The Netherlands
For the third quarter, net sales increased 4.5 percent to €2.3 billion. Identical sales were up 3.0 percent. Operating income of €149 million (or 6.4 percent of net sales) was down €7 million compared to last year.

Year-to-date, net sales increased 4.1 percent to €8.0 billion. Identical sales were up 2.8 percent. Operating income of €501 million (or 6.3 percent of net sales) was down €28 million. Significant items affecting operating income (the main ones discussed under Note 3 to the financial statements) amounted to a net benefit of €8 million in 2011 (2010: a net benefit of €17 million).

Other Europe (Czech Republic and Slovakia)
For the third quarter, net sales increased 5.4 percent to €392 million. At constant exchange rates, net sales were up 4.1 percent. Identical sales increased 3.0 percent (2.4 percent excluding gasoline). Operating income for the quarter was €3 million (Q3 2010: €2 million).

Year-to-date, net sales increased 7.6 percent to €1.3 billion. At constant exchange rates net sales were up 3.7 percent. Identical sales increased 3.4 percent (3.2 percent excluding gasoline). Operating income for the first three quarters was €11 million compared to €2 million last year. Significant items affecting operating income (as discussed under Note 3 to the financial statements) amounted to a net charge of €1 million versus a net charge of €3 million last year.

Other retail (Unconsolidated joint ventures)
For the third quarter, Ahold’s share in income of unconsolidated joint ventures was €51 million, €1 million less than last year. Year-to-date, Ahold’s share in income of joint ventures increased by €38 million to €98 million. This was mainly due to ICA where a provision related to a tax claim, of which Ahold’s share was €47 million, was recorded in Q2 2010.

During Q3 2011, ICA recorded an impairment of goodwill related to its Norwegian operations. Ahold’s share in the Q3 2011 result of ICA excludes this impairment because, when it made its initial investment in ICA in 2000, Ahold did not recognize any goodwill for the Norwegian operations.

Other financial and operating information

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

	Q3 2011 identical	Q3 2011 identical excluding gasoline	Q3 2011 comparable	Q3 YTD 2011 identical	Q3 YTD 2011 identical excluding gasoline	Q3 YTD 2011 comparable
Ahold USA	6.8%	4.5%	7.0%	5.2%	2.9%	5.4%
The Netherlands	3.0%	3.0%		2.8%	2.8%	
Other Europe	3.0%	2.4%		3.4%	3.2%	

1. *For the definition of identical and comparable sales see section "Other information" – "Use of non-GAAP financial measures".*

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 financial statements included in this report.

	Q3 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
Ahold USA	4.1%	3.7%	4.1%	4.2%
The Netherlands	6.4%	7.0%	6.3%	6.9%
Other Europe	0.8%	0.5%	0.8%	0.2%
Ahold Europe	5.6%	6.0%	5.5%	6.0%
Total retail	**4.7%**	**4.6%**	**4.7%**	**4.9%**

Underlying retail operating income[1]

	Q3 2011	Q3 2010	% change	Q3 YTD 2011	Q3 YTD 2010	% change
$ million						
Ahold USA	241	203	18.7%	828	763	8.5%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.7129*	*0.7655*	*(6.9)%*	*0.7120*	*0.7607*	*(6.4)%*
€ million						
Ahold USA	171	156	9.6%	589	583	1.0%
The Netherlands	149	158	(5.7)%	493	531	(7.2)%
Other Europe	3	2	50.0%	12	5	140.0%
Ahold Europe	152	160	(5.0)%	505	536	(5.8)%
Total retail	**323**	**316**	**2.2%**	**1,094**	**1,119**	**(2.2)%**

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 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
Ahold USA	4.2%	3.8%	4.3%	4.3%
The Netherlands	6.4%	7.0%	6.2%	6.9%
Other Europe	0.8%	0.5%	0.9%	0.4%
Ahold Europe	5.6%	6.1%	5.4%	6.0%
Total retail	**4.7%**	**4.7%**	**4.8%**	**5.0%**

Store portfolio (including franchise stores)

	End of 2010	Opened/ acquired	Closed/ sold	End of Q3 2011	End of Q3 2010
Ahold USA	751	16	(10)	757	746
The Netherlands[1]	1,914	30	(10)	1,934	1,910
Other Europe	305	1	-	306	303
Ahold Europe	2,219	31	(10)	2,240	2,213
Total retail	**2,970**	**47**	**(20)**	**2,997**	**2,959**

1. *The number of stores at the end of Q3 2011 includes 1,083 specialty stores (Etos and Gall & Gall).*

EBITDA[1]

(€ million)	Q3 2011	Q3 2010	% change	Q3 YTD 2011	Q3 YTD 2010	% change
Ahold USA	285	271	5.2%	952	984	(3.3)%
The Netherlands	198	203	(2.5)%	662	688	(3.8)%
Other Europe	15	13	15.4%	49	40	22.5%
Ahold Europe	213	216	(1.4)%	711	728	(2.3)%
Corporate Center	(20)	(21)	4.8%	(59)	(70)	15.7%
	478	466	2.6%	1,604	1,642	(2.3)%
Share in income of joint ventures	51	52	(1.9)%	98	60	63.3%
Income (loss) from discontinued operations	3	(16)	n/m	(11)	5	n/m
Total EBITDA	**532**	**502**	**6.0%**	**1,691**	**1,707**	**(0.9)%**

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

Free cash flow[1]

(€ million)	Q3 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
Operating cash flows from continuing operations	395	379	1,202	1,482
Purchase of non-current assets	(164)	(181)	(539)	(622)
Divestments of assets/disposal groups held for sale	3	2	18	27
Dividends from joint ventures	2	1	129	108
Interest received	4	3	21	12
Interest paid	(43)	(45)	(190)	(232)
Free cash flow	**197**	**159**	**641**	**775**

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

Net debt

(€ million)	October 9, 2011	July 17, 2011	January 2, 2011
Loans	1,448	1,377	1,851
Finance lease liabilities	1,087	1,032	1,096
Cumulative preferred financing shares	497	497	497
Non-current portion of long-term debt	3,032	2,906	3,444
Short-term borrowings and current portion of long term debt	533	531	117
Gross debt	3,565	3,437	3,561
Less: Cash, cash equivalents and short-term deposits[1]	2,491	2,487	2,824
Net debt	**1,074**	**950**	**737**

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 €115 million, €122 million and €138 million as of October 9, 2011, July 17, 2011 and January 2, 2011, respectively.*

Credit facility refinancing

On June 6, 2011, Ahold completed the refinancing of its €1.2 billion five-year committed credit facility. The facility, which replaced the previous one, has a sublimit of $550 million for letters of credit and includes the possibility of 12-month extensions in each of the first two years.

Consolidated interim income statement

(unaudited)

(€ million, except per share data)	Note	Q3 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
Net sales	3	6,856	6,692	22,981	22,555
Cost of sales	4	(5,057)	(4,888)	(16,973)	(16,482)
Gross profit		**1,799**	**1,804**	**6,008**	**6,073**
Selling expenses		(1,284)	(1,317)	(4,294)	(4,381)
General and administrative expenses		(215)	(202)	(695)	(651)
Total operating expenses	4	(1,499)	(1,519)	(4,989)	(5,032)
Operating income	**3**	**300**	**285**	**1,019**	**1,041**
Interest income		4	3	14	14
Interest expense		(55)	(60)	(187)	(223)
Other financial income (expense)	11	(93)	9	(88)	22
Net financial expense		(144)	(48)	(261)	(187)
Income before income taxes		**156**	**237**	**758**	**854**
Income taxes	5	47	(50)	(98)	(220)
Share in income of joint ventures	6	51	52	98	60
Income from continuing operations		**254**	**239**	**758**	**694**
Income (loss) from discontinued operations	7	3	(16)	(11)	5
Net income attributable to common shareholders		**257**	**223**	**747**	**699**
Earnings per share					
Net income per share attributable to common shareholders					
basic		0.23	0.19	0.67	0.60
diluted		0.23	0.19	0.65	0.58
Income from continuing operations per share attributable to common shareholders					
basic		0.23	0.21	0.68	0.59
diluted		0.22	0.20	0.66	0.58
Weighted average number of common shares outstanding (in millions)					
basic		1,101	1,164	1,123	1,175
diluted		1,163	1,229	1,186	1,239
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7129	0.7655	0.7120	0.7607

Consolidated interim statement of comprehensive income

(unaudited)

(€ million)	Q3 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
Net income	**257**	**223**	**747**	**699**
Currency translation differences in foreign interests:				
Currency translation differences before taxes	158	(181)	(10)	176
Income taxes	-	-	-	(1)
Cash flow hedges:				
Cash flow hedges before taxes	(28)	(27)	(40)	(64)
Income taxes	7	6	10	15
Share of other comprehensive income (loss) of joint ventures - net of income taxes	1	(23)	13	(58)
Other comprehensive income (loss)	138	(225)	(27)	68
Total comprehensive income attributable to common shareholders	**395**	**(2)**	**720**	**767**

Consolidated interim balance sheet

(unaudited)

(€ million)	Note	October 9, 2011	January 2, 2011
Assets			
Property, plant and equipment		5,785	5,827
Investment property		573	582
Intangible assets		805	762
Investments in joint ventures		1,032	1,072
Other non-current financial assets		814	853
Deferred tax assets		370	410
Other non-current assets		31	25
Total non-current assets		**9,410**	**9,531**
Assets held for sale		52	26
Inventories		1,403	1,331
Receivables		711	772
Other current financial assets		407	245
Income taxes receivable		31	11
Other current assets		153	209
Cash and cash equivalents	9	2,267	2,600
Total current assets		**5,024**	**5,194**
Total assets		**14,434**	**14,725**
Equity and liabilities			
Equity attributable to common shareholders	8	5,743	5,910
Loans		1,448	1,851
Other non-current financial liabilities		1,742	1,726
Pensions and other post-employment benefits		92	129
Deferred tax liabilities		190	177
Provisions		638	623
Other non-current liabilities		223	217
Total non-current liabilities		**4,333**	**4,723**
Liabilities related to assets held for sale		4	20
Accounts payable		2,265	2,323
Other current financial liabilities		630	216
Income taxes payable		143	243
Provisions		242	152
Other current liabilities		1,074	1,138
Total current liabilities		**4,358**	**4,092**
Total equity and liabilities		**14,434**	**14,725**
Quarter-end U.S. dollar exchange rate (euro per U.S. dollar)		0.7475	0.7474

Consolidated interim statement of changes in equity
(unaudited)

(€ million)	Share capital	Additional paid-in capital	Legal reserves: Currency translation reserve	Legal reserves: Cash flow hedging reserve	Legal reserves: Other legal reserves	Accumulated deficit	Equity attributable to common shareholders
Balance as of 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**
Balance as of January 2, 2011	**358**	**9,916**	**(385)**	**(63)**	**396**	**(4,312)**	**5,910**
Dividends	-	-	-	-	-	(328)	(328)
Total comprehensive income	-	-	2	(29)	-	747	720
Share buyback	-	-	-	-	-	(578)	(578)
Retirement of treasury shares	(9)	(289)	-	-	-	298	-
Share-based payments	-	-	-	-	-	19	19
Change in other legal reserves	-	-	-	-	(27)	27	-
Balance as of October 9, 2011	**349**	**9,627**	**(383)**	**(92)**	**369**	**(4,127)**	**5,743**

Consolidated interim statement of cash flows

(unaudited)

(€ million)	Note	Q3 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
Operating income		300	285	1,019	1,041
Adjustments for:					
Depreciation, amortization and impairments		184	184	596	603
Gains on the sale of assets/disposal groups held for sale		(1)	(2)	(11)	(10)
Share-based compensation expenses		8	9	23	25
Operating cash flows before changes in operating assets and liabilities		491	476	1,627	1,659
Changes in working capital:					
Changes in inventories		(48)	10	(69)	(8)
Changes in receivables and other current assets		(9)	(28)	53	107
Changes in payables and other current liabilities		21	(56)	(142)	(132)
Changes in non-current assets and liabilities		(39)	(6)	(102)	(58)
Cash generated from operations		416	396	1,367	1,568
Income taxes paid - net		(21)	(17)	(165)	(86)
Operating cash flows from continuing operations		395	379	1,202	1,482
Operating cash flows from discontinued operations		(1)	(1)	(6)	(8)
Net cash from operating activities		**394**	**378**	**1,196**	**1,474**
Purchase of non-current assets		(164)	(181)	(539)	(622)
Divestments of assets/disposal groups held for sale		3	2	18	27
Acquisition of businesses, net of cash acquired		-	-	(21)	(158)
Divestment of businesses, net of cash divested		(5)	(25)	(14)	(30)
Changes in short-term deposits		-	-	-	133
Dividends from joint ventures		2	1	129	108
Interest received		4	3	21	12
Issuance of loans receivable		(3)	(2)	(10)	(198)
Repayments of loans receivable		-	5	52	210
Other		(2)	2	(2)	-
Net cash from investing activities		**(165)**	**(195)**	**(366)**	**(518)**
Interest paid		(43)	(45)	(190)	(232)
Repayments of loans		(3)	(3)	(14)	(416)
Repayments of finance lease liabilities		(13)	(13)	(49)	(42)
Dividends paid on common shares		-	-	(328)	(272)
Share buyback	8	(223)	(123)	(578)	(262)
Other		(13)	(9)	(13)	(11)
Financing cash flows from continuing operations		(295)	(193)	(1,172)	(1,235)
Financing cash flows from discontinued operations		(1)	(1)	(3)	(3)
Net cash from financing activities		**(296)**	**(194)**	**(1,175)**	**(1,238)**
Net cash from operating, investing and financing activities	**9**	**(67)**	**(11)**	**(345)**	**(282)**
Average U.S. dollar exchange rate (euro per U.S. dollar)		0.7129	0.7655	0.7120	0.7607

For the reconciliation between net cash from operating, investing and financing activities and cash and cash equivalents as presented in the balance sheet, see Note 9.

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 (“financial statements”) is unaudited.

2. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies applied in these financial statements are consistent with those applied in Ahold’s 2010 consolidated financial statements.

Ahold’s reporting calendar is based on 13 periods of four weeks, with 2011 and 2010 each comprising 52 weeks. The third quarter of 2011 and 2010 comprise 12 weeks and the 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 financial statements.

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	Included in the Reportable segment
Ahold USA	Stop & Shop New England, Stop & Shop New York Metro, Giant Landover, Giant Carlisle, 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 percent) and JMR (49 percent)
Corporate Center	Corporate staff (the Netherlands, Switzerland, and the United States)

Net sales

Net sales per segment are as follows:

	Q3 2011	Q3 2010	% change	Q3 YTD 2011	Q3 YTD 2010	% change
$ million						
Ahold USA	5,780	5,325	8.5%	19,185	17,914	7.1%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.7129*	*0.7655*	*(6.9)%*	*0.7120*	*0.7607*	*(6.4)%*
€ million						
Ahold USA	4,119	4,077	1.0%	13,655	13,639	0.1%
The Netherlands	2,345	2,243	4.5%	8,000	7,684	4.1%
Other Europe	392	372	5.4%	1,326	1,232	7.6%
Ahold Europe	2,737	2,615	4.7%	9,326	8,916	4.6%
Ahold Group	**6,856**	**6,692**	**2.5%**	**22,981**	**22,555**	**1.9%**

The combined net sales of Ahold's unconsolidated joint ventures ICA and JMR amounted to €3,470 million and €3,307 million for Q3 2011 and Q3 2010, respectively (Q3 YTD 2011: €10,140 million and Q3 YTD 2010: €9,412 million).

Operating income

Operating income (loss) per segment is as follows:

	Q3 2011	Q3 2010	% change	Q3 YTD 2011	Q3 YTD 2010	% change
$ million						
Ahold USA	237	196	20.9%	796	761	4.6%
Average U.S. dollar exchange rate (euro per U.S.dollar)	*0.7129*	*0.7655*	*(6.9)%*	*0.7120*	*0.7607*	*(6.4)%*
€ million						
Ahold USA	168	149	12.8%	567	581	(2.4)%
The Netherlands	149	156	(4.5)%	501	529	(5.3)%
Other Europe	3	2	50.0%	11	2	n/m
Ahold Europe	152	158	(3.8)%	512	531	(3.6)%
Corporate Center	(20)	(22)	9.1%	(60)	(71)	15.5%
Ahold Group	**300**	**285**	**5.3%**	**1,019**	**1,041**	**(2.1)%**

Ahold USA

Operating income included a net $2 million (€2 million) release of provisions for restructuring and related activities, $8 million (€6 million) of impairment charges and $2 million (€1 million) gains on the sale of assets.

Operating income in the first three quarters of 2011 included $22 million (€15 million) of restructuring charges, mainly related to the transition of certain logistics activities. Furthermore, operating income included $14 million (€10 million) of impairments, $4 million (€3 million) of gains on sale of assets and $15 million (€11 million) of reorganization and IT integration costs.

Included in the Q3 2010 operating income were $10 million (€8 million) of restructuring and related charges and $3 million (€1 million) of gains on sale of assets. Furthermore $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 negatively impacting the operating income were $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.

The Netherlands

Operating income in the first three quarters of 2011 included €8 million of gains on the sale of assets (Q3 2011: nil).

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.

Other Europe

Included in the operating income in the first three quarters of 2011 were impairments of €1 million (Q3 2011: nil).

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

Corporate Center

Corporate Center costs were €20 million for the quarter, down €2 million. Excluding the impact of the Company’s insurance activities, Corporate Center costs were €18 million, €1 million higher than last year.

Corporate Center costs for the first three quarters of 2011 were €60 million, down €11 million. Excluding the impact of the Company’s insurance activities, Corporate Center costs were €53 million, €5 million lower than last year.

4. Expenses by nature

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

(€ million)	Q3 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
Cost of product	4,818	4,639	16,160	15,644
Employee benefit expenses	913	938	3,057	3,127
Other operational expenses	529	537	1,788	1,783
Depreciation and amortization	178	181	585	601
Rent expenses and income - net	113	111	372	367
Impairment losses and reversals - net	6	3	11	2
Gains on the sale of assets - net	(1)	(2)	(11)	(10)
Total	**6,556**	**6,407**	**21,962**	**21,514**

5. Income taxes

In Q3 2011, the Company recognized an income tax benefit in the amount of €109 million from the release of an income tax contingency reserve related to financing transactions that occurred prior to 2004.

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 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
ICA	38	40	83	42
JMR	12	12	14	17
Other	1	-	1	1
Total	**51**	**52**	**98**	**60**

During Q3 2011, ICA recorded an impairment of goodwill related to its Norwegian operations. Ahold's share in the Q3 2011 result of ICA excludes this impairment because, when it made its initial investment in ICA in 2000, Ahold did not recognize any goodwill for the Norwegian operations.

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 10.

7. Discontinued operations

Income from discontinued operations, consisting of results on divestments, is specified as follows:

(€ million)	Q3 2011	Q3 2010	Q3 YTD 2011	Q3 YTD 2010
BI-LO and Bruno's	-	-	(1)	23
Other*	3	(16)	(10)	(18)
Results on divestments	3	(16)	(11)	5
Income (loss) from discontinued operations, net of income taxes	**3**	**(16)**	**(11)**	**5**

** Includes adjustments to the result on various past divestments.*

The change in the year-to-date result from discontinued operations was primarily driven by the Q1 2010 decrease of Ahold's provision, after tax, for losses under lease guarantees related to its former subsidiaries BI-LO and Bruno's.

8. Equity attributable to common shareholders

Dividend on common shares

On April 20, 2011, the General Meeting of Shareholders determined the dividend over 2010 at €0.29 per common share (€328 million in the aggregate). The dividend was paid on May 3, 2011.

Share buyback

During the first three quarters of 2011 Ahold repurchased a total of 63,789,737 shares for a total amount of €578 million under two share buyback programs, as follows:

On February 24, 2011, Ahold completed its €500 million share buyback program announced on March 4, 2010. The total number of shares repurchased under the program over the period from April 6, 2010 through February 24, 2011, was 50,359,330 common shares (Q1 2011: 11,641,727), for a total consideration of €500 million (Q1 2011: €114 million), at an average price of €9.93.

Furthermore, on March 3, 2011, Ahold announced its decision to return €1 billion to its shareholders by way of a share buyback program, to be completed over an 18-month period (this was accelerated to a 12-month period as announced on August 25, 2011). Under this program 52,148,010 of the Company's own shares were repurchased and delivered in the first three quarters of 2011. Shares were repurchased at an average price of €8.89 per share for a total amount of €464 million (Q3 2011: €223 million).

Of the total shares repurchased, 30,000,000 were cancelled on June 7, 2011.

The number of outstanding common shares as of October 9, 2011 was 1,087,453,057 (January 2, 2011: 1,145,145,317).

9. Cash flow

The following table presents the changes in cash and cash equivalent balances for the first three quarters of 2011 and 2010, respectively:

(€ million)	Q3 YTD 2011	Q3 YTD 2010
Cash and cash equivalents at the beginning of the year	2,600	2,688
Restricted cash	(21)	(22)
Cash and cash equivalents beginning of the year, excluding restricted cash	2,579	2,666
Net cash from operating, investing and financing activities	(345)	(282)
Effect of exchange rate differences on cash and cash equivalents	13	32
Restricted cash	20	20
Cash and cash equivalents at the end of the quarter	**2,267**	**2,436**

10. Commitments and contingencies

Ahold has reached a full and final worldwide settlement of all claims and legal proceedings by Distribucion y Servicio D&S S.A. (D&S) against Ahold and its former subsidiary Disco (the "D&S litigation", as reported in Ahold's 2010 Annual Report). In that context, Ahold paid $3 million (€2 million) to D&S on August 12, 2011. The amount has been recorded within results from discontinued operations.

In the first quarter of 2011, ICA was denied a request for leave to appeal a tax dispute concerning interest deductions for the years 2001-2003. The full amount disputed was paid in 2009 and expensed in 2010.

On November 4, 2011 a judgment was rendered in connection with the Stop & Shop Bradlees lease litigation with Vornado, as further discussed under Note 11.

A comprehensive overview of commitments and contingencies as of January 2, 2011 was included in Note 34 to Ahold's 2010 consolidated financial statements, which were published as part of Ahold's Annual Report on March 8, 2011. Other than the updates for D&S, the ICA tax dispute and the Stop & Shop Bradlees lease litigation with Vornado there have been no significant changes during the first three quarters of 2011.

11. Subsequent events

On November 4, 2011 the Supreme Court of the State of New York issued its judgment in respect of the "Stop & Shop Bradlees lease litigation with Vornado" as described under "Legal Proceedings" to Note 34 of Ahold's 2010 consolidated financial statements, which were published as part of Ahold's Annual Report on March 8, 2011. In connection with the spin-off of Bradlees in 1992, Stop & Shop, Bradlees and Vornado entered into a Master Agreement and Guaranty under which Stop & Shop guaranteed payments of certain so-called Rental Increases. Under the judgment, the court ordered Ahold to pay $37.4 million in damages plus certain other accrued Rental Increases and statutory interest thereon and attorney's fees and held Ahold liable for future Rental Increases in the amount of $6 million per annum thereafter until the date of expiration of the last lease covered by the Master Agreement (which could be as late as 2031). In connection with the judgment, a provision of $124 million (€92 million) was included within “Other financial income (expense)”. Ahold strongly disagrees with the judgment and will appeal.

Use of non-GAAP financial measures

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

- **Net sales at constant exchange rates.** Net sales at constant exchange rates exclude the impact of using different currency exchange rates to translate the financial information of Ahold subsidiaries or joint ventures to euros. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries or joint ventures.

- **Net sales in local currency.** In certain instances, net sales are presented in local currency. Ahold's management believes this measure provides a better insight into the operating performance of Ahold's foreign subsidiaries.

- **Identical sales.** Net sales from exactly the same stores in local currency for the comparable period.

- **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.

- **Comparable sales.** Identical sales plus net sales from replacement stores in local currency. Comparable sales are only reported for Ahold USA.

- **Underlying retail operating income.** Total retail operating income, adjusted for impairments 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 2011 and Q3 2010 and for the first three quarters of 2011 and 2010, respectively:

(€ million)	Underlying operating income Q3 2011	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q3 2011
Ahold USA	171	(6)	1	2	168
The Netherlands	149	-	-	-	149
Other Europe	3	-	-	-	3
Ahold Europe	152	-	-	-	152
Total retail	**323**	**(6)**	**1**	**2**	**320**

(€ million)	Underlying operating income Q3 2010	Impairments	Gains on the sale of assets	Restructuring and related charges	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 YTD 2011	Impairments	Gains on the sale of assets	Restructuring and related charges	Operating income Q3 YTD 2011
Ahold USA	589	(10)	3	(15)	567
The Netherlands	493	-	8	-	501
Other Europe	12	(1)	-	-	11
Ahold Europe	505	(1)	8	-	512
Total retail	**1,094**	**(11)**	**11**	**(15)**	**1,079**

(€ million)	Underlying operating income Q3 YTD 2010	Impairments	Gains on the sale of assets	Restructuring and related charges	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**

- **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. However, EBITDA does not exclude impairments. 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 2011 and Q3 2010 and for the first three quarters of 2011 and 2010, respectively:

(€ million)	EBITDA Q3 2011	Depreciation and amortization	Operating income Q3 2011	EBITDA Q3 2010	Depreciation and amortization	Operating income Q3 2010
Ahold USA	285	(117)	168	271	(122)	149
The Netherlands	198	(49)	149	203	(47)	156
Other Europe	15	(12)	3	13	(11)	2
Ahold Europe	213	(61)	152	216	(58)	158
Corporate Center	(20)	-	(20)	(21)	(1)	(22)
Total	**478**	**(178)**	**300**	**466**	**(181)**	**285**

(€ million)	EBITDA Q3 YTD 2011	Depreciation and amortization	Operating income Q3 YTD 2011	EBITDA Q3 YTD 2010	Depreciation and amortization	Operating income Q3 YTD 2010
Ahold USA	952	(385)	567	984	(403)	581
The Netherlands	662	(161)	501	688	(159)	529
Other Europe	49	(38)	11	40	(38)	2
Ahold Europe	711	(199)	512	728	(197)	531
Corporate Center	(59)	(1)	(60)	(70)	(1)	(71)
Total	**1,604**	**(585)**	**1,019**	**1,642**	**(601)**	**1,041**

- **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 2011 financial year consists of 52 weeks and ends on January 1, 2012. The quarters in 2011 are:

First Quarter (16 weeks)	January 3, 2011 through April 24, 2011
Second Quarter (12 weeks)	April 25 through July 17, 2011
Third Quarter (12 weeks)	July 18 through October 9, 2011
Fourth Quarter (12 weeks)	October 10, 2011 through January 1, 2012

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Cautionary notice