Press Release

Royal Ahold

Public Relations

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Ahold revises full-year 2002 EPS growth target to 5 – 8%

- **Earnings per share growth expected to be flat in Q2**
- **Organic operating earnings growth confirmed at 15%**
- **Velox Retail Holdings defaults on bank debt**

Zaandam, The Netherlands, July 17, 2002 – Ahold, the international food retailer and foodservice operator, announces that it anticipates earnings per share growth for full-year 2002 at 5 – 8%, excluding currency impact, goodwill amortization/impairment charges and a Euro 350-450 million charge related to the Velox Retail Holdings ("VRH") default. Organic operating earnings growth is confirmed at approximately 15%, excluding currency impact.

Ahold, being contingently liable with respect to certain indebtedness owed by VRH, has received notice on July 16, 2002 that VRH has defaulted on certain bank debts secured by its shares in Disco Ahold International Holdings ("DAIH"), Ahold's Latin American joint venture. Ahold will be required to take over loans and purchase substantially all of VRH's shares in DAIH for a total consideration of approximately USD 490 million.

As Ahold stated in its earnings outlook on May 7 and reiterated in the announcement of first-quarter 2002 results on June 6, the target of 15% earnings per share (EPS) growth, excluding currency impact and goodwill amortization/impairment charges, was ambitious. Ahold has said on several occasions that reaching this EPS growth target this year could be impacted by a continuing deterioration of the situation in Argentina, by developments in Spain and by the level of gains from the sale of real estate.

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Mid-way through 2002, a better assessment can be made of the size of the impact of these specific factors on full-year EPS, as it is becoming apparent that second-quarter EPS growth for the company as a whole is expected to be flat. The company also projects somewhat higher 2002 interest expenses than originally forecast.

The estimated impact of these factors on full-year 2002 can now be quantified as follows:

1. **Deteriorating situation in Argentina**
   In 2002, the economic situation in Argentina has continued to deteriorate as illustrated by the ongoing devaluation of the Argentine Peso. Ahold has continuously stated its potential exposure in Argentina should VRH default under its bank indebtedness.

   - Towards the end of the second quarter of 2002, which ended on July 14, it became more apparent that VRH would default on bank debts secured by its shares in DAIH. On July 16, 2002 Ahold received notice that VRH had defaulted on several of its credit agreements. These defaults constitute a default under VRH's other credit agreements secured by VRH's shares in DAIH.

   - Ahold will be required to take over loans and purchase substantially all of the remaining shares held by VRH in DAIH for a total consideration of approximately USD 490 million. Such payments are expected to be made in the third quarter. About 60% of this investment will be financed from available funds. The rest will be financed by utilizing credit facilities specifically arranged for this purpose. It is expected that net interest expenses will increase by approximately Euro 10 – 12 million in 2002. Ahold intends to terminate its shareholders' agreement with VRH.

   - The takeover of loans and purchase of VRH's shares in DAIH will generate a substantial charge in the second quarter 2002 under Dutch and U.S. GAAP estimated at Euro 350 – 450 million, as the amount paid will exceed the fair value of the DAIH shares.

   - Furthermore, as anticipated, the situation in Argentina continues to be uncertain and the economic slow-down is expected to impact Ahold's net earnings for full-year 2002 by Euro 38 – 47 million**,** largely because of the higher interest expenses resulting from USD denominated debt, based on current exchange rates.

2. **Prolonged integration of Spanish activities**
   The integration of Ahold Spain and Superdiplo on the Spanish mainland, as earlier communicated, is a complicated endeavor that is taking longer than anticipated to execute. As announced in May, operating earnings in Spain for full-year 2002 are expected to total approximately Euro 70 million, some Euro 30 million short of Ahold's original target.

3. **Real estate gains at lower end of the range**
   The level of gains from the sale of real estate in 2002 is now projected at between Euro 55 – 65 million, which is Euro 30 – 40 million lower than anticipated.

Potential impact on net earnings, excluding currency, goodwill amortization/impairment charges and the charge related to the VRH default: Euro 136-164 million

These factors, combined with the estimated impact of higher interest rates in Latin America (Euro 8 – 10 million) in 2002 and an estimated interest expense higher than originally projected (additional net interest expenses of Euro 20 – 25 million) for the entire company in 2002, indicate that Ahold's full year net earnings, excluding currency impact and goodwill amortization/impairment charges, could be approximately Euro 136-164 million lower than the original plan for 2002. This also excludes the Euro 350-450 million charge related to the VRH default.

The estimate is based on the following breakdown:

Euro 10 – 12 million	: DAIH (interest expenses resulting from purchase of VRH's shares in DAIH)
Euro 38 – 47 million	: Argentina (impact of decreased net earnings; mainly interest expense)
Euro 30 million	: Spain (underperformance against original plan)
Euro 30 – 40 million	: Real estate gains (at lower end of projected range)
Euro 8 – 10 million	: Interest rates (in local Latin American markets)
Euro 20 – 25 million	: Interest expenses

Comment by Ahold President & CEO Cees van der Hoeven

'In light of the unfolding developments, we feel it is necessary to revise our outlook for full-year 2002 earnings per share growth to the mid single-digits,' said Ahold President & CEO Cees van der Hoeven. 'In this statement, we have provided a detailed discussion and quantification of the issues, which are mainly unrelated to operations. The Corporate Executive Board has made every effort to be as transparent as possible in outlining the specific circumstances that can potentially impact our results. Preliminary results for the second-quarter of 2002, which ended on Sunday, July 14, indicate that, compared to last year, no EPS growth should be expected, largely because of non-operating factors. However, we are encouraged by the underlying strength of our core business and are fortunate that most Ahold companies are performing according to or better than expectation.'

'Performance continues to be particularly solid at U.S. Foodservice, Stop & Shop, Albert Heijn, Giant-Landover and ICA-Sweden. Operating earnings at these five companies are according to plan and all are expected to sustain their performance throughout the year. Significant organic growth and margin expansion are being driven by Ahold's customer focus, operational strength and economies of scale, and we are pleased with the way our operations are embracing EVA principles,' the Ahold president concluded.

Organic operating earnings growth, excluding currency impact, confirmed at approximately 15%

The Ahold Corporate Executive Board expects operating earnings, excluding currency impact to increase organically by approximately 15% in 2002. The implied strong margin expansion is derived from significant additional economies of scale, synergies and operational enhancements. Including the acquisitions of Alliant and Bruno's, but excluding currency impact, operating earnings are expected to increase by approximately 20%. Earnings are expected to grow faster in the second half of 2002 than in the first half of the year, mainly reflecting completion of the integration of Alliant into U.S. Foodservice.

Other developments:

1. **U.S. Foodservice**
   U.S. Foodservice sales for the full year 2002, originally projected at around USD 18.5-19 billion, are now expected to be USD 18.0-18.5 billion. Sales in the second quarter are anticipated to be flat as a consequence of shedding some unprofitable business. The integration of Alliant continues according to schedule. Operating earnings of U.S. Foodservice for the full year are expected to be in line with earlier projections.

2. **Positive cash flow**
   Ahold expects to generate cash flow for full-year 2002 in excess of its capital expenditure plan. After payment of the cash required for the default of VRH and the distribution of dividends, Ahold expects to reach the same net interest bearing debt level as at the end of 2001.

3. **Pension fund**
   Due to rapidly falling stock markets worldwide, we have reviewed our pension funds to determine any potential funding requirements that might materialize in 2002. Currently, we are at an acceptable funding level and our Dutch pension fund is over-provided. However, should stock markets continue their dramatic decline, this could trigger a funding requirement in 2002 in our Dutch pension fund.

Editors' Notes

- *Earnings per share growth: excludes currency impact, goodwill amortization/impairment charges and the charge related to the VRH default.*

- *Organic sales growth excluding currency impact definition*:
  "Sales year n" divided by "Sales year (n-1) Ahold base + sales year (n-1)* acquired companies**"*

  ** adjusted for the currency impact.*
  *** to the extent that the sales of the acquired company represent > 5% of the sales of the acquiring entity, or that the acquisition is an entry into a new business channel or market area.*

- *Currency impact is defined as the impact of using actual exchange rates to translate the financial figures of our subsidiaries into Euros. The financial figures of the previous year are restated using the actual exchange rates in order to eliminate this currency impact.*

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