

**INVESTORS' CONFERENCE CALL DELHAIZE GROUP
THIRD QUARTER 2010 RESULTS**

» **Introduction (Conference Call Company)**

Welcome to Delhaize Group's third quarter 2010 earnings conference call.

I now hand over the conference call to Geert Verellen, Vice President of Investor Relations and External Communications of Delhaize Group.

» **Geert Verellen**

Thank you operator. Good afternoon everyone in Europe, good morning in the U.S. Welcome to the conference call concerning Delhaize Group's results for the third quarter of 2010.

This presentation contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statements. Factors that could cause results to differ materially from those in the forward-looking statements are detailed from time to time in reports filed by the Company with the SEC. These forward-looking statements are made as of the date of this presentation. Delhaize Group assumes no obligation to update the information contained in this presentation.

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Today, we have the following people with us:

- Pierre-Olivier Beckers, CEO Delhaize Group
- Stéfan Descheemaeker, CFO Delhaize Group
- Ron Hodge, CEO Delhaize America Operations
- Michel Eeckhout, CEO Delhaize Belgium

During this call we will first look back on our performance in the third quarter of 2010, followed by comments on operations and strategy. Afterwards, we will take questions. For those unable to stay on the call, or who wish to listen to it again, a replay will be available on the Company's website.

I now turn to Pierre-Olivier Beckers for an introduction of our third quarter results.

» **Pierre-Olivier Beckers**

Thank you, Geert. Hello everyone and thank you for joining our conference call.

During this third quarter, our Group resumed revenue and profit growth after a difficult second quarter in the U.S. Our Food Lion operations in the Southeast have seen improving trends in revenues and comparable store sales, even though the competitive environment remains very challenging. In the Northeast of the U.S., Hannaford posted best-in-class results.

In addition to the implementation and consistent execution of a new pricing strategy started at the beginning of this year in line with our New Game Plan, our teams have, over the last couple of months, worked very hard on plans to strengthen Food Lion's strategy and to reinforce its positioning as a strongly differentiated retailer. A number of strategic sales building initiatives will start to be more visible to our customers as from the second quarter of next year and we expect the implementation of this work to be substantially complete by the end of 2012. These initiatives will be largely funded by the earlier announced EUR 500 million gross savings in cost of sales as well as selling, general and administrative expenses.

In **Belgium**, we continued to grow market share as a result of continued price investments and very attractive commercial activities and were happy to match the outstanding comparable sales of the third quarter in 2009. **Alfa Beta** held up very well in the difficult retail environment in Greece. Our Greek operations continued to grow market share and have again outpaced the rest of the industry.

We are very satisfied with the pace and progress of the cost savings initiatives that are part of the New Game Plan. This is best illustrated through the stability of our Group's operating margin compared to last year, and this despite our structural price investments and the negative sales leverage in the U.S. we have experienced this year.

Based on our plans for the remainder of the year and the results generated through the end of the third quarter, we are **confirming** today our full year guidance for operating profit growth to be between -2% and +2% at identical exchange rates.

Stéfan will now provide you with some additional comments on the third quarter results and I will come back later to give you a brief update on some current strategic initiatives. Stéfan...

» **Stéfan Descheemaeker**

Thank you, Pierre-Olivier. Welcome everyone.

» **Third Quarter 2010 Income Statement**

As usual, I will review our results at identical exchange rates unless otherwise stated. In this quarter, the U.S. dollar has strengthened on average by 10.8% against the euro compared to the third quarter of last year.

In this quarter, Delhaize Group has posted positive **revenue growth** despite the persisting difficult economic environment and the very low inflation in the vast majority of our operations.

In the U.S., our revenues decreased by 0.8% and our comparable store sales growth was negative 1.8%, which is a meaningful improvement compared to our second quarter for the reasons just explained by Pierre-Olivier. Based on what we see today, we expect this positive evolution to continue over the coming months.

In the U.S., our retail inflation stayed flat, in line with the expectations we had at the time of our second quarter results. Because retail inflation was at approximately the same level in the second quarter, volume trends improved meaningfully compared with the second quarter.

In Belgium, total revenues grew by 2.8% over the particularly strong sales of last year's third quarter. Comparable store sales growth was flat. To put this in context, last year's third quarter was fuelled by the very successful Disney Pixar commercial action and more favorable summer weather with comparable store sales of 4.6%. Delhaize Belgium's repeated strong sales in the third quarter of this year have led to continued market share increases.

Revenue growth at Alfa Beta in Greece remained resilient at 5%, receiving additional support from a very successful promotional campaign. Alfa Beta has continued to substantially increase its market share in a declining Greek food retail market.

In our Rest of the World segment, revenues increased by almost 20%, mainly as a result of the expansion of the store network in both countries.

Gross margin was stable despite the continued structural price investments primarily at Food Lion. Improved supplier terms at Delhaize Belgium and Food Lion and efficiencies in logistics at Delhaize Belgium offset the negative impact of the price investments on gross margin.

Selling, general and administrative expenses were stable as a percentage of revenues as our commitment to cost management across the Group and the positive sales leverage at Delhaize Belgium have allowed us to offset the negative sales leverage in the Southeast of the U.S. For the second consecutive quarter, Delhaize U.S. recorded flat selling, general and administrative expenses in absolute terms as continuous cost improvement initiatives, both in stores and in back offices, entirely offset cost increases including higher depreciation and advertising expenses. We confirm our ambitious gross annual cost savings target for the Group of EUR 500 million by the end of 2012, and we are on track to achieve this goal.

For each consecutive quarter of 2010, our **Sweetbay** operations in Florida, even though sales are suffering from the depressed economy, have actually seen an improvement in operating profit

compared to the same quarters last year, and we expect our fourth quarter this year will follow the same trend.

As a result of stable gross margin and operating expenses, our Group maintained its high **operating margin** almost unchanged at 4.7% of revenues, and this combined with our revenue growth drove a 1.2% increase in operating profit.

» **Cash Flow**

Looking at our cash flow statement, net cash provided by operating activities amounted to EUR 372 million at actual exchange rates, an increase of EUR 117 million compared to last year, as a result of better working capital management and lower income taxes paid this year as a result of tax optimization opportunities in the U.S.

Delhaize Group generated EUR 185 million in free cash flow at actual exchange rates, a strong increase compared to last year mainly as a result of higher cash provided by operating activities. This marks the fourth consecutive quarter of solid free cash flow generation. Our net debt to equity ratio continued to improve and now stands at 38%, down 9 percentage points since the end of 2009. A few weeks ago, we successfully completed an exchange offer where we substituted high yield debt for lower coupon securities with a longer horizon.

» **2010 Outlook**

On the basis of our results of the first nine months of the year and our plans and commitments for the remainder of the year, we confirm our full-year guidance of operating profit growth of between -2% and +2% at identical exchange rates. This range excludes the U.S. restructuring, store closing and impairment charges of EUR 44 million in 2009. You will remember that the 2.1% deflation in the U.S. in the fourth quarter of 2009 had a negative impact on our sales and profitability. We also maintain our 2010 guidance for capital expenditures of EUR 700 million and the net addition of 82 to 92 stores to the network by the end of the year.

I would like now to turn back to Pierre-Olivier to give you an update on our strategy and our operational initiatives.

» **Pierre-Olivier Beckers**

Thanks Stéfan,

Let me now walk you through some of the initiatives that support our future growth and performance.

Sales – Price/Assortment/Network

Since the beginning of this year, all our operating companies have continued to improve their price position. Achieving greater price competitiveness is a key lever to accelerate revenue growth, which is one of the major objectives of our New Game Plan strategy.

In the U.S., **Food Lion** has continued to execute its new price strategy and as a result, has further narrowed the gap with the price leader and increased the difference with the traditional supermarket operators. For the second quarter in a row, we are seeing volume uplifts in the items that have been impacted by these price investments.

Without diverging from our reinforced “Everyday-Low-Price” strategy, we have, as planned and announced at the occasion of our second quarter results, added promotional activity towards the end of the third quarter, aimed at increasing traffic in our Food Lion stores. Our “More Ways to Save” campaign at Food Lion focused on savings generated through the use of the loyalty card. More than 700 Food Lion, Bloom and Harveys stores now have at their entrance marketing kiosks enabling customers to print coupons tailored for them based on loyalty card data. Overall, comparable store sales evolution at Food Lion has seen a marked improvement from what we experienced in the previous quarter, even though our operations are still impacted by retail inflation close to zero.

Delhaize Belgium continues to benefit from its improved price position and perception. During this third quarter, a sixth wave of price investments since the start in 2008, and the third one in this year alone, favorably impacted hundreds of national and private brand products.

Our Belgian operations continue to put in place appealing commercial initiatives that support its *value leadership* in the Belgian market. This summer's card collection game in cooperation with WWF was a big success with 375 million cards distributed, more than the figure achieved last year, helping as a result Delhaize Belgium to successfully cycle the first-of-a-kind Disney Pixar action in the summer of 2009.

In Greece, **Alfa Beta** benefited from the structural price investments done over the past quarters and from additional promotions. We are very encouraged by the fact that, despite increasing pressure on the consumer as a result of the government's austerity measures, Alfa Beta succeeds in growing market share quarter after quarter. In a market that is losing volume, this clearly is a sign that we are outpacing the competition.

Achieving value leadership is not about price alone. For a number of years now, we have been improving the value proposition to our customers with an innovative range of **private brand** products. In the third quarter, the share of private brand in total sales increased further across our operating companies. Particularly in these difficult times our customers appreciate the price-quality equation of our private brand offering. For example in Greece, our three-tier private label program which includes our 365 value line, has put Alfa Beta in a great position to respond to the changing needs of customers who are trading down as a result of the economic crisis.

Network

Since the beginning of October, **Bottom Dollar Food** opened its first three stores in the greater Philadelphia market. Between now and the end of the year, another 15 new Bottom Dollar Food stores will be opened in that market and all will be served by our existing distribution network. We are excited about the tremendous opportunity for our low cost supermarket concept in that area and our future growth plans for the banner.

In Europe, **Red Market** saw another opening this past quarter in Belgium and by the end of the year, our Red Market network will already count more than 20 stores in Europe, the majority of which in Romania, where we are using Red Market as a growth vehicle to expand outside Bucharest. By the end of this year, there will be 11 Red Market stores in Romania.

In the U.S., Food Lion completed the renewals of the Greenville, North Carolina and Richmond, Virginia markets. Approximately 30 stores were re-launched as part of that renewal work. The Roanoke market in Virginia will be renewed in the fourth quarter of this year.

At the end of the third quarter, the Greek regulator approved the delisting of **Alfa Beta** from the Athens Stock Exchange. This decision finalizes the acquisition of all of the Alfa Beta shares by Delhaize Group. In addition to continuing to perform solidly in a challenging market, Alfa Beta is a great platform for further expansion in the Southeastern part of Europe.

Cost Management

Over the past years, our operating companies have demonstrated their ability to generate important cost savings. Our New Game Plan, which is well on track, will continue to deliver cost savings, which in turn fund a variety of sales building initiatives and enable us to consistently execute our price investments. For the second quarter in a row, our U.S. operating companies have been able to keep selling, general and administrative expenses stable in dollar terms despite important cost increases in areas such as health care expenses. Important ongoing cost savings are needed to invest in prices and other sales building initiatives which will eventually drive sales momentum. To that end, we are well on track to deliver the gross annual EUR 500 million in SG&A and cost of sales savings by the end of 2012.

Our U.S. operations continue the implementation of the shared services organization for support services and will fully operationalize our single procurement organization for all our U.S. businesses as from early 2011.

As another step towards the implementation of our Supply Chain Master Network fully integrated from Maine to Florida, we recently completed the transition to common systems supporting all of our banners. This includes fully linking and establishing common processes across our 12 Delhaize America distribution centers. Our next big milestone is the roll out of Computer Assisted Ordering for center store at Food Lion and Bottom Dollar Food. This work has started recently and will be completed in the first half of 2012.

In Belgium, the now one-year-old new distribution center for fresh products has significantly increased our cost of sales efficiencies and improved the service level to our smaller stores. The results of this are clearly visible in Delhaize Belgium's margin improvement.

Corporate Responsibility

I would just like to add a word on corporate responsibility before closing our prepared remarks. Alfa Beta has just opened its first all green store in Athens. This store uses new techniques, such as photovoltaic panels, geothermal wells, wind generators for the production of energy, natural openings for ventilation, solar tubes for natural lighting, or low energy consumption refrigeration, that can help produce and reduce energy consumption up to 40% in comparison to regular stores. After the platinum LEED store opened a little over a year ago at Hannaford and other green stores by Food Lion and Sweetbay we are very excited by Alfa Beta's new store which is the first store of its kind in Europe.

A couple of weeks ago, Food Lion was awarded the 2010 Montreal Protocol Award by the U.S. Environmental Protection Agency. This award is a global achievement given for protecting the ozone layer and Food Lion is one of only two grocery store chains in the U.S. to receive this global honor for their achievements in the application of the latest refrigeration technologies.

Conclusion

Let me conclude. Our third quarter results show clear improvement compared to the first half of the year. Even though the U.S. environment -- especially in the Southeast -- is still challenging, we are encouraged by the improvements in sales volumes we are seeing at Food Lion and the outstanding performance at Hannaford. We are on the right track with our price investments and other sales building initiatives and our Group's resilient margin performance clearly demonstrates that we can internally fund these initiatives in a sustainable way. We are excited about the ongoing work to further strengthen Food Lion as a strongly differentiated retailer in its markets and we remain committed to put these plans into action in the coming months. Our New Game Plan works and we'll continue to execute on our commitments.

This concludes our prepared remarks. We are now available to take questions. At this time, I will turn the program over to our conference call operator, who will give you instructions for asking questions.

» Q&A

Led by Pierre-Olivier Beckers.

» Closing

» Geert Verellen

Thank you for participating in today's conference call. A replay is available on the Company's website. There you can also find the text with our prepared remarks. If you have additional questions, do not hesitate to contact our Investor Relations Department.

Delhaize Group will announce its fourth quarter and full year 2010 revenues on Friday January 21, 2011 and its fourth quarter and full year 2010 results on Thursday, March 10, 2011.

Thank you and have a nice day.