March 3, 2016

Annual Report

Ahold Finance U.S.A., LLC – Year 2015
Management report

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, being Ahold and its subsidiaries ("Ahold Group"), based in the Netherlands with consumer brands in Europe and the United States. The purpose of AFUSA is to engage in financing activities, with its financial indebtedness and obligations, current and future, guaranteed by KA.

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 2017 notes are in part still outstanding and are admitted to trading at Euronext Amsterdam and at the Luxembourg Stock Exchange. AFUSA also has notes that are due May 2029, which are not listed.

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
On December 15, 2015, KA completed an intra-group reorganization. As part of this reorganization the subordinated loan facility between AFUSA and AFC in the amount of $2,575 million was replaced by a new intra-group loan from AFUSA to AFC in the amount of $41 million and a new intra-group loan from AFUSA to AFC in the amount of $500 million. The terms and conditions, including the interest rates and the repayment dates, of these new intra-group loans equal the terms and conditions of the USD 500 notes and of the underlying swap of the GBP 500 notes. The difference in value of $2,034 million between the subordinated loan facility and the new intra-group loans has been distributed by AFUSA as dividend in kind to its shareholder.

During 2015, AFUSA's interest income on the loans to Ahold Finance Company N.V. ("AFC") was $202 million and AFUSA settled in total a $2,179 million dividend declaration with KA.

Financial performance

($ million)	2015	2014
Net financial income	140	155
Income taxes	12	14
Net income	**152**	**169**

Net financial income decreased by $15 million mainly as a result of $6 million lower interest income on the loans to AFC due to the intra-group reorganization, $7 million higher loss on changes in fair value of financial assets and liabilities and $3 million lower net gain on foreign exchange.
AFUSA's total assets in the amount of $912 million (2014: $2,956 million) mainly included the $541 million (2014: $2,575 million) loans to AFC and derivatives with KA in the amount of $367 million (2014: $378 million). In 2015, the notes payable decreased by $15 million to $863 million and equity decreased by $2,027 million to $12 million.

Related party transactions
Related party transactions are described in *Note 9* to the financial statements.

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 2015 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. In August 2015, Moody's upgraded Ahold's corporate credit rating to Baa2 with a stable outlook. In June 2009, S&P upgraded Ahold's corporate credit rating to BBB with a stable outlook, since then, this rating has remained unchanged.

Financial risk

Refer to *Note 7* for the discussion on AFUSA's financial risk management.

Taxation risk

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 intra-group reorganization, AFUSA is no longer part of the fiscal unity between KA and its main Dutch subsidiaries for Dutch corporate income tax purposes as of December 15, 2015. After this date AFUSA will be an independent taxpayer for Dutch corporate income tax purposes. For the period AFUSA was part of the aforementioned fiscal unity, AFUSA may face unforeseen tax liabilities in the future for the whole fiscal unity. This could have a material adverse effect on AFUSA's financial position, financial results and liquidity.

Outlook

AFUSA will continue to engage in finance activities. As of the date of this report, except for any changes that may arise subject to the planned merger in 2016 between Ahold and Delhaize, management does not expect significant changes in the activities or AFUSA's financial position (see cautionary notice).

Declarations

Management of AFUSA, as required by section 5:25c, paragraph 2, under c of the Dutch Act on Financial Supervision, confirm that to the best of their knowledge:

- The 2015 financial statements included in this Annual Report give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.
- The management report included in this Annual Report gives a true and fair view of the position of the Company and its undertakings as of January 3, 2016, 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.

Zaandam, the Netherlands
March 2, 2016

Management
Eugène Bartman (President and CEO)
Guy Thomson (CFO)
Andre van der Toorn (Treasurer)

Income statement

($ million)	Note	2015	2014
Interest income	3	202	208
Interest expense	3	(40)	(41)
Other financial expense	3	(22)	(12)
Net financial income		140	155
Income before income taxes		**140**	**155**
Income taxes	4	12	14
Net income attributable to member		**152**	**169**

Statement of comprehensive income

($ million)	2015	2014
Net income attributable to member	**152**	**169**
Cash flow hedges:		
Transfers to net income	—	(1)
Other comprehensive income (loss) reclassifiable to profit or loss	—	(1)
Total comprehensive income attributable to member	**152**	**168**

Balance sheet

($ million)	Note	January 3, 2016	December 28, 2014
Assets			
Other non-current financial assets (related parties)	5	908	2,953
Total non-current assets		**908**	**2,953**
Receivables from related parties	5	4	3
Total current assets		**4**	**3**
Total assets	9	**912**	**2,956**
Equity and liabilities			
Share capital		—	—
Additional paid-in capital		13	1,166
Retained earnings		(153)	704
Net income		152	169
Member's equity	8	**12**	**2,039**
Notes payable	6	863	878
Deferred tax liabilities	4	12	14
Total non-current liabilities		**875**	**892**
Interest payable	6	25	25
Total current liabilities		**25**	**25**
Total equity and liabilities		**912**	**2,956**

Statement of changes in equity

($ million)	Note	Share capital	Additional paid-in capital	Legal reserves: Currency translation reserve	Legal reserves: Cash flow hedging reserve	Legal reserves: Legal reserves participations	Retained earnings including result for the year	Member's equity
Balance as of December 29, 2013		**—**	**1,166**	**—**	**1**	**—**	**853**	**2,020**
Net income		—	—	—	—	—	169	169
Other comprehensive income (loss)		—	—	—	(1)	—	—	(1)
Total comprehensive income		—	—	—	(1)	—	169	168
Dividends		—	—	—	—	—	(149)	(149)
Balance as of December 28, 2014		**—**	**1,166**	**—**	**—**	**—**	**873**	**2,039**
Net income		—	—	—	—	—	152	152
Other comprehensive income (loss)		—	—	—	—	—	—	—
Total comprehensive income		—	—	—	—	—	152	152
Dividends		—	(1,153)	—	—	—	(1,026)	(2,179)
Balance as of January 3, 2016	*8*	**—**	**13**	**—**	**—**	**—**	**(1)**	**12**

Statement of cash flows

($ million)	2015	2014
Interest receivable settled	200	208
Interest payable settled	(40)	(41)
Income taxes	11	10
Net change from operating activities	**171**	**177**
Change in loans receivable	2,034	—
Net change from investing activities	**2,034**	**—**
Derivative settlements	(27)	(27)
Dividends	(2,179)	(149)
Net change from financing activities	(2,206)	(176)
Change in current account with the parent company	(1)	1
Current account balance with the parent company:		
Balance at the beginning of the reporting period	3	2
Balance at the end of the of the reporting period	2	3
Change in current account with the parent company	(1)	1

As the Company does not maintain its own bank account there are no cash flows from operations, investing and financing activities. Cash settlements are paid or received on its behalf by other group companies. The related balance, referred to above (current account with the parent company), is reflected in receivables from related parties.

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 Zaandam, the Netherlands. AFUSA was formed on December 18, 2001, and is governed by its operating agreement, which was last amended and restated on July 2, 2012. 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 business activity in connection with the foregoing. AFUSA's operation falls under the Dodd-Frank regulation. The Company is eligible for and utilizes an exemption to the Dodd-Frank regulation.

The ultimate 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 Dutch Civil Code.

The separate financial statements of AFUSA are prepared in accordance with subsection 8, article 362, Book 2, Part 9 of the Dutch civil code. As a result, these separate financial statements are identical to the financial statements that would have been prepared in accordance with IFRS as adopted by the European Union and have therefore not been repeated in this document. The presented financial statements serve as both our IFRS ('economic interest') financial statements and our separate financial statements under subsection 8 of section 362, Book 2 of the Dutch civil code.

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

AFUSA's financial year is a 52- or 53-week period ending on the Sunday nearest to December 31. Financial year 2015 consisted of 53 weeks and ended on January 3, 2016. The comparative financial year 2014 consisted of 52 weeks and ended on December 28, 2014.

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

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*) and fair value of financial instruments (see *Note 7*).

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.

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 or other comprehensive income. 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. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. 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.

Financial instruments
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 at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

Fair value measurements
For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

New accounting policies effective for 2015

Annual improvements to IFRSs 2010-2012 and to IFRSs 2011-2013
Annual improvements to IFRSs 2010-2012 Cycle and annual improvements to IFRSs 2011-2013 Cycle made a number of amendments to various IFRSs, which, based on AFUSA's current financial position, which did not have a significant effect on the financial statements.

New accounting policies not yet effective for 2015

The IASB issued several standards, or revisions to standards, that are not yet effective for 2015, but will become effective in coming years.

Amendments to IAS 1, “Disclosure Initiative,” clarify existing disclosure requirements. Most of the amendments were made to address overly prescriptive interpretations of the original wording in IAS 1. Specifically, the amendments allow preparers more freedom in applying materiality when deciding what must be disclosed, even if a standard requires specific disclosures. Other disclosure clarifications relate to the presentation order of notes and the use of subtotals to further disaggregate required disclosures. The amendments to IAS 1 apply prospectively for annual periods beginning on or after January 1, 2016. The Company does not anticipate that the application of these amendments to IAS 1 will have a significant effect on the results of future consolidated financial statements, but they may alter the manner in which certain financial information is presented.

IFRS 9, “Financial instruments,” addresses the classification, measurement and recognition of financial assets and financial liabilities. The IASB is adding to the standard as it completes the various phases of its comprehensive project on financial instruments that are to eventually form a complete replacement for IAS 39 “Financial Instruments: Recognition and Measurement.” Based on AFUSA’s current financial position, the Company anticipates that the application of IFRS 9 in the future may have an impact on amounts reported in respect of the Company’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed. IFRS 9, as amended in July 2014, is effective for annual periods beginning on or after January 1, 2018.

Amendments to IAS 12, “Income Taxes,” were made to address diversity in practice surrounding the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value, as well as provide additional guidance on how deductible temporary differences should be measured in situations when tax law limits the offsetting of certain types of losses against specific sources of taxable profits. The amendments to IAS 12 apply prospectively for annual periods beginning on or after January 1, 2017. The Company is in the process of evaluating the full impact of the amendments.

Annual improvements to IFRSs 2012-2014 Cycle made a number of amendments to various IFRSs, which, based on AFUSA’s current financial position, the Company anticipates will not have a significant effect on the future financial statements. The amendments are summarized as follows:

- The amendments to IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations," added specific guidance for cases in which an entity reclassifies an asset from held for sale to held for distribution to shareholders or vice versa and cases in which held-for-distribution accounting is discontinued.
- The amendments to IFRS 7, "Financial Instruments: Disclosures," include a description of the term "continuing involvement" for the purpose of the transfer disclosures.
- The amendments to IAS 19, "Employee Benefits," clarify that the high-quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

There are no other IFRSs or IFRIC interpretations that have been issued but are not yet effective that are expected to have a material effect on the future AFUSA's financial statements.

3. Net financial result

($ million)	2015	2014
Interest income	202	208
Interest expense	(40)	(41)
Gain on foreign exchange - net	20	23
Fair value losses on financial instruments	(42)	(35)
Net financial income	**140**	**155**

Interest income relates to the loan to AFC. For additional information, see *Note 5*.

Interest expense primarily relates to financial liabilities measured at amortized cost (mainly notes).

The gain on foreign exchange of $20 million (2014: $23 million gain) relates to the GBP 500 million notes (with GBP 250 million outstanding amount).

Fair value gain (losses) on financial instruments mainly include fair value changes in swaps related to the GBP 500 million notes. These swaps do not qualify for hedge accounting treatment.

4. Income taxes

Income tax expense

($ million)	2015	2014
Current tax income (expense)	10	11
Deferred tax income (expense)	2	3
Total income taxes	**12**	**14**

Effective income tax rate
AFUSA's effective tax rates in the income statement can differ from the statutory income tax rate of the Netherlands of 25%. The following table reconciles these statutory income tax rates with the effective tax rates in the income statement:

	2015		2014	
	$ million	%	$ million	%
Income before income taxes	140		155	
Income tax charge at statutory tax rates	(35)	25.0 %	(39)	25.0 %
Adjustments to arrive at effective income tax rates:				
Dutch participation exemption	50	(35.7)%	52	(33.5)%
Other	(3)	2.1 %	1	(0.5)%
Total income taxes	**12**	**(8.6)%**	**14**	**(9.0)%**

Deferred income tax
The significant components and annual movements of deferred income tax assets and liabilities as of January 3, 2016, and December 28, 2014, are as follows:

($ million)	December 29, 2013	Recognized in income statement	Recognized directly in equity	December 28, 2014	Recognized in income statement	Recognized directly in equity	January 3, 2016
Derivatives	(17)	3	—	(14)	2	—	(12)
Total deferred tax liabilities	**(17)**	**3**	**—**	**(14)**	**2**	**—**	**(12)**

5. Other current and non-current financial assets

	January 3, 2016			December 28, 2014		
($ million)	Current	Non-current	Total	Current	Non-current	Total
Loans receivable from related parties	—	541	541	—	2,575	2,575
Other receivables from related parties	4	—	4	3	—	3
Related party other derivatives	—	367	367	—	378	378
Total other financial assets	**4**	**908**	**912**	**3**	**2,953**	**2,956**

On December 15, 2015, KA completed an intra-group reorganization. As part of this reorganization the subordinated loan facility between AFUSA and AFC in the amount of $2,575 million was replaced by a new intra-group loan from AFUSA to AFC in the amount of $41 million and a new intra-group loan from AFUSA to AFC in the amount of $500 million. The terms and conditions, including the interest rates and the repayment dates, of these new intra-group loans equal the terms and conditions of the USD 500 notes and of the underlying swap of the GBP 500 notes (see *Note 6*).

The value of the other derivatives relates to a cross-currency swap and an interest rate swap on the GBP 500 million notes (with GBP 250 million outstanding amount, see *Note 6*).

6. Financial liabilities

	January 3, 2016				December 28, 2014			
	Current	Non-current			Current	Non-current		
($ 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
GBP 500 notes 6.50%, due March 2017[1]	—	363	—	363	—	378	—	378
USD 500 notes 6.875%, due May 2029	—	—	500	500	—	—	500	500
Total notes	—	363	500	863	—	378	500	878
Interest payable	25	—	—	25	25	—	—	25
Total financial liabilities	25	363	500	888	25	378	500	903

[1] During 2005 AFUSA bought back GBP 250 million of the notes. The remaining notional redemption amount of GBP 250 million ($369 million) has been reduced by $6 million representing an amount which is amortized until the remaining terms of the notes, that relates to a hedging instrument that stopped qualifying for fair value hedge accounting. The remaining notional amount of GBP 250 million was, through two intra-group swap contracts, swapped to $356 million and carries a six-month floating U.S. dollar interest rate. AFUSA is required under these swap contracts to redeem the U.S. dollar notional amount through semi-annual installments that commenced in September 2004. $314 million has been paid down as of January 3, 2016.

7. 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's 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 (British pounds). Currency exchange rate volatility and movement could, therefore, have an adverse effect on its financial position, financial results and liquidity. To protect itself against the risk of changes in 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 and its receivables. 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, by utilizing long-term debt issues and derivative financial instruments, such as interest rate swaps and cross-currency interest rate swaps. As of January 3, 2016, after taking into account the effect of interest rate swaps and cross currency swaps, approximately 92% of AFUSA's borrowings were at fixed rates of interest (2014: 88%, adjusted from last year's disclosure of 56%).

Interest rate sensitivity analysis
The total interest expense recognized in the 2015 income statement related to variable rates of long-term debt, net of swaps, amounted to $4 million (2014: $5 million). The Company estimates that an increase (decrease) of U.S. dollar market interest rates of 25 basis points, with all other variables (including foreign exchange rates) held constant, would result in a hypothetical effect on income before income taxes of a loss (gain) of nil (2014: nil). 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 nil or a gain of $2 million, respectively (2014: a loss of $2 million or a gain of $2 million, respectively). 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
With respect to credit risk, derivative contracts with counterparties are entered into primarily under the standard terms and conditions of the International Swap and Derivatives Association. The counterparties have an externally validated investment grade credit rating. Ahold has policies that limit the amount of counterparty credit exposure to any single financial institution or investment vehicle and continually monitors these exposures. All financial assets of AFUSA are held with the related parties of the Ahold Group. Therefore, AFUSA does not have a direct exposure to a third party credit risk.

Liquidity risk
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.

AFUSA does not have derivative financial liabilities. The following tables summarize the expected maturity profile of AFUSA's non-derivative financial liabilities as of January 3, 2016, and December 28, 2014, respectively, based on contractual undiscounted payments:

January 3, 2016		Contractual cash flows			
($ million)	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities					
Notes	863	58	530	792	1,380

December 28, 2014		Contractual cash flows			
($ million)	Net carrying amount	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities					
Notes	878	60	577	827	1,464

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 3, 2016, and December 28, 2014, respectively.

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

	January 3, 2016		December 28, 2014	
$ million	Carrying amount	Fair value	Carrying amount	Fair value
Loans receivable from related parties	541	541	2,575	2,575
Other receivables from related parties	4	4	3	3
Derivatives	367	367	378	378
Total	**912**	**912**	**2,956**	**2,956**
Notes	863	1,012	878	1,074
Interest payable	25	25	25	25
Total	**888**	**1,037**	**903**	**1,099**

Of AFUSA's categories of financial instruments, only derivatives are measured and recognized on the balance sheet at fair value. These fair value measurements are categorized within Level 2 of the fair value hierarchy. The Company uses 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 calculated based on discounted expected future cash flows. Interest rate swaps and cross currency swaps are measured at the present value of expected future cash flows and discounted based on the applicable yield curves derived from quoted interest rates.

The valuation of AFUSA's derivative instruments is adjusted for the credit risk of the counterparty (counterparty credit risk) and of the reporting entity (own credit risk) in accordance with IFRS 13. The valuation adjustment for counterparty credit risk requires a Credit Valuation Adjustment ("CVA") and a Debit Valuation Adjustment ("DVA") for an adjustment to own credit risk. The CVA / DVA calculations have been added to the fair value of AFUSA's interest and cross currency swaps. The valuation technique for the CVA / DVA calculation is based on relevant observable market inputs.

The carrying amount of interest payable and other receivables from related parties 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 loans receivable from related parties that are not traded in an active market are estimated using a benchmark of financial instruments with comparable duration taking into account the Company's credit status.

8. Member's equity

Member interest
The capital of the Company is composed of uncertificated membership interests, which are not divided into classes or numbers. 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 is AFUSA's sole member since July 13, 2010, 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 2015, the additional paid-in capital decreased by $1,153 million, which reflected a dividend paid to KA as a result of the intra-group reorganization, referred to below.

Legal reserves
In accordance with the Dutch Civil Code, legal reserves have to be established in certain circumstances. The currency translation reserve, cash flow hedging reserve and legal reserve participation are 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.

Retained earnings
On December 15, 2015, KA completed an intra-group reorganization. As part of this reorganization the subordinated loan facility between AFUSA and AFC in the amount of $2,575 million was replaced by a new intra-group loan from AFUSA to AFC in the amount of $41 million and a new intra-group loan from AFUSA to AFC in the amount of $500 million. The difference in value of $2,034 million between the subordinated loan facility and the new intra-group loans has been distributed by AFUSA as dividend in kind to its shareholder of which $881 million via retained earnings.

Dividend
During 2015, AFUSA settled in total a $2,179 million dividend declaration with KA (2014: $149 million).

9. 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.

For the periods shown below, AFUSA had the following transactions and positions with its related parties:

	Income statement 2015			Balance sheet January 3, 2016	
($ million)	Interest income	Interest expense	Fair value changes in derivatives	Amount owed by	Amount owed to
KA (parent company)	—	(1)	(37)	369	—
AFC	202	—	—	543	—
Total	**202**	**(1)**	**(37)**	**912**	**—**

	Income statement 2014			Balance sheet December 28, 2014	
($ million)	Interest income	Interest expense	Fair value changes in derivatives	Amount owed by	Amount owed to
KA (parent company)	—	(1)	(31)	381	—
AFC	208	—	—	2,575	—
Total	**208**	**(1)**	**(31)**	**2,956**	**—**

AFUSA has no employees. In accordance with the AFUSA's operating agreement, no remuneration is paid to the management.

10. Guarantee

KA provided AFUSA with a guarantee of the current outstanding obligations to third parties of AFUSA as of July 30, 2010.

As part of the intra-group reorganization AFUSA is no longer part of the fiscal unity between KA and its main Dutch subsidiaries for Dutch corporate income tax purposes as of December 15, 2015. After this date AFUSA will be an independent taxpayer for Dutch corporate income tax purposes. For the period AFUSA was part of the aforementioned fiscal unity, AFUSA is jointly and severally liable for the Dutch corporate income tax liabilities of the whole fiscal unity.

11. Audit fees
Expenses for audit services provided by the company's independent auditor, PricewaterhouseCoopers Accountants N.V. were €18 thousand ($20 thousand) in 2015 (2014: €18 thousand and $24 thousand).

12. List of subsidiaries
As of January 3, 2016, AFUSA has no subsidiaries, joint ventures or associates.

Zaandam, the Netherlands
March 2, 2016

Management
Eugène Bartman
Guy Thomson
Andre van der Toorn

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

Independent auditor's report

To: the general meeting of Ahold Finance U.S.A., LLC.

Report on the financial statements for the period December 29, 2014 to January 3, 2016

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Ahold Finance U.S.A., LLC., as at 3 January 2016, and of its result for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements for the period December 29, 2014 to January 3, 2016 of Ahold Finance U.S.A., LLC., Delware, United States of America ('the company').

The financial statements comprise:

- the balance sheet as at 3 January 2016;
- the income statement for the year then ended;
- the comprehensive income statement
- the statement of change in equity
- the cash flow statement for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements are the International Financial Reporting Standards as adopted by the European Union and Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of Ahold Finance U.S.A., LLC. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management

Management is responsible for:

- the preparation and fair presentation of the 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, both in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going-concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going-concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going-concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the management report and the other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management report and the other information):

- 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 by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the management report, to the extent we can assess, is consistent with the financial statements.

Rotterdam, 2 March 2016
PricewaterhouseCoopers Accountants N.V.

D. van Ameijden RA

Appendix to our auditor's report on the financial statements for the period December 29, 2014 to January 3, 2016 of Ahold Finance U.S.A., LLC.

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going-concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going-concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 sole member. The full distributable profit, if any, is at the disposition of its sole 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 $152 million to retained earnings.

Subsequent events
There were no significant subsequent events.

Cautionary notice

This 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 the benefits of AFUSA from the Ahold Group’s corporate governance structure, the intended merger of Koninklijke Ahold N.V. and Delhaize Group NV/SA, and the Ahold Group’s risk management and control systems, including its enterprise risk management program, credit risks, financial risks, taxation risks, financing activities, AFUSA’s exemption to the Dodd-Frank regulation, the effect of improvementsin accounting standards on the consolidated financial statements of AFUSA, currency translation risks, currency transaction risks, interest rate risks and liquidity 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 implied by the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond AFUSA’s or its parent company Koninklijke Ahold N.V. ("KA")’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 complete successfully its 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, actions of third parties, IT continuity, information security, legislative and regulatory environment and litigation risks, insurance and unforeseen tax liabilities and other factors discussed in respective AFUSA’s and KA’s 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 report. Neither AFUSA nor KA 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 applicable laws.